

June 21, 2016

Denver Proposes Mandatory Energy Benchmarking and Implementation of Efficiency Measures

The Energize Denver Task Force, a task force created in December 2015 by the City and County of Denver, recently recommended specific energy efficiency benchmarking measures for commercial and multifamily residential buildings in Denver. The goal of the task force is to reduce the energy consumption of commercial and multifamily buildings by 10 percent by the end of 2020. If approved by City Council, Denver may implement these recommendations as soon as Jan. 1, 2017.

The Task Force recommendations include:

1. Mandatory ENERGY STAR benchmarking for commercial and multifamily residential buildings over 25,000 square feet;
2. Publication of ENERGY STAR scores in a searchable database; and
3. Implementation of energy efficiency measures.

Mandatory Energy Benchmarking

After low participation rates in Denver's voluntary energy benchmarking program, the Task Force has recommended mandatory benchmarking for all commercial and multifamily residential buildings of more than 25,000 square feet. This requires building owners to use ENERGY STAR Portfolio Manager, a free tool, to generate an ENERGY STAR score on a scale of 1–100 that compares the performance of the building to similarly -situated buildings.

The energy benchmarking requirement will apply to buildings of more than 50,000 square feet in 2017, and buildings between 25,000 and 50,000 square feet in 2018, unless an exemption applies. According to Denver's research, similar mandatory energy benchmarking exists in Atlanta, Austin, Berkeley, Boulder, Cambridge, Chicago, Kansas City, Minneapolis, New York City, Philadelphia, Seattle, San Francisco, and Washington, D.C.

Available to Public

The ENERGY STAR scores for buildings within the scope of the requirements will be published publically in a searchable database. Building owners have voiced concerns about shaming low-performing building owners, overburdening operators with phone calls from energy efficiency companies, and exposing private tenant data. To address these concerns, the Task Force has recommended that only annual data be shared and that the database allow only one building's score to be viewed at a time.

Perform or Improve

In addition to benchmarking, every five years, building owners will be required to either demonstrate that the building has achieved an ENERGY STAR score of 75 or higher, or complete one of the three following options:

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1. Demonstrate an Energy Use Intensity (EUI) reduction of 15 percent;
2. Complete a retro-commissioning (RCx) study and implement low-cost measures; or
3. Complete an energy audit and implement low-cost measures.

Buildings will be required to comply as early as 2021. These requirements track closely to the LEED for Existing Buildings green building rating system.

Penalties for Noncompliance

Penalties for noncompliance will be determined by the Denver City Attorney's Office and will be slightly higher than the cost to pay a contractor to complete the requirements for the building. In other cities, the penalties for noncompliance with mandatory benchmarking have ranged from \$1,000–\$3,000 per year. For noncompliance with the “improve or perform” requirements, penalties in other cities have ranged from \$5,000 to \$20,000 every five-year period, depending on building size.

Next Steps

The Task Force is accepting comments on the final draft of the [Energize Denver Task Force Recommendations](#) through June 30, 2016 (also see [Energize Denver: Frequently Asked Questions](#)). The Task Force will meet in early July to discuss any final changes.

Building owners with buildings in the scope of this legislation may want to explore benchmarking in ENERGY STAR Portfolio Manager in order to understand their buildings' ENERGY STAR scores and possible financial impacts on their portfolio.

Please contact [Carolynne White \(cwhite@bhfs.com, 303.223.1197\)](mailto:cwhite@bhfs.com) to get an expanded analysis of the effect of this proposed legislation in relation to a specific project or matter, or if you would like assistance preparing comments to the final draft of these recommendations.

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