Date: January 20, 2022

Submitted electronically

Aida Camacho-Welch Secretary of the Board 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350

Re: Docket No. QO21071023, In the Matter of the Implementation of <u>P.L.</u> 2018, c.17 Energy and Water Benchmarking of Commercial Buildings

Secretary Camacho-Welch,

On behalf of Northeast Energy Efficiency Partnerships (NEEP)¹, I am pleased to submit comments to the New Jersey Board of Public Utilities (BPU or Board) in response to the Building Benchmarking Policy Proposal and Implementation Outline (Straw Proposal) issued in the above-referenced docket. NEEP is a non-profit whose mission is to accelerate regional collaboration to promote advanced energy efficiency and related solutions in homes, buildings, industry, and communities.

We thank the BPU for the opportunity to provide input on the Straw Proposal. The following comments are intended to provide technical assistance and resources relating to the Straw Proposal. In addition to these comments, NEEP has tools, resources, and direct technical assistance available to help with policy implementation.

Background

The Clean Energy Act of 2018 (CEA) established a benchmarking energy and water use requirement for commercial buildings over 25,000 square feet to begin in May 2023. Tracking energy use through benchmarking is an important first step towards reducing energy consumption and associated costs. Benchmarking provides building owners and managers with information they need to make informed decisions about building system optimization or efficiency investments.

Additionally, benchmarking is a critical component of encouraging market-driven energy efficiency. This tool allows building owners and operators to measure their energy usage. Additionally, benchmarking data can be used to inform energy efficiency program design and provide an opportunity to strategically plan for future clean energy policies such as building performance standards. Below, NEEP has outlined recommendations to enhance and grow New Jersey's benchmarking program.

¹ These comments are offered by NEEP staff and do not necessarily represent the view of the NEEP Board of Directors, sponsors or partners. NEEP is a 501 (c)(3) non-profit organization that does not lobby or litigate.

Expanding the List of Covered Buildings

NEEP encourages staff to consider including industrial, multi-family residential, public schools, and county and municipal-owned buildings in the list of covered buildings.

Benchmarking provides a better understanding of building operational cost and energy usage, which can lower costs for the public and private sector.² Regardless of ownership, commercial buildings can be large energy users, and benchmarking provides opportunities for improving energy usage and saving energy costs to these building owners. In the public sector, benchmarking can be especially important as state agencies and municipalities often oversee large portfolios using substantial amounts of energy. Benchmarking these buildings provides an opportunity to lower energy costs.

Other cities and states in the region already include municipal, multi-family, and school buildings in their benchmarking programs, and resources are available to help these entities participate in New Jersey. For example, <u>South Portland's benchmarking program</u> requires school buildings with square footage greater than 5,000 square feet to participate. NYSERDA offers benchmarking services to schools in their <u>P-12 Benchmarking program</u>, and West Virginia is benchmarking every school in the state as a part of the <u>West Virginia Energy Benchmarking Initiative</u>. Benchmarking policies in other states and cities include municipal buildings that are 10,000 square feet or more.³

Multi-family properties are also included in other jurisdictions. For these buildings, inclusion thresholds can be based on square feet or tenants. For example, New York's program threshold is 50,000 square feet, while Boston includes multi-family properties with at least 35,000 square feet or more than 35 units. Since these buildings can be more challenging to incorporate into programs, NEEP recommends allowing additional compliance time and phasing in these buildings during the initial year of implementation.

Expansion of Program in Future Years

NEEP also encourages the BPU to identify ways to expand the program in future years by using a phased approach to gradually incorporate smaller buildings, allowing the market and awareness of the program to develop. It is important to also include education and engagement materials as part of this expansion. As the size threshold decreases, more building types will be included, and these owners may need help understanding building energy usage and benchmarking. <u>Cambridge, Massachusetts</u> provides an example of a phased approach.

Data Access Concerns and Privacy

NEEP agrees with staff's recommendation that all benchmarking jurisdictions require their utilities to provide the tenants' data aggregated up to the building level. Aggregation at the building level can strike

² Northeast Energy Efficiency Partnerships, Public Sector Building Benchmarking: Utility Data Access Options and Opportunities, August 2019, available at:

https://neep.org/sites/default/files/resources/Public%20Sector%20Update%20Final Formatted.pdf.

³ Northeast Energy Efficiency Partnerships, Building Energy Benchmarking Policies in the Northeast and Mid-Atlantic, available at:

https://neep.org/sites/default/files/resources/Benchmarking%20Policy%20Tracker 2019%20Update Final.pdf.

the right balance between data sharing and privacy concerns. Further, this is similar to other states' approaches.

Energy data access discussions in the multi-tenant market segment often raise valid privacy concerns, but providing building owners with aggregated and anonymized whole building energy usage data is a great solution for these concerns. The main goal of aggregation is to find a threshold that will incorporate the greatest number of buildings without putting the privacy of tenants at risk. Aggregating whole building data provides the building owner with a single monthly consumption value representing total building energy consumption by fuel type, leaving out information about when and who consumed energy.⁴ Further, this policy can alleviate the need for tenant consent to share energy usage data. For example, most utility benchmarking programs offer aggregated and anonymized data and only require tenant consent if a building has a small number of tenants and/or no single tenant uses a significant proportion of the building's energy.⁵

Aggregation at the building level should have some limits to protect privacy. An industry standard to determine if a building can be included in benchmarking is 4/50. This means any building with more than 4 units and no single unit accounting for over 50 percent of the total building energy use. This standard includes a greater number of buildings while still protecting individual tenant privacy through secure access to information. It can also be applied to residential and commercial buildings.⁶

Outreach, Engagement, and Education

In order to ensure adequate outreach and engagement, NEEP encourages the BPU to consider a multipronged approach. Using various methods to reach building owners allows for different types of communications and can increase the likelihood of visibility and understanding. Some examples of outreach efforts to encourage participation are scorecards, competitions, education and training classes, and establishing local energy committees.⁷ A few of these suggestions are outlined below:

- Scorecards: Individualized building performance scorecards help building representatives understand how their building efficiency compares to their peers. Additionally, scorecards can link to existing programs or tips to improve energy performance. This direct communication to building owners and energy managers helps them identify performance trends and enables greater understanding of building energy usage. The District of Columbia's Sustainable Energy Utility uses scorecards to engage building owners. For a sample scorecard, see <u>NEEP's report on Data to Action</u>.
- **Municipality or Citywide Competition:** Philadelphia created an "<u>Energy Reduction Race</u>" to complement the city's benchmarking policy. Top performing buildings were awarded prizes, and

⁴ Environmental Protection Agency, Data Access: A Fundamental Element for Benchmarking and Building Performance Standards, February 2021, <u>https://www.epa.gov/sites/default/files/2021-02/documents/benchmarking_building_performance_standards_section4.pdf</u>.

⁵ Northeast Energy Efficiency Partnerships, Data Aggregation Best Practices, available at <u>https://neep.org/sites/default/files/resources/Data%20Aggregation%20Best%20Practices%20and%20Exemplar_Formatted.pdf.</u>

⁶ <u>Id</u>.

⁷ Northeast Energy Efficiency Partnerships, Transforming Data into Action, October 2020, available at <u>https://neep.org/sites/default/files/media-files/data to action report final.pdf</u>.

every property that participated received free building operator training. The program resulted in a 16.1 percent reduction in energy use in the first year.

- Education Opportunities: Providing training and education events about technologies and financing that can improve performance is a great way to engage participants and encourage energy reduction. This program can also grow and adapt during implementation. Jurisdictions may gain insight into any specific technology needs or training from benchmarking data and interactions with building owners.
- Online Educational Hub: Creating an educational hub can help building owners learn how to participate and receive guidance on how they can improve their building. This hub can provide online training material (videos, one-pagers, FAQs) and access to additional assistance that can help building owners participate in the program. Two examples are the Building Energy Retrofit Resource Hub in Boston: https://www.boston.gov/departments/environment/building-energy-retrofit-resource-hub and Philadelphia Benchmarking website.
- Local Energy Committee: Creating local energy committees for businesses participating in the initiative can provide a space to engage building owners. Energy committees can take on a number of responsibilities and both tackle emerging issues and increase participation.

Aligning Programs with other Energy Efficiency and Clean Energy Efforts

Data is a powerful tool for cities and states to fight negative climate change impacts. A key first step to obtain useful data is to go through the benchmarking process to understand how much energy the building stock is using. Benchmarking alone, however, will not help cities achieve their climate goals. Additional strategies and programs such as trainings, building performance standards or strategic energy management programs, and public disclosure are all key elements. This comprehensive approach takes benchmarking data and puts it into action.⁸

NEEP encourages the BPU to consider aligning benchmarking with building performance standards and strategic energy management programs.

- Building Performance Standards (BPS) are policies which require building owners to meet certain energy targets in an effort to reach city-wide emissions goals. Over time, these policies become stricter and drive continuous long-term improvement in building stock energy usage. Benchmarking will help set baselines for an eventual performance standard. Tools exist to expand this program. For example, NEEP's <u>Building Energy Analysis Manager</u> can track both benchmarking and building performance standard compliance. Many tools, such as the Department of Energy's Standardized Energy Efficiency Database (SEED) or other proprietary platforms are only suitable for tracking benchmarking. Tracking alone requires you to go out to market again when a BPS is implemented or devise an in-house solution.
- Strategic Energy Management (SEM): The BPU can leverage Strategic Energy Management programs as a resource to help building owners manage, track, and reduce their energy usage through behavioral and technology changes. The District of Columbia's Sustainable Energy

⁸ <u>Id</u>.

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Utility is leading an SEM program with district schools that is aligned with the city's Building Energy Performance Standard.

Benchmarking and Renter Displacement

While multi-family buildings are not currently included in the definition of covered buildings, there are additional impacts to consider if the BPU chooses to include multifamily buildings. A compounding issue with all clean energy policy is the potential displacement of tenants, if efficiency investments are made and result in higher home values. It is important that states recognize that enacting these programs can increase housing value and displace current residents, especially in multifamily buildings. Therefore, decarbonization of rental spaces must be paired with anti-displacement strategies.⁹ There are many policies the BPU can look to ensure that renters are not displaced as these programs are completed. These include renter protections, right to return, and first right to buy.¹⁰

Conclusion

NEEP thanks the Board of Public Utilities for the opportunity to provide input on the Building Benchmarking Policy Proposal and Implementation Outline. These comments are intended to support the work currently underway. In addition to these comments, NEEP has tools, resources, and direct technical assistance available.

Sincerely,

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⁹ Northeast Energy Efficiency Partnerships, Recognizing Energy Inequities for Building Decarbonization, available at <u>https://storymaps.arcgis.com/stories/28fb21bf54294fa8b22f374fdf536be8.</u>

¹⁰ Just Solutions Collective, Efficiency, Accessibility, & Affordability, available at <u>https://www.justsolutionscollective.org/solutions/advance-anti-gentrification-and-anti-displacement.</u>