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Commercial building green labeling

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The Massachusetts Department of Energy Resources (DOER) introduced a conceptual plan to establish a commercial building energy asset rating and labeling program. In a white paper released early last year, the DOER outlined the initiative and solicited comments. DOER expects to launch a pilot program following an assessment of the comments received.

The proposal seeks to establish a rating system to provide clear, actionable information about a building's energy performance. That information could then be used to compare energy use between buildings regardless of tenant operations, establish a market valuation of the energy performance; and, combined with operational data, motivate investments in energy efficiency.

There are already two common existing building rating systems: operational and asset based. By establishing a building energy comparative asset rating, DOER proposes to combine the elements of the operational and asset ratings systems to evaluate building systems, facilitate comparisons of energy performance between similar buildings and identify energy efficiency priorities.

Supporters of the proposal applauded the objective of creating incentives to promote energy efficiency investments in existing buildings and emphasized the need to craft a label that makes the energy data easy to understand. Opponents of the initiative highlighted the absence of major real estate organizations and trade groups from the early development groups and noted the potential for delays in leasing and financing transactions for properties due to contract negotiations regarding building ratings. There was also a desire on both sides to protect older buildings and their owners from being stigmatized and adversely incentivized to demolish structures rather than seek opportunities to implement efficiency upgrades.

Even a voluntary labeling program will be enough to encourage tenants and brokers to ask more detailed questions about a building's energy profile when selecting space and negotiating lease terms. Developers and property managers should take the opportunity to assess their energy management systems to understand the data they produce now and determine whether current systems are adaptable should the labeling program utilize different metrics.

Jennifer Bernazani-Ludlum is an attorney with Ferriter Scobbo & Rodophele, PC, Boston.