

What is the Better Buildings Challenge and why is it important?

The Better Buildings Challenge is a voluntary leadership initiative that asks leading CEOs and executives of U.S. companies, universities, school districts, multifamily residential organizations, and state and local government to make a public commitment to energy efficiency. Through the Better Buildings Challenge, the U.S. Department of Energy (DOE) is highlighting leaders that have committed to upgrading buildings and plants across their portfolio, and providing their energy savings data and strategies as models for others to follow.

The energy to operate the buildings in which we work, shop, study, and live costs the U.S. about \$200 billion annually, and on average, 30 percent of this energy is wasted. The energy used by U.S. manufacturing plants costs the nation an additional \$180 billion annually, while energy efficiencies of 20 percent or more are typically available, offering savings of about \$45 billion a year. The goal of the Better Buildings Challenge is to make American commercial buildings, multifamily housing, and industrial plants at least 20 percent more energy efficient over 10 years.

More efficient commercial, institutional, multifamily, and industrial buildings reduce the nation's dependence on foreign oil, protect the environment, and save billions of dollars in energy costs that can be spent growing businesses, investing in new technologies, and creating American jobs.

What kind of organizations can join?

The Better Buildings Challenge involves a network of Partners and Allies that demonstrate national leadership in energy efficiency:

- ▶ Partners are commercial businesses, industrial corporations, universities, states, and other building owners that make a public commitment to reduce energy consumption in their facilities.
- ▶ Community Partners are municipalities that commit to reducing energy across their own building stock, as well as working with local businesses to assess opportunities and take action.
- ▶ Multifamily Residential Partners are multifamily housing owners and managers who commit to reducing energy use across their portfolios by 20 percent in 10 years. Multifamily Partners are leaders in market rate (unsubsidized) multifamily housing, Public Housing Authorities, Low-Income Housing Tax Credit properties, and HUD-assisted multifamily properties.
- ▶ Allies are financial institutions and utilities that commit to supporting the energy efficiency marketplace with specific, commercially available products and programs.

What does an organization commit to?

Partners commit to:

- ▶ Publicly pledge a portfolio-wide energy savings goal of at least 20 percent over 10 years and develop an organization-wide plan, schedule, and milestones.
- ▶ Announce, initiate, and complete at least one showcase project.
- ▶ Share portfolio-wide, building-level energy performance information to measure progress against their pledge goal, and share information about the energy efficiency implementation models (including the tools, technologies, and processes) they are using to reach their pledge goal.

How does an organization become a Partner in the Challenge?

Commercial and industrial organizations sign a Partnership Agreement with DOE. Multifamily residential organizations sign an Agreement with both DOE and the U.S. Department of Housing and Urban Development (HUD). If your organization is interested in joining, please send an email to betterbuildingschallenge@ee.doe.gov.

What does the government offer Better Buildings Challenge Partners?

DOE offers technical assistance and assistance in the creation of energy efficiency implementation models to the Challenge Partners to support their commitment to measure, track, and improve portfolio-wide energy performance. In addition, DOE and HUD will provide national recognition to Partners for achieving program milestones and energy efficiency results, and will also recognize Partners who leverage, develop, and share innovative energy efficiency implementation models and showcase projects.

How does the Better Buildings Challenge fit into the larger Better Buildings Initiative?

The Better Buildings Challenge is part of a larger Better Buildings Initiative, an effort to make American commercial, residential, and industrial buildings more energy efficient through innovative action and real world solutions.

For example, the Better Buildings Challenge complements the efforts of the Better Buildings Neighborhood program—a three-year grant program managed by DOE that is primarily focused on residential buildings at the state and local level.

Through Better Buildings, DOE is also working to increase and accelerate financing opportunities for building upgrades, workforce training in energy audits and building operation, and tax incentives to encourage more energy efficiency upgrades.

How is the Better Buildings Challenge working with multifamily organizations?

In 2013, HUD and DOE have partnered to expand the Better Buildings Challenge to the multifamily residential sector. These buildings and operations can be made much more efficient using a variety of cost-effective energy improvements, while simultaneously creating jobs and building a stronger economy. Participating residential building owners and managers will commit to reducing energy consumption by at least 20 percent over 10 years.

What is the Better Buildings, Better Plants Program and how does it fit with the Better Buildings Challenge?

The Better Buildings, Better Plants Challenge is the industrial component of the Better Buildings Challenge. Participating Manufacturing Partners make largely the same set of commitments as the commercial building, education, and community organizations participating in the Better Buildings Challenge. These manufacturing firms are recognized by DOE at the highest level for their willingness to provide solutions to the marketplace and help other industrial organizations benefit from their efforts.

DOE also provides recognition to manufacturers through the Better Buildings, Better Plants Program. Through this broader-based program, manufacturers pledge a 10-year, 25 percent energy intensity improvement target, and agree to report their progress annually to DOE. Manufacturers participating in the Program tier do not face the same requirements regarding showcase projects, energy efficiency implementation models, and public disclosure as the companies in the Challenge tier. As a result, Challenge tier companies receive higher-level recognition for their efforts.

What are energy efficiency implementation models?

Energy efficiency implementation models are real-world, successful approaches to overcome barriers to achieve portfolio-wide energy efficiency improvement. These models might be business processes, implementation or financing strategies, and include specific information on the technologies, strategies, processes, and/or services that Partners utilized to achieve their energy savings target.

Implementation models are a cornerstone of participation in the Better Buildings Challenge. Partners have agreed to identify at least one implementation model that they have used or will use to address widespread barriers in the market; share the process they followed; and provide the specific tools, documents and steps they used to achieve success. Partners are encouraged to highlight more than one model to show how they achieved significant savings.

What are the requirements regarding data reporting and transparency?

Reporting requirements differ slightly between commercial building, multifamily residential housing, and manufacturing participants.

Commercial Partners commit to report publicly on energy consumption across their organizations and at the individual facility/building level every 6 months. Specifically, Partners in the Better Buildings Challenge will provide: square feet of floor space, site energy use, source energy use, weather-normalized energy intensity, energy intensity adjusted for space attributes/operating characteristics (where available), total energy cost, and energy cost per square foot.

For Manufacturing Partners, corporate-wide data on energy consumption, energy savings, and level of investment in energy efficiency and financial returns will be collected on an annual basis. Facility-level data will also be collected from manufacturers, but steps will be taken to mask and aggregate the data to protect confidential business information.

For Multifamily Residential Partners, DOE and HUD are currently working with market leaders to identify the specific data reporting and transparency requirements.

What is a showcase project?

Showcase projects demonstrate that Better Buildings Challenge Partners are taking immediate, concrete actions resulting in significant and real savings. Showcases are an opportunity to highlight specific projects that are innovative, aggressive, and notable and share strategies, solutions, and results. Partners are encouraged to have multiple showcases. DOE recommends that a showcase project be expected to produce significant energy and cost savings, with a preference for 20 percent energy savings or more in line with the Better Buildings Challenge goals. Also, a showcase project is ideally replicable, demonstrates to others how to take action, and is appropriately sized to reflect the Partner's commitment to reduce energy use.

Showcase requirements differ slightly for Better Buildings, Better Plants Challenge Partners. For Industrial Partners, showcase projects should be:

- ▶ A whole building retrofit,
- ▶ A project over \$1 million, or
- ▶ A project that improves energy efficiency by 10 percent or more in a single facility.

Industrial showcase projects must be completed within two years from when they are announced.

What are the commitments for Financial Allies?

Financial Allies commit to invest in or lend at least \$50 million for commercial building energy efficiency projects or collaborate with industry leaders and stakeholders to create at least a \$50 million market for each financial product. They also agree to assign a senior-level liaison who is committed to allocating the necessary resources to pursue all potential projects resulting from the Better Buildings Challenge. Financial Allies also commit to provide information on financial performance and the structure of financial agreements.

What type of information are Financial Allies asked to share?

Financial Allies are asked to share all of the information about their projects that will drive more market participants to upgrade energy performance. This includes the particulars of what energy efficiency measures were installed, how much the project cost, where the capital came from, how agreements were structured to maximize benefit to each of the stakeholders, and how the projects have performed, both in energy and financial terms.

As the Allies record projects and transactions, they will mark off progress toward their individual goal, which, at a minimum, is \$50 million in the next 12 months.

What are the commitments for Utility Allies?

Utility Allies commit to providing commercial energy efficiency multi-measure programs that result in energy savings of 5 percent across the customer class by 2015 or 30 million square feet. They also commit to provide their commercial customers with their energy usage data electronically, in a format compatible with ENERGY STAR® Portfolio Manager. Finally, they commit to identifying one or more innovative efficiency programs within 3 months of becoming a Utility Ally.