

## Energize Denver

By Keirstin Beck

If you are a property owner of a commercial or multi-family building over 50,000 square feet, you recently received a notice from Denver Department of Health and the Environment (DHE) notifying you of your obligation to benchmark your building by June 1, 2017. If you are a property owner of a commercial or multi-family building over 25,000 square feet, you will be receiving a notice from Denver DHE next year notifying you of your obligation to benchmark your building by June 1, 2018. This is all part of a new program in Denver called Energize Denver.

In accordance with Denver's 2020 Sustainability and Climate Action Plan, Energize Denver is intended to reduce greenhouse gas emissions by 10 percent by 2020, and 20 percent by 2030. Designed to improve Denver's "quality of life and strengthen the economy", Energize Denver requires owners of commercial and multi-family buildings to annually benchmark energy use through Energy Star Portfolio Manager. All Energy Star scores will be made available to the public. The program was created in an effort to stimulate an estimated \$340 million investment by commercial property owners by improving building efficiency which could result in 4,000 local jobs and \$1.3 billion in energy savings over 10 years. Energy efficiency investments in commercial buildings lower operating costs thereby increasing net operating income and improving property values.

To comply with Energize Denver, building owners must submit an annual benchmarking report by utilizing Energy Star Portfolio Manager. This tool results in a 1-100 performance score (where 50 is the national average) or an energy use intensity (EUI) per square foot of the building by uploading utility data. To access Energy Star Portfolio Manager all building utility data must be uploaded to the program. For multi-tenant buildings with four or more meters, Xcel will provide aggregated building data to the property owner. There are limited exceptions to compliance with benchmarking, including buildings that are unoccupied for all or part of the year, but otherwise the June 1<sup>st</sup> deadline is mandatory with a 90-day grace period for those who have not complied. Denver may issue a penalty after the grace period for non-compliance of \$2,000. However, Denver's goal is to provide assistance and help center support for property owners to ensure compliance.

By requiring mandatory benchmarking for commercial property, Denver is following other cities like San Francisco, New York and Washington DC with required benchmarking and transparency programs. All of these cities have seen results of 2-3% annual energy savings across commercial and multi-family buildings after the implementation of similar programs. It should be noted that Energize Denver stopped short of mandatory measures based upon Energy Star score which was originally a proposed part of this program but this potential still remains in the future to be added to the program.

The intent of the program is to educate the commercial property owner as to the overall building performance and encourage property owners to take the next step to identify measures that can reduce energy consumption and utility costs, and improve the Energy Star score. With today's innovations, the installation of energy efficiency, renewable energy and water conservation measures can yield significant savings to a property's operating statement by reducing energy, operation and maintenance costs.

Fortunately, there are more financial tools than ever before to assist commercial property owners in proceeding with the installation of energy efficiency, water conservation and renewable measures. One of these tools available in Denver and most other counties in the metro area is Property Assessed Clean Energy (PACE). PACE is an innovative, long-term financing tool designed to encourage the installation of energy efficiency, renewable energy and water conservation measures. PACE financing is repaid by placing a voluntary special assessment on the property tax bill with a term of up to 20 years. The intent is to leverage the energy savings produced by the PACE project to maximize the scope of improvements that can be made to improve building systems. The public benefits of PACE is clear: installation of energy efficiency, renewable energy and water conservation measures in commercial buildings reduce greenhouse gas emissions, decrease overall energy consumption and facilitate achievement of stated energy efficiency reduction goals in the Denver's 2020 Sustainability and Climate Action Plan.