



Building Energy Efficiency and GHG Reduction Policy

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Background:

The Climate Action Plan (CAP) is aimed at reducing GHG emissions and preparing for climate impacts, while building vibrant neighborhoods, fostering economic prosperity and enhancing social equity. The building sector is responsible for 33% of our City's core emissions. The CAP calls for an 82% reduction in building related emissions through investments in building energy efficiency and clean energy and outlines a range of near-term (by 2015) and long-term (by 2030) actions to put the city on the path to achieving those goals. Improving the energy and GHG efficiency of Seattle's existing private building stock will help us to both reduce our climate impact and to reduce utility costs for owners and tenants.

With the majority of 2015 near-term actions for buildings in place, OSE has developed a plan for the next generation of policy approaches that are needed. Current efforts are focused on the actions needed to improve performance in existing commercial and multifamily buildings. Reaching the CAP goals in this sector will require three related activities:

1. Performance Metrics – measuring building energy use at the individual building and at the citywide scales to better understand energy performance and to track progress.
2. Efficient Operations – ensuring that buildings are maximizing opportunities to save energy through no/low cost operations tune-ups, which also allows our buildings to continue to perform well over time.
3. Energy Efficiency Upgrades – improving the energy and GHG performance of buildings through capital investments.

OSE has been working with SCL, DPD and OED on this effort and has proceeded on three fronts:

- Stakeholder discussions. Meetings with key individuals from organizations representing building owners and developers, facilities management, and energy efficiency interests. Initial scoping discussions were held during Q1 & Q2, 2015 to better understand participant priorities. Follow up meetings with these organizations, and with additional stakeholders, were held in Q3 to obtain feedback on preliminary recommendations.
- Researching policy options. Exploration of a range of policy options, including those outlined in the CAP. In particular, more in-depth reviews and discussions with other municipalities were conducted on building energy performance transparency and on retro-commissioning (improving building systems operations) and building audits.
- Building sector analysis and forecasting. Consultant research to develop average building energy and GHG targets, at 5-10 year intervals through 2050, by building type (e.g. office, single-family, multifamily).

Based on work to date, and with the input of the interdepartmental working group, OSE has developed a policy proposal that relies on clear targets and tracking, maintaining a strong benchmarking program and expanding its outreach capabilities, providing innovative utility incentives, and establishing a regulatory pathway to meet our performance targets. The proposed actions establish the foundation for growing a building market that values energy efficiency and would set minimum expectations around efficient operations. This proposal is a continuation of the CAP implementation plan and is assumed to be part of an ongoing iterative process to develop and implement appropriate and timely policies between now and 2030.

Recommendations

1. Performance Tracking: Identify building **energy reduction targets** for 2020, 2025 and 2035 and monitor progress. Signal that if targets aren't being met, the City will implement additional programs and regulations.

2. Regulations:

- Update the building energy benchmarking ordinance to include **public transparency** of energy performance. This is a foundational policy, implemented by all but one other benchmarking city, which will create a long-term market demand for energy efficient buildings, protecting tenant interests and rewarding high-performers.
- Phase in a **periodic tune-up requirement**, beginning with larger buildings. Exemptions would take into account buildings that already conduct tune-ups, are already performing well, or have economic hardships.

3. Utility Incentives: Seattle City Light has been piloting and evaluating a number of innovative utility incentives and after redesign intends to bring two of them to scale in 2016.

- **Pay for Performance**, which provides incentive payments based on the actual measured energy savings of a facility.
- **Retro-Commissioning**, which provides incentives for operational improvements.

4. Energy Code: As part of DPD's 2015 Seattle Energy Code process, DPD is exploring how efficiency is addressed at **substantial alteration** and equipment replacement, while also considering the financial impacts on building owners. The best time for energy improvements is when buildings are already undergoing upgrades, or the opportunity could be lost until a future upgrade 20 – 30 years out.

5. City Leadership: Underpinning any regulations, the building community is looking to the City to take a leadership role with its own facilities and to model actions before placing expectations onto the private market.

- Conduct **tune-ups** on City-owned buildings. This is included as a key component of the Resource Conservation Management Plan, with some buildings already completed and funding for an additional 500,000 sq. ft. allocated in the 2015-16 CIP budget.
- Establish a policy for **asset preservation** to ensure energy efficiency is addressed while work is already being conducted on a building.