### Seattle's Building Emissions Performance Standard (BEPS)

Public Webinar — May 8, 2025

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Facilitation by SBW Consulting and Unrooz Solutions



### **OSE & Consultant Team for Rulemaking**



#### **OSE Team**

BEPS Program Manager, Rulemaking Advisor, Buildings & Energy Acting Director, Outreach Specialist Subject Matter Experts (e.g., benchmarking)



**Technical / Analysis Consultant** 

SBW Consulting Inc.

**WMBE** Firm



**Facilitators** 

**Unrooz Solutions** 

**WMBE** Firm

### Zoom Q&A

- Click on the Q&A button on the toolbar to open the Q&A panel.
- Click Send to submit your question to the host and panelists.
- Your question will be listed in the Q&A panel, and you can see any responses from the panelists or host.
- View all questions and **upvote other attendee questions** by clicking the thumbs-up.



### Agenda

- BEPS Background & Rulemaking Intro
- Covered Buildings & BEPS Requirements
- Draft Rule Proposals
  - Exemptions
  - What is a Qualified Person?
  - Benchmarking Verification
- Q&A
  - Compliance Metrics
  - End Use Deductions
  - Extensions
- Q&A

### Catch up on BEPS

- BEPS Basics
   Presentation
- BEPS FAQs

#### Q&A

Please submit questions as you have them. First 15-minute Q&A period is after Benchmarking Verification, second at the end of the presentation.



"The Building Emissions Performance Standards (BEPS) policy continues Seattle's leadership on climate action and represents a milestone for our city's efforts to reduce greenhouse gas emissions and build healthy communities," said Mayor Bruce Harrell.

"This bold legislation will not only create cleaner buildings for people to live, work, and play in, but also hundreds of local jobs and build pathways to careers in the green economy..."

Mayor Bruce Harrell, BEPS Press Release, December 13, 2023

### What is a Building Performance Standard?

A **BPS** requires existing buildings to meet greenhouse gas emissions or energy performance targets by specific deadlines.

**Decarbonization** — another word for reducing emissions.

Seattle BEPS is an emissions standard





#### **BEPS** is effective

By requiring most existing large buildings to reach net-zero emissions, **BEPS** is projected to reduce greenhouse gas emissions by about 325,000 metric tons by 2050.

- That represents a 27% decrease in building related emissions from a 2008 baseline.
- Or the equivalent of 72,322 gasolinepowered cars taken off the road for a year.

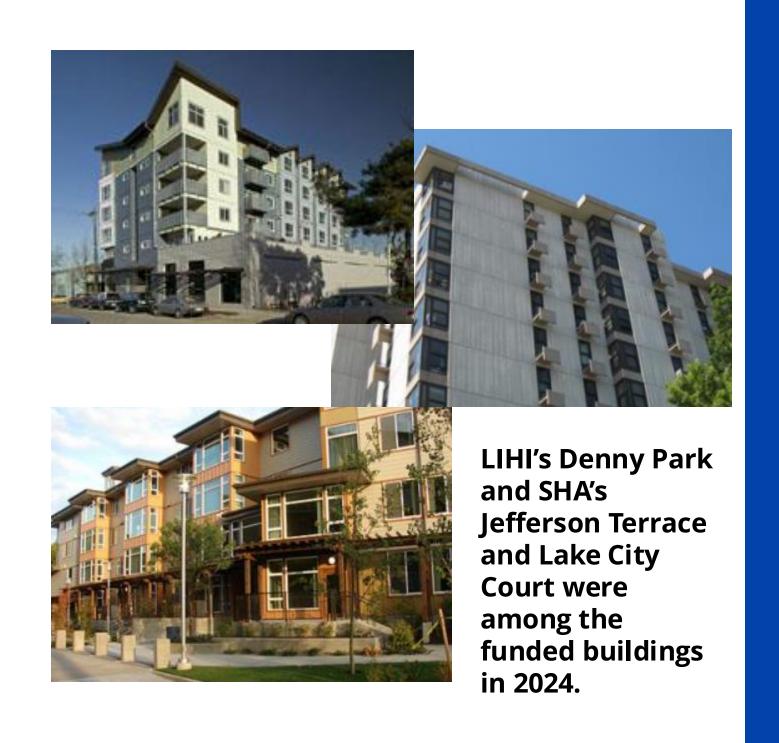




### Technical Support & Funding!

- Building Decarbonization Grants —
   Up to about \$4.0M for engineering design and/or implementation! Affordable housing and nonprofits are prioritized.

   Application open now! Closes July 10.
- Building Emissions Navigator —
   Free coaching and other technical support for your building's BEPS journey.





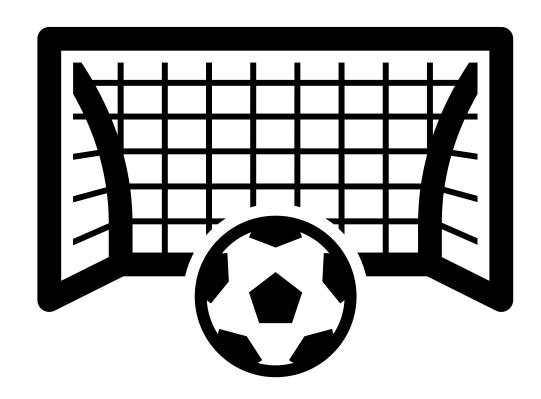
# Rulemaking Timeline & Goals



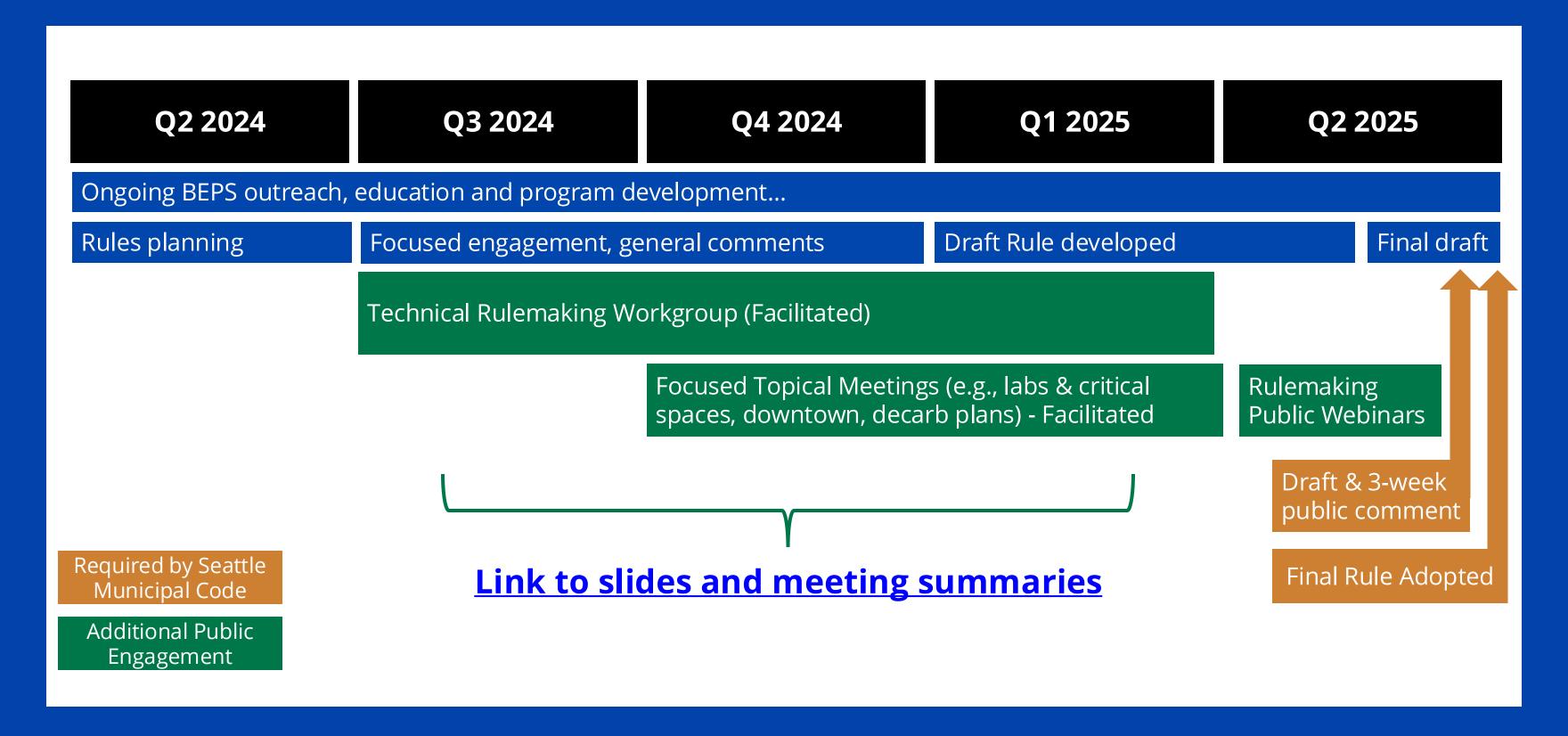
### Rulemaking Goals for OSE

Per Seattle Municipal Code a Director's Rule is the required next step to clarify ordinance elements (e.g., timeline for exemptions requests, documentation required.)

- ✓ Engaged key stakeholders who have an opportunity to constructively contribute
- ✓ A rule that maintains the stringency of BEPS and explains how to use the flexibility
- ✓ A readable, approachable final Director's Rule document



### 1st Director's Rule Timeline Overview



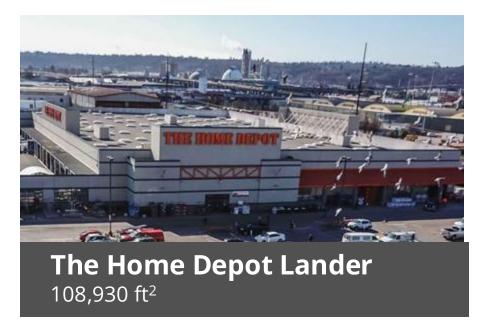


### BEPS Covered Buildings



## Covered Building Types: Nonresidential & Multifamily Larger than 20,000 SF\* - Examples









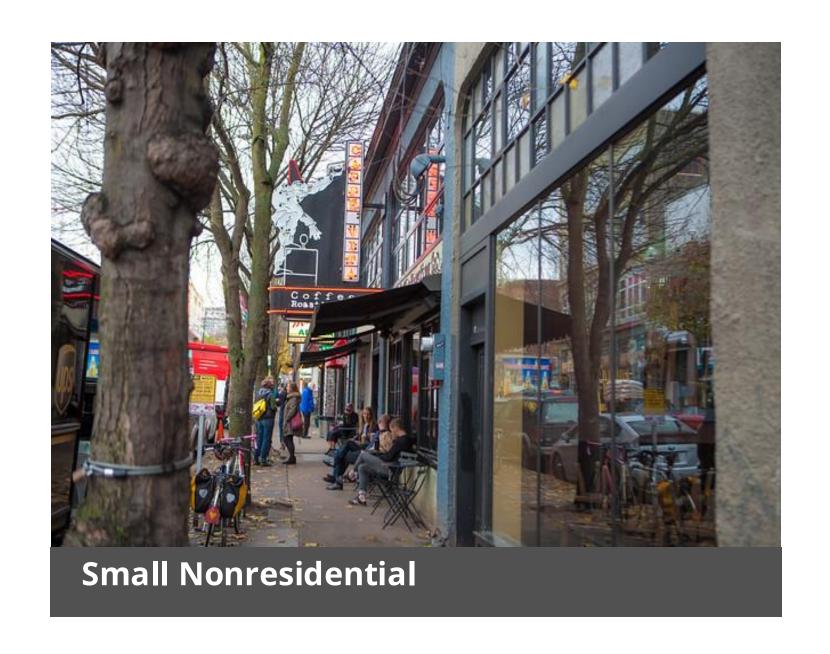




\* Excluding Parking

### **Building Types Not Subject to BEPS Law**

- •Industrial/manufacturing
- •Small nonresidential and multifamily (less than 20,000 SF)
- Single-family homes



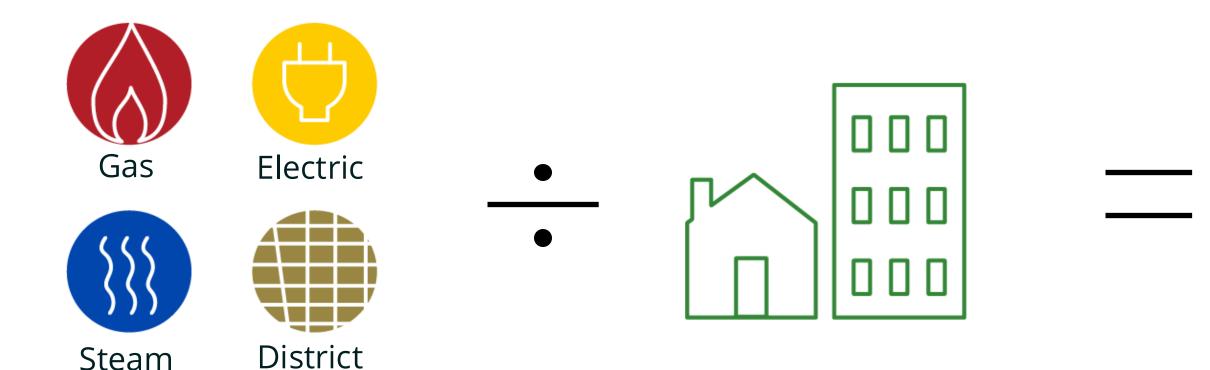


# BEPS Requirements and Timeline



### **BEPS** is an Emissions Standard

Metric is Greenhouse Gas Intensity (GHGI)



Greenhouse Gas Intensity (GHGI) (kgCO<sub>2</sub>e/SF/year)

Total annual weather normalized fuel use for each energy source (in kBtu/year) X

Emissions Factor of each energy source (kgCO<sub>2</sub>e/kBtu)

= total kgCO<sub>2</sub>e/year

Building's total square feet (SF) (excluding parking)

CO<sub>2</sub>e is carbon dioxide emissions equivalent Emissions Factor is the CO<sub>2</sub>e associated with a unit of energy



### What Does BEPS Require of Building Owners?

#### **Every five years:**

- Energy Benchmarking Verification: Verify previous year's building energy use and emissions. *By* 2027–2030
- **GHG Report:** Document current GHGI/GHGIT and equipment, and outline actions to achieve targets. *By* 2027–2030
- Meet Greenhouse Gas Intensity Targets (GHGIT). Or use alternative compliance. By 2031–2035
- Achieve net-zero emissions with narrow exceptions. By 2041–2050 (depending on building type and size)

**Building Tune-Ups** requirements will sunset after the 2026 compliance cycle is done.



### Seattle BEPS Compliance Timeline

2022-2026 2027-2030 2031-2035 2036-2040 2041-2045 2046-2050 Meet Nonresidential Meet Net-Zero Policy Benchmarking **Emissions Targets** Targets Development / Verification Support / Launch GHG Report & Meet Multifamily Meet Net-Zero Start Reductions Tools **Emissions Targets\*** Targets \*Extension for affordable housing & human services until 2036–2040 to meet targets. Director's Rule 2024-Mid-2025

Technical and Financial Support



### Upcoming BEPS Deadlines by Building Size

Size of Building	Verify Benchmarking, Submit GHG Report (By Oct. 1)	Meet GHGI Target, Verify Benchmarking, Submit GHG Report (By Oct. 1)
≥220,001 SF	2027	2031, 2036, 2041, 2046
90,001 to 220,000 SF	2027	2032, 2037, 2042, 2047
50,001 to 90,000 SF & district campus, portfolios, connected buildings	2028	2033, 2038, 2043, 2048
30,001 to 50,000 SF	2029	2034, 2039, 2044, 2049
20,001 to 30,000 SF	2030	2035, 2040, 2045, 2050

### Three Compliance Pathways for Flexibility

PATH A
Meet standard or building
portfolio/ campus GHGIT at

PATH B
Comply with extension or basic alternate compliance

PATH C
Custom timeline or targets
due to hardship or unique
circumstances

Benchmarking Verification
GHG Report
Meet standard GHGI Targets
Achieve Net Zero - 2041-2050

all 5-year intervals

#### **Extensions:**

Extended timeline for low-income/ rent housing, financial distress, new construction, high vacancy

#### **Decarbonization Plans:**

- Net-Zero by 2050
- Low-Emissions by 2050 Require audit & cost analysis.

#### **Emissions Deductions:**

Emergency generators, district steam, and fossil fuel cooking, in-unit condo equipment, & more.\*

#### **Alternate Compliance:**

- ACP payment (2031-2035 \_
- Multifamily prescriptive paths
  - Alternate GHGIT

#### **Hardship Eligibility Criteria:**

Historic status, sub-alt, or seismic upgrade, infeasible for low-income multifamily or structural/electric upgrades & more.

**Exemptions:** Electric only buildings exempt from GHGI Targets and building demolition (all requirements.)

### District Campus Decarbonization Plan:

For campuses with district energy



### BEPS Draft Rule Proposals

**Note:** This webinar presents a selection of BEPS draft rule proposals informed by feedback from the technical workgroup and several focused meetings. These proposals may be updated or changed pending ongoing stakeholder reviews, as well as the forthcoming official public comment period in planning for June 2025.

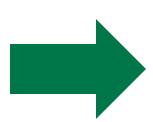


### Law versus Rule: Two Examples

What's in the Law (SMC 22.925)

Lists the eligible
 exemptions and some
 eligibility criteria

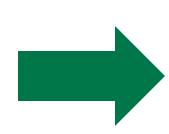
 Includes provisional emissions factors for 2031–2035



What's in a Director's Rule

- Explains:
  - Details of the Eligibility Criteria
  - Info on How to Report
    - Reporting Deadlines
    - Documentation Required





### Exemptions



### **Exemptions in the BEPS Law**

- Electric-only buildings (still must verify benchmarking)
- Buildings scheduled for demolition



Image: Seattle Post Intelligencer



### **RULE TOPIC: Exemption Documentation**

#### **Electric-Only Exemption Draft Rule Proposal**

- Any building: Benchmarking verification must confirm the building uses only electric energy.
  - Non-electric meters must be inactive (not in use in ENERGY STAR Portfolio Manager) for the entire compliance period
- Residential condos/coops: Benchmarking verification confirms that all space and water heating systems, or other equipment and appliances, under common ownership, use only electric energy.





### RULE TOPIC: Exemption Documentation

#### **Demolition Exemption Draft Rule Proposal**

- Building must have an **active demolition or deconstruction permit** issued by the Seattle Department of Construction and Inspections (SDCI), or one **issued no more than three years prior** to the BEPS compliance deadline.
- If the covered **building is not demolished** within three years of the exemption approval, the **building owner shall comply** with all subsequent requirements of Chapter 22.925.





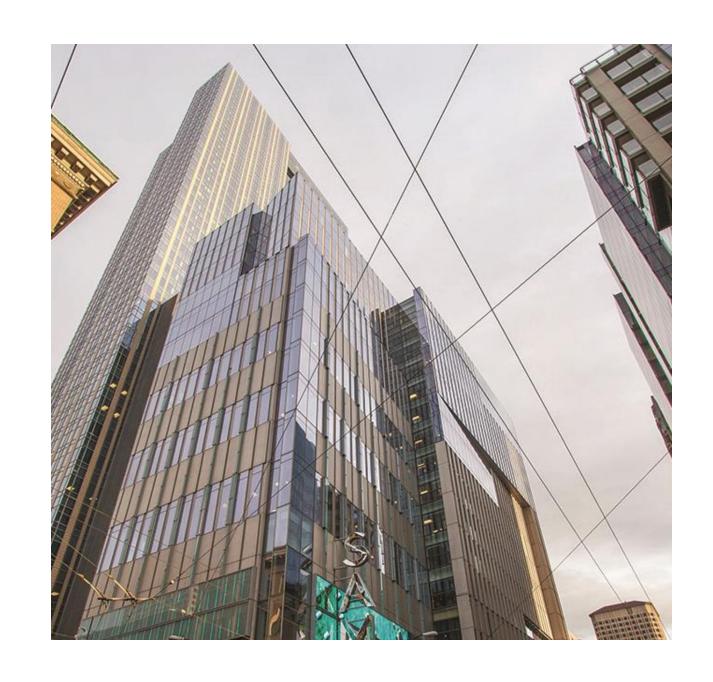
# RULE TOPIC: Timeline for Receiving an Exemption

#### Electric-only buildings

 Submit request concurrently with Benchmarking Verification for each compliance interval

#### Scheduled for demolition

 Submit request no sooner than two years in advance of the compliance deadline and no later than six months prior to the compliance deadline





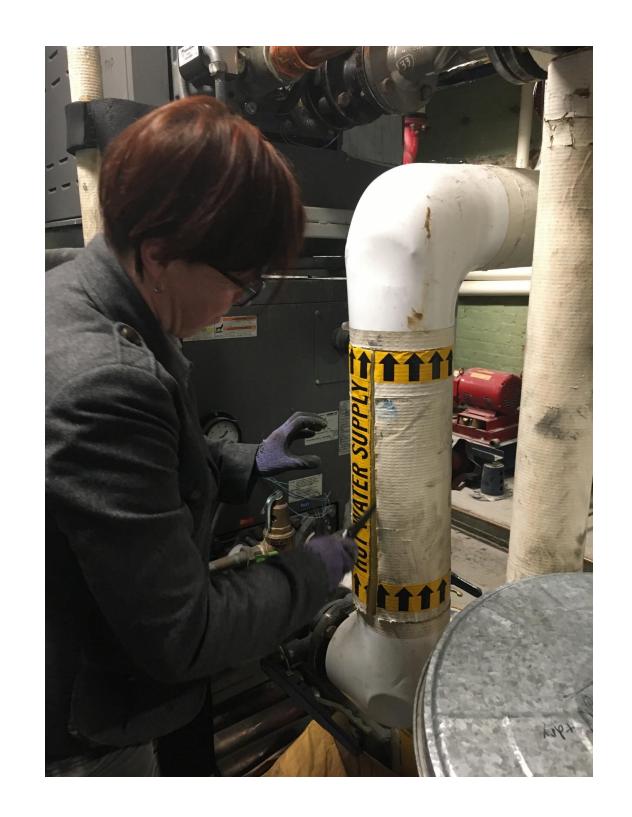
### Qualified Person Requirements



### Qualified Person Responsibilities per BEPS

A "Qualified person" has training, expertise, and at least three years professional experience in building energy use analysis, as well as one the required certifications or licenses. They are required for all BEPS reporting and:

- 1. Verify benchmarking data accuracy and makes corrections
- Submit the greenhouse gas emissions (GHG) report
- 3. If using, complete Decarbonization Compliance Plan





### Qualified Person Credentials per BEPS Law

Credential	Organization
Professional Architect	Licensed in the State of Washington
Professional Engineer (PE)	Licensed in the State of Washington
Building Energy Assessment Professional (BEAP)	American Society of Heating, Refrigerating and Air- Conditioning Engineers (ASHRAE)
Certified Energy Auditor (CEA)	Association of Energy Engineers (AEE)
Building Operator Certification (BOC) Level II	Building Potential (formerly Northwest Energy Efficiency Council)
Certified Commissioning Professional (CCP)	ANSI/ISO/IEC 17024:2012 accredited organization
Certified Energy Manager (CEM)	Association of Energy Engineers (AEE)
Energy Management Professional (EMP)	Energy Management Association



### **RULE TOPIC: Qualified Persons**

- Adding Sustainable Building Science
   Technology Bachelor of Applied Science (BAS)
   degree to align with State of WA Clean
   Buildings.
- Clarifying that all certifications must be current as of the covered building's compliance deadline (same practice as Building Tune-Ups)



Credit: UW Integrated Design Lab



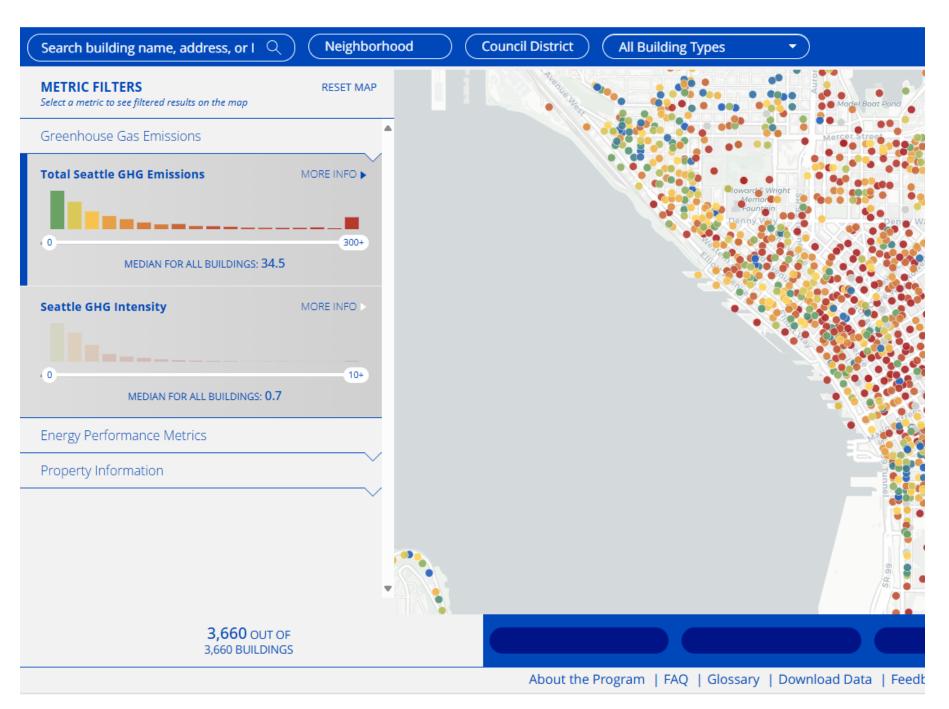
### Benchmarking Verification



# Benchmarking and BEPS Go Together

For more than ten years, buildings larger than 20,000 SF have tracked or "benchmarked" their annual **energy use** and reported the data to the City yearly.

**BEPS** adds new verification requirements, to be met every five years, with the largest buildings going first.



www.seattle.gov/energybenchmarkingmap



### What is Benchmarking Verification?

- Gold standard for building performance policies to support more accurate data
  - Required by all cities with similar policies
- Verified energy benchmarking data will be used to demonstrate compliance with emissions targets
- Data verification reduces common errors and improves data quality





### Key Information for Data Verification



Fuel sources and meters



Whole building gross floor area (GFA)



Space use types and floor area of each



Explain changes to building data



# Who can conduct Benchmarking Verification per BEPS Law?

- A Qualified Person must verify benchmarking data
- •Building owners with **in-house staff** that have the required experience and certifications/licenses **may serve as a qualified person.**
- Or the owner may use an external service provider.
- •The same person or provider who prepares and submits the energy benchmarking report each year <u>cannot</u> submit the data verification report (every 5 years)



### **RULE TOPIC: Site Visits**

#### **Draft Rule Proposal**

OSE will only require a site visit if needed to verify compliance or accuracy of the Benchmarking Verification or GHG Report as part of enforcement for inaccurate reporting.

#### Rationale

- Requiring site visits for all buildings for each interval could be burdensome and costly
- Alternatives considered:
  - Site visits only required if major changes
  - Buildings flagged for unusual data
  - Random selection process
  - Educational approach



# **RULE TOPIC: Gross Floor Area (GFA) Measurement**

#### **Objective:**

 GFA from initial benchmarking verification is the BEPS official record for future compliance (unless a change is later verified).

#### When will GFA documentation be required?

- OSE seeks to minimize reporting burden will not require for all reporting.
- Only require GFA documentation if Qualified Person finds that the GFA is +/- 10% different than OSE's records. Or if data validation errors are found by OSE.

## **King County Assessor** (KCA) Data Notes

 Per BEPS Law: If a verified benchmarking report has not been submitted, the BEPS fine is based KCA's property detail GFA



# RULE TOPIC: Acceptable Sources for Validating Building Gross Floor Area (GFA)

**If GFA documentation is required**, multiple data sources will be allowed to maximize flexibility:

- BOMA Floor Measurement Standard or International Property Measurement Standards (IPMS), with architectural drawings, plats, or site surveys as required by the standards
- Architectural drawings that are dimensioned or have a scale bar
- Survey documents with actual building measurement
- Onsite measurement or drawings calibrated with onsite measurement that clearly aligns with ENERGY STAR Portfolio Manager definition of how to measure GFA
- King County Assessor property detail record for "building gross square feet"



# Break for Questions (15 minutes)



# Compliance Metrics



# GHGIT is Based on 21 Building Activity Types in the Law

Buildings with multiple space types can pro-rate the GHGIT

Activity Types	Space GFA (SF)	Percent of GFA (SF)	Bldg. Activity GHGIT	Pro-rated GHGIT
Office	60,000	80%	.81	.64
Retail	10,000	13%	1.03	.13
Gym (Recreation)	5,000	7%	3.22	.23
Total GFA	75,000		GHGIT	1.00

#### Note:

The Director's Rule will include an appendix that maps all ENERGY STAR Portfolio Manager Property / Space types to BEPS Building Activity Types.



# RULE TOPIC: Adding 3 Building Activity Type Targets

#### What we considered...

- Three additional building types were recommended by stakeholders: data center, medical office, and museum
- These types had enough reported energy benchmarking data and distinct energy usage to warrant their own targets
- Strong support among working group for adding these activity types by rule



## **RULE TOPIC: Adding 3 Building Activity Types**

Building Activity Type	2031 - 2035	2036 - 2040 <sup>1</sup>	2041 - 2045 <sup>1, 2</sup>	2046 - 2050 <sup>1, 3</sup>
College/University	2.69	1.57	0	0
Data Center	1.43	0.83	0	0
Entertainment/ Public Assembly	1.18	0.69	0	0
Fire/Police Station	2.23	1.30	0	0
Hospital	4.68	2.73	0	0
Hotel	2.06	1.20	0	0
K-12 School	0.95	0.56	0	0
Laboratory	6.30	3.68	0	0
Medical Office	2.11	1.23	0	0
<b>Multifamily Housing</b>	0.89	0.63	0.37	0
Museum	2.11	1.23	0	0
Non-Refrigerated Warehouse	0.77	0.45	0	0

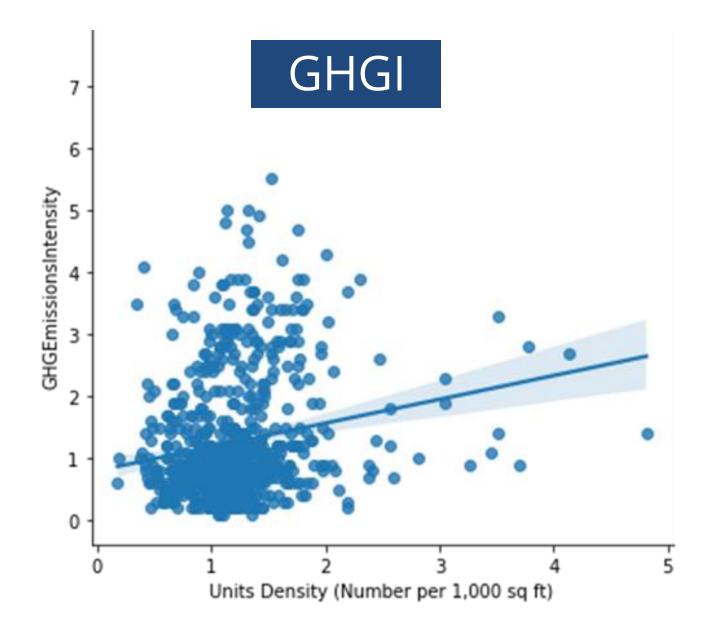
Building Activity Type	2031 - 2035	2036 - 2040 <sup>1</sup>	2041 - 2045 <sup>1, 2</sup>	2046 - 2050 <sup>1, 3</sup>
Office	0.81	0.47	0	0
Other	2.48	1.45	0	0
Recreation	3.22	1.88	0	0
Refrigerated Warehouse	0.98	0.57	0	0
Residence Hall/ Dormitory	1.16	0.68	0	0
Restaurant	5.73	3.34	0	0
Retail Store	1.03	0.60	0	0
Self-Storage Facility	0.31	0.18	0	0
Senior Living Community	2.11	1.23	0	0
Services	1.36	0.79	0	0
Supermarket/ Grocery Store	3.42	2.00	0	0
Worship Facility	1.20	0.70	0	0



# RULE TOPIC: Adding a Normalization Factor for Multifamily

#### What we considered...

- Pacific Northwest National Laboratory (PNNL) assessed the relationship between GHGI and unit density
  - Results showed buildings with gas that are subsidized low-income housing have a higher GHGI than nonsubsidized
- SBW Consulting found that GHGI for mid-rise buildings is lower than low- and high-rise buildings
- Neither study found strong support for adding a normalization factor



# RULE TOPIC: Adding a Normalization Factor for Hours of Occupancy

#### What we considered...

- The Washington CBPS uses an hours of operation normalization factor based on the ASHRAE 100 Standard to adjust a building's EUIt
- SBW analyzed how using these factors could impact BEPS targets
- Some BEPS targets get easier and some targets get harder

Occupancy hours adjustments (ASHRAE 100 / WA CBPS)				20		npliance Perio sqft/year)	d
Building Activity Types	50 or Less	51 to 167	168 (24/7)	Ordinance Targets	50 or Less	51 to 167	168
K-12 School	0.9	1.1	1.9	0.95	0.86	1.05	1.81
Non-Refrigerated Warehouse	0.8	1.0	1.4	0.77	0.62	0.77	1.08
Office	0.8	1.0	1.5	0.81	0.65	0.81	1.21
Supermarket	0.5	0.9	1.3	3.42	1.71	3.08	4.45

# If 51 to 167 hours: K-12 School - target gets easier Non-Refrigerated Warehouse and Office targets stay the same Supermarket- target gets harder



# RULEMAKING TOPIC: Adding Normalization Factors

### **Draft Rule Proposal**

- Do not adopt any normalization factors in Rule now.
- OSE may revisit MF after verified benchmarking data is available.
- 2036 and later "provisional targets" may be revised by rule.

#### Rationale

- Technical Workgroup consensus to not adopt normalization factor for hours of occupancy
- No consensus about multifamily factor.
- MF normalization factor research is inconclusive doesn't justify adding as another flexibility measure.
  - PNNL and SBW did not find strong correlations.
  - No other BPS jurisdictions use normalization factors.
- Normalization factors do not change net-zero goal.
  - Only makes incremental targets less stringent (higher) for some buildings and more stringent (lower) for others.



## RULE TOPIC: GHG Report Requirements

- Reminder: GHG Report is not an audit requirement
- Rule clarifies requirements in 2027–2030 vs. 2031 and later
- •2027–2030 GHG Report:
  - Calculate the expected GHGIT for 2031–2035 based on current spaces in the building as well as estimated targets for 2036 and later
  - Estimate the compliance GHGI for the 2031–2035 compliance interval
    - If building is not expected to meet target, include:
      - Short description of high-level actions to meet target
      - Or indicate if building plans to use alternative compliance
  - Indicate if building is eligible for extension or exemption in 2031–2035
  - Compile a list of major mechanical equipment



## **RULE TOPIC: Emissions Factor Updates**

- Emissions factors measure the greenhouse gas emissions of different energy sources (electric, gas, steam)
- Renewable Natural Gas is allowed
  - OSE is working with Puget Sound Energy on documentation process
- Emissions factors will be updated by Director's Rule every five years to reflect changes at utilities
- No updates to factors in this 1<sup>st</sup>
   Rule

#### Schedule for BEPS Emission Factor Updates by Director's Rule

Updated by December 31	Ready for Compliance Interval
2027	2031–2035
2031	2036–2040
2036	2041–2045
2041	2046–2050



# End Use Deductions



## BEPS End Use Deductions that do not Expire

Option	What	Who Can Use
Emergency Fossil Fuel Generators	Emissions from this equipment, if it is captured in ESPM reporting.	Any covered building.
Emergency Backup Heat	Emissions used for backup heat in cold conditions from this equipment.	Hospital and laboratory building activity types.
Fossil Fuel Equipment in Residential Condo Units	Emissions from equipment that is in the condo owner's unit (e.g., in-unit gas water heaters, gas stoves).	Multifamily building that is a residential condo or co-op that has individually owned units.
Electric Vehicle Charging Equipment	Emissions from this equipment.	Any covered building with EV charging equipment metered with the building.
Communications Equipment	Emissions from this equipment.	Any covered building with communications equipment (e.g., antennas, cell towers, etc.) unrelated to the primary building purpose.



## BEPS End Use Deductions that Expire

Option	What	Who Can Use	Valid Until
District Energy Contract in Place from Provider	Emissions from district energy provided steam, hot water and/or chilled water.	Any covered building with a contract in place before June 1, 2024. (e.g., CenTrio customer)	2035
Fossil Fuel Cooking Equipment	Emissions from cooking equipment (e.g., gas stoves, grills).	Any covered building.	2040
Fossil Fuel High-intensity Process Equipment	Emissions from this equipment. Such as autoclaves, humidification, etc.	Hospital and laboratory building activity types.	2040
Fossil Fuel High-intensity Laundry Equipment	Emissions from this equipment. Washer, dryers, etc.	Hospital and hotel building activity types.	2040



## **RULE TOPIC: Options for Calculating Deductions**

End Use	Submeter	Metered Usage / Other (ESPM = ENERGY STAR Portfolio Manager)	Standard Calculation Estimates
Fossil Fuel Cooking Equipment	X		X
Individually Owned Residential Condo Equipment	X		X
Fossil Fuel Process Equipment in Hospitals/Labs	X		X
Fossil Fuel High-intensity Laundry Equipment	X		X
Emergency Backup Heat	X		X
Emergency Backup Power (Generators)	X	Usually is delivered fuel (don't deduct)	
District Energy Contract in Place (e.g., Steam)	X	Metered use from ESPM + attestation	
Electric Vehicle Charging Equipment	X	ESPM calculation or metered use	
Communications Equipment	X	Utility metered use from ESPM	



## RULE TOPIC: Submetering Requirements

- Energy use of a building or an end-use (e.g., equipment level) may be submetered, if needed.
- Submeters must meet Washington Administrative Code Section 409.4 metering & data acquisition standards.
  - This aligns with WA Clean Buildings Requirements
  - WAC requirements state meter accuracy standards and data retention requirements
- **Documentation:** At least 12 consecutive months of submeter data shall be provided if required to show compliance.



WA CBPS per CBPS Guidance Document 007 published 8/1/2022 <a href="https://www.commerce.wa.gov/wp-content/uploads/2022/07/CBPS-Guidance-Document-007-Submetering-Guidance.pdf">https://www.commerce.wa.gov/wp-content/uploads/2022/07/CBPS-Guidance-Document-007-Submetering-Guidance.pdf</a>. Washington Administrative Code Section 409.4 <a href="https://app.leg.wa.gov/wac/default.aspx?cite=51-11C-40904">https://app.leg.wa.gov/wac/default.aspx?cite=51-11C-40904</a>

# RULEMAKING TOPIC: Metered Use – District Energy

#### Per BEPS Law...

Any covered building with a contract in place before June 1, 2024 for district thermal energy with a private district energy provider may deduct emissions from steam, hot water and/or chilled water from compliance GHGI... (Expires after 2035)

#### **Draft Rule Proposal**

#### To use, building owner must provide:

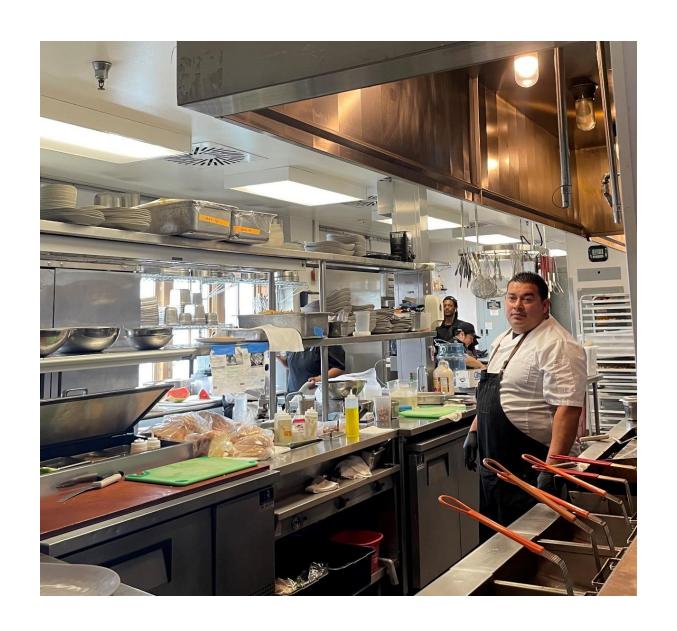
- Evidence of current district energy use
- Evidence that the contract was established prior to June 1, 2024
  - Copy of bill prior to June 1, 2024
  - Or an affidavit from the energy provider
  - Rule will clarify that buildings sold after June 1,
     2024 may still qualify to use this deduction



# RULE TOPIC: Standard Calculation Estimates for Certain End Use Deductions

# Why would a standard calculation estimate helpful?

- Lower cost alternative to submetering
- Equity consider cost burden to require submetering
- A standard calculation could include translated outreach to help Qualified Persons or owners collect information from tenants (e.g., restaurants, condos)





## RULE TOPIC: Standard Calculation Estimates for Certain End Use Deductions

- Methods to estimate deductions for equipment, such as fossil fuel cooking and inunit condo equipment.
- End Use Deduction Workbooks will be available in (later this year) that can be submitted by Qualified Persons.
- Methods based on equipment usage data from Technical Reference Manuals created by the Northwest Regional Technical Forum and Pacific Gas and Electric.



The RTF is a technical advisory committee to the Northwest Power and Conservation Council established in 1999 to develop standards to verify and evaluate energy efficiency savings

https://rtf.nwcouncil.org



# RULE TOPIC: Example Types of Equipment for Standard Calculations

Cooking Equipment	End Use
Fryer	Commercial Cooking
Range	Commercial Cooking
Steamer	Commercial Cooking
Grill or Griddle (multiple sizes)	Commercial Cooking
Broiler	Commercial Cooking
Combination Oven	Commercial Cooking
Oven & Range Combo	Multifamily Cooking
Standalone Gas Oven	Multifamily Cooking
Standalone Gas Range/Cooktop	Multifamily Cooking
Outdoor Grill	Multifamily Cooking
Pizza Oven	Multifamily Cooking

In-Unit Residential Condo Equipment	End Use
Oven & Range Combo	Cooking
Standalone Gas Oven	Cooking
Standalone Gas Range/Cooktop	Cooking
Water Heater	Water Heat
Furnace	Heating
Fireplace	Heating
Dryer	Dryer



## BEPS Extensions



## **Extensions in BEPS Law**

Extension Type	Description
1. New Construction	One-time <b>extension from all requirements</b> of initial compliance date.
2. Financial Distress	One-time <b>extension from all requirements</b> for one compliance interval. (May reapply).
3. High Rental Vacancy Rate	One-time <b>extension from GHGIT requirements</b> for one compliance interval — must still verify benchmarking and report. (May reapply).



## **Extensions in BEPS Law**

Extension Type	Description
4. Low Income Housing	
5. Human Service Uses	One-time <b>extension from meeting GHGIT in 2031–2035</b> — must still verify benchmarking and report and meet subsequent GHGITs.
6. Low-Rent Housing	
7. Low Income Housing: Pre-established Refinancing Date Conflict	One-time <b>extension from meeting GHGIT in 2036–2040</b> — must still verify benchmarking and report and meet subsequent GHGITs.



## RULE TOPIC: Applying for Extensions

- **How to Apply:** Building owners must submit documentation showing that the building meets the required criteria.
  - **Documentation Required:** Varies by extension, but in general, OSE is seeking to minimize reporting burden
  - **Application Deadlines:** Extension applications must be submitted to OSE no sooner than two years in advance of the compliance deadline and **no later than six months prior to the compliance deadline**.



# RULE TOPIC: Extension for High Rental Vacancy

### Rulemaking Needed to Identify the Percent (%)...

Per SMC 22.925.110

"A covered building with a high rental vacancy rate, as determined by rule, during a consecutive 12-month period within the 36-months preceding the relevant compliance date may receive an extension from meeting the GHGIT for one compliance interval. Building owners must still meet benchmarking verification and all reporting obligations."



# RULE TOPIC: Extension for High Rental Vacancy

### Key topics discussed with stakeholders...

- Current vacancy rate and impact currently high (between 15-40% depending on data source & building) What % is reasonable for Rule?
- How to define vacancy:
  - Consensus that this means unleased space (leased buildings where tenants work from home are not considered vacant)
  - Include space leased for free for public benefit or downtown revitalization?
  - How to consider subleased spaces?
- How to document vacancy



# RULE TOPIC: Extension for High Rental Vacancy

#### **Draft Rule Proposal**

- High rental vacancy rate is defined as: a minimum of 35%
- Clarify that:
  - Vacant space may include spaces leased free of change for public benefit
  - Vacancy % can't include sub-leased spaces.
- **Document vacancy** with rent rolls, lease records, or other verifiable documentation that clearly demonstrates the building meets the vacancy rate







# RULE TOPIC: Add an Extension for Change of Ownership

#### **Draft Rule Proposal**

A covered building with a date of purchase that is within one year of the compliance deadline is eligible for a one-year extension from all BEPS requirements (Benchmarking Verification, GHG Report, and meeting the GHGIT).



# Break for Questions



## Next steps

- Next Public Rulemaking Webinar is May 22 from 11AM-1PM
- Topics: Reporting end-use deductions, building portfolio & campus reports, alternative compliance options and more
- Three-week public comment period will open later

#### Register here for May 22 webinar:

https://us06web.zoom.us/webinar/register/WN\_b2pAhjLTvCAkiAqe4QyZA#/registration



# Thank you!

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