

# SME 2 YOU LEARNING SERIES



## ADVANCED ENERGY STAR<sup>®</sup> TRAINING FOR FEDERAL REAL ESTATE LEASE PROCUREMENT

**OFFICE OF  
LEASING**

# Course Goals

- Review general ENERGY STAR<sup>®</sup> concepts
- Explore the application of ENERGY STAR<sup>®</sup> in federal leasing in-depth
- Discuss issues and challenges related to ENERGY STAR<sup>®</sup> in federal leasing
- Explore ENERGY STAR<sup>®</sup> leasing scenarios
- Identify tools and resources related to ENERGY STAR<sup>®</sup>

# Lessons

- Lesson 1: ENERGY STAR<sup>®</sup> Federal Leasing Requirements
- Lesson 2: ENERGY STAR<sup>®</sup> Issues and Challenges
- Lesson 3: ENERGY STAR<sup>®</sup> Leasing Scenarios
- Lesson 4: Tools and Resources

# Lesson 1

## Summary Review of the ENERGY STAR® Federal Leasing Requirements



# ENERGY STAR® Label for Buildings

- ENERGY STAR® identifies the level of a building's energy performance relative to other similar buildings.
- Buildings achieving a score of 75+ (on a 100-point scale) are eligible for the ENERGY STAR® Label.
  - ▣ Represents the top 25% of buildings
- Labeling is based on the 2003 Commercial Buildings Energy Consumption Survey (CBECS) and a building's past 12 months of energy usage.



# ENERGY STAR<sup>®</sup> and Benchmarking

- Using the free online Portfolio Manager application the ENERGY STAR<sup>®</sup> score allows building owners to benchmark building energy performance and:
  - ▣ Compare one building against a national sample of similar buildings
  - ▣ Compare a building to others within a portfolio
  - ▣ Set priorities for use of limited staff time and investment capital
- Energy use, water use, costs savings, and CO<sub>2</sub> emissions can be tracked over time in a building, group of buildings, or entire portfolios.

# Key Documents Needed to Achieve ENERGY STAR® Label

Statement of Energy Performance (SEP)

Data Checklist

Application Letter / Letter of Agreement

OMB No. 2060-0347

**STATEMENT OF ENERGY PERFORMANCE**  
Office Sample Facility

Building ID: 2733334  
For 12-month Period Ending: September 30, 2011  
Date SEP becomes indelible: January 25, 2012  
Date SEP Generated: October 06, 2011

**Facility**  
Office Sample Facility  
1234 Main Street  
Arlington, VA 22201

**Facility Owner**  
ETS  
1234 Elm Way  
Mount Airy, MD 21771  
240000550

**Primary Contact for this Facility**  
Natalie Miller  
3434 Washington Blvd  
Falls, VA 22011  
555-255-1234  
nml\_miller@ets.com

Year Built: 2000  
Gross Floor Area (GFA): 222,452

Energy Performance Rating: (1-100) 100

**Site Energy Use Summary\***  
Electricity - Grid Purchase (kBtu) 9,476,827  
Natural Gas (kBtu) 1,738,440  
Total Energy (kBtu) 11,196,375

**Energy Intensity\***  
Site (kBtu/sq ft) 8  
Source (kBtu/sq ft) 18

**Emissions (based on site energy use)**  
Greenhouse Gas Emissions (MTCO<sub>2</sub>e/year) 186

**Electric Distribution Utility**  
Virginia Electric & Power Co. (Dominion Resources Inc)

**National Median Comparison**  
National Median Site EUI 34  
National Median Source EUI 34  
% Difference from National Median Source EUI -47%  
Building Type Office

**Meets Industry Standards† for Indoor Environmental Conditions:**  
Ventilation for Acceptable Indoor Air Quality Yes  
Asbestos- Thermal Environmental Conditions Yes  
Adequate Illumination Yes

**Professional Engineer**  
License Number: 3030001  
State: VA  
John Doe  
333 3M Sample Lane  
Arlington, VA 22201  
555-555-1234

\* Based on Energy STAR® Standard 2.0 for buildings for 100,000 sq ft or more. For buildings less than 100,000 sq ft, use the 2005 ASHRAE 90.1 energy conservation standard. For buildings less than 100,000 sq ft, use the 2005 ASHRAE 90.1 energy conservation standard. For buildings less than 100,000 sq ft, use the 2005 ASHRAE 90.1 energy conservation standard. For buildings less than 100,000 sq ft, use the 2005 ASHRAE 90.1 energy conservation standard.

† Based on ASHRAE Standard 55 for ventilation for acceptable indoor air quality, ASHRAE Standard 62 for thermal environmental conditions and ASHRAE Standard 90.1 for lighting.

EPA Form 3905-10 Tracking Number: SEP20110906001672479

ENERGY STAR® Data Checklist for Commercial Buildings

In order for a building to qualify for the ENERGY STAR, a Professional Engineer (PE) or a Registered Architect (RA) must validate the accuracy of the data underlying the building's energy performance rating. This checklist is designed to provide an at-a-glance summary of a property's physical and operating characteristics, as well as its total energy consumption, to assist the PE or RA in double-checking the information that the building owner or operator has entered into Portfolio Manager.

Please complete and sign this checklist and include it with the stamped, signed Statement of Energy Performance.  
NOTE: You must check each box to indicate that each value is correct, OR include a note.

| CRITERION                        | VALUE AS ENTERED IN PORTFOLIO MANAGER                                      | VERIFICATION QUESTIONS  | NOTES                    |
|----------------------------------|--|---|--------------------------|
| Building Name                    | Office Sample Facility   | Is this the official building name to be displayed in the ENERGY STAR Registry of Labeled Buildings?  | <input type="checkbox"/> |
| Type                             | Office   | Is this an accurate description of the space in question?   | <input type="checkbox"/> |
| Location                         | 1234 Main Street, Arlington, VA 22201                                      | Is this address accurate and complete? Correct weather normalization requires an accurate zip code.   | <input type="checkbox"/> |
| Annual Occupancy Rate            | 95%  | Has the property maintained an average occupancy of 50% or higher across the 12 month period being assessed?  | <input type="checkbox"/> |
| Single Structure                 | Single Facility  | Does this SEP represent a single structure? SEPs cannot be submitted for multiple-building campuses with the exception of acute care or children's hospitals nor can they be submitted as representing only a portion of a building.  | <input type="checkbox"/> |
| <b>Data Center (Data Center)</b> |  |   |                          |
| CRITERION                        | VALUE AS ENTERED IN PORTFOLIO MANAGER                                      | VERIFICATION QUESTIONS  | NOTES                    |
| Gross Floor Area                 | 780 Sq. Ft.  | Is this the total gross floor area measured between the principal exterior walls of the enclosing fixed walls, including all supporting functions for the Data Center? This should include the entire Data Center for stand alone facilities, which may have raised floor computing space, server racks, aisles, storage aisles, control console areas, battery rooms, mechanical rooms for cooling equipment, administrative office areas, elevator shafts, stairways, break rooms and restrooms. When a Data Center is located within a larger building, the total gross floor area should include the computing space as well as any mechanical rooms or office spaces that support the data center. | <input type="checkbox"/> |
| IT Energy Configuration          | Uninterruptible Power Supply (UPS) supports only IT equipment. (Preferred) | Does the UPS meter support only IT equipment within the Data Center?  | <input type="checkbox"/> |
| UPS System Redundancy            | N(Optional)  | Is this the level of redundancy of the Uninterruptible Power Supply (UPS)? If there is no UPS system, is this the redundancy for the PDU Meters that support the IT Load?   | <input type="checkbox"/> |
| Cooling Equipment                |  | Is this the level of redundancy for the mechanical  | <input type="checkbox"/> |

Sample\_LOA[1].pdf - Adobe Reader

To whom it may concern:

I hereby nominate, on behalf of the building's owner, the following building for award of the ENERGY STAR:

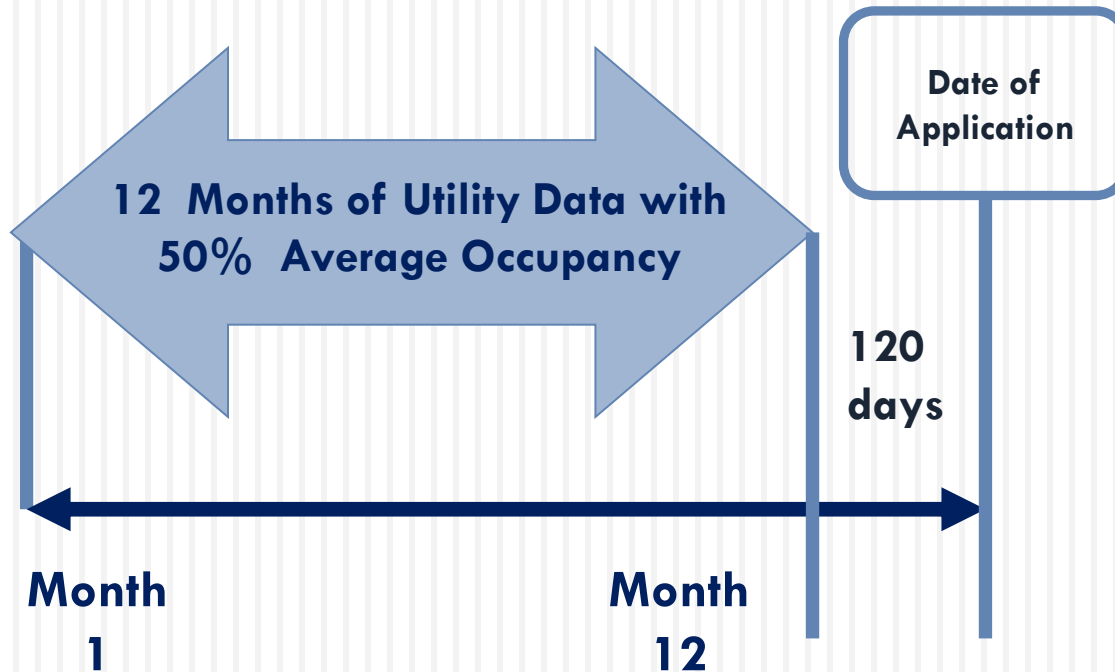
Office Sample Facility  
1234 Main Street  
Arlington, VA 22201

I have provided a copy of the *Licensed Professionals Guide to the ENERGY STAR Label for Commercial Buildings* (available at [http://www.energystar.gov/business/evaluate\\_performance/pm\\_lp\\_guide.pdf](http://www.energystar.gov/business/evaluate_performance/pm_lp_guide.pdf)) to our Licensed Professional for reference. As documented by the attached Statement of Energy Performance, the aforementioned building meets the conditions necessary to qualify as ENERGY STAR:

- **Energy performance** in the top 25 percent of similar existing buildings, as indicated by a minimum rating of 75 out of 100 determined through EPA's Portfolio Manager.
- **Thermal comfort** in accordance with the provisions in American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 55, Thermal Environmental Conditions for Human Occupancy.
- **Indoor air quality** in accordance with the provisions of ASHRAE Standard 62, Ventilation for Acceptable Indoor Air Quality.
- **Illuminance levels** in accordance with the Illuminating Engineering Society of North

# ENERGY STAR® Utility Data and Occupancy Requirements

## ENERGY STAR® Application Timeline



- 12 months of utility data with 50% average occupancy
- Application within 120 days of last month of utility data utilized
- Renewing label annually is not required for GSA leases (label only required at time of lease transaction)



# Target Finder Tool

EPA's Target Finder is a tool that provides an estimated ENERGY STAR<sup>®</sup> score for a planned or existing building.

Design projects that earn a score of 75 or higher are eligible for the “Designed to Earn the ENERGY STAR<sup>®</sup>” certification.

Target Finder normalizes for factors that affect energy use intensity such as climate, building size, and occupancy level.

The screenshot shows the EPA Target Finder web application. It includes a header with the EPA logo and navigation links for 'PRINT', 'FREQUENTLY ASKED QUESTIONS', 'CONTACT US', and 'HELP'. The main content is divided into four sections:

- 1. Facility Information**: Includes input fields for Zip Code, City, State, and Facility Name.
- 2. Facility Characteristics**: Includes a dropdown menu for 'Select Space Type(s) for this project'.
- 3. The Target<sup>1</sup>**: Features two dropdown menus for 'Target Rating' and 'Energy Reduction Target', with a 'View Results' button.
- 4. Estimated Design Energy**: Includes a text input for 'Estimated Energy Use to your Target' and a table for energy sources.

| Energy Source          | Units | Estimated Total Annual Energy Use <sup>2</sup> | Energy Rate (\$/Unit) |
|------------------------|-------|--|-----------------------|
| Electricity            | MBtu  |  | \$ / (MBtu)           |
| [Select Energy Source] |       |  | \$ /                  |

<sup>1</sup>Target Rating<sup>1</sup> uses the EPA energy performance rating of 1-100. 75 or higher denotes ENERGY STAR. An "Energy Reduction Target" is the percent reduction from the average energy consumption of a similar building of an equivalent EPA rating of 50. Selecting a 50% (or higher) reduction target is acceptable for setting Architecture 2030 and AIA Sustainable Practice goals.  
<sup>2</sup>Annual Energy Use - the fuel mix percentage is determined from DOE-EIA. The Electric % is typical of the area designated by zip code. Natural gas is used as 2<sup>nd</sup> energy source. The defaults for percentage of energy use by fuel type will be displayed at top of Results page.

# “Designed to Earn the ENERGY STAR<sup>®</sup>”

- Certification given to a to-be-built building or building under construction designed by an architect to achieve high energy performance
  - Building must earn a score of 75 or higher in Target Finder
  - Architects and owners can set energy targets and receive an ENERGY STAR<sup>®</sup> estimate during the design process

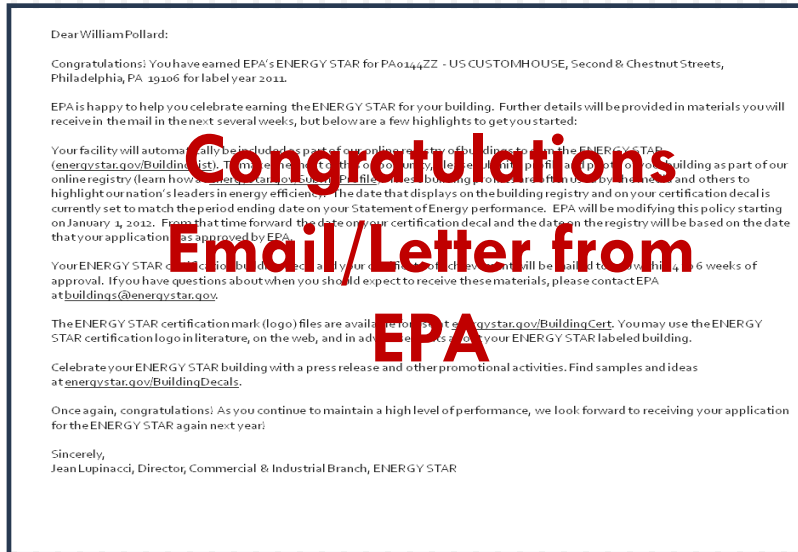


[energystar.gov/targetfinder](https://energystar.gov/targetfinder)

# Key Points about ENERGY STAR<sup>®</sup> and Federal Leasing

- EISA is a federal law.
- The ENERGY STAR<sup>®</sup> requirement supports GSA sustainability goals.
- ENERGY STAR<sup>®</sup> RLP paragraphs are a key part of mandatory green language required for compliance with Guiding Principles.

# Proof of ENERGY STAR® Label



OR



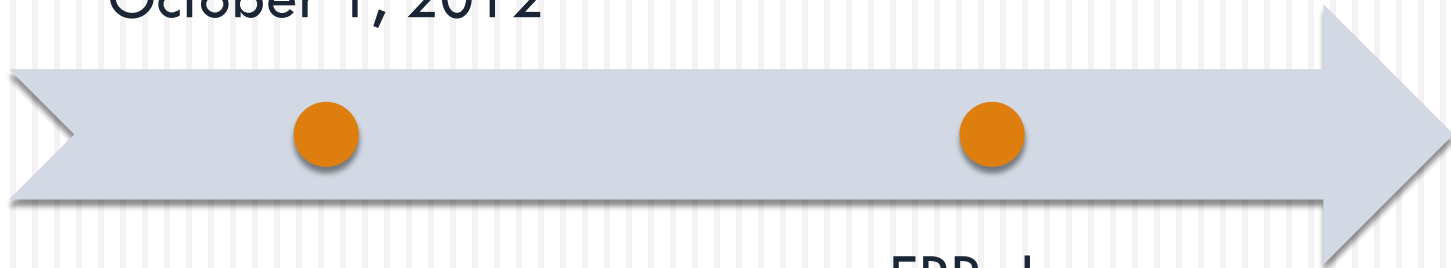
- ❑ Building owner must indicate whether offered building has earned ENERGY STAR® label (and exact date label was granted)
- ❑ Offeror must provide proof of ENERGY STAR® label by due date of Final Proposal Revision (FPR)
- ❑ EPA Certificate of Achievement or Notification Email required

# ENERGY STAR® Leasing Requirement: Time Frame

Buildings must have earned the ENERGY STAR® Label within 12 months prior to the due date of the FPR.

Note that this is the exact date of the notice of award from the EPA, not the year on the label itself.

Label awarded on  
October 1, 2012



FPR due  
September 30, 2013:  
last date of eligibility

# Difference between ENERGY STAR<sup>®</sup> Exceptions and Exemptions



## **Exceptions:**

- No Energy Star<sup>®</sup> Space is Offered
- Agency is Remaining in a Building it Previously Occupied
- Agency Leases Historic or Architecturally/Culturally Significant Space
- Lease is for 10,000 rsf or Less

**Under these exceptions, in Lieu of Energy Star<sup>®</sup>, the lessor must make Cost-Effective Energy Efficient Upgrades over the firm term of the lease**

## **Exemptions:**

- Lease Extensions
- Expansions within Scope
- Exercise of Evaluated or Un-evaluated Renewal Options

**No Energy Star<sup>®</sup> or cost effective improvements required**

# Cost-Effective Energy Efficiency Improvements

- If exceptions apply, in lieu of ENERGY STAR<sup>®</sup>, the Lessor must make all Cost-Effective Energy Efficiency Improvements that would be expected to pay for themselves from utility savings expected to occur over the FIRM TERM of the lease (“Cost-Effective”)

## Examples of Cost Effective Energy-Efficiency & Conservation Improvements:

- Heating, Ventilation, and Air Conditioning (HVAC) including:
  - Building Automation Systems (BAS)
  - Energy Monitoring/Management Control Systems (EMCS)
- Lighting Improvements
- Building Envelope Modifications
- Chilled Water, Hot Water, and Steam Distribution Systems
- Renewable Energy Systems
- Water and Sewer Conservation Systems
- Electrical Peak Shaving/Load Shifting
- Energy Usage Reduction Through Changes in Metering
- Energy Related Process Improvements

# Cost-Effective Energy Efficiency Improvements

- A building owner must indicate whether the offered building has earned the ENERGY STAR<sup>®</sup> Label (and the date the label was granted).
  - ▣ If no label is earned within 12 months prior to the due date of the Final Proposal Revisions, the owner must indicate their willingness to implement all Cost-Effective Energy Efficiency Improvements.
  - ▣ The owner must also detail which energy efficiency improvements they are willing to make.
- Improvements required in non-ENERGY STAR<sup>®</sup> labeled buildings
  - ▣ Must be renovated for all energy efficiency and conservation improvements cost-effective over the FIRM TERM of the lease
- GSA will confirm implementation of improvements before occupancy.
- The successful Offeror always has the right to obtain the ENERGY STAR<sup>®</sup> Label in lieu of performing Cost-Effective Energy Efficiency Improvements.



# Lease Requirements for Buildings Excepted from the ENERGY STAR<sup>®</sup> Label

The space must be renovated for all energy efficiency and conservation improvements that would be cost-effective over the life of the lease (firm term), including improvements in lighting, windows, and heating, ventilation, and air conditioning systems.

This requirement must be met prior to occupancy or, in the case of a succeeding or superseding lease, not later than 1 year after signing the contract.

The universe of required upgrades expands substantially with a longer firm term to the lease.

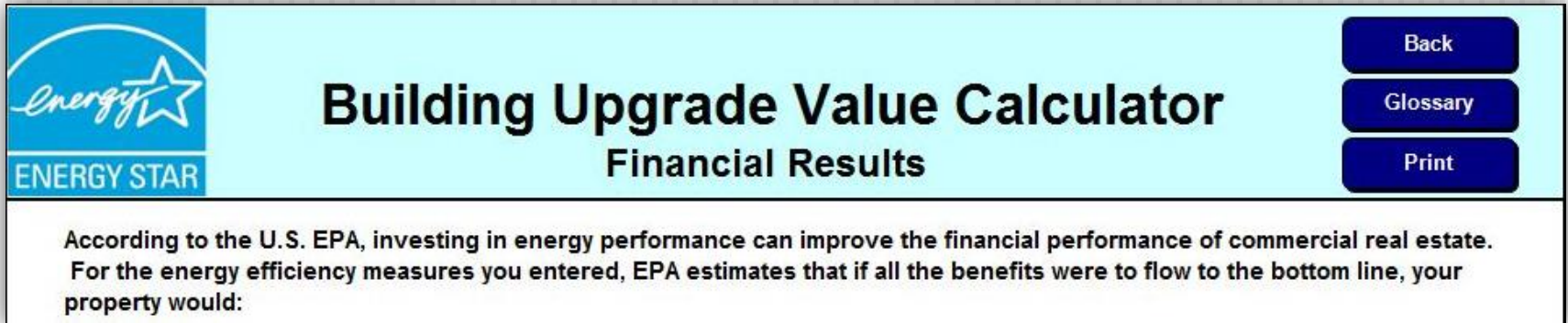
# Steps for Excepted Buildings

The Offeror provides a list, in the written offer form, of Cost-Effective Energy Efficiency Improvement projects they will implement. The list must be provided by submission of the Final Proposal Revisions. The Offeror may use ENERGY STAR's® Building Upgrade Value Calculator to identify cost-effective (cost-payback) projects. The Offeror is required to use the Building Upgrade Value Calculator when they are demonstrating that no Cost-Effective Energy Efficiency Improvements are possible.

The improvements **MUST** be completed prior to occupancy. For Succeeding and Superseding leases, the improvements must be completed no later than one year after signing the lease.



# ENERGY STAR<sup>®</sup> Building Upgrade Value Calculator



The screenshot shows the top section of the Energy Star Building Upgrade Value Calculator. On the left is the Energy Star logo. The main heading is "Building Upgrade Value Calculator" with "Financial Results" below it. On the right are three buttons: "Back", "Glossary", and "Print". Below the heading is a text box with the following text:

According to the U.S. EPA, investing in energy performance can improve the financial performance of commercial real estate. For the energy efficiency measures you entered, EPA estimates that if all the benefits were to flow to the bottom line, your property would:

- Helps real estate and operations professionals assess the financial value of energy efficiency investments
- Various energy efficient inputs are loaded to determine a building's financial and energy benefits. The tool generates a template letter that can be used to determine whether to pursue energy efficiency measures
- The letter that results from the Building Upgrade Value Calculator will indicate if paybacks for the upgrades are beyond the firm term of the lease and therefore excusable. Offerors must use the Calculator to demonstrate that no Cost-Effective Energy Efficiency Improvements are possible when applicable.

# Example of Cost-Effective Improvements: Merchandise Mart in Chicago

- Common area light retrofit
  - ▣ Project cost: \$80,300
  - ▣ Energy reduction: 887,700 kwh/year
  - ▣ Return on Investment (ROI): 1 year
- Exit lights retrofit
  - ▣ Project cost: \$23,200
  - ▣ Energy reduction: 98,110 kwh/year
  - ▣ ROI: 2.5 years



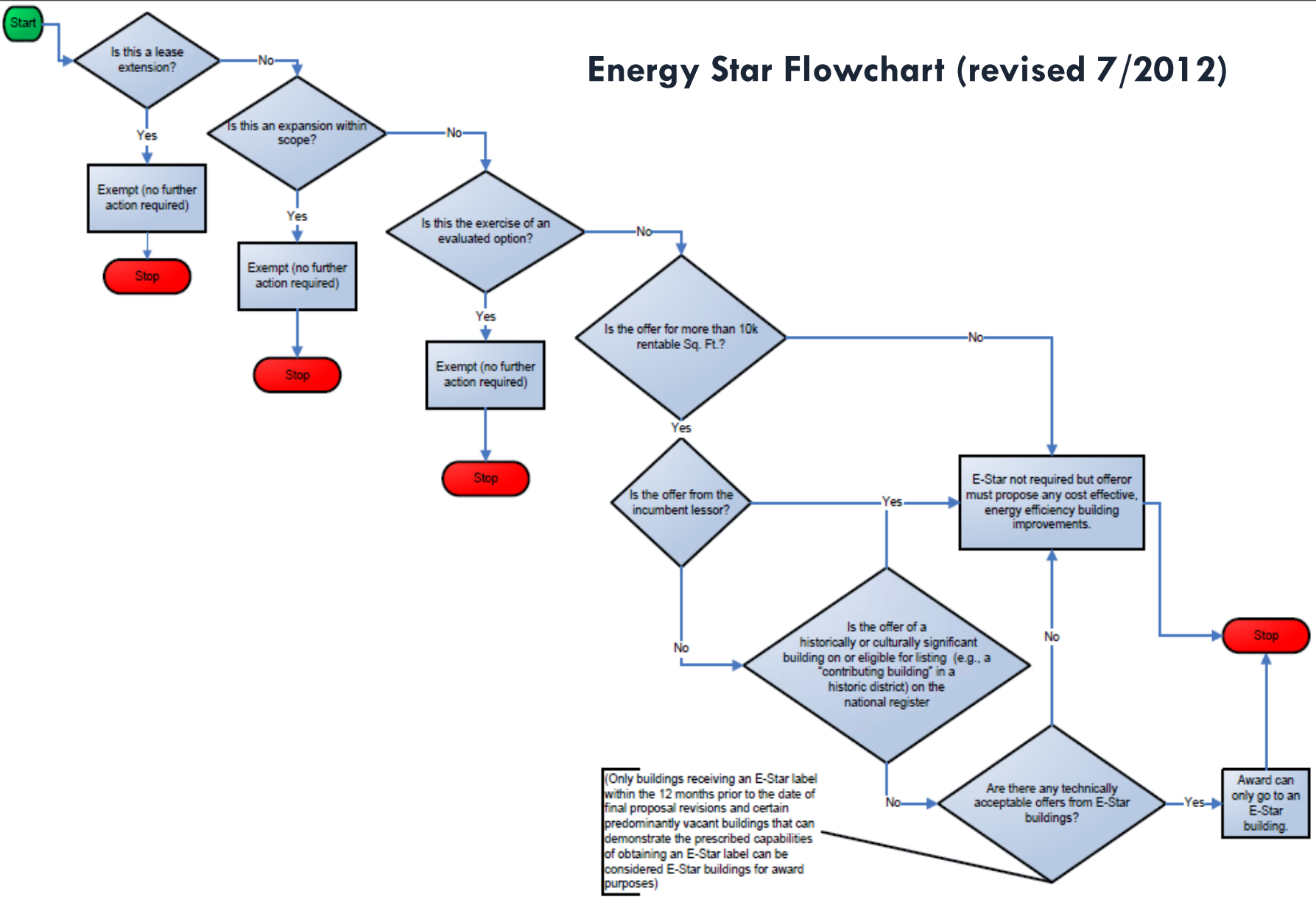
# ENERGY STAR<sup>®</sup> Requirement: New Construction

The ENERGY STAR<sup>®</sup> Label is required for New Lease Construction projects greater than 10,000 sf. The label must be obtained within 18 months of occupancy. The “Designed to Earn the ENERGY STAR<sup>®</sup>” certification is required prior to issuance of a building permit. Projects 10,000 sf or less require ENERGY STAR<sup>®</sup> or Cost-Effective Improvements.



| Project Type / Space Type   | ENERGY STAR and LEED®<br>Minimum Requirements<br>[Required vs. Voluntary]   | ENERGY STAR®<br>Exceptions   | In NON-ENERGY STAR®<br>Buildings: Cost-Effective Energy<br>Efficiency Improvements<br>(In the Allowed Absence of an<br>ENERGY STAR rating of 75) |
|---|---|--|--|
| <b><u>New Lease Construction</u></b><br><b>&gt; 10,000 sf</b><br>(Building built for federal<br>govt. for lease solicitation) | <ul style="list-style-type: none"> <li>• LEED-NC® Silver Rating</li> <li>• ENERGY STAR &gt;= 75 Rating<br/><b>[REQUIRED]</b></li> </ul>   | None   | N/A  |
| <b><u>Leases &gt; 10,000 sf</u></b>   | ENERGY STAR® Rating<br>>= 75<br><b>[REQUIRED]</b>   | <ul style="list-style-type: none"> <li>• No space ENERGY STAR® space offered</li> <li>• Agency remaining in existing space</li> <li>• Building has architectural / cultural / historic significance</li> </ul>                                 | Cost-Effective Energy Efficiency Improvements<br><b>[REQUIRED]</b>   |
| <b><u>Leases &lt;= 10,000 sf</u></b>  | ENERGY STAR® Rating<br>>= 75<br><b>[Voluntary / Encouraged]</b>   | Yes: 10k SF or less exception  | Cost-Effective Energy Efficiency Improvements<br><b>[REQUIRED]</b>   |
| <b><u>Prospectus Level Lease</u></b><br>( > \$2.79 Million Net Annual Rent)   | ENERGY STAR® Rating<br>>= 75<br><b>[REQUIRED]</b>   | <ul style="list-style-type: none"> <li>• No space available in market</li> <li>• Tenant remaining in existing space</li> <li>• Building has architectural / cultural / historic significance</li> <li>• Lease is for 10k SF or less</li> </ul> | Cost-Effective Energy Efficiency Improvements<br><b>[REQUIRED]</b>   |
| <b>Short-term Extensions &amp; Evaluated Options</b>  | ENERGY STAR® Rating >= 75<br><b>[Voluntary / Encouraged]</b>  | N/A  | Cost-Effective Energy Efficiency Improvements [Voluntary/Encouraged]   |
| <b>Expansions</b>   | ENERGY STAR® Rating >= 75<br><br>(DEPENDS upon whether determined to be within the "Scope of the Lease")<br><b>[Voluntary/Encouraged]</b> | Yes: Agency remaining in existing space  | Cost-Effective Energy Efficiency Improvements are Required if the expansion is outside the "Scope of the Lease"<br><br><b>[DEPENDS]</b>          |

# Energy Star Flowchart (revised 7/2012)



# Summary

- ENERGY STAR<sup>®</sup> requirements in federal leasing are necessary to comply with EISA and support GSA sustainability goals.
- All federal leases must be in ENERGY STAR<sup>®</sup> space unless one of four exceptions applies.
- If an exception applies, the Offeror must commit to making Cost-Effective Energy Efficiency Improvements.
- Offerors can use the Building Upgrade Value Calculator to demonstrate the cost-effectiveness of improvements and must use it if claiming that nothing is cost-effective.
- The “Designed to Earn the ENERGY STAR<sup>®</sup>” certification and ENERGY STAR<sup>®</sup> Label are required for Lease Construction projects greater than 10,000 rsf.



## Lesson 2

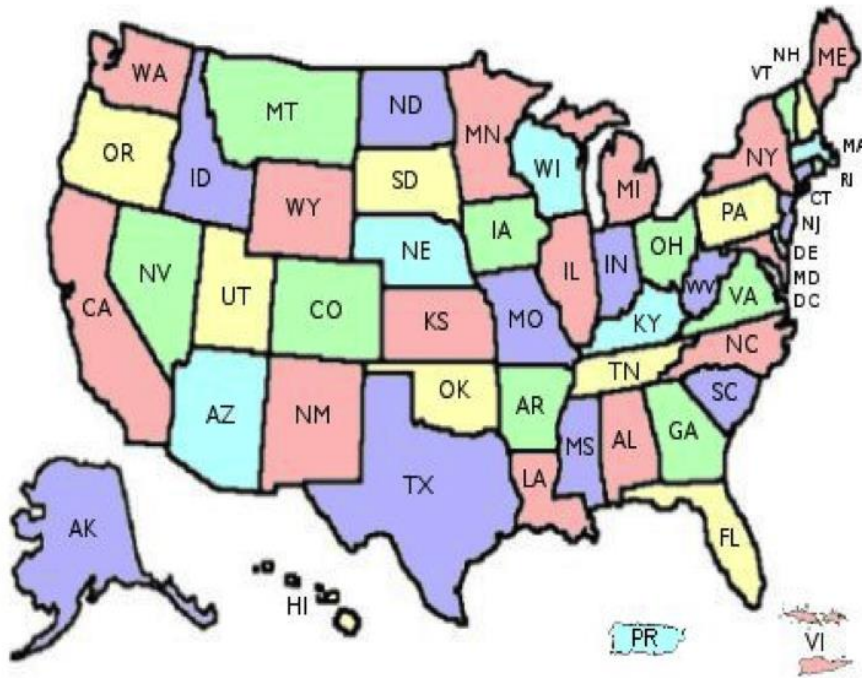
# ENERGY STAR<sup>®</sup> Issues and Challenges



# Lesson 2 Learning Objectives

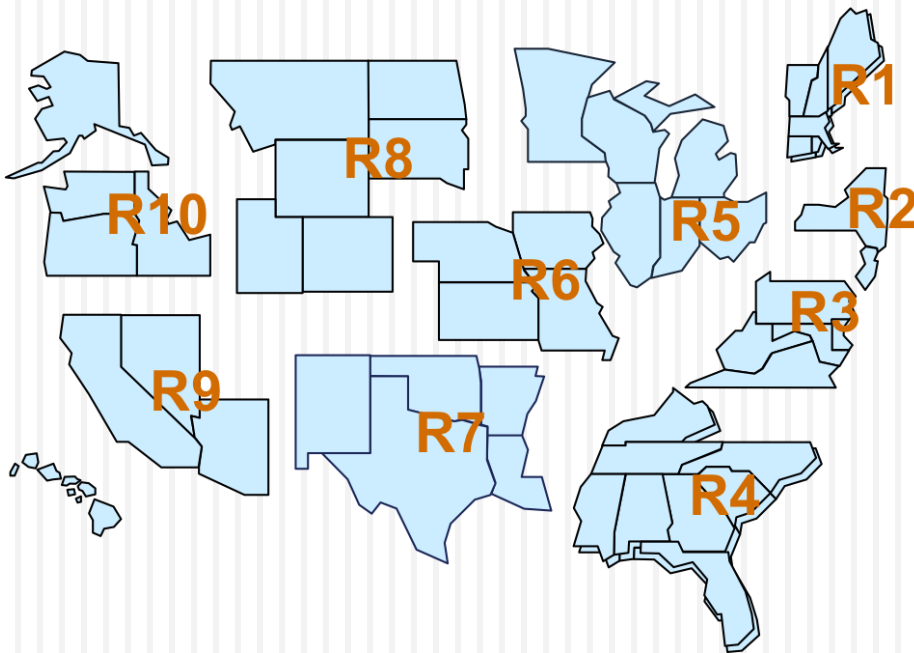
Recognize ENERGY STAR<sup>®</sup>  
issues and challenges

# Limited Supply of ENERGY STAR® Buildings



- There are 21,000 ENERGY STAR® rated buildings in the U.S.
  - ▣ Represents 3 billion square feet
- Only 7,000 of these (1/3) are office buildings
  - ▣ Represents over 1.64 billion square feet
- These 7,000 ENERGY STAR® Labeled buildings represent a fractional (1%) share of the 700,000+ office buildings in the U.S.

# GSA Leased Presence in ENERGY STAR® Buildings



These ENERGY STAR® buildings represent 6.7% of all GSA buildings, 8.9% of all GSA leases, and over 24% of all GSA leased square footage.

| Region          | Bldgs      | Leases     | RSF            |
|-----------------|------------|------------|----------------|
| 1               | 13         | 20         | 596K           |
| 2               | 13         | 18         | 1,106K         |
| 3               | 13         | 23         | 2,154K         |
| 4               | 55         | 69         | 2,799K         |
| 5               | 50         | 100        | 2,565K         |
| 6               | 8          | 12         | 1,645K         |
| 7               | 38         | 48         | 2,064K         |
| 8               | 36         | 50         | 2,603K         |
| 9               | 92         | 133        | 3,975K         |
| 10              | 25         | 38         | 1,931K         |
| 11              | 138        | 277        | 25,703K        |
| <b>Total US</b> | <b>484</b> | <b>786</b> | <b>48,212K</b> |

# Limited Supply—What to Do?

## **GIVE CONSIDERATION TO ENERGY STAR® WHEN DEFINING THE DELINEATED AREA**

Given the limited supply of ENERGY STAR® buildings, it is important not to create a delineated area that would have only ONE ENERGY STAR® building offered. Use EnergyStar.gov and CoStar.com to make this determination. If this would appear to be a possibility, the Leasing Specialist should rethink and perhaps redefine the delineated area to include more ENERGY STAR® buildings or no ENERGY STAR® buildings. This is particularly true if it is known that additional ENERGY STAR® buildings are located close to the existing delineated area. Expanding the delineated area allows for a more competitive environment. You should explore the availability of ENERGY STAR® buildings early, BEFORE the delineated area is determined and the RLP is announced and advertised.

## **DON'T FORGET TO FOCUS ON THE DATE THE BUILDING RECEIVED THE ENERGY STAR®**

It is also important to be aware of the timeframe in which prospective buildings earned the ENERGY STAR® rating. The award must be within 12 months of Final Proposal Revisions. Buildings that earned an Energy Star® prior to that period are not eligible for a federal lease unless one of the exceptions apply. If you anticipate that none of the exceptions will apply then a building with an out of date Energy Star® will not be eligible for a lease award unless they are prepared to obtain a current Energy Star® label prior to the due date for Final Proposal Revisions.

# Insufficient Occupancy Issues

- Several modification's to GSA's lease were made in Sept. 2011 to address the issue of Insufficient Occupancy (via LAC 2011-13).
- As written, the law did not account for newly built spec buildings or buildings that are experiencing vacancy. These buildings were being excluded because of a lack of current occupied operating history, even though in many cases they were designed and constructed to be able to achieve an ENERGY STAR<sup>®</sup> Label.
- The Office of Leasing recently revised language to address this issue:
  - Allows up to 18 months to achieve ENERGY STAR<sup>®</sup> Label for buildings with < 50% occupancy
  - Offeror must produce specified evidence of a capability to achieve an ENERGY STAR<sup>®</sup> Label
  - If Offeror uses EPA's Target Finder tool, they must provide a Statement of Energy Design Intent (SEDI) reflecting a score of  $\geq 75$

# High-Security Tenant Issues

- Some high-security government tenants are not willing to provide information on the number of employees or the number of computer workstations and other electronics in their space (which is required information to earn the ENERGY STAR<sup>®</sup> Label).
- Central Office is working with the EPA to explore alternative ways to report the necessary ENERGY STAR<sup>®</sup> information in a secure environment.
- This issue typically manifests itself in lease constructs, and with lessors of existing space that's predominantly vacant and was given 18 months from occupancy to obtain the Energy Star<sup>®</sup>. These lessors will not be able to comply with the requirement to obtain the Energy Star<sup>®</sup> due to the tenant's reluctance to supply needed Energy Star application information concerning use and occupancy of the space.

# Automating the Tracking and Reporting of Green Lease Information

- ❑ An Office of Leasing sustainability priority is the automation of tracking and reporting of green lease information.
- ❑ Quarterly updates are due to OMB/CEQ, GSA/PBS.
- ❑ Data calls to Regions on a quarterly basis are needed to provide Guiding Principle compliant lease and building information, including ENERGY STAR<sup>®</sup> information.
- ❑ Some automated reporting will be available in REXUS. Leasing Specialists are required to identify in REXUS all leases awarded to buildings having a Energy Star label in the 12 months prior to the due date of Final Proposal Revisions.
- ❑ There are challenges related to G-REX and REXUS implementation resulting from funding constraints, but the intention is to maximize automated collection of data, especially in G-REX.



# G-REX (eLease Replacement System)

- ❑ G-REX is being designed to track and report valuable green leasing information in an automated way.
- ❑ G-REX will automatically gather and report data related to Guiding Principle compliance, as well as data related to ENERGY STAR<sup>®</sup> compliance.
- ❑ Valuable information will be gathered on all lease offers, including the Present Value Analysis (PVA).
- ❑ This data will allow for rent and cost comparisons to be made for green versus non-green lease situations. **Differences, if any, in the cost of Energy Star<sup>®</sup> space vs. non-Energy Star<sup>®</sup> space will be captured and reported to management.**

# Summary

- ENERGY STAR® buildings in the U.S. are in limited supply. There are only approximately 7,000 ENERGY STAR® office buildings nationwide.
  - ▣ To generate competition, consider working with the client agency to expand the delineated area to pick up more ENERGY STAR® buildings; or alternatively, reduce the delineated area to capture no ENERGY STAR® buildings.
- The RLP & Lease documents have been revised to address insufficient occupancy issues. Buildings that are predominantly vacant and can substantiate their ability to get an Energy Star® can be treated as if they have the Energy Star® for award purposes.
- The Office of Leasing is working with the EPA and DoD to address high-security tenant issues such as the inability to disclose personnel and electronics.
- G-REX and REXUS will automate tracking and reporting of green lease information.

# Lesson 3

## ENERGY STAR® Leasing Scenarios



# Lesson 3 Learning Objectives

Evaluate eligibility for award in a leasing scenario related to ENERGY STAR<sup>®</sup> requirements

# Lease Scenarios

- The following scenarios are situations that a Leasing Specialist could encounter related to the ENERGY STAR<sup>®</sup> requirement.
- The scenarios describe multiple offers that are made under various ENERGY STAR<sup>®</sup> situations.
- Let's review these scenarios and evaluate which Offerors are eligible for the award.

# Lease Scenario (1)

- Lease requirement: Over 10,000 RSF, 5 offers received
- As of Final Proposal Revisions:
  - ▣ Offer #1: ENERGY STAR<sup>®</sup> Labeled building (score: 76)
    - Label obtained 7 months ago
  - ▣ Offer #2: ENERGY STAR<sup>®</sup> Labeled building (score: 75)
    - Label obtained 11.9 months ago
  - ▣ Offer #3: An noteworthy building located in a historic district, but not listed on the National Register of Historic Places
  - ▣ Offer #4: Building with a 65 ENERGY STAR<sup>®</sup> rating received 2 months ago in which the agency currently occupies space
  - ▣ Offer #5: LEED<sup>®</sup> Gold rated building that received a 70 ENERGY STAR<sup>®</sup> rating 3 months ago

# Lease Scenario (1) Outcome

- Only Offers #1, #2, #3, and #4 may be considered for the lease award.
- Offer #5 is ineligible for not having an ENERGY STAR<sup>®</sup> rating of 75 or higher within the last 12 months.
- Offers #1, #2, #3, and #4 compete equally as far as EISA is concerned.
- Offer #3 receives the historic preference.
- Note that Offerors #3 and #4 must agree to do all Cost-Effective Energy Efficiency Improvements in order to get the lease award.
  - #3 must complete the improvements prior to the Government's occupancy.
  - #4 must complete the improvements within one year of lease award.
  - They may obtain the ENERGY STAR<sup>®</sup> Label in lieu of the improvements.

# Lease Scenario (2)

- Lease requirement: Under 10,000 RSF, 5 offers received
- As of Final Proposal Revisions:
  - Offer #1: ENERGY STAR<sup>®</sup> Labeled building (score: 76)
    - Label obtained 7 months ago
  - Offer #2: ENERGY STAR<sup>®</sup> Labeled building (score: 75)
    - Label obtained 11.9 months ago
  - Offer #3: Historic Building
  - Offer #4: Building with a 65 ENERGY STAR<sup>®</sup> rating received 2 months ago in which the agency currently occupies space
  - Offer #5: LEED<sup>®</sup> Gold rated building that received a 70 ENERGY STAR<sup>®</sup> rating 3 months ago



# Lease Scenario (2) Outcome

- All offers are eligible for consideration because the space requirement is for 10,000 RSF or less.
- Offerors #1 and #2 do not have to do anything more.
- Offeror #3 must agree to make Cost-Effective Energy Efficiency Improvements prior to the Government's occupancy or obtain the ENERGY STAR<sup>®</sup> Label.
- Offeror #4 must agree to make Cost-Effective Energy Efficiency Improvements within one year of lease award or obtain the ENERGY STAR<sup>®</sup> Label.
- Offeror #5 must agree to make Cost-Effective Energy Efficiency Improvements prior to the Government's occupancy or obtain the ENERGY STAR<sup>®</sup> Label.

# Lease Scenario (3)

- Lease requirement: Over 10,000 RSF, 4 offers received
- As of Final Proposal Revisions:
  - Offer #1: ENERGY STAR<sup>®</sup> Labeled building (score: 94)
    - Label obtained 7 months ago
    - \$60 PSF rental rate (in a \$40 market)
  - Offer #2: building with a 65 ENERGY STAR<sup>®</sup> rating received 2 months ago
    - \$40 PSF rental rate
  - Offer #3: building with a 74 ENERGY STAR<sup>®</sup> rating received 1 month ago
    - \$39.95 PSF rental rate
  - Offer #4: building that has a pending application with a tentative 98 score for ENERGY STAR<sup>®</sup>
    - \$41 PSF rental rate

# Lease Scenario (3) Outcome

- Only Offer #1 may be considered for the lease award, BUT the LCO must determine if the rental rate is reasonable (if not then no lease should be awarded).
- Since buildings #2, #3, and #4 do not fall into any of the exceptions to the ENERGY STAR<sup>®</sup> Label requirement they cannot be considered.
- This would be different if the agency was already located in building #2, #3, or #4, or if no ENERGY STAR<sup>®</sup> Labeled buildings were offered in response to the solicitation.
- **It is important to realize that Offer #1 could be eliminated at receipt of initial offers, (as being non-responsive for being outside of the competitive range), but if left in until FPR then legal counsel should be consulted prior to ruling them non-responsive.**

# Lease Scenario (4)

- Lease requirement: Over 10,000 RSF, 5 offers received
- As of Final Proposal Revisions:
  - Offer #1: ENERGY STAR<sup>®</sup> Labeled building (score: 87)
    - Label obtained 15 months ago
  - Offer #2: ENERGY STAR<sup>®</sup> Labeled building (score: 96)
    - Label obtained 12.1 months ago
  - Offer #3: Historic Building
  - Offer #4: building with a 65 ENERGY STAR<sup>®</sup> rating received 2 months ago in which the agency currently occupies space
  - Offer #5: LEED<sup>®</sup> Gold rated building that received a 70 ENERGY STAR<sup>®</sup> rating 3 months ago

# Lease Scenario (4) Outcome

- All offers are eligible for consideration because no building offered has a current ENERGY STAR<sup>®</sup> Label, since the label must have been granted by the EPA within 12 months of the due date of Final Proposal Revisions.
- Offerors #1 and #2 have to either re-apply and re-achieve their ENERGY STAR<sup>®</sup> Labels or agree to make Cost-Effective Energy Efficiency Improvements prior to the Government's occupancy.
- Offeror #3 must agree to make Cost-Effective Energy Efficiency Improvements prior to the Government's occupancy or obtain the ENERGY STAR<sup>®</sup> Label.
- Offeror #4 must agree to make Cost-Effective Energy Efficiency Improvements within one year of lease award or obtain the ENERGY STAR<sup>®</sup> Label.
- Offeror #5 must agree to make Cost-Effective Energy Efficiency Improvements prior to the Government's occupancy or obtain the ENERGY STAR<sup>®</sup> Label.

# Lease Scenario (5)

- Lease requirement: Over 10,000 RSF, 3 offers received
- As of Final Proposal Revisions:
  - Offer #1 is in a newly built energy-efficient building with neither an ENERGY STAR<sup>®</sup> Label nor a Designed to Earn the Energy Star<sup>®</sup> Certification and an average occupancy of only 35%. They have used Target Finder and obtained a score of 92.
  - Offer #2 is in a building with a 65 ENERGY STAR<sup>®</sup> rating received 2 months ago in which the agency currently occupies space
  - Offer #3 is in a LEED<sup>®</sup> Gold rated building that received a 70 ENERGY STAR<sup>®</sup> rating 3 months ago

# Lease Scenario (5): Insufficient Occupancy Outcome

- Only Offerors #1 and #2 are eligible for consideration. This is because Offeror #1 has established ENERGY STAR<sup>®</sup> equivalency and is thus treated as an ENERGY STAR<sup>®</sup> building.
- Offeror #1 will have up to 18 months from occupancy to achieve the ENERGY STAR<sup>®</sup> Label.
- Offeror #2 must agree to make Cost-Effective Energy Efficiency Improvements; which must be completed within one year of lease award. (Alternatively they can get the ENERGY STAR<sup>®</sup>)
- Offeror #3 is not eligible for award because Offeror #1 provided ENERGY STAR<sup>®</sup> equivalency. Had Offeror #1 not been able to demonstrate its capability of earning the ENERGY STAR<sup>®</sup> (in this case by using Target Finder) then Offeror #3 would have been eligible because no ENERGY STAR<sup>®</sup> (or ENERGY STAR<sup>®</sup> equivalent) buildings would have been offered.

# Lesson 4

## Tools and Resources





# Lesson 4 Learning Objectives

Identify ENERGY STAR<sup>®</sup> and sustainability tools and resources

# ENERGY STAR® Links, Tools, and Resources

- [www.energystar.gov](http://www.energystar.gov)
- [www.energystar.gov/benchmark](http://www.energystar.gov/benchmark)
- [www.energystar.gov/eslabel](http://www.energystar.gov/eslabel)
- [www.energystar.gov/financialevaluation](http://www.energystar.gov/financialevaluation)
- [www.energystar.gov/buildingstraining](http://www.energystar.gov/buildingstraining)
- [www.energystar.gov/buildinglist](http://www.energystar.gov/buildinglist)
- [www.gsa.gov/leasing](http://www.gsa.gov/leasing)
- [www.costar.com](http://www.costar.com)
- [www.carbonfootprint.gsa.gov](http://www.carbonfootprint.gsa.gov)
- [www.eere.energy.gov/femp](http://www.eere.energy.gov/femp)
- 1-877-337-3463 FEMP Help Desk

# Sustainability Tools and Resources

## **GSA Office of Leasing**

[www.gsa.gov/leasing](http://www.gsa.gov/leasing)

## **DOE: Green Opportunities for Leased Buildings**

[www1.eere.energy.gov/buildings/commercial/leased](http://www1.eere.energy.gov/buildings/commercial/leased)

## **EPA: Environmentally Preferable Purchasing (EPP)**

[www.epa.gov/epp](http://www.epa.gov/epp)

## **GSA Carbon Footprint Tool**

[www.carbonfootprint.gsa.gov](http://www.carbonfootprint.gsa.gov)

## **GSA InSite – Green Leasing/Sustainability**

<http://insite.gsa.gov/portal/category/516490>

## **USGBC: LEED®**

[www.usgbc.org/LEED](http://www.usgbc.org/LEED)

## **ENERGY STAR®**

[www.energystar.gov](http://www.energystar.gov)

## **Green Globes**

[www.greenglobes.com](http://www.greenglobes.com)

## **GSA Report: “Green Building Performance”**

[www.gsa.gov/graphics/pbs/Green\\_Building\\_Performance.pdf](http://www.gsa.gov/graphics/pbs/Green_Building_Performance.pdf)

## **The Sustainable Facilities Tool**

[www.sftool.gov](http://www.sftool.gov)

## **GSA InSite – Leasing Desk Guide**

<http://gsa.gov/portal/content/184265>