

CBRE RESEARCH | AUGUST 2024

New Era of Energy Policy: Impacts to Commercial Real Estate

ENERGIZE DENVER & BUILDING PERFORMANCE COLORADO

Gain insight into the impacts energy policies will have to occupiers, owners, and investors in the office, industrial, retail and multifamily sectors.

CBRE



Why Does It Matter?

Energy policies focused on building performance are taking shape in Colorado and across the U.S. to varying degrees despite facing legal challenges that could alter the impacts to commercial real estate stakeholders down the road. Energize Denver and Building Performance Colorado (BPC) are local initiatives that aim to improve energy efficiency in buildings, including through electrification. Both policies hold significant relevancy for occupiers, owners, or investors alike as the process to achieve compliance can be complex and costly, particularly for properties of an older vintage. This report provides foundational information for both policies from key stakeholder perspectives, reveals the breadth of impacted properties among existing inventory and indicates important steps and considerations towards gaining compliance.

Occupiers and Owner/Users:

The policies aim to improve energy efficiency in buildings, leading to lower operational costs over the longer-term which benefits both owners and users financially. However, compliance with energy codes for Energize Denver and BPC can be costly upfront, especially for older vintage assets. Getting ahead of the thresholds and reducing your Energy Use Intensity (EUI) early can save money and time. Adopting energy-efficient practices enhances property appeal among sub-tenants and buyers, translating to higher property values and increased market competitiveness.

Investors:

Investors who prioritize sustainability tend to attract high-quality tenants, achieve better occupancy rates and preserve NOI from costly penalties. During the due diligence process, it is imperative that buyers and sellers understand the asset's compliance status, mitigation strategies, and the necessary measures and associated capital investment required to meet performance targets. This will help ensure accurate underwriting and minimize potential disruption or re-trades during the sale process. Building improvements carry a ROI, whereas paying penalties do not.

Tax Incentives:

A number of tax incentives and rebates are available at the city, state and federal levels including the U.S. Internal Revenue Code Section 179D. This code provides tax deductions for building owners that install energy-efficient equipment or components, such as interior lighting, HVAC systems; or the building envelope. These rebates will help offset costs of building improvements and should be integrated into the asset's overall compliance plan.

“There isn’t a one-size-fits-all or rule of thumb solution here. Gaining a clear understanding of policy implications is critical especially for owners, occupiers and investors of older vintage assets.”



Jessica Ostermick

SENIOR MANAGING DIRECTOR
Colorado Market Leader

Building Performance Policy Overview

ENERGIZE DENVER

The City of Denver addresses climate change through regulations and programs aimed at improving the energy efficiency of existing commercial buildings. The local **Energize Denver** ordinance establishes Energy Use Intensity (EUI) targets for buildings 25,000 sq. ft. and larger; these buildings must meet a final EUI target by 2030, with interim targets in 2024 and 2027.

If a facility exceeds the maximum allowed energy amount set for that building, it will incur a penalty of \$0.30 for each British thermal unit (kBtu)* reduction required per year that the asset owner fails to achieve in that interim period. The City also retains the authority to impose fines up to a maximum of \$0.70 per kBtu.

MAI (manufacturing, agricultural and industrial) buildings have different target years and higher penalties. MAI buildings, which exclude warehouse and distribution centers, have an interim target in 2026 and a final target in 2030. Penalties are \$0.42 per kBtu in reduction not achieved for existing MAI buildings and \$0.63 per kBtu for new MAI buildings.

The highest potential penalty would be imposed on property owners who have not made the effort to achieve the 2030 targets of a 30% EUI reduction and maintained the same level of energy consumption throughout the interim periods.

ENERGY USE INTENSITY (EUI)

EUI is measured by kBtu/SF/YR:

1 therm of natural gas = 100 kBtu

1 kWh of electricity = 3.413 kBtu

* **British thermal unit** (Btu) is a measure of the heat content of fuels or energy sources. Energy, or heat content, can be used to compare energy sources or fuels on an equal basis. Fuels can be converted from physical units of measure (such as weight or volume) to a common unit of measurement of the energy or heat content of each fuel.

BUILDING PERFORMANCE COLORADO (BPC)

Building Performance Colorado is a program for building owners of properties 50,000 sq. ft. and larger seeking to improve energy efficiency and reduce economy-wide greenhouse gas (GHG) pollution.

The “Energy Performance for Buildings” statute was passed in 2021 and established building sector-wide emission reduction targets for covered buildings of 7% by 2026 and 20% by 2030, from a 2021 energy use baseline.

Covered building owners must pay an annual fee of \$100 per building by June 1 of every reporting year. Failure to submit a benchmarking report, waiver request, or the corresponding fee results in non-compliance and penalties of \$500 for the first violation and \$2,000 for each subsequent violation.

If a building owner fails to meet its emissions reduction target, a penalty of up to \$2,000 will be incurred for the first violation with penalties of up to \$5,000 for each subsequent violation.

**Meeting Energize Denver targets does not mean compliance with BPC. Ongoing discussions are underway to better align the two programs’ goals.*

GEOGRAPHIC RELEVANCE

Energize Denver:
PROPERTIES IN THE CITY & COUNTY OF DENVER

Building Performance Colorado:
PROPERTIES IN COLORADO

Building Performance Policy Details

Energy Benchmarking

[LINK](#) to Colorado criteria
[LINK](#) to Denver criteria

Due Date:

June 1, annual

Requirements:

Annual benchmarking report for whole building data

Penalties for non-compliance:

Denver: \$2,000 annually
Colorado: \$500 first violation, \$2,000 for each subsequent annual violation

Electrification

[LINK](#) to Denver criteria

Due Date:

Ongoing

Requirements:

Electrification requirements when replacing gas-fired space and water heating and cooling equipment.

Performance Targets (to Net Zero) Energize Denver

[LINK](#) to Manufacturing, Agricultural, and Industrial (MAI) criteria
[LINK](#) to Denver criteria for buildings >25,000 sq. ft.
[LINK](#) to Denver criteria for small buildings

Benchmarking Base Year: 2019

Due Date:

2025-2031 (for benchmarking of 2024-2030)
MAI – 2027 & 2031 (for benchmarking 2026 & 2030)

Requirements:

Reduce EUI by 30% by 2030, with straight line reduction targets in 2024 and 2027 from the 2019 baseline.

MAI Alternate Pathways:

1. Prescriptive: Energy Audit + Complete Action Plan towards 30% EUI reduction or 30% production efficiency improvement
2. Performance: Four metric options
 - 30% EUI reduction
 - 30% production efficiency improvement
 - EUI score of 30
 - ENERGY STAR Energy Performance Indicator (EPI) score of 75

*Compliance Timeline and Target adjustments are available, refer to [Energize Denver Technical Guidance](#) for more details.

Penalties for non-compliance:

\$0.30/kBtu off-target
\$0.42/kBtu for existing MAI and \$0.63/kBtu for new MAI buildings
Denver Maintenance penalty is \$0.05/kBtu annually, starting in 2031

Performance Targets Building Performance Colorado (BPC)

[LINK](#) to Colorado criteria for commercial assets >50,000 sq. ft.
MAI buildings where process load exceeds 50% of total building sq. ft.

Benchmarking Base Year: 2021

Due Date:

2027 & 2031 (for benchmarking of 2026 & 2030)
MAI - 2027 & 2031 (for benchmarking of 2026 & 2030)

Requirements:

Efficiency Standard Reduction

4 Compliance Pathways:

1. Energy Efficiency: Default pathway for those that don't select a compliance pathway. Compliance is meeting a building's assigned EUI target.
2. Energy Efficiency Standard Percent Reduction: Reduce EUI by 13% for 2026-2029 and by 29% for 2030.
3. Greenhouse Gas Reduction (GHG): Compliance is meeting a building's assigned GHG Intensity target.
4. GHG Standard Percent Reduction: Reduce GHG intensity by 13% for 2026-2029 and by 29% for 2030.

MAI Pathway:

MAI buildings will default to the Standard Percent Reduction pathway as outlined above.

*Compliance Timeline and Target adjustments are available, refer to [BPC Technical Resource Guide](#) for more details.

Penalties for non-compliance:

1st violation: \$2,000
Each subsequent violation: \$5,000/month

*Meeting Energize Denver targets does not mean compliance with Building Performance Colorado. Ongoing discussions are underway to better align the two programs' goals.

Building Performance Policy: Nation At A Glance

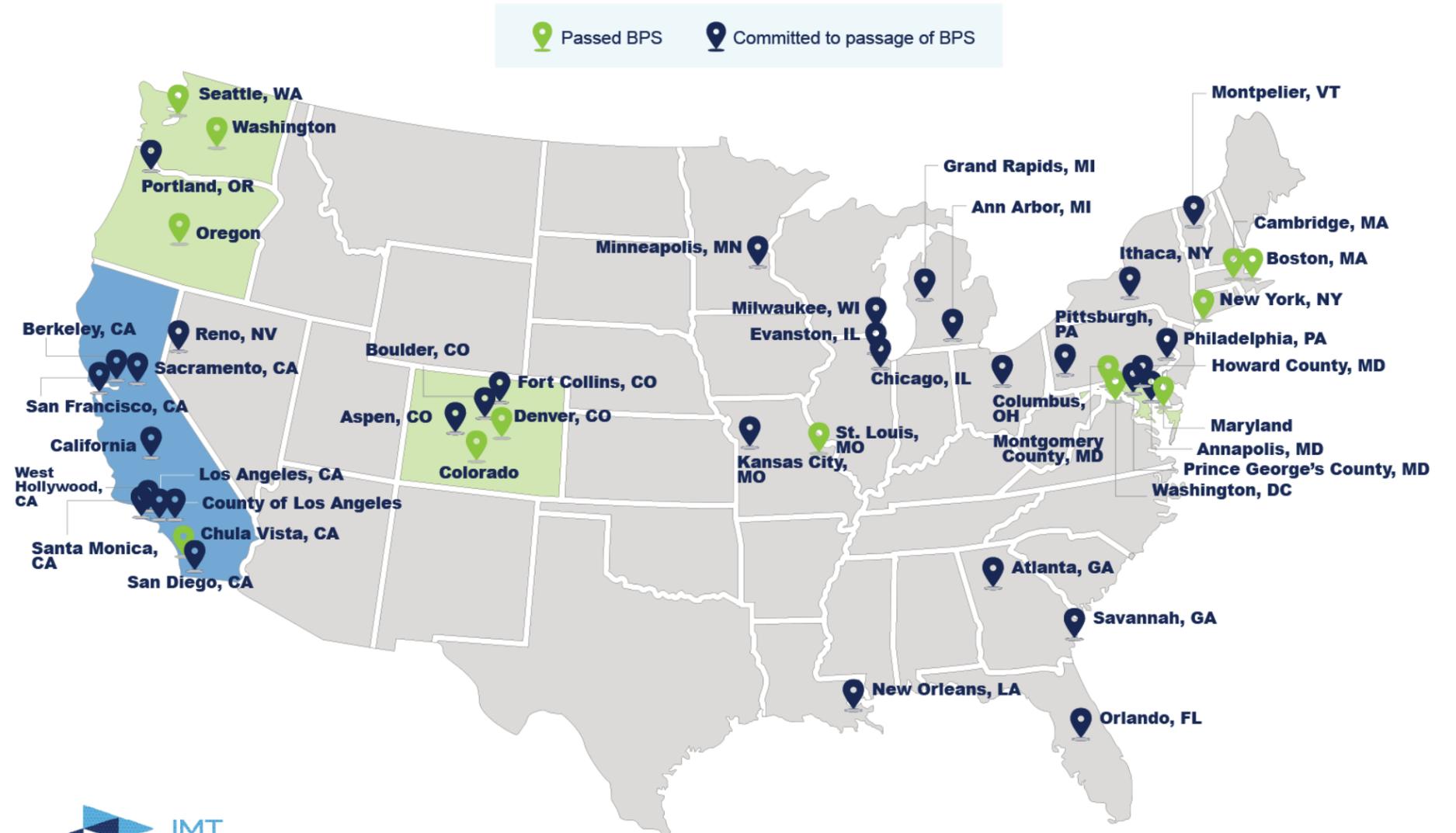
Energy policies are taking shape across the U.S. to varying degrees. From 2023 through mid-year 2024, 12 states enacted legislation on building decarbonization.

National Building Performance Standards (BPS) Coalition was launched in 2022 and formed an initial partnership with 33 state and local governments dedicated to building decarbonization.

At least four states and 13 jurisdictions have either enacted or implemented building performance standards for existing commercial buildings.

Large cities with comparative policies and enforcement in place include Boston, New York, Seattle and Washington DC.

THE STATE OF BUILDING PERFORMANCE STANDARDS (BPS) IN THE U.S. MEMBERS OF THE NATIONAL BPS COALITION AS OF DECEMBER 2023



**COMMERCIAL BUILDINGS
GENERATE 16% OF THE NATION'S
CARBON DIOXIDE EMISSIONS**

Source: U.S. Department of Energy



Penalty Example

The table below illustrates the potential penalty for a building not meeting its 2024 interim EUI target, and the associated impacts on both NOI and property value.

In this example, it is assumed that the building didn't receive any electrification credit, purchase or install renewables, and did not apply for one of the alternate compliance options.

Based on the latest data from CBRE EA, a typical 500,000 sq. ft. office building in Denver generated an average NOI of \$5.18M in 2023. However, if such building exceeds the maximum allowed target by 1,000,000 kBtu, a penalty of \$0.30/kBtu would be imposed, leading to a substantial 5.8% decrease in NOI and building value assuming a cap rate of 7.0%.

FIGURE 1: THE POTENTIAL IMPACT OF PENALTIES ON NOI & PROPERTY VALUE

City	Year	Building Size (SF)	Energy Usage (kBtu)	Consumption Limit (kBtu)	Above Limit (kBtu)	Penalty Level (kBtu)	Penalty Amount	Assumed Cap Rate	Potential Decrease in NOI & Value
Denver, CO	2024	500,000	7,100,000	6,100,000	1,000,000	\$0.30	\$300,000	7.0%	5.8%
		Before	After	Net Change	% Change				
NOI		\$5,180,000	\$4,880,000	\$300,000	-5.8%				
Property Value		\$74,000,000	\$69,714,286	\$4,285,714	-5.8%				
\$/SF		\$148.00	\$139.43	\$8.57	-5.8%				

Energize Denver

\$0.30/kBtu off-target for Performance Evaluation Years 2025, 2027, 2030 (+)

\$0.05/kBtu off-target every year 2031 and beyond

Large buildings furthest from targets will pay the highest penalties

Colorado BPC

Generic violation with civil penalties:
 1st occurrence: \$2,000
 Each subsequent violation: \$5,000/mo

Energize Denver penalties are much more severe than Colorado BPC for larger buildings, but potentially less severe for buildings closer to 50,000 SF or those closer to meeting their performance target.

Improving building performance will generally be a more valuable investment than paying penalties.

Building improvements carry a ROI, whereas paying penalties do not.

Metro Denver's Aging Building Stock Translates to Higher Cost Implications For Over Half of Denver's Commercial Space

57%

of Metro Denver's commercial space was constructed in the 1990s or earlier.

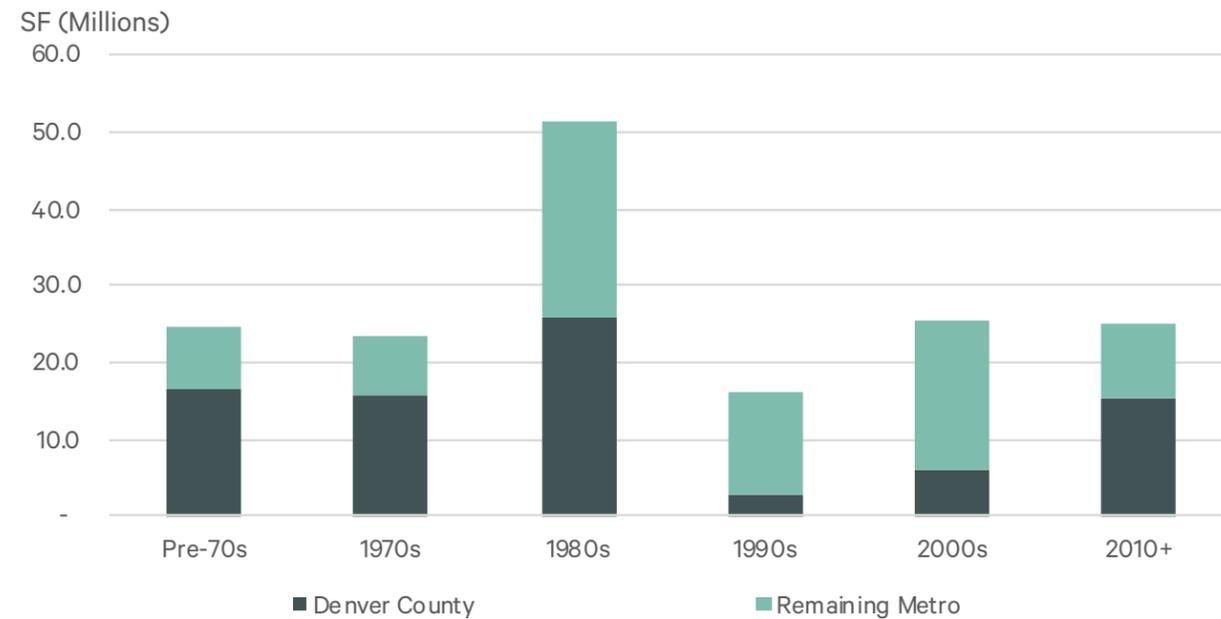
Older properties with dated, less energy-efficient equipment face higher upgrade costs.

METRO DENVER TOTAL COMMERCIAL INVENTORY			
	PRE-2000s NET RBA (SF)	TOTAL NET RBA (SF)	% OF PRE-2000s NET RBA (SF)
OFFICE	115,861,475	166,086,086	70%
INDUSTRIAL	136,462,500	215,471,400	63%
RETAIL	48,509,738	83,629,520	58%
MULTIFAMILY	82,793,989	212,265,497	39%
TOTAL	383,627,702	677,452,503	57%

Source: CBRE Research, CoStar
*Denver County includes buildings 25,000 sq. ft. and larger. Other areas across Metro Denver includes buildings 50,000 sq. ft. and larger.

Office Vintage Snapshot

OFFICE VINTAGE ANALYSIS - METRO TOTAL				
VINTAGE	NET RBA		PROPERTIES	
	SF	% OF TOTAL	#	% OF TOTAL
PRE-70s	24,751,165	14.9%	257	20.8%
1970s	23,466,185	14.1%	162	13.1%
1980s	51,531,375	31.0%	381	30.8%
1990s	16,112,750	9.7%	148	12.0%
2000s	25,330,837	15.3%	175	14.2%
2010+	24,893,774	15.0%	113	9.1%
TOTAL	166,086,086	100.0%	1,236	100.0%



Source: CBRE Research, CoStar
 *Denver County includes buildings 25,000 sq. ft. and larger. Remaining Metro includes buildings 50,000 sq. ft. and larger.

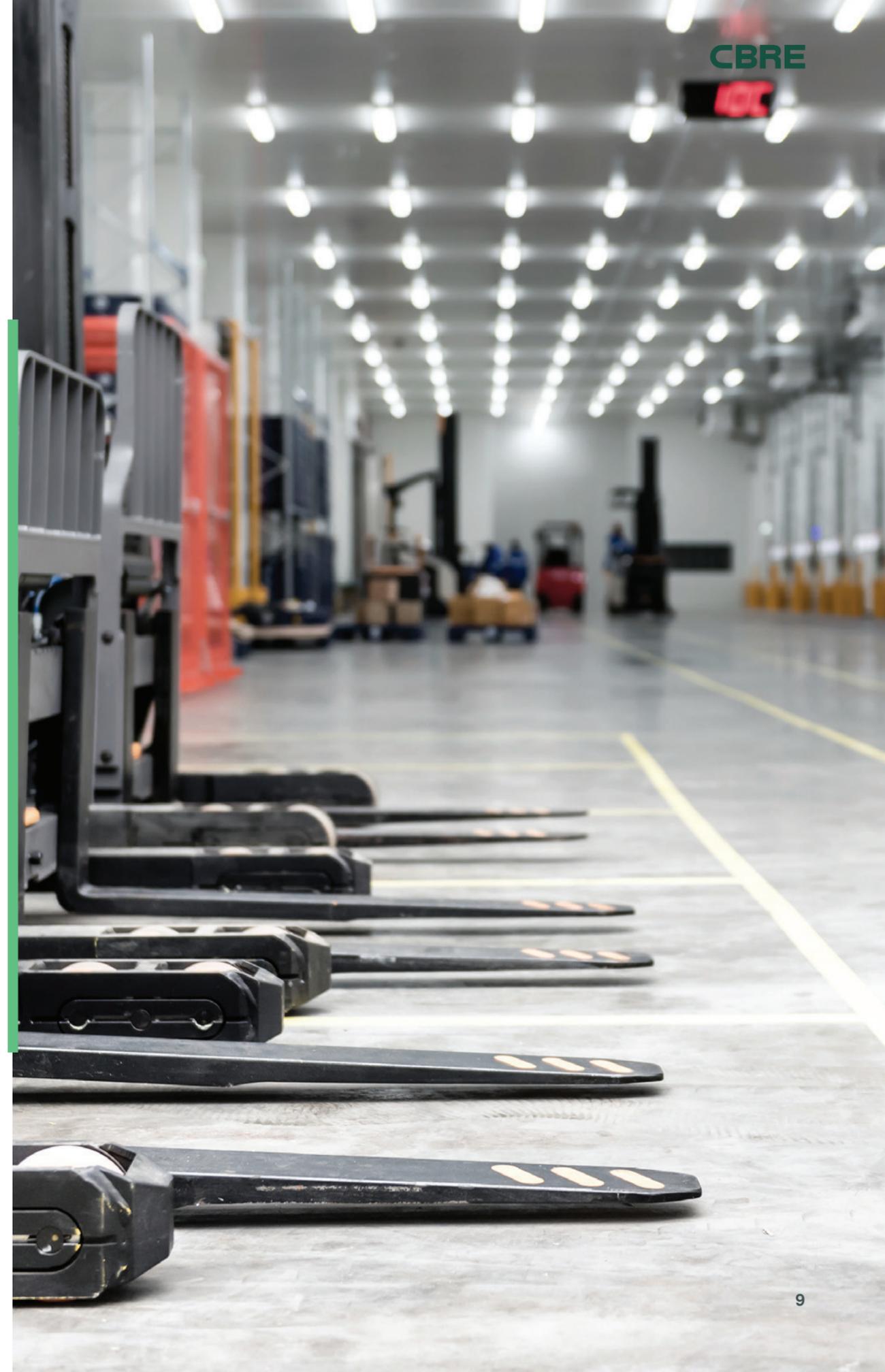


Industrial Vintage Snapshot

INDUSTRIAL VINTAGE ANALYSIS - METRO TOTAL				
VINTAGE	NET RBA		PROPERTIES	
	SF	% OF TOTAL	#	% OF TOTAL
PRE-70s	41,136,513	19.1%	551	36.0%
1970s	42,354,793	19.7%	162	10.6%
1980s	31,751,112	14.7%	381	24.9%
1990s	21,220,082	9.8%	148	9.7%
2000s	21,755,485	10.1%	175	11.4%
2010+	57,253,415	26.6%	113	7.4%
TOTAL	215,471,400	100.0%	1,530	100.0%

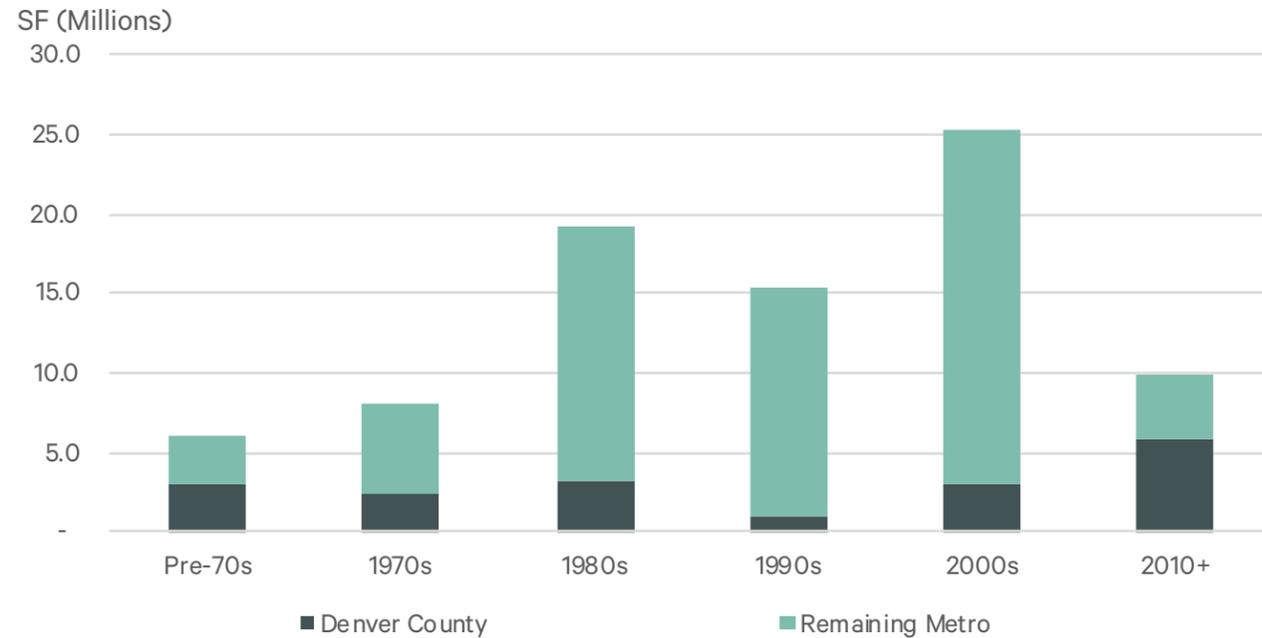


Source: CBRE Research, CoStar
 *Denver County includes buildings 25,000 sq. ft. and larger. Remaining Metro includes buildings 50,000 sq. ft. and larger.



Retail Vintage Snapshot

RETAIL VINTAGE ANALYSIS - METRO TOTAL				
VINTAGE	NET RBA		PROPERTIES	
	SF	% OF TOTAL	#	% OF TOTAL
PRE-70s	5,979,412	7.1%	62	6.0%
1970s	8,082,281	9.7%	162	15.6%
1980s	19,139,959	22.9%	381	36.6%
1990s	15,308,086	18.3%	148	14.2%
2000s	25,328,692	30.3%	175	16.8%
2010+	9,791,090	11.7%	113	10.9%
TOTAL	83,629,520	100.0%	1,041	100.0%

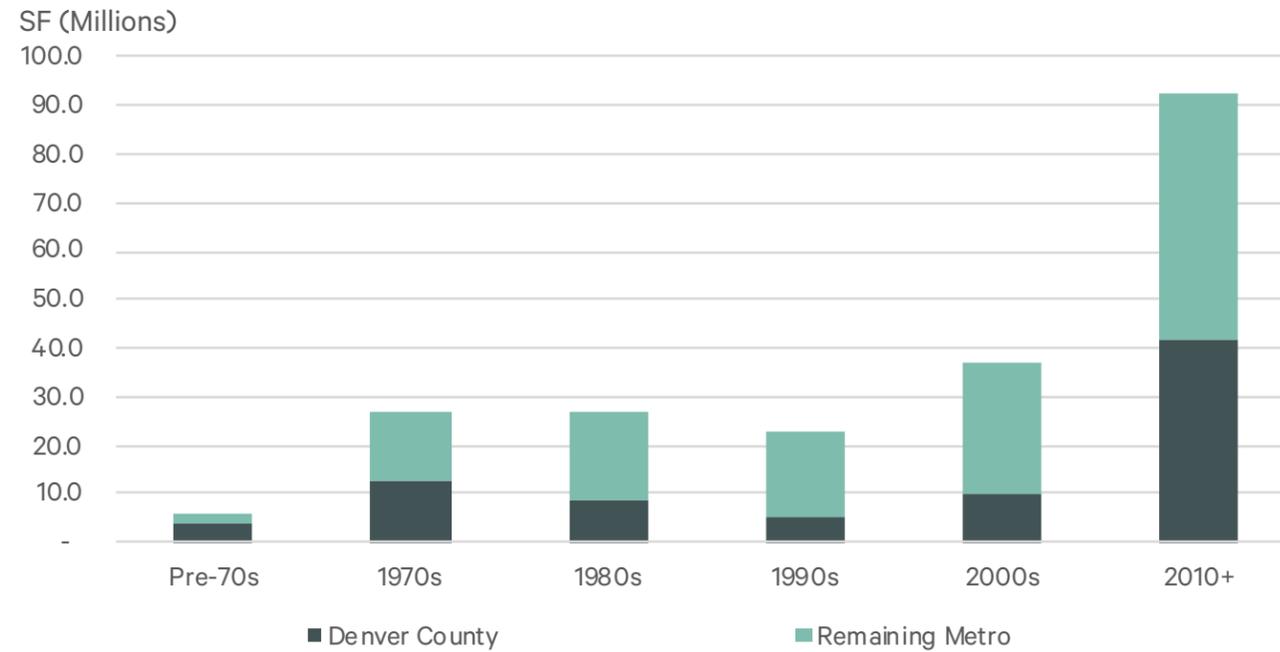


Source: CBRE Research, CoStar
 *Denver County includes buildings 25,000 sq. ft. and larger. Remaining Metro includes buildings 50,000 sq. ft. and larger.



Multifamily Vintage Snapshot

MULTIFAMILY VINTAGE ANALYSIS - METRO TOTAL				
VINTAGE	NET RBA		PROPERTIES	
	SF	% OF TOTAL	#	% OF TOTAL
PRE-70s	6,003,053	2.8%	49	4.8%
1970s	26,969,657	12.7%	162	15.8%
1980s	26,882,044	12.7%	381	37.1%
1990s	22,939,235	10.8%	148	14.4%
2000s	37,110,099	17.5%	175	17.0%
2010+	92,361,409	43.5%	113	11.0%
TOTAL	212,265,497	100.0%	1,028	100.0%



Source: CBRE Research, CoStar

*Denver County includes buildings 25,000 sq. ft. and larger. Remaining Metro includes buildings 50,000 sq. ft. and larger.

**Both Energize Denver and Building Performance Colorado include Multifamily properties. They are included in the above analysis of commercial properties.



Building Occupancy & Benchmarking Considerations

OCCUPANCY & BENCHMARKING CONSIDERATIONS:

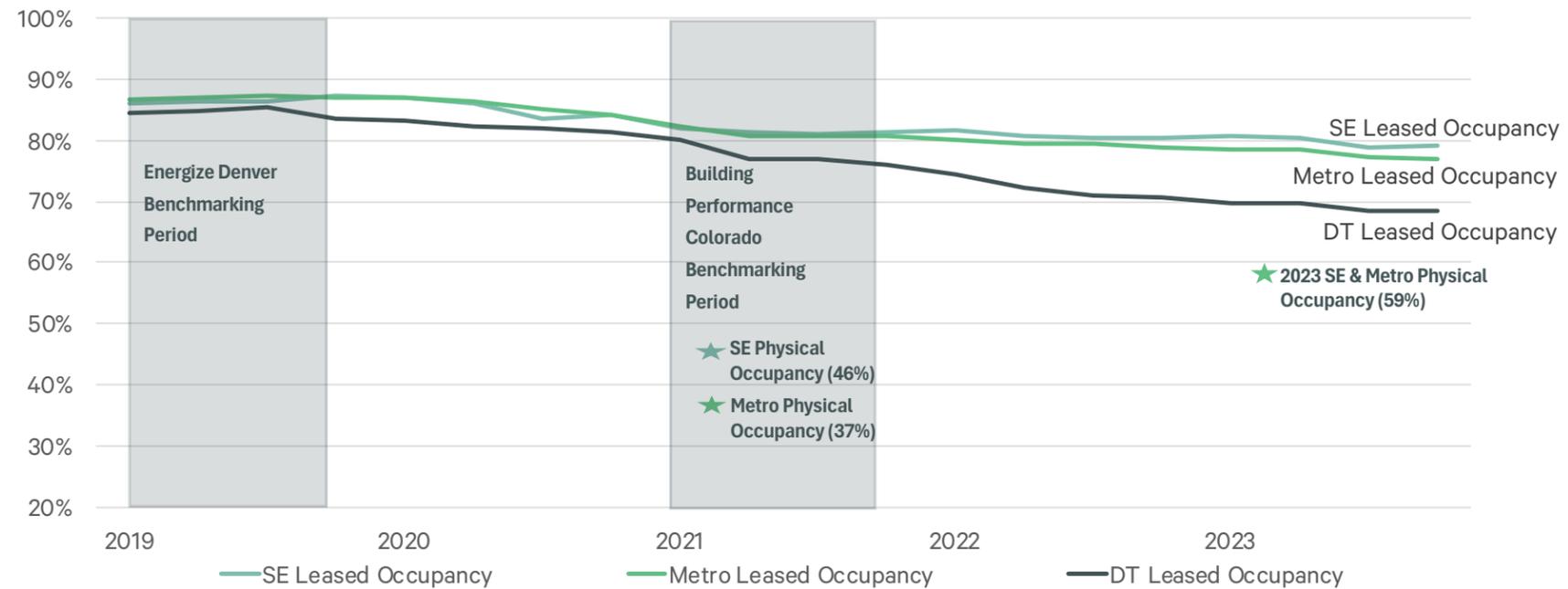
According to data tracked across CBRE-managed office properties, physical in-office occupancy across Metro Denver averaged 37% of pre-Covid levels in 2021 when buildings were required to submit their BUILDING PERFORMANCE COLORADO benchmarking reports.

In 2023, those same properties reported average physical in-office occupancy of 59%, suggesting that energy benchmark reporting for 2021 was understated. This implies more stringent in-place EUI and Greenhouse Gas Intensity (GHGI) reduction targets and the pressing need for submitting compliance adjustments for 2026 and 2030 targets, not just for office properties but all properties impacted by a decrease in physical occupancy during 2021.

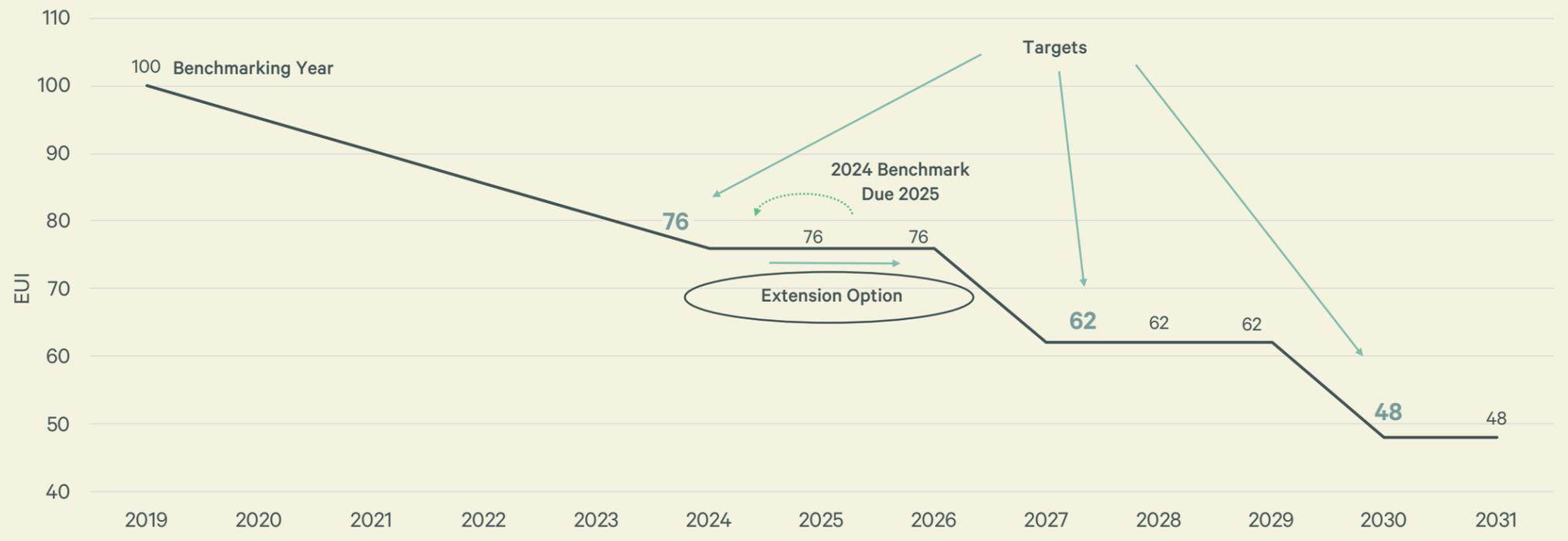
PHYSICAL OFFICE OCCUPANCY COMPARISON	2021	2023
SOUTHEAST	46%	59%
METRO DENVER	37%	59%
DOWNTOWN	26%	56%

Source: CBRE Research & Property Management

OFFICE PROPERTIES: PHYSICAL VS. LEASED OCCUPANCY AND BENCHMARKING

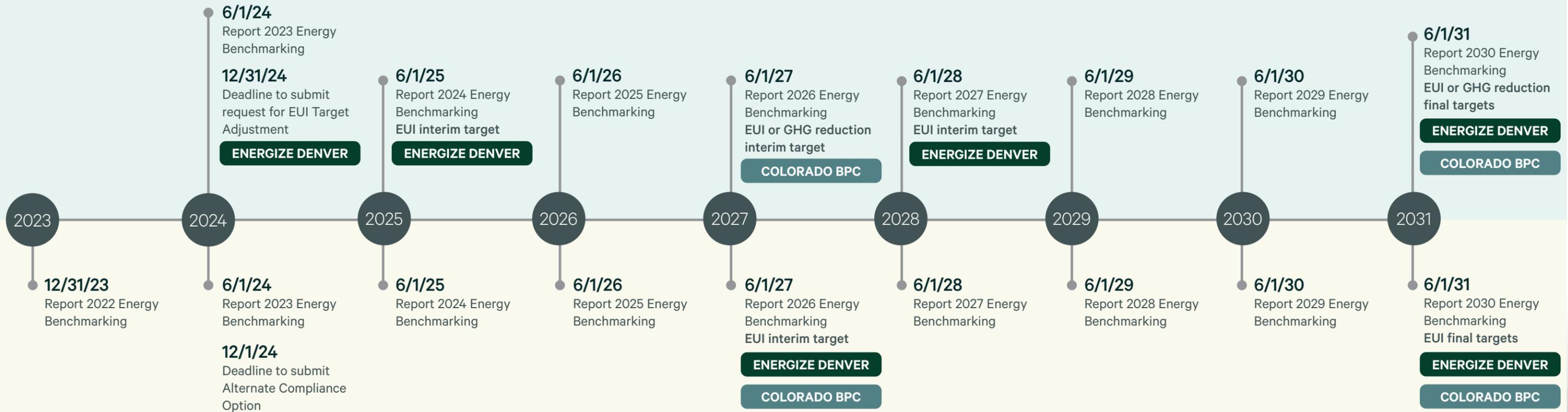


ENERGIZE DENVER - EUI TARGETS AND MAINTENANCE



Commercial Compliance Timeline

COMMERCIAL BUILDINGS



MANUFACTURING, AGRICULTURAL AND INDUSTRIAL (MAI) BUILDINGS

*If program is not specified, date applies to both Energize Denver and Building Performance Colorado.

ENERGIZE DENVER MAI TIMELINE IS DIFFERENT THAN THAT FOR COMMERCIAL PROPERTIES AND ALLOWS FOR ALTERNATE COMPLIANCE OPTIONS. FOR COLORADO BPC, MAI PROPERTIES WILL DEFAULT TO THE STANDARD PERCENT REDUCTION PATHWAY.

Road to Compliance

Ways to ensure your building is running optimally for energy benchmarking and to start lowering EUIs



LED LIGHTING AND LIGHTING CONTROLS

- LED lighting upgrades
- Installation of motion sensors in hallways and stairwells



HVAC SYSTEMS

- Look at sequence of operations to optimize HVAC systems; regular filter replacement
- System upgrades including heat pumps



BUILDING AUTOMATION SYSTEM (BAS)

- Controls upgrades
- Install fault detection software to ensure equipment is operating correctly



Road to Compliance

Overall

- Obtain an audit as soon as possible, if not done so already, through a certified engineer or consultant considering the extensive backlog and subsequent delays consultants are facing.
- Ensure your building is categorized in Energy Star accurately, i.e. if you have office space in your warehouse be sure to include it (this may lower threshold requirements).
- The sooner you benchmark, the better. Fines increase over time if energy use is not reduced and performance targets aren't met.
- An audit will identify equipment upgrades and the proper pathway to be taken in order to meet target requirements.
- There is no rule of thumb on cost once you have an audit in hand start on the necessary improvements.
- While Energize Denver and Building Performance Colorado share many similarities, compliance with Energize Denver does NOT automatically imply compliance with BPC.

Occupier and Owner/Users

- Review disclosure requirements when marketing properties for sale and for lease. It may be advantageous for tenants to take space that is already in compliance vs. non-compliance due to the pass through of capital improvements.
- Consider lease language for renewals and new leases that addresses benchmarking requirements, potential capital upgrades, and fines to be clarified between tenant and landlord, especially as it relates to tenant improvement.
- Consider specifying equipment compliance capital improvements to meet policy standards.
- Operating expenses will trend higher as property owners begin to take the necessary steps to be in compliance with 2025 performance targets.

Investors

- Understand how all tenants, including sub-tenants, intend to use their space. This is directly related to EUI and can vary significantly with how the space is scored in benchmarking.
- When considering an acquisition or disposition understand current building metrics against performance expectations as updates may be costly and lack of benchmarking information could result in extended due diligence timelines, re-trades or jeopardize surety of close.
- Visit the Energize Denver and Building Performance Colorado property lookup pages to check current compliance status.
- Utilize 179D energy efficiency tax deductions for qualifying systems in commercial buildings – see tax incentives appendix page for summary.
- Consider green lease language with new and renewal leases to ensure compliance and outline cost responsibility.

CONSIDERATIONS BY PROPERTY TYPE

Office:

If parking is a part of the building and its energy use is included in the building's benchmarking, there is a target adjustment available.

Evaluate existing connections to city steam as an energy source.

Industrial:

Know the difference between MAI (manufacturing, agricultural & industrial) and non-MAI buildings. Warehouse/distribution buildings are not MAI buildings. Warehouse EUI targets are the lowest of the major property types.

Retail:

Restaurant space is the most energy-use intensive. Understand building loads and the impact of sub-metering.

Multifamily:

More common area and in-unit specific equipment upgrades are typically required.

CBRE RELATED SERVICES:

- Sustainability Strategy & Planning
- On-site auditing & benchmarking
- Decarbonization roadmap
- Energy & carbon reporting
- Green building certification
- Green leasing
- Renewable energy procurement



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PUBLICATION SOURCES

- City and County of Denver Office of Climate, Action, Sustainability & Resiliency
- State of Colorado Energy Office
- CBRE Research
- CBRE Property Management
- CBRE Sustainability Solutions
- CBRE Econometric Advisors
- Institute for Market Transformation (IMT)

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Next Steps

CBRE RESOURCES

[CBRE Decarbonizing Commercial Real Estate Guide](#)

[U.S. Building Performance Standards in 2023 and Beyond](#)

[CBRE Sustainability Solutions](#)

HELPFUL LINKS

[Benchmarking Requirements](#): Overview of benchmarking and steps to take.

[Performance Requirements](#): Overview of what compliance measures can be made – there may be flexibility in compliance.

[Resource Center for Building Owners](#): Investigate what resources the city of Denver has provided for building owners.

[Building Performance Forecasting Calculator](#): Plug in your buildings area, baseline year, and baseline EUI for EUI reduction forecast.

[Performance Requirement Building Look Up Tool](#): Find your building compliance and EUI status through address or building ID.

[Energize Denver Map](#): Find your building compliance and EUI status on Energize Map.

[Xcel Energy Business Program Summary](#): Look at offers from Excel for commercial energy efficiency projects that are available for customer.

[Energize Denver Equipment Rebate Tool](#): Investigate program that helps offset replacement heat pump equipment cost.

[179D Commercial Buildings Energy Efficiency Tax Deduction](#): Investigate what building owners/tenants may be able to claim as tax deduction for installing qualifying systems in buildings.

Appendix

TAX INCENTIVES

The 179D commercial buildings energy efficiency tax deduction primarily enables building owners to claim a tax deduction for installing qualifying systems in buildings. Tenants may be eligible if they make construction expenditures. If the system or building is installed on federal, state, or local government property, the 179D tax deduction may be taken by the person primarily responsible for the system's.

The following information is still applicable for properties placed into service on or before December 31, 2020. Updated information will be made available for properties placed into service on or after January 1, 2021, upon anticipated IRS Notice release.

A tax deduction shown in the table below (up to \$1.88 per square foot) is available to owners of new or existing buildings who install (1) interior lighting; (2) a building envelope; or (3) heating, cooling, ventilation, or hot water systems that reduce the energy and power cost of the interior lighting, HVAC, and service hot water systems by 50% or more in comparison to a building meeting minimum requirements set by ASHRAE Standard 90.1. Cost savings must be calculated using qualified computer software, which we link above.

SUMMARY OF 179D TAX DEDUCTIONS

Compliance Path	Savings Requirement*	Tax Deduction**		
		taxable years before 2021	taxable year beginning 2021	taxable year beginning 2022
Fully Qualifying Property	50%	\$1.80/ft ²	\$1.82/ft ²	\$1.88/ft ²
Partially Qualifying Property	Envelope	\$0.60/ft ²	\$0.61/ft ²	\$0.63/ft ²
	HVAC and HW			
	Lighting			
Interim Lighting Rule	25%-40% lower lighting power density (50% for warehouses)	\$0.60/ft ^{2***}	\$0.61/ft ^{2***}	\$0.63/ft ^{2***}

BUILDING ELECTRIFICATION EQUIPMENT REBATES

The applicant can be the building owner, a tenant responsible for space heating, cooling or water heating equipment, or a representative appointed by the building owner. The applicant can sign their incentive over to their contractor.

Electrification Equipment Rebate Program helps to offset the cost of electrifying equipment. The new electric heat pump equipment can replace existing gas space heating or water heating systems, existing cooling systems, or be installed in an existing space with no existing heating, cooling, or water heating equipment.

Appendix

TARGET EIU\$ FOR MAJOR COMMERCIAL PROPERTY TYPES (KBTU PER SQUARE FOOT)

PROPERTY TYPE	ENERGIZE DENVER 2030 TARGETS	BUILDING PERFORMANCE COLORADO 2026 - 2029 TARGETS
Office	48.3	57.2
Warehouse/Distribution Center	25.2	38.5
Multifamily Housing	44.2	50.6
Enclosed Mall	45.6	59.5
Lifestyle Center	66.6	59.8
Fast Food Restaurant	311.3	406.1
Hotel	61.1	64.3
Medical Office	69.0	76.7

Energize Denver & Building Performance Colorado: The Details

Energy Benchmarking		Performance Targets (to Net Zero) Energize Denver	Performance Targets Building Performance Colorado (BPC)	Electrification
LINK to Colorado criteria LINK to Denver criteria		LINK to Manufacturing, Agriculture, and Industrial (MAI) criteria LINK to Denver criteria for buildings >25,000 sq. ft. LINK to Denver criteria for small buildings	LINK to Colorado criteria for commercial assets >50,000 sq. ft. MAI buildings where process load exceeds 50% of total building sq. ft.	LINK to Denver criteria
Benchmarking Base Year		2019	2021	
Due Date	June 1, annual	2025-2031 (for benchmarking of 2024-2030) MAI – 2027 & 2031 (for benchmarking 2026 & 2030)	2027 & 2031 (for benchmarking of 2026 & 2030) MAI - 2027 & 2031 (for benchmarking of 2026 & 2030)	Ongoing
Requirements	Annual benchmarking report for whole building data	<p>Reduce EUI by 30% by 2030, with straight line reduction targets in 2024 and 2027 from the 2019 baseline.</p> <p>MAI Alternate Pathways:</p> <ol style="list-style-type: none"> Prescriptive: Energy Audit + Complete Action Plan towards 30% EUI reduction or 30% production efficiency improvement Performance: Four metric options <ul style="list-style-type: none"> 30% EUI reduction 30% production efficiency improvement EUI score of 30 ENERGY STAR Energy Performance Indicator (EPI) score of 75 <p>*Compliance Timeline and Target adjustments are available, refer to Energize Denver Technical Guidance for more details.</p>	<p>Efficiency Standard Reduction</p> <p>4 Compliance Pathways:</p> <ol style="list-style-type: none"> Energy Efficiency: Default pathway for those that don't select a compliance pathway. Compliance is meeting a building's assigned EUI target. Energy Efficiency Standard Percent Reduction: Reduce EUI by 13% for 2026-2029 and by 29% for 2030. Greenhouse Gas Reduction (GHG): Compliance is meeting a building's assigned GHG Intensity target. GHG Standard Percent Reduction: Reduce GHG intensity by 13% for 2026-2029 and by 29% for 2030. <p>MAI Pathway: MAI buildings will default to the Standard Percent Reduction pathway as outlined above.</p> <p>*Compliance Timeline and Target adjustments are available, refer to BPC Technical Resource Guide for more details.</p>	Electrification requirements when replacing gas-fired space and water heating and cooling equipment.
Penalties for non-compliance	Denver: \$2,000 annually Colorado: \$500 first violation, \$2,000 for each subsequent annual violation	\$0.30/kBtu off-target \$0.42/kBtu for existing MAI and \$0.63/kBtu for new MAI buildings Denver Maintenance penalty is \$0.05/kBtu annually, starting in 2031	1st violation: \$2,000 Each subsequent violation: \$5,000/month	

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