

SEPTEMBER 11TH 2024 - MEETING SUMMARY

Building Emissions Performance Standard (BEPS) Technical Rulemaking Working Group

Zoom Call 1-3PM

Present: Alistair Jackson, Anita Jeerage, Caroline Traube, Donald Westfall, Edmée Knight, Evan Cobb, Gabriella Henkels, Irina Rasputnis, Joe Malaspino, Kevin Folkes, Mark DiPaolo, Mel Knox, Nina Olivier, Rebecca Becker, Skylar Schmitt, Srini Pendikatla, Steve Abercrombie, Steve Schmidt

Regrets: Ian Brown.

City of Seattle BEPS and Facilitation Staff: Gemma Holt and Nicole Ballinger (OSE), Anna Kelly, Catherine Ozols, Santiago Rodriguez-Anderson and (SBW), Kirstin Pulles and Sepideh Rezania (Unrooz)

Additional City of Seattle Staff (Observing): Ashley McCulley (OSE), Kelly MacAvaney (OSE), Mike Roos (OSE) and Rebecca Baker (OSE)

Meeting slides are posted at: <https://www.seattle.gov/environment/climate-change/buildings-and-energy/building-emissions-performance-standard/beps-rulemaking>

Agenda:

| Topic | Time |
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| Welcome + Introductions <ul style="list-style-type: none">• Quick Recap of Meeting #2 | 10 mins |
| Introduction to alternate GHGIT compliance pathway <ul style="list-style-type: none">• OSE reviewed definitions of baseline GHGI and compliance GHGI• OSE reviewed eligibility criteria for using alternate GHGIT | 15 mins |
| Proposal: Setting the baseline GHGI time periods for the alternate GHGIT | 5 mins |
| Breakout groups <ul style="list-style-type: none">• Alternate GHGIT pathway requirements discussion<ul style="list-style-type: none">• Reporting years for calculating the baseline• Circumstances for recalculating the baseline• Other issues for portfolios and campuses | 30 mins |
| Break | 5 mins |
| Discussion: Multifamily Prescriptive Path <ul style="list-style-type: none">• Input on acceptable documentation to show completion | 40 mins |

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| Review: Alternative Compliance Payment • OSE introduced the Alternative Compliance Payment and reviewed payment timing | 10 mins |
| Wrap-Up & Next Steps | 10 mins |

Working Group Discussions Summary:

1. What time periods can a building owner use to determine their baseline GHGI for setting the alternate GHGIT?

Topic: Buildings can start at their own baseline and set their own interim targets from that baseline to net-zero, with incremental targets reducing 33% (or 25% for multifamily) for each compliance interval. The following buildings are eligible, but not required, to use alternate GHGIT: Public or nonprofit building portfolios (not private), district campuses, or connected buildings; non-residential buildings with >50% of building with no activity type targets (or, optionally, those defined as 'other'); and individual buildings with baseline GHGI emissions 3.5 times greater than the 2031-2035 GHGIT for their building type(s). OSE reminded attendees of the relevant definitions specified in the ordinance:

- “Greenhouse gas emissions intensity target” or “GHGIT” means the target that limits a covered building's GHGI. GHGIT is reported as a value of kgCO₂e units per square foot per year (kgCO₂e/SF/yr).
- “Baseline GHGI” means the GHGI in kgCO₂e/SF/yr for a particular 12-month period for a covered building, building portfolio, district campus, or connected buildings used to calculate compliance with certain alternative compliance options.
- “Compliance GHGI” means the GHGI in kgCO₂e/SF/yr for a particular 12-month period for a covered building, building portfolio, district campus, or connected buildings used to show compliance with the GHGIT.

OSE proposed the following options as time periods for calculating the baseline GHGIT. This proposal would align with the Compliance GHGI to enable more straightforward reporting and administration. Building owners could use either:

A: Twelve consecutive months of verified energy benchmarking data from the time period preceding the covered building's GHGIT compliance deadline. The 12-month period may run from January 1-December 31 or from July 1-June 30; or

B: The annual average of 24 consecutive months of verified energy benchmarking data from the time period preceding the covered building's GHGIT compliance deadline. The 24-month period may run from January 1-December 31 or from July 1-June 30.”

The workgroup was asked to use the ‘fist-to-five’ voting method to share their feelings

on the proposal.

Discussion: Workgroup members clarified whether an individual building in a portfolio can use the alternate GHG pathway. OSE responded that the entire portfolio should choose one pathway. If one building is going to use a different pathway, it would need to be pulled out of the portfolio and report separately. Another question asked if a building needs to meet all three qualifying criteria to use this pathway, and OSE clarified that meeting any of the three criteria qualifies someone to use the alternate GHG pathway. OSE was asked why one of the qualifying criteria is that a building must have baseline emissions 3.5x larger than the 2031-2035 GHGIT for their building type, rather than criteria based on the difficulty of electrification. The main reason is that the feasibility study comes later in the process. The decarbonization plan alternate compliance pathway would be recommended for buildings which will struggle with electrification due to structural or electrical capacity needs (to be discussed at future workgroup). Workgroup members asked why 24 months was offered as an option for time periods. OSE explained that it was an option for buildings which see uniquely variable energy use, beyond annual weather fluctuations, and felt a 24-month period would be more accurate. A final question asked whether COVID-19 would impact the data when establishing a baseline GHGIT. That discussion takes place during question 2 when we discuss the years, in the breakout rooms, but OSE is aware of the challenge and does not recommend using COVID years to establish the baseline GHGITs.

When polled, workgroup members voted 3s (I'm okay with this proposal) and 4's (sounds good). One participant's comment explained that offering two options could make the legislation unnecessarily complex.

Breakout Room Discussion

2. What reporting years can be used to calculate baseline emissions?? What circumstances would require recalculation of baseline emissions & alternate targets? Are there any other considerations for individual buildings, public or nonprofit building portfolios, and campuses?

Topic: The ordinance specifies that building owners must use verified energy benchmarking data to calculate compliance GHGI. The same protocols will apply when calculating baseline GHGI. Building owners are already required to verify benchmarking data in the 2027-2030 compliance cycle. Data verified in 2027 will cover benchmarking data ending December 2026. OSE proposes that building owners either use third-party verified benchmarking data from any year from 2024 onward (after BEPS passed), or that they must use data that is third-party verified during 1st compliance period (2027-2030). These two options were discussed in breakout rooms.

OSE also outlined the proposed circumstances where a building owner would need to recalculate their baselines emissions/alternate targets.

For individual buildings:

- The gross floor area (GFA) has changed from the baseline year by more than 10% (either an increase or decrease)
- The largest primary building use has changed from the baseline year

For public or nonprofit building portfolios and campuses:

- The gross floor area of the portfolio has changed from the baseline year by more than 10%
- Buildings are added or removed to the portfolio/campus

Working group members were divided into two groups. Group A included members who represent individual and/or private sector buildings. Group B included members who represent public sector portfolios and campuses.

Group A Discussion - Individual Buildings:

Baseline years - Individual buildings breakout group comments:

- It's often better for the building owner to have an earlier baseline because buildings tend to continue to improve over time
- However, if the buildings is emptier now than it will be in the future, waiting to establish the baseline could be better
- Hotels are still not up to pre-covid levels. Earlier is typically better, but maybe not the case now
- If Option 1 is chosen, does everyone have to have 2024 as the baseline?
 - No – they must use third party verified energy benchmarking data. If outside of the 2027-2030 period, the earlier year data would still need to be third party verified data. But building owners could select any year from 2024-2030 as their baseline.
- Life science/biotech challenge is that it's very dynamic - hard to get a solid baseline. May be very skewed if using 2024 data. Flexibility is useful, and allows more appropriate sequencing of upgrades
- When asked their preference, everyone preferred either option 1 or was neutral about the choices

Circumstances requiring a recalculation of the baseline - Individual buildings breakout group comments:

- Workgroup members did not have major concerns about either of the criteria for recalculating the baseline
- There were several comments asking for clarity about how GFA is calculated and certified. Differences in the calculation could lead to confusion in this process.
- Historic buildings may require additional considerations due to limitations such as changes to facades
- On building use type changes, one member explained that buildings can change a lot within a use type, and may need an option for recalculating baselines in those scenarios
- Some other ideas were put forward about when a recalculation may need to take place:

- Occupancy changes
- Climate change - as in gradual and drastic changes in heating degree days and cooling degree days might be considered
- Environmental factors in proximity to the building - ex. A building nearby is torn down and affects solar exposure, trees planted
- Ownership changes – what if a new owner changes the building type, how do they make that change?
- If the building owner wants to recalculate – is that a choice?

Group B Discussion - Public portfolio/campus:

Baseline years - Public portfolio/campus breakout group comments:

- Who is a qualified person to verify the data?
 - OSE explained that the same qualified person criteria will largely apply as for the Building Tune-Ups and WA Clean Buildings rules.
- More flexibility is helpful, but we want to be careful with the administrative burden.
- Will building owners get feedback as they submit data, or will the city only review the data in 2030?
 - OSE is considering having people submit what they expect will be their target for future compliance periods. They will not be held to that target, but if there are major differences, OSE will want to know why.
- Option 2 (2027-2030) dis-incentivizes fast action. Flexibility of having option 1 (2024) is good and could encourage someone to start acting quickly after establishing the baseline.
- It is also good to know what my number is for planning - so using the earlier year and being able to establish the target sooner is helpful.
- What are the baseline years for other compliance pathways?
 - OSE explained that the standard target is a fixed target that is not dependent on the building's own baseline.
 - The baseline to target method could also potentially be used for the decarbonization plan alternative compliance pathway to set incremental GHGITS and the final GHGIT for the building.

Circumstances requiring a recalculation of the baseline - Public portfolio/campus breakout group comments:

- Workgroup members generally believed that the GFA adjustment rules were reasonable.
- Workgroup members asked what the International Performance Measurement and Verification Protocol (IPMVP) standard means?
 - An SBW team member explained that this is a standard that sets guidelines for comparison between scenarios. OSE explained that the 10% GFA change aims to recognize big changes in buildings that could impact baseline/targets without making building owners report minor changes. Also, other cities, like Boston are using similar criteria.
- If you add much more efficient square footage to a building, are you being

penalised by having to recalculate your baseline? Would you recalculate your baseline in the current cycle and apply new targets going forward, or recalculate your original baseline? If the latter, how does it work?

- OSE – We are considering that the original baseline would need to be recalculated but can look at alternatives and want to follow established protocols where possible. OSE will start looking at use cases for this.
- Regarding adding and removing buildings, one member thought through their own portfolio and remembered a planned capital project. They should want to replace under utilized square footage with more efficient square footage but feel that the proposed policy disincentivizes that approach.
- If the building name changes, does it trigger a recalculation?
 - OSE added a note after the meeting to explain that it does not as long as the building ID is the same.
- Will divesting a poor performing building be dis-incentivized because of the baseline change?
- Maybe staying with a 10% overall square footage change makes sense, rather than also being triggered by adding/removing buildings. A major retrofit may not change the square footage by much but could be a new SDCI certified building.
- If an all-electric building is added to the portfolio, will it trigger a baseline adjustment?
 - OSE explained that the building owner could take the exemption and remove it from the portfolio or could include it in their aggregate GHGIT and recalculate the baseline.
- Could a building type change impact baseline?

3. What documentation can be used to show work is complete when using the multifamily prescriptive pathway?

Topic: A building owner may utilize one or more prescriptive options for a multifamily building in lieu of meeting its GHGIT during the 2031-2035, 2036-2040, or 2041-2045 compliance intervals. Each prescriptive option shall only be used for one compliance interval. Prescriptive options include:

- Replacing existing fossil fuel combustion service hot water system(s) with electric heat pump water heating
- Replacing existing fossil fuel combustion HVAC heating system equipment with electric heat pump systems

To use this pathway, a building owner must first notify OSE of its intent to use the pathway and must then submit a GHG Report documenting the actions taken to achieve compliance. The workgroup was asked what methods could be used to prove that the required work has taken place.

Discussion:

Working group members asked clarifying questions. One member wanted to know if the

multifamily building needs to implement just one of the prescriptive items overall or one per compliance period. OSE clarified that its one prescriptive option per compliance period. They further asked that many buildings use gas as a backup for hot water systems and wanted to clarify whether that was allowed. OSE answered that if they met their GHGIT, this would still mean the building is compliant, but it would not meet the requirements of the multifamily prescriptive pathway. The decarbonization pathway is also available to low-income multifamily housing where there are feasibility challenges. Another working group member asked if these pathways for full electrification were set in the ordinance or flexible. OSE explained that the intention in the ordinance was a full electrification pathway, but recognizes that the Seattle Building Code has changed, per the current draft version that is at Council. This could mean that aspects of the pathway need to be clarified in rulemaking or buildings just need to use the decarbonization plan. OSE will investigate the code changes when it is adopted.

Working group member suggested the following as possible methods for proving that work has been done:

- Photos
- Signed scope of work
- Utility bills – before and after
- Equipment conversion records
- SOW if it shows completion
- SDCI approved permit drawings
- Completed permit inspection
- Paid invoices
- Startup/commissioning report that shows controls are functioning

Organized by:



Facilitated by:



Technical analysis by:

