

Building Energy Disclosures as Required by Assembly Bill 1103

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On January 1, 2009 the great census begins.

California non-residential buildings will begin being benchmarked by

the Energy Star Standards as required by California Law, Assembly Bill 1103. After January 1, 2010 building owners will be required to disclose the building's energy efficiency benchmarking data to buyers, lessees, and lenders.

California's AB 1103 mandates commercial building owners to participate in the Federal Energy Star program for commercial buildings. Energy Star has been around since 1992 and is a well recognized brand that is seen on anything from kitchen appliances to HVAC equipment.

Energy Star rates buildings on a scale from 1 to 100. The scale rates the building against buildings within its class. The rating system adjusts for climate, but does not adjust for the age of the building. Buildings within the top quartile are eligible to be recognized as an EPA Energy Star Building and can use the "ENERGY STAR Label" to communicate its energy efficiency to tenants, lenders, and other stakeholders.

The benchmarking data will show the building's relative energy consumption performance compared to similar buildings within its class.

These data will be available online on a monthly basis to building owners and their utility companies.

Property owners will be burdened with the disclosure, but can also benefit. Property owners will have a great deal of data available about their building's energy use. For buildings that fare well in the survey, the property owners will be more likely able to capture a "Green Premium" when the property sells or rents. Analysis of these data will yield opportunities of energy savings and ultimately improvement of net operating income! If the property is in the top 25% of similar buildings on a national basis, then the building can be recognized as an Energy Star Building. Receiving Energy Star recognition is a good way to communicate to tenants, buyers, and lenders that the building is an efficient building.

Will green buildings ever receive any sort of preferential treatment from lenders? Bank of America, Wells Fargo, and Citibank are among the national lenders who have committed themselves to billions of dollars of green lending. To date, much of the green lending has focused on building green and LEED Construction. However, Energy Star Rated Buildings are gaining more and more attention and with the data required by AB 1103 coming available in the next year, lenders will have more objective standards to judge their collateral. Lenders could

easily aggregate their portfolio's Energy Star Rating and set goals to improve their portfolio over time.

The benchmarking process requires one year's worth of utility data and AB 1103 places much of the data collection burden on the utility company. Pacific Gas and Electric Company (PG&E) and Southern California Edison (SCE) each have programs for collecting this data on behalf of their customers. PG&E's program is called the Automated Benchmarking Service (ABS). The utility companies will be requesting permission from building owners to confidentially supply their power consumption data to the EPA's Energy Star Portfolio Manager. A password protected online database will be created and will be accessible by the power company and the building owner.

In addition to the power consumption data provided by the utility companies, the following building specific information is required to complete the benchmarking process:

- Zip code (climate)
- Gross floor area
- Weekly operating hours
- Number of workers on main shift
- Number of personal computers
- Percent of gross floor area that is air conditioned
- Percent of gross floor area that is heated.

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note remains in the property as a tenant, subtenant, or occupant.

14. SB 1137 provides that nothing in the bill is intended to affect any local just-cause eviction ordinance, and that the bill does not, and shall not be construed, to affect the authority of a public entity to regulate or monitor the basis for eviction.

15. SB 1137 provides that its provisions are severable and sunset on January 1, 2013.

Looking forward, regardless of what emerges from the special session, we are looking at another busy year in 2009. Many of the issues that were discussed in 2008 will surface again. Implementation of the SAFE Act will be a top priority as well, and

will fundamentally alter the licensing structure in California. As mentioned, CMBA will keep you informed as this process takes place, and will be working with CampusMBA to provide the continuing education requirements that will be in place once the Act is fully implemented.

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These data can easily be provided by building management staff or a consultant. In the event that the building owner wants to receive recognition by the EPA as an Energy Star Building, these data need to be verified by a licensed professional engineer.

In California, the great building census is coming soon. Understanding the process will create opportunity for building owners, lenders, and brokers. Lenders have made large public commitments to provide green lending, but have struggled to find objective under-

writing standards to use to determine which assets are in fact green. The data that will be created in 2009 will provide lenders, buyers, and tenants with a clear and objective tool to measure the energy efficiency of buildings.

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