

Seattle's Building Emissions Performance Standard (BEPS) Rulemaking

Technical Rulemaking Workgroup –
Meeting #2



Agenda

- **Welcome + introductions of any new attendees** (5 minutes)
 - Consent to record
- **Recap of meeting #1** (5 minutes)
- **Introduction to compliance with multiple buildings** (15 minutes)
 - Defining building portfolios, district campuses, and connected buildings
 - Calculating aggregate GHGIT
 - Breakout groups (30 minutes):
 - A. Building portfolios
 - B. District campuses and connected buildings
- **Break** (5 minutes)
- **Application process for compliance with multiple buildings** (30 minutes)
 - Basic requirements and clarifications
 - *Discussion:* Protocols for multi-building reporting
 - Proposed timeline
- **Wrap-Up** (10 minutes)



Welcome + Recap



Charter Agreements

- **Mutual respect** - All working group participants and facilitators are respectful of each other. Members will value each other's time, listen when people are speaking, and speak kindly to each other.
- **Open-mindedness** - Members are open to new ideas and perspectives, and do not disregard ideas they disagree with.
- **Equity** - All members are treated fairly, both by the facilitation team and by one another. Efforts are made to eliminate any real or perceived barriers to participation.
- **Be present** - You reserved the time to be here. Avoid outside distractions as much as possible but take care of your personal needs.
- **Accountability for Accuracy** - When sharing data and information make sure it is accurate and be prepared to provide a credible reference.
- **Chatham House Rule** - Participants are free to use the information received in meetings but should not identify the speaker or their affiliation.



Last meeting we discussed...

- An overview of the rulemaking process
- Process for reporting GHGIT and compliance GHGI
- Adding building activity types
- Guidelines for pro-rating building activity types
- Reporting requirements
- Normalization factors – multifamily and nonresidential
- Emissions factors



Compliance with Multiple Buildings



What the ordinance says...

(SMC 22.925.100) “Building owners with a **building portfolio, district campus, or connected buildings** may use an **aggregate standard GHGIT** for the covered buildings within the building portfolio, district campus, or connected buildings using the calculations in Section 22.925.080.”

For discussion today: Dig into these various “multiple building types” and talk about the aggregate standard GHGIT and reporting process.

BEPS Ordinance - Multiple Building Definitions

Buildings on adjacent parcels

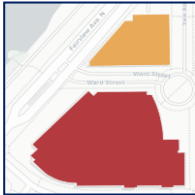


Buildings in different parcels

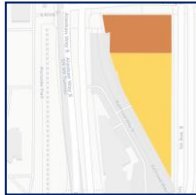


“Building portfolio” means **two or more covered buildings on one or more lots, all owned by the same public, private, or nonprofit entity**. Building portfolios may include district campuses and/or connected buildings. For the purposes of this definition, a building management company does not constitute an owner.”

Shared mechanical



Shared thermal envelope



“Connected buildings” means two or more covered buildings owned by the same building owner that are **situated on the same or adjacent parcels and have shared mechanical or metering equipment** such as energy meters, building controls, heating, or ventilation or share a thermal envelope because they are physically connected.

District Campus



“District campus” means two or more covered buildings **on the same or adjacent parcels owned by the same building owner that is served by a campus district heating, cooling, water reuse, and/or power system**.

Building Portfolio

Per BEPS (SMC 22.925.020) "**Building portfolio**" means two or more covered buildings on one or more lots, all owned by the same public, private, or nonprofit entity. Building portfolios may include district campuses and/or connected buildings. For the purposes of this definition, a building management company does not constitute an owner.

The buildings comprising a Building Portfolio generally function independently of each other and have separate meters and no district systems. They are distinct and usually dispersed geographically, but under same ownership.

Example:

Seattle Public Schools would be eligible to comply as a building portfolio



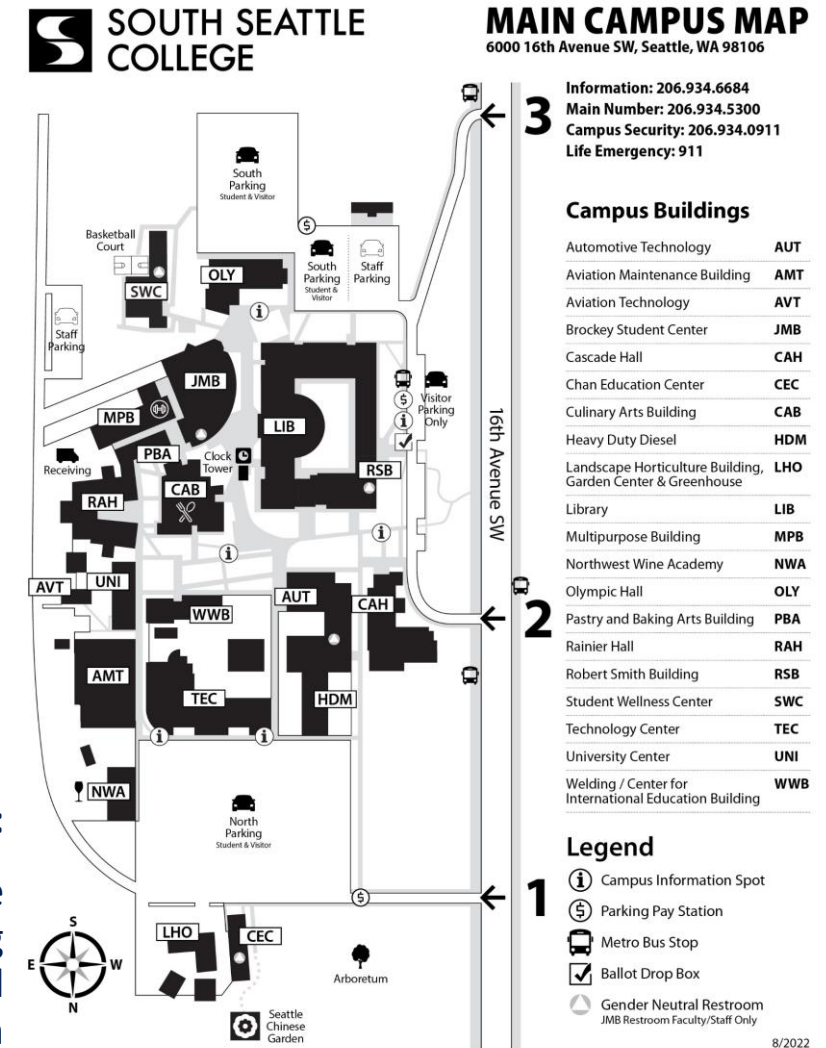
Connected Buildings

Per BEPS (SMC 22.925.020) “**Connected buildings**” means two or more covered buildings owned by the same building owner that are **situated on the same or adjacent parcels and have shared mechanical or metering equipment** such as energy meters, building controls, heating, or ventilation or share a thermal envelope because they are physically connected. Where more than one owner shares mechanical or metering equipment under a joint agreement, one owner shall be deemed the building owner for the purposes of complying with this Chapter 22.925.”

Connected buildings generally function together for the same purpose, like a college or hospital campus. They are located together geographically and may share meters, but don't have a centralized campus district energy source.

Example:

South Seattle College could comply using the connected buildings approach



District Campus

Per BEPS (SMC 22.925.020) “**District campus**” means two or more covered buildings on the same or adjacent parcels owned by the same building owner that is served by a campus district heating, cooling, water reuse, and/or power system. Where more than one owner is part of a district campus under a joint agreement, one owner shall be deemed the building owner for the purposes of complying with this Chapter 22.925.”

District campus buildings generally function together for the same purpose, like a college or hospital campus. They are located together geographically and have a centralized campus district energy source.

Example:

City-owned buildings at the Seattle Center could comply as a district campus



Nice definitions, but...

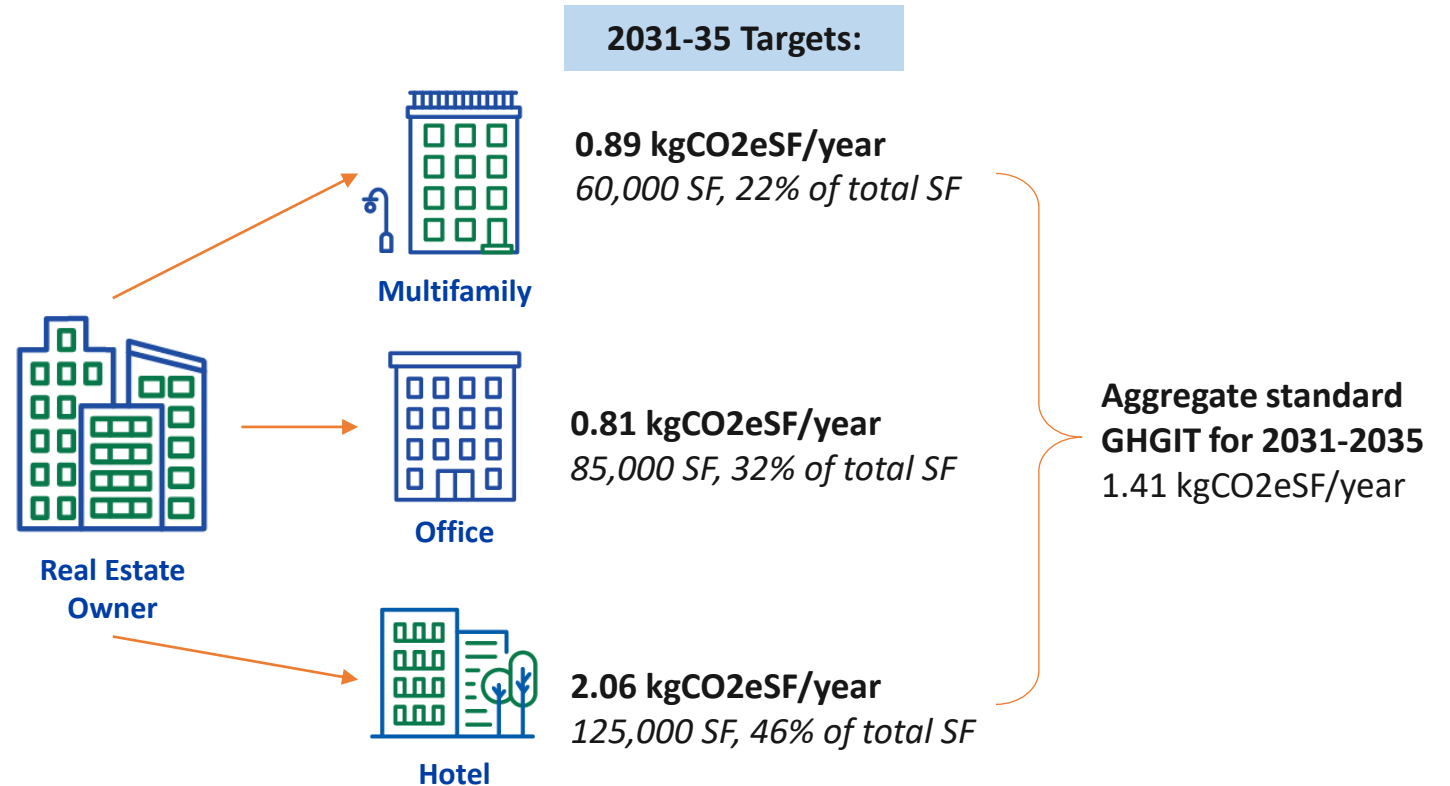
- There are often lots of exceptions and overlaps in district campus and connected building configurations.
 - A “campus” that has some connected buildings and some stand-alone (metered separately).
 - A district campus that has most buildings on the system, but some are not on the system.
 - There are buildings less than 20,000 SF on the campus.
 - Configurations change over time – buildings are demolished, expanded, sold, etc.
 - And so on...



For discussion today: Creating a clear BEPS multi-building application process and consistent reporting process as opposed to unraveling or solving for every scenario. But we will cover the big ones...

Report using the Aggregate Standard GHGIT

“Aggregate standard GHGIT” means that these buildings can set and meet their GHGIT, based on a pro-rated mix of spaces for all their buildings’ square footage combined, in lieu of building by building compliance.



Are there other compliance pathways for multiple buildings?

- Yes...to be covered in future working group sessions!
- These include:
 1. **Alternate GHGI Targets:** Allows covered buildings to start at a building's (or >1 building) own baseline and set interim targets from that baseline to net-zero, with incremental targets reducing 33% or 25% for each compliance intervals.
 2. **District Campus Decarbonization Compliance Plan:** A district campus that can demonstrate that upgrades to the district campus plant will generate cumulative emissions reductions from 2028 – 2050 that are equal to or greater than the cumulative emissions reductions that would be achieved by meeting standard or alternate GHGIs.



Questions?



Breakout Session #1



Breakout Session #1

Group A: Building Portfolios

- Ownership verification
- Adding/removing buildings from portfolio

Gemma, Kirstin, Anna

Group B: Campuses and Connected Buildings

- Managing buildings that are <20,000 square feet
- Adding/removing buildings from portfolio

Nicole, Sepideh, Faith, Santiago



Group A: Building Portfolios

1. How should building owners demonstrate ownership of private sector portfolios?

Per BEPS (SMC 22.925.020) “**building owner**” means **an individual or entity possessing a fee interest in a covered building**.

- However, private sector buildings are often registered as LLCs as part of the public record.
- For example, 123 Orca St. LLC and 456 Salmon Way LLC may both be owned by Puget Sound Properties.

Brainstorm: If buildings are not listed under the same Tax Payer Name by the King County Department of Assessments, what does ownership need to supply to the City to prove they own the building and are responsible for compliance?

Group A: What are some examples of ownership structures/situations that OSE should consider when creating rules for proving ownership?

Summary of group brainstorm:

- In a larger portfolio, none of the buildings may have the same registered owner. It's very complex
- Look at Boston's example
- Need to assess the legal aspects
- May be a minority consistent owner, but other shareholders or shared ownership
- Joint ventures are increasingly common - majority owner, managing partner, operations manager may all be different and have different responsibilities
- Different investment opportunities = different ownership structures
- Affordable housing provider may be a non-profit, but equity investor is for profit entity
- How do you deal with the complexity?
 - Managing partner may take the lead, and silent partner follows
 - With heavy capital expenses though, this may change. Complicated leadership tree. Committee style engagement with multiple members from both teams
- Cooperatives and condos?
 - No cohousing over 20,000 square ft but there coops
 - Condos - condo board is legally registered entity
- Easements - ex. Garage shared with building next door [Parking not included]



Group A: What should OSE prioritize when setting up the ownership verification process? (Ex. Simplicity, ease of use, avoiding loopholes, flexibility)

Summary of group brainstorm:

- Prioritizing true ownership - don't penalize a company that has multiple companies within it from being able to use the portfolio option
- CBPS has same issue about assigning ownership to partials - ex. Letters about the legislation go all over the place. Finding out who to even ask about ownership is complex
- Avoiding too much complexity in application. Portfolios are often complex - leave the work for that, rather than proving ownership
- Affordable housing ownership is complicated; avoid burden on limited resource orgs to prove ownership
- Guidance on why - what's the benefit of this vs doing it individually? Adds more stakeholders to deal with. Helpful to have guidance on when this is the better path
- What about if you have partial ownership in differing amounts in different buildings?



Group A: What should building owners provide to the City to prove ownership of multiple buildings?

Summary of group brainstorm:

- Establish it at the fund level - but can add complexity, what if buildings in the fund are outside of Seattle? Maybe can work with these funds and their internal sustainability targets
- Does every building owned by the person have to be in the portfolio?
 - No - you can choose
- Publicly traded companies will have public documentation
- Can you have multiple portfolios?
- Generally - need to talk to finance/legal teams



Group A: Building Portfolios

2. Under what conditions can a building be added to or removed from a portfolio in future compliance intervals?

Options

- Change of building ownership
- Demolition (remove)
- If using another approved alternative compliance path
- Building no longer eligible for extension approved in prior interval.

Are there other circumstances that will be common?

Group to brainstorm



Group A: Are there other circumstances where a building owner will want to add/remove a building from their portfolio?

- Change of building ownership
- Demolition (remove)
- If using another approved alternative compliance path
- Building no longer eligible for extension approved in prior interval.
- + Major renovation or change of use

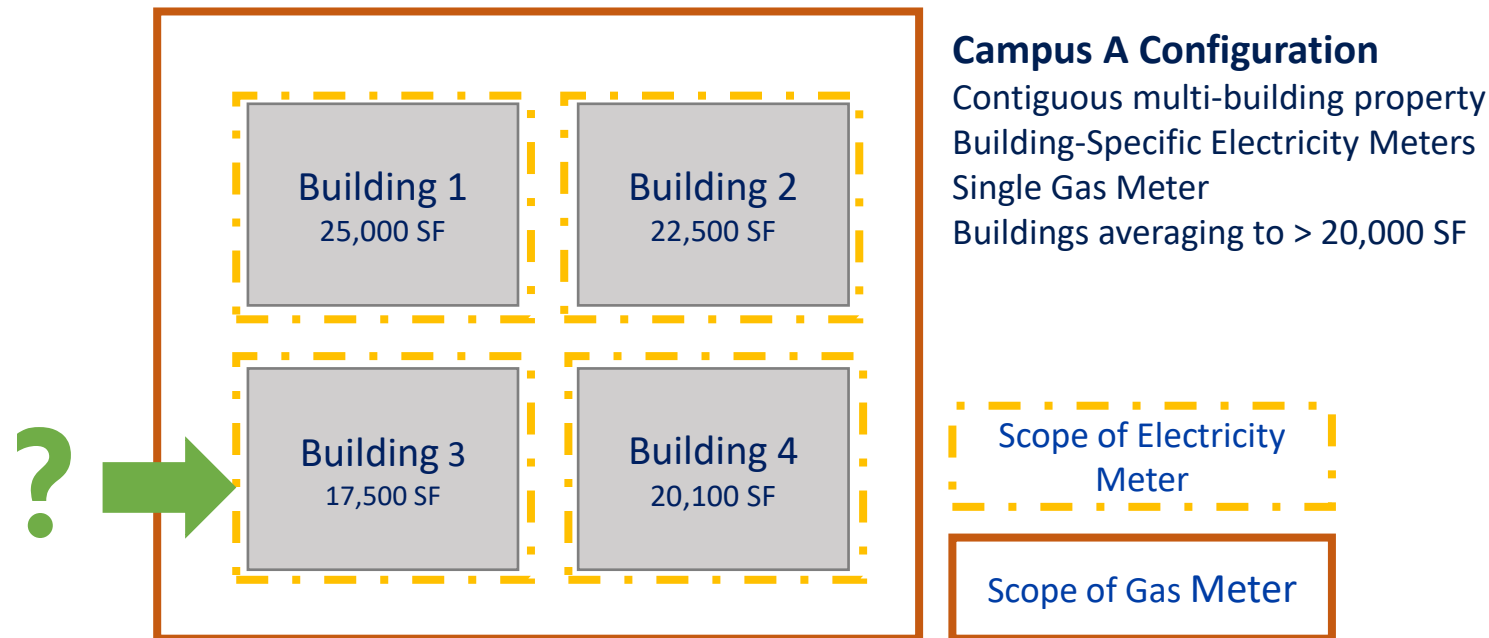
How often should building owners be able to add/remove buildings from their portfolio?

- Once per cycle is too limiting - as it happens?
- But brings up issues with reporting burden
- Accessing utility data for buildings where owner is not paying utility bills is complex
- Do portfolio changes impact your target?
- Constantly changing targets would be difficult. Need to balance this flexibility with complexity of changing targets
- Is it feasible to have the portfolio owner track their ownership through the cycle, but just update the portfolio and GHGIt once or on other set intervals?
- SPS replaces/remodels 2-3 schools/year



Group B: District Campuses and Connected Buildings

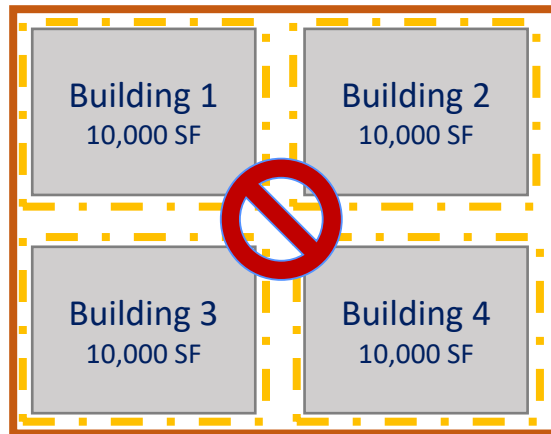
1. What about connected buildings or district campus buildings that are less than 20,000 square feet? Example:



Group B: District Campuses and Connected Buildings

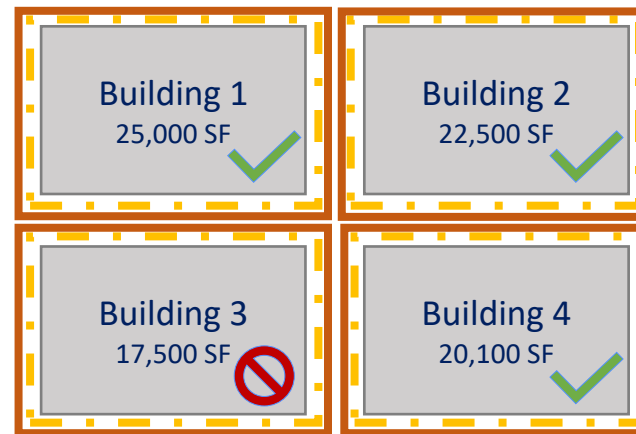
Clarifications

1. Individual buildings <20,000 SF are not subject to BEPS even if they are part of a campus where the combined GFA of the campus is >20,000 SF (*Campus B*)
2. Separately metered buildings <20,000 square feet do not need to be included in BEPS reporting (*Campus C*)



Campus B Configuration

- Contiguous multi-building property
- Building-Specific Electricity Meters
- Gas Meters
- Total SF on property > 20,000 SF



Campus C Configuration

- Contiguous multi-building property
- Building-Specific Electricity Meters
- Building-Specific Gas Meters

Group B: District Campuses and Connected Buildings

1. What about connected buildings or district campus buildings that are less than 20,000 square feet?

Options

- Submeter buildings <20,000 SF
- Building owner provides engineering estimate (*if so, what would that be?*)
- Demonstrate all buildings >20,000 SF are zero emissions (*how?*)

Are there other options?

Group to brainstorm



Option 1: Sub-meter buildings below 20,000 sq ft

Pros

- Most accurate
- If done well, “durable” solution
- Most straightforward (can then decide to include or exclude), requires fewest “rules” or review

Cons

- Could be very expensive
- Submetering costs and data management quality control
- Small square footage may not warrant cost (perhaps more advantageous depending on building activity type)
- These non covered buildings may contain the low hanging fruit
- If required it can distract from strategy for decarbonization (+1)



Option 2: Building owner provides engineering estimate (if so, what would that be?)

Pros

- Can be achieved cost effectively
- Works well for relatively low energy buildings using methane heat (semi-conditioned shops)

Cons

- Requires administrative review which can be uncertain and costly (prone to differing interpretations from staff) +2
- Actual usage changes not captured in estimate, when would a review for usage change be triggered?
- Not in alignment with CBPS
- Not very accurate
- Too many different methods to drive consistency in application

What would be the best option for providing engineering estimates?

- Stipulated value (e.g. average or median of Seattle benchmarking so it neither helps nor hurts?) (+1)
- Energy model (potentially too effort intensive)
- If newer than some date, use DOE prototype energy model for that building type
- Basic procedural guidance, rely upon ethical bounds (e.g. PE, CEM) of qualified person



Option 3: Long-term: Demonstrate all buildings >20,000 SF are zero emissions (how?)

Pros

- Aligns with greater County/City Strategic Climate Action Plans
- Eliminates need for submetering or calculating an engineering estimate
- More building stock decarbonized
- Achieves desired results and intent of BEPS

Cons

- May not be economically/technologically feasible today (+1)

How could this be achieved?

- Demonstrate that building has been electrified



Group B: Any other options OSE should consider?

Summary of group brainstorm:

- Allow inclusion / exclusion of smaller buildings at owner's discretion (guided by rules) (+1)
- If not submetered, must include (+1)
- Could consider different rules for first and second/later intervals. More flexibility to start; stricter rules later.



Rejoin main session



Facilitators shareout

Group A: Building Portfolios

- Ownership verification
- Adding/removing buildings from portfolio

Group B: Campuses and Connected Buildings

- Managing buildings that are <20,000 square feet
- Adding/removing buildings from portfolio



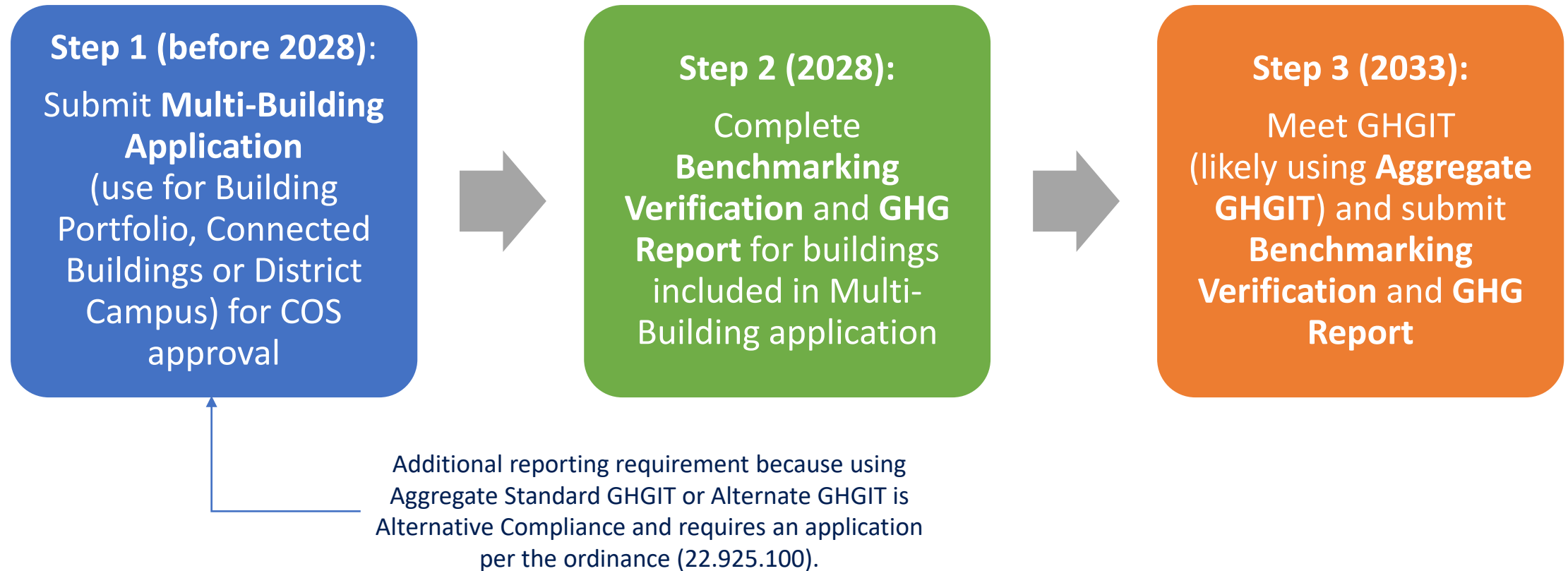


BREAK

Application Process for Compliance with Multiple Buildings



Complying with multiple buildings is a three-step process



Basic requirements for complying with multiple buildings

- Building portfolios, district campus, or connected buildings are **required to comply mid-cycle** (e.g., 2028, 2033, 2038, 2042 and so on).
- A building **may not be in more than one multi-building application and GHG report.**
- Multi-building configurations are assumed to be the same for all compliance intervals.
 - Multi-building applications **must be resubmitted for COS review if there are any changes.**

Clarifications

- Benchmarking will still be required for each building.
 - Building Portfolios will still use individual ENERGY STAR reports.
 - Connected buildings and district campus will use ENERGY STAR “campus” set-up in most cases (parent building with child buildings).

Protocol for connected buildings or district campuses with multiple owners

- Ordinance states that district campuses and connected buildings can use the aggregate standard GHGIT even if there are multiple building owners.
 - All buildings (and meters), regardless of ownership, must be in the district campus or connected buildings report.
- *Rule proposal:* A primary contact for the report must be designated. That person shall be the liaison among owners in a district campus or connected buildings report.

Discussion: Buildings with exemptions, extensions or decarbonization plans in multi-building reports

Specified in ordinance

- (SMC 22.925.100) When a building portfolio, district campus, or connected buildings includes a landmark building(s) or building(s) within a historic district approved for a decarbonization compliance plan the building(s) **may be excluded from the portfolio for the purposes of the aggregate standard GHGIT.**

Proposed in rule

- For the aggregate GHGIT, do not include buildings approved for a:
 - Exemption - Demolition
 - Extension - new construction, financial distress and high rental vacancy
 - Extension - low-income/low-rent housing, human services, unless all on same reporting schedule
 - Alt Compliance - Multifamily prescriptive path
 - Alt Compliance - Net-zero or low-emissions decarbonization plan*
- Unless they can't be metered out
- We will discuss all electric-buildings separately

**District Campus Decarbonization is a separate path.*

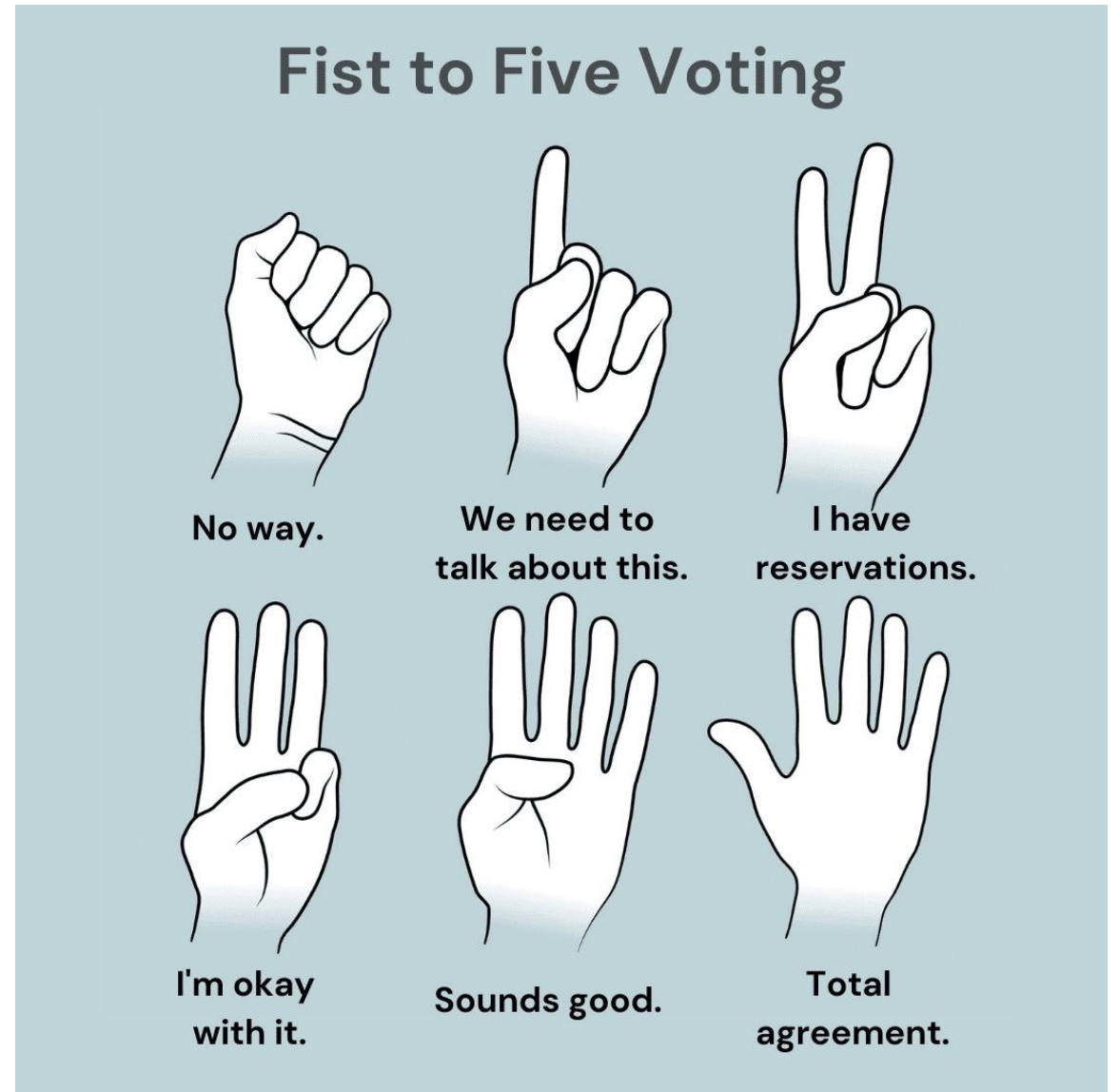


Do you support this proposal?

For the aggregate GHGIT, do not include buildings approved for a:

- Exemption - Demolition
- Extension - new construction, high rental vacancy and financial distress
- Extension - low-income/low-rent housing, human services, unless all on same reporting schedule
- Alt Compliance - Multifamily prescriptive path
- Alt Compliance - Net-zero or low-emissions decarbonization plan

Unless they can't be metered out



Discussion: All-electric buildings in multi-building reports

Proposal for rule: Building owners can choose between two options for managing all-electric buildings in multi-building reporting

Option 1: Take All-Electric Building Exemption

- Buildings that are verified as using only electric energy are exempt from GHGIT requirements & GHG reporting
 - Assumed to meet GHGIT because of low emissions factor for electricity
- Exempted all-electric buildings cannot be included in a multi-building report for aggregate GHGIT

Option 2: Include in Multi-Building Report (Don't take all-electric building exemption)

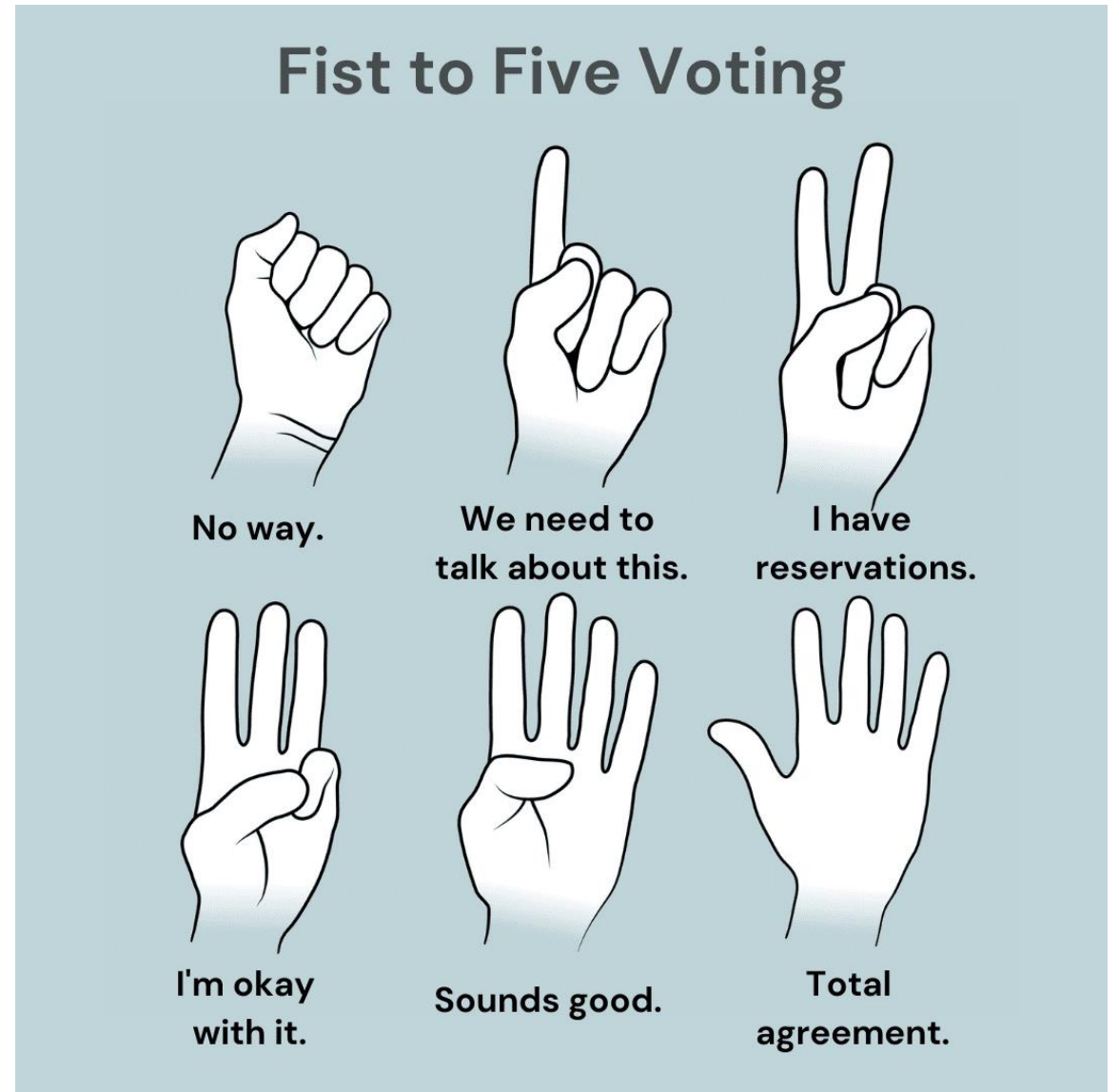
- Building owners have the option to include all-electric buildings in their multi-building report aggregate GHGIT
- If all-electric buildings are included, they must:
 - a) Meet all GHG/GHGIT reporting requirements
 - b) Use electric emissions factor set in ordinance



Do you support this proposal?

Building owners can choose between two options for managing all-electric buildings that could be part of a multi-building report:

1. Option 1: Take All-Electric Building Exemption
2. Option 2: Include in Multi-Building Report (Don't take all-electric building exemption)

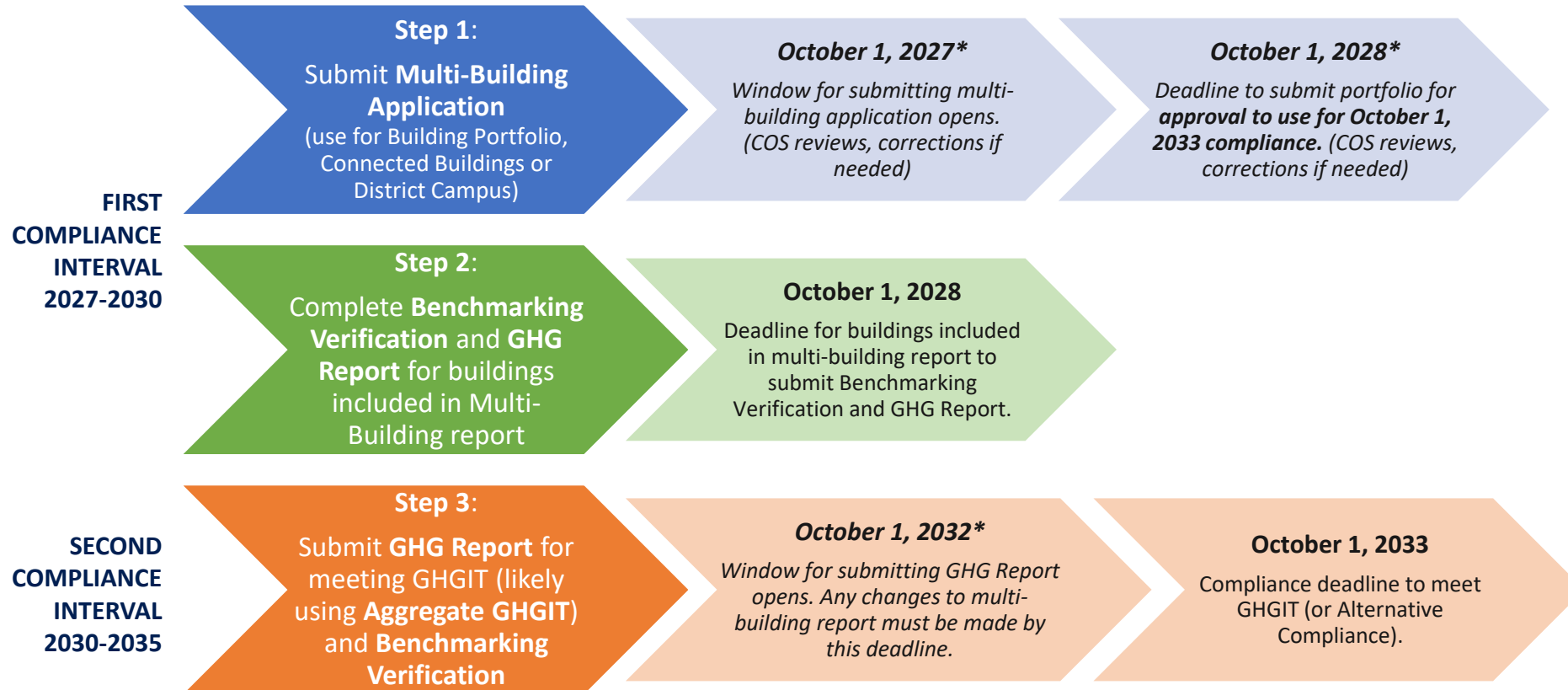


Proposed best practices for creating multi-building configurations

- Use straightforward configurations whenever possible to simplify reporting and management (avoid nesting). Examples:
 - If the ownership has both individual buildings and a district campus (i.e., City of Seattle) create two reports:
 1. A Building Portfolio report for the individual buildings that uses an aggregate GHGIT for that combined GFA (individual City office buildings)
 2. A District Campus report (Seattle Center - so District Campus Decarbonization compliance plan could be used)
 - If the ownership has multiple campuses, create a connected buildings or district campus report for each location (don't lump them into a giant report):
 1. North campus
 2. South campus
 3. West campus



Proposed application & reporting timeline for multi-building compliance



Clarifications

- Dates in italics are being proposed in rule
- Asterisks are tentative dates pending development of reporting tool

To be determined

- How often can building owners make changes to their portfolios?
- How far in advance of the compliance deadline does the City need to approve portfolios?



Discuss proposed timelines



Actions

- End of meeting [check-in](#)
 - Additional focused session questions
 - Names required this month
 - What we heard: Off to a good start, Sepideh's audio
- Please accept/decline remaining meeting invitations to indicate your availability
 - Will use this info to start planning in-person meeting dates
- We will circulate a 'what we heard' summary. Please let us know if anything wasn't captured correctly



Conclusion

- Topics for next session on September 11th:
 - Alternative Compliance
 - Alternate GHGIT
 - Multifamily Prescriptive Path
- Questions or comments? Email cleanbuildings@seattle.gov

