

PARTNERENERGY

Green Real Estate/ Energy Efficiency Real Estate Webinar Series



Who are we

- Partner Energy is a nationwide provider of energy efficiency consulting services
- In 2010 Partner Energy executed benchmarking studies, audits, and energy modeling on over 275 properties and 13.5 million SF in 32 states
- Sister Company to Partner Engineering and Science, a nationwide provider of environmental and building due diligence services. www.partneresi.com

Qualifications

- Our staff of Energy Engineers have years of experience and hold various designations including:
 - Professional Engineer (“PE”)
 - Leadership in Energy and Environmental Design Accredited Professional (“LEED AP”)
 - Certified Energy Managers (“CEM”)
 - Building Performance Institute Certified (“BPI”)
 - Home Energy Rating System Analyst (“HERS”)

Mission Statement

Partner Energy works with building owners to identify, finance, and implement accretive energy efficiency projects that meet their sustainability goals and satisfy their capital investment return criteria.

Green Real Estate/Energy Efficiency Webinar Series

- Jan 12th The Importance of “Green Real Estate” in Attracting Investors and Tenants
- Feb 9th Energy Benchmarking in Commercial Real Estate
- Mar 9th Commercial Real Estate Energy Disclosure Laws
- Apr 6th Commercial Real Estate Energy Audits
- May 4th Implementation, Verification, & Tracking
- Jun 1st Financing Energy Efficient & Renewable Energy Projects

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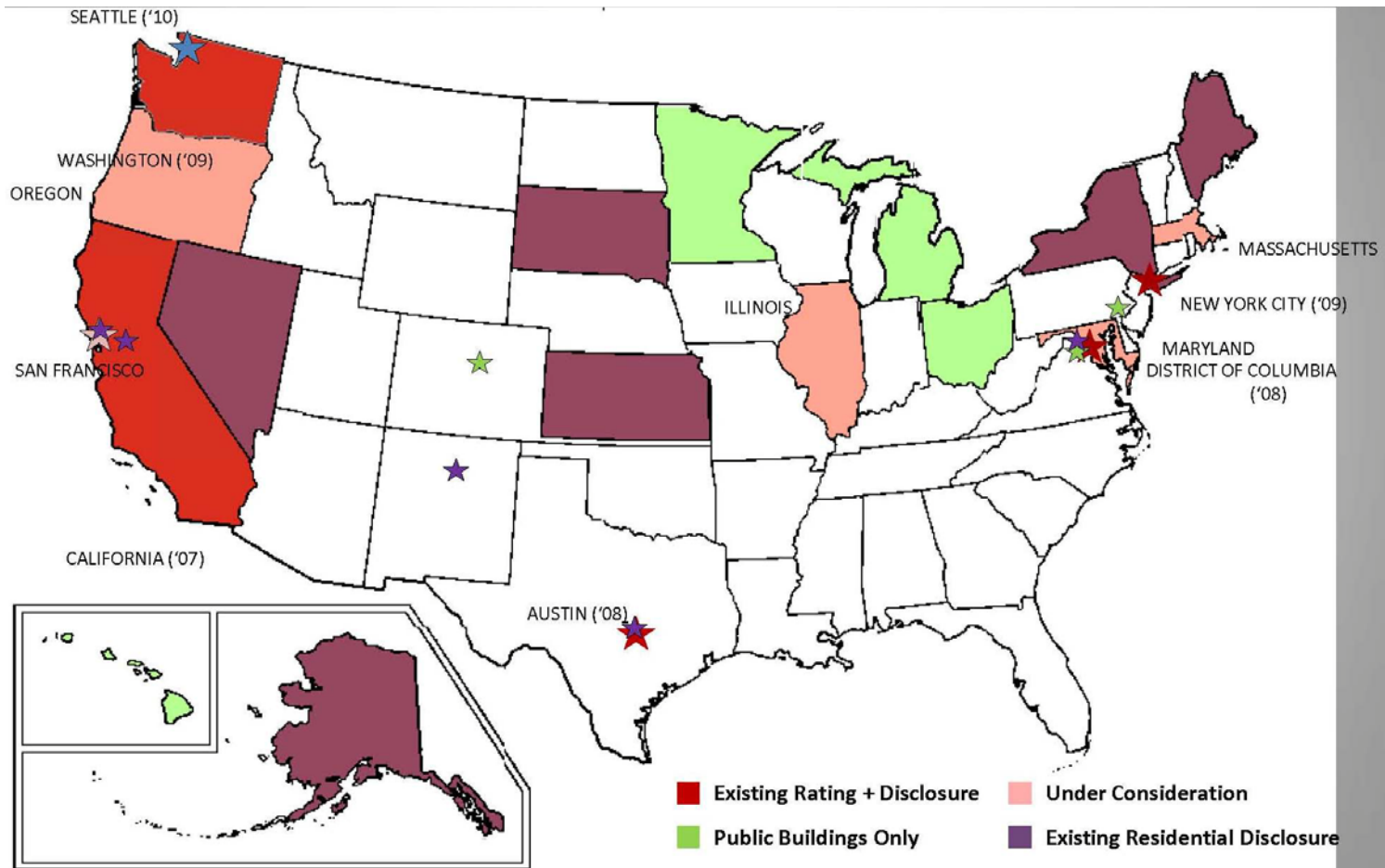
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Benchmarking – It's the Law



Disclosure Type

Private Disclosure (California)

- Trigger by transactions
- Data flows between parties

Public Disclosure (New York City)

- Triggered by set dates
- Reported to government
- Data published publically

Source: Institute for Market Transformation

Disclosure Law Adoption

- **New York City** – Local Law 476NYC - *PlaNYC*
 - Annual energy benchmarking of all commercial buildings over 50,000 SF beginning May 1, 2011 with ENERGY STAR
 - Disclosure of building ratings to a public, online website beginning Sept. 2011
 - Energy audit and retrocommissioning every 10 years
 - City establishing a fund, using \$16 million in Federal stimulus funding to assist building owners in complying with the new laws

Disclosure Law Adoption

- **California – AB1103**
 - Energy Star Portfolio Manager and California Energy Commission Building Energy Performance Score
 - Disclosure required when
 - Sales contract is presented for the entire building to a prospective buyer
 - Owner presents a lease for the entire building to a prospective lessee
 - Owner presents a loan application to finance entire building to a prospective lender

Disclosure Law Adoption

- **California – AB1103**

Phase-in schedule

- Jan. 1 2012 – non-residential buildings solely occupied by owner or that measure 50,000 SF or greater
- Jan. 1 2013 - non-residential buildings that measure 10,000 - 50,000 SF
- Jan. 1 2014 - non-residential buildings that measure 1,000 - 10,000 SF

Disclosure Law Adoption

- **San Francisco, CA** - *San Francisco Existing Commercial Building Energy Performance Ordinance*
 - Annual energy benchmarking with ENERGY STAR and disclosure to the Department of the Environment
 - April 1, 2011 - Buildings greater than 50,000, and annually no later than April 1
 - April 1, 2012 - Buildings greater than 10,000, and annually no later than April 1
 - April 1, 2013 - Buildings greater than 5,000, and annually no later than April 1

Disclosure Law Adoption

- **San Francisco, CA** -*San Francisco Existing Commercial Building Energy Performance Ordinance*
 - Comprehensive energy audit every five years (staggered over rolling deadline)
 - Buildings greater than 50,000 square feet - Level II ASHRAE Audit standard
 - Buildings greater than 4,999 square feet and less than or equal to 49,999 square feet in gross area receive a walkthrough audit of the whole building which meets or exceeds the Level I ASHRAE Audit standard

Disclosure Law Adoption

- **Washington – SB5854 – *Efficiency First Bill***
 - Energy Star Portfolio Manager Energy Performance Score
 - Disclosure required when
 - Sales contract is presented for the entire building to a prospective buyer
 - Owner presents a lease for the entire building to a prospective lessee
 - Owner presents a loan application to finance entire building to a prospective lender

Disclosure Law Adoption

- **Washington – SB5854 – *Efficiency First Bill***

Phase-in schedule

- Jan. 1 2011 start – non-residential buildings 50,000 SF or greater
- Jan. 12012 - 10,000 - 50,000 SF
- Sixteen Months from start - non-residential buildings that measure 1,000 - 10,000 SF

Disclosure Law Adoption

- **Washington – SB5854 – *Efficiency First Bill***
Public Buildings – Public Disclosure
 - Jan. 1 2011 start –10,000 SF or greater
 - If ENERGY STAR score is less than 50
 - Preliminary energy audit required
 - If that audit identifies cost effective energy savings
 - An investment grade audit is required by July 1, 2013
 - Cost-effective measures must be implemented by 2016

Disclosure Law Adoption

- **Seattle, WA – CB116731**

Expands upon SB5854 in three areas

- Multifamily projects are also subject to the disclosure requirements
- Rating data must be disclosed upon request to a current tenant; and
- Energy performance data is reported to the City of Seattle

Disclosure Law Adoption

- **Seattle, WA – CB116731**

The city of Seattle commissioned an economic analysis of the proposed commercial and multifamily rating and disclosure programs

- Collectively would impacting more than 8,000 buildings
- Programs would save more than 47 million kWh annually and create as many as 150 jobs.

Disclosure Law Adoption

- **Washington DC - *The Clean and Affordable Energy Act of 2008***
 - Annual energy benchmarking of all commercial buildings ENERGY STAR and disclosure of commercial building ratings to a public, online website
 - January 1st 2010 start – buildings that measure 200,000 SF or greater
 - January 1st 2011 start – buildings that measure 150,000 SF or greater
 - January 1st 2012 start – buildings that measure 100,000 SF or greater
 - January 1st 2013 start – buildings that measure 50,000 SF or greater

Disclosure Law Adoption

- Austin, Texas - *Energy Conservation Audit and Disclosure (ECAD)*
 - Austin commercial buildings that receive electricity from Austin Energy to have an Energy Star Portfolio Manager building rating by June 1, 2011.
 - **Exemptions**

The building does not need an energy rating if it meets one of the following conditions. It is:

 - If the building is less than 10 years old on June 1, 2011, a rating must be submitted by the 10th anniversary of the year of construction.
 - An industrial building

Disclosure Law Adoption

- **New Mexico – SB442 – *Building Energy Disclosure Act***
 - Introduced First Session 2011
 - Energy Star Portfolio Manager Building Energy Performance Score
 - Benchmarking rating disclosure required:
 - Prospective tenants negotiating a lease agreement
 - Potential buyers negotiating purchase and sale agreement
 - Potential lenders considering an application for financing or refinancing of the building
 - Current tenants upon request by the tenants
 - Advertisements of a building for sale or lease

Disclosure Law Adoption

- **New Mexico – SB442 – *Building Energy Disclosure Act***

Phase-in schedule

- July 1st 2012 start – non-residential buildings that measure 200,000 SF or greater
- July 1st 2013 start – non-residential buildings that measure 75,000 SF or greater
- July 1st 2014 start – non-residential buildings that measure 5,000 SF or greater

Disclosure Law Adoption

- **Oregon– SB79**
 - The Energy Performance Scores Task Force is to make recommendations to the Oregon Department of Energy regarding the establishment of an energy performance scoring system for new and existing commercial buildings.

Disclosure Law Adoption

- Many states and cities considering similar energy disclosure adoption
- Some countries have country-wide disclosure laws
 - European Union
 - China
 - Australia

Why???

If

the purchase or lease decision is influenced by a building's energy performance

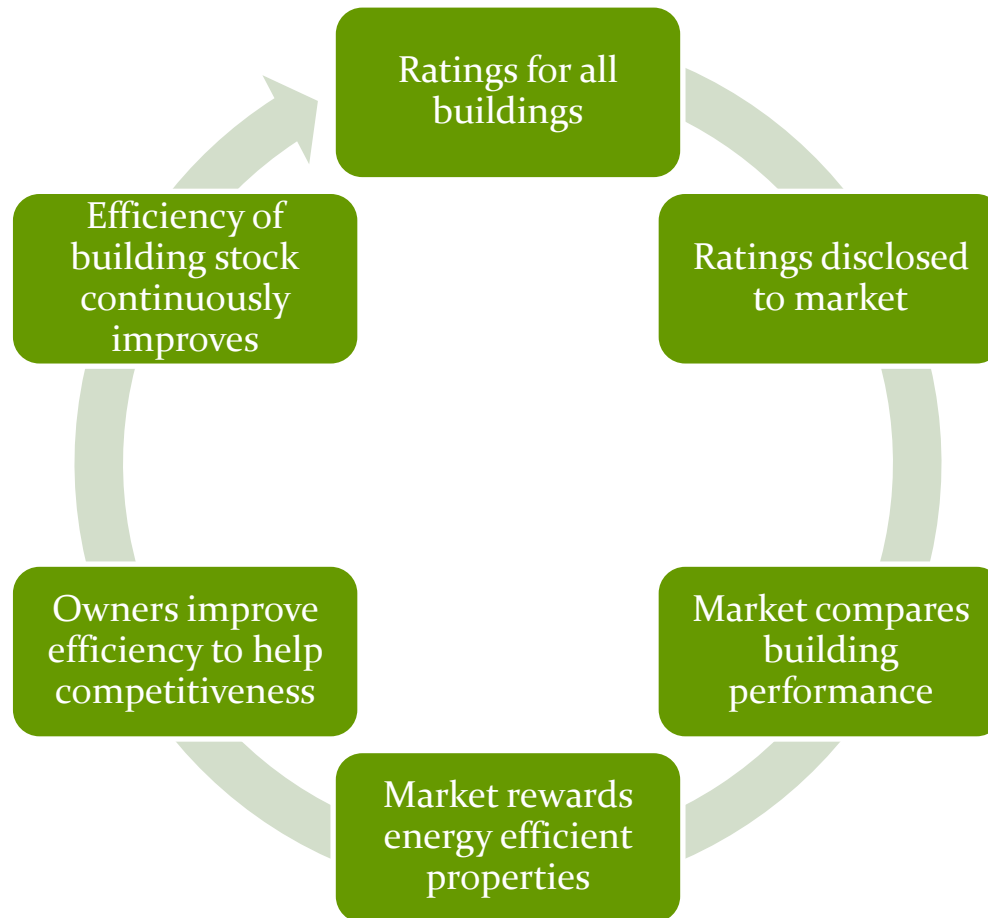
Then

building owners will invest in projects that reduce energy consumption

To

attract tenants, improve building income and value

Cycle of Improvement



Source: *Institute for Market Transformation*

Resistance

- Privacy - disclosure of utility bills by utility providers
- Devaluation of real estate with low scores
- Delayed transaction closing
- Causes financial hardship for real estate owners
- Inaccurate/incomplete Energy Star input data
- Energy Star score not available for all asset types

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Contact Information

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