

REAL ESTATE WEEKLY

WEDNESDAY, NOVEMBER 17, 2010

Greener, Greater Buildings Plan becoming a reality

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Between 2011 and 2013, owners and managers of existing properties in New York City will start to feel the impact of two energy-related laws signed by Mayor Bloomberg at the end of 2009.

Introduced as part of the Mayor's "Greener, Greater Buildings Plan", the new laws are:

Local Law 84 of 2009, which mandates annual energy benchmarking, starting in 2011.

Local Law 87 of 2009, which mandates energy auditing and retro-commissioning every 10 years, starting in 2013. Buildings will report according to tax block number, so that only about 10% of "covered buildings" file each year.

Properties subject to the requirements of these laws include:

- 1) buildings over 50,000 square feet in area;
- 2) two or more buildings that have the same owner, together exceed 100,000 square feet and are on the same tax lot; and
- 3) two or more buildings under the same condo board that together exceed 100,000 square feet, regardless of their relative location.

Following is a quick primer on what benchmarking, energy auditing and retro-commissioning mean, and what owners and managers need to do to comply with the laws. While the laws are mandates, they are also opportunities.

Improving energy performance is a great way for building owners to reduce operating expenses, thereby improving the quality and value of their investment. In this way, the laws are akin to the government mandate to wear seatbelts—they're telling you to do it because it's good for you.

Local Law 84 — Benchmarking Requirement

An energy benchmark provides a snapshot of a building's energy performance for a given period of time. A property profile and historical utility billing information are entered into a software tool, which generates a report analyzing the building's energy use, and compares it to that of similar properties

in the tool's database.

Under Local Law 84, all covered buildings are required to submit an annual benchmarking report to the Department of Finance, starting in 2011. Due no later than May 1 each year, the report will cover energy usage for the preceding calendar year.

It will look at the entire building: common areas, residential tenant spaces and any commercial spaces.

The law specifies that building owners or managers must request utility usage information from separately-metered commercial tenants by mid-January, and that those tenants must provide it by mid-February. For separately metered residential units, final guidance on collecting apartment data should be issued by December of this year.

To submit benchmarking reports, New York City has specified the use of Energy Star's Portfolio Manager, a free, internet-based benchmarking tool developed by the US Environmental Protection Agency.

Portfolio Manager calculates how much energy the building is using overall and, based on that measurement, ranks the building on a scale of 1-100, relative to other buildings in its database.

The 1-100 ranking is available only for commercial buildings at this time, not for residential buildings.

In order to comply, a building must gather and upload the following information:

property information, including square footage; calendar year, including electric, gas, oil, steam and water; utility bills for some tenant paid accounts, including electric, gas and water.

Bright Power provides benchmarking services through EnergyScoreCards, an online tool that simplifies the process by automatically gathering utility bills, and also provides more sophisticated benchmarking than Portfolio Manager.

Tools such as EnergyScoreCards can offer a variety of indices of energy use, rank buildings, and even indicate which major end-uses — such as seasonal heating and cooling, and non-seasonal

baseloads — are using energy efficiently and which aren't. Such tools provide the user with the extra information to identify energy and money saving opportunities, while still allowing compliance with Local Law 84.

Local Law 87 — Auditing and Retrocommissioning Requirement

An energy audit sets out to

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identify cost-effective system improvements and operational changes that will save energy — and money — at a property.

Qualified auditors, such as those with Certified Energy Manager (CEM) or Building Performance Institute (BPI) certifications, visit the building to assess all energy-related systems, including heating and cooling, lighting, air distribution and ventilation, hot water systems and the building envelope; they also consult with maintenance personnel and residents for feedback on potential issues.

The auditors then generate a report analyzing the findings of the site survey, and recommending energy efficiency measures for the property. Information on government rebates, and other financial incentives available to help pay for the measures, is generally also included.

Retrocommissioning is a process of optimizing the performance of building systems by correcting deficiencies.

Where retrofitting might require replacing a boiler or HVAC unit, retrocommissioning involves making sure that the existing equipment is performing to specification; this may require tuning controls, cleaning filters, or making appropriate repairs, relatively simple measures that can be very effective in saving energy.

Under Local Law 87, covered buildings will be required to undergo an energy audit, followed by a retrocommission-

ing process, every 10 years, in years corresponding to the last digit of their tax block number: e.g., buildings with tax block numbers ending in "4" will be required to report in 2014, 2024, and so on. This requirement begins in 2013, so the first group of buildings to report will be those with tax blocks ending in "3".

The City has also created an "early reporting option", under which ANY building may submit a report in 2013, regardless of its tax block number; these buildings will then not be due to report again until their second originally-assigned reporting year.

To comply with the law, building owners must: have an energy audit conducted by an approved auditor; have an "approved retrocommissioning agent" (final definition by the Department of Buildings is pending) implement the retrocommissioning measures identified by the audit, and provide the owner with an appropriately certified report; submit both documents to the Department of Buildings between January 1 and December 31 of the reporting year.

Audits and retrocommissioning may be done in advance, as long as each takes place no more than 4 years before the reports are submitted; the retrocommissioning process must follow and be based on the audit.

Works In Progress
It is worth noting that rule-making for the new laws is still in progress by relevant City agencies; issues yet to be finalized include penalties for non-compliance. Regardless, now is the time for New York City building owners to get prepared for the new laws.

And remember, the sooner you benchmark and audit, the sooner you can uncover a performance problem, and the sooner you retrocommission, the sooner you can start saving.



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