

Energize Denver Task Force – Meeting #4

April 22, 2021 – via Zoom

Prepared by the Consensus Building Institute (CBI)

Meeting in Brief

The Task Force provided feedback on three high-level policy options for Energy Efficiency and Renewable Energy aspects of the Building Performance Policy. Task Force members also reviewed and provided input on the process for applying the Task Force’s Racial Equity Lens to upcoming Task Force decision making and public engagement.

Click [here](#) for the full meeting presentation and materials, Task Force Charter and membership, a video recording of the meeting, future meeting announcements, and other Task Force materials.

Background Context

Why Racial Equity. The City reminded the Task Force of where we are in the process and underscored again why racial equity is of paramount importance in advancing its Net Zero Energy Building Performance Policy, particularly in terms of reckoning with the City’s history of perpetuating racial injustice. Katrina Managan, Buildings Lead, shared maps that illustrate the correspondence between historic redlining, low-income levels, and asthma rates, heat vulnerability, and energy burdens among people of color across the City. Evidence shows that policies attuned to racial equity benefit disadvantaged groups and communities more broadly.

See **Equity** section below for the City’s proposed approach and next steps to address equity in the process, based on input from the Task Force, Equity workgroup, and City Office of Equity and Social Innovation.

Workgroups. The Workforce workgroup recently convened roundtables to understand current sources and gaps in the buildings labor market, which will factor into the workgroup’s job training recommendations. The Equity workgroup helped the City develop draft indicators and metrics to evaluate the benefits of potential policies to people of color, as well as avoidance of negative impacts. Task Force members will see the final indicators with corresponding data at the May meeting. The Climate Solutions worked with the City to refine the draft policy options under review today. Workgroup information is available on the Task Force [website](#).

Energy Efficiency & Renewable Energy – 3 Policy Options for Review

The City reviewed the three policy options that were outlined in the meeting materials and reviewed at the pre-meeting Briefing on April 12. The full presentation is available on the Task Force [website](#).

- 1) **Performance-based with prescriptive back-up** (Montgomery County, MD model). This policy would require different sizes and types of buildings, starting at a certain size threshold, to meet a final *energy efficiency target*, with interim targets tailored to different buildings. On-site solar would count toward the target. If a building cannot meet its target, it could submit a building performance improvement plan, and/or choose from a menu of cost-effective energy efficiency measures (e.g., LED lighting), provided it came into compliance within a year.
- 2) **Performance only** (similar to the [recently proposed Colorado state bill](#)). This policy would require particular sizes and types of buildings to meet one of the following *energy efficiency targets* by 2026, with on-site solar reducing the respective target:
 - ENERGY STAR Score of 75 or higher

- ENERGY STAR score improvement of 15 points
 - EUI (Energy Use Intensity, or energy by square foot) sector-specific target
 - EUI reduced by 15%
- 3) **Prescriptive with performance option** (similar to Seattle or Boulder). This policy would require certain types and sizes of buildings to undertake specific prescriptive options. Exemptions would exist for meeting certain targets, custom compliance plans could be available, and the options could be tiered based on the building's performance, with lower performers doing more. The prescriptive options could include, for example:
- Tune-up
 - Audit
 - Lighting upgrade
 - VFD (variable frequency drives) and motor upgrades

Small Group Discussions

The Task Force broke into groups to discuss the three proposed energy efficiency and renewable energy policy options. Below are the notes from the discussions, starting with a summary of 'key principles' that emerged from the small groups.

Final Policy 'Principles' – Energy Efficiency and Renewable Energy (EE/RE)

- Any final policy should have alternative compliance pathways, including custom compliance plans – ideally with as many options as possible, while still meeting NZE goals and being feasible to implement
- For purposes of predictability and ease of understanding/compliance/enforcement, suggest avoiding standards that change over time (e.g., ENERGY STAR)
- However targets are used, they should be adjusted for not only size but also type, occupancy, and use
- Do not require EE/RE compliance for buildings with already very high energy star scores and/or low EUIs
- Do not require EE/RE compliance for small buildings (e.g., under 25,000 square feet?)
- Any policy option will require City support and incentives to help building owners comply. This is particularly crucial for smaller (commercial and/or multi-family) buildings, and even more so for those that serve, house, and/or are owned by people (or businesses) of color.
- Any option needs a mechanism for post-implementation evaluation and adjustment, as well as roll-out, engagement and education. This is particularly important within communities of color, to ensure they are benefitting, to avoid adverse impacts, and to ensure people understand the policy and reasons behind it and can help develop creative solutions over time.
- Whatever policy is chosen, the City should promote opportunities for wealth creation for people of color through support, incentives and policy implementation, to reduce barriers to building *ownership* by women and minorities in Denver. (See further discussion below, in Equity section of the summary.)
- Regardless of which policy is chosen, the City should encourage building owners to use local labor, particularly for those receiving incentives.
- Our recommendations should focus on investments for historically redlined areas, as part of our package of incentives and supports. We can recommend that fines for noncompliance be allocated to help buildings serving BIPOC tenants, businesses and communities. If bldg owners were part of creating the problem, and should they be funding the upgrades. Earmarking \$ from building noncompliance fines and sending to bldgs/comms that need help. Yes, can use Equity Index to target incentives.

Option 1 (Performance with prescriptive back-up) – key points

- Like that it is clear, transparent, and results-based

- Feels like less of a mandate because it's flexible; doesn't lock any building into a particular path
- Need to ensure the interim or check-in dates are specific
- Having alternates to EUI is key
- Need resources from the City to help building owners comply
- Need options to review feasibility over time
- Like the flexibility
- Recognizes high performance buildings so they don't have to do as much
- Provides a pathway for lower performing buildings to improve over time
- Will be challenging to administer, especially the alternative prescriptive options. Interaction with the state law, if it passes, may be challenging.
- Will be challenging for HOAs, which will need additional support
- Gives owners options and flexibility to hit options
- Like that solar counts but need to clarify how that will work
- EUI may have negative impacts if buildings have longer operating hours or EVs
- Useful to have audits to adjust targets based on what a building can achieve, in light of inherent characteristics
- Provide financial hardship exemptions or extra financial assistance and incentives for buildings that serve and/or house people of color
- Need resources to support in particular to support smaller, less resourced buildings
- Targets should reflect building size, type and use

Option 2 (Performance-only) – key points

- Aligning with the state law would make it easier for building owners in Denver, if the state bill passes
- However, we shouldn't count on the state bill and need to do what's best for Denver (can reconcile differences if the state bill passes) – we will know the status of the bill by June, and possibly earlier
- ENERGY STAR is not a direct measurement of energy
- ENERGY STAR is challenging to comply with, as a 'moving target' that changes over time
- Need more ambitious targets, because ~40% already have a 75 score in Denver (median is 69)
- Not having prescriptive requirements avoids potential barriers to Xcel incentives
- Suggest allowing off-site (not just on-site) solar to reduce requirements
- Like flexibility (not just ENERGY STAR or EUI)
- Increases workforce opportunities with flexible compliance options
- Need to ensure targets are fair: smaller buildings are disadvantaged with ENERGY STAR, and there are concerns with EUI as well
- Like that it allows for new technology over time
- Higher performing buildings would satisfy targets, and lower performing buildings would have flexibility in terms of how to improve
- Unlike the State bill, Denver should include smaller buildings (under 50,000 sq ft) and reconsider the hardship exemptions

Option 3 (Prescriptive with performance option) – key points

- Like the hybrid model
- Compliance and enforcement may be an issue
- Simple to communicate these requirements and for building owners to understand and comply
- Note that utilities like Xcel can't offer rebates when cities and states have prescriptive requirements; but we can overcome that by creating options rather than strict requirements
- Less flexible than a performance-first option

- Will need clarity for building owners on what is required
- Concerned that doing the simple options may not achieve long-term goals
- Simple to do some of these options quickly (in 2-3 years), i.e., low-hanging fruit with a quick pay-back
- Low-hanging fruit can help develop momentum for bigger changes later
- Buildings with less access to capital may not be able to keep up with the prescriptive pathway
- Harder to manage and verify outcomes if policy is mainly prescriptive and not performance-based
- Consider suggesting but not requiring this for smaller buildings under 50,000 square feet

Additional comments

- As we roll-out and engage the public, we'll need to develop materials that are visual, easy to communicate, and can help people understand the policies, reasons for them, and how to get help through incentives and other support for building owners.
- Let's remember that realtors in particular have a major impact on building owner education and most don't understand the issues. They will be communicating with future building owners and end users.

Addressing Equity in Policy Development

Building off recent discussions with the Task Force, Equity workgroup, and City Office of Equity and Social Innovation, Katrina shared the City's proposed approach for incorporating equity metrics and indicators, as well as the Task Force's broader Equity Lens, into the building policy options going forward. The City will refine the Equity metrics and indicators over the next month and share this at the May meeting, to help the Task Force evaluate potential equity implications from the final Energy Efficiency/Renewable Energy policy option and accompanying supports/incentives.

Additional input from the Task Force included the following, including ideas for potential supports/incentives for BIPOC buildings and communities:

- The City should consider a program of 'building mentors or 'champions' – e.g., community of BIPOC building operators/ owners who have made these improvements or changes and can share their story
- Bulk purchase options – opportunities to help buildings get better deals or savings for buying bulk
- Find a way to benefit BIPOC businesses through policy options and incentives – e.g., through sales, retro-commissioning, new business opportunities
- It's important to note that BIPOC people are generally not the owners of the buildings we're impacting. We should be focused on wealth creation, and supporting new BIPOC businesses and building owners, for whom energy will be a major component of success.
- As we develop the recommendations, let's keep in mind that building owners will pass additional costs along to tenants via leases, rents and operating costs. So whatever policy we have, we need to think not only about building owners but also potential impacts on tenants. This should be at least partially reflected in the City's policy development tool and equity metrics and indicators.
- As we develop equity metrics and indicators, suggest we compare a buildings map, with data based on the City's benchmarking program, with a map of the historically redlined communities we want to see benefit from a buildings policy.

Wrap Up & Next Steps

The next Task Force meeting is Thursday, May 20. The pre-meeting briefing for Task Force members is Monday May 10. The Climate Action workgroup will meet before the next meeting to help the City refine the final

option for the Task Force’s consideration in May The Workforce and Equity workgroups will also continue to meet as needed.

Meeting Attendees

The meeting was attended by the following Task Force members, City staff and consultants:

City of Denver – Office of Climate Action, Sustainability and Resilience

Grace Rink, Executive Director
 Katrina Managan, Buildings Team and Task Force lead
 Amber Wood, Energy Program Administrator
 Jan Keleher, Building Electrification Lead
 Maria Thompson, Buildings Program Administrator
 Jarrett Vigil, Buildings Intern

Ryan Golten, Consensus Building Institute (facilitator)

Task Force Members

Present			
x	Arellano	Frank	LBA Realty
x	Barstnar	Kathie	NAIOP Colorado
x	Brinker	Christine	Southwest Energy Efficiency Project (SWEET)
x	Buerge	Jon	Urban Villages
x	Bustamante	Eddie	LiUNA! Local 720
	Cappelli	Jonathan	Neighborhood Development Collaborative
x	Cizik	Celeste	Group 14 Engineering
x	Clark	Jolon	Denver City Council District 7
x	Cordova	Sergio	Pipefitters Local Union No. 208
	Dyers	Monique	Ensign Energy Consulting, LLC
x	Fletcher	Angela	Denver Housing Authority
x	Gonzales	Jennie	IBEW 68
x	Gonzalez	Ariana	Natural Resources Defense Council
x	Gremmert	Jennifer	Energy Outreach Colorado
x	Knaizer	Sam	BPX Energy, BP America
x	Kruger	Mike	Colorado Solar and Storage Association (COSSA)
x	Martinez	Aaron	Urban Land Conservancy
x	Mayhew	Amie	Colorado Hotel & Lodging Association
x	Morgan	Steve	Rocky Mountain Association of Energy Engineers
x	Muccio	Peter	Apartment Association of Metro Denver
x	Pace	Lori	Denver Metro Association of Realtors
	Prestidge	Scott	Colorado Oil and Gas Association
x	Smith	Tyler	Xcel Energy
x	Shephard	Stephen	Denver Metro BOMA
x	Wilford	Jenny	Colorado Sierra Club