



# Energize Denver Update Briefing

October 11, 2024

# Energize Denver Goals

Reduce energy use and operating costs.

Make Denver more competitive and vibrant.

Cut pollution.




# Energize Denver matters for our competitiveness

Many other Cities also have Building Performance Standards.

Together we can keep Denver green and competitive.



# Energize Denver matters for our climate



Denver has committed to eliminating emissions by 2040.

Commercial and multi-family buildings are 49% of Denver's emissions.

Energize Denver energy efficiency improvements will reduce these emissions 80% by 2040.

# Denver is committed to working with the community to improve Energize Denver

Improvements include:

- Expanded energy performance strategy coaching and support
- \$20+ million in new rebates for energy audits and efficiency improvements
- Updates to the rules and regulations to add more flexibility

We look forward to improving how we support building owners with compliance so all can join the **26% of Denver buildings that have already met their 2030 Energize Denver targets.**

# Additional Support

# More Coaching & Strategy Support

## Current Support

Help Desk support to answer compliance questions for all; higher level support for Equity Priority Buildings

## What We Heard

Many building owners need more support to complete the paradigm shift to active energy management

## Changes We're Making

Expanded energy performance strategy coaching, funding for energy audits, and rebates for energy efficiency work for all buildings.

# Expansion of Services (available now)

## *Building Performance Requirements Consultation*

Building owners can call into the Help Desk or schedule a phone appointment for a 1-on-1 building performance requirements consultation. During the consultation, the Help Desk will review the building's benchmarking data, assess the building's EUI targets, and offer guidance on potential compliance plans and next steps.

## *Free Access to Basic Energy Management Portal*

Building owners will now have access to an energy management dashboard and portal, Touchstone IQ. The online service will allow building owners to better understand their building's energy usage at an individual or portfolio level and give access to a virtual ASHRAE Level 1 energy assessment, project planning, and resource library.



# Additional Rebates coming in 2025

In 2025, Denver's building owners can expect at least \$20 million in additional support in the form of rebates.

All of these rebates will be additional to the \$28 million in electrification rebates that are available today.

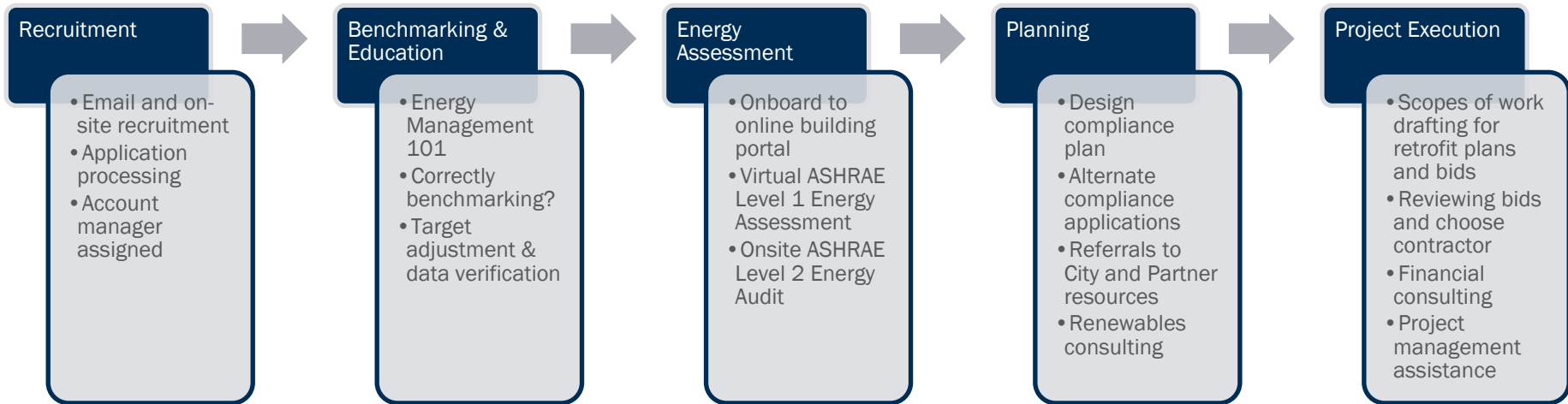
Questions on rebate design will be asked during feedback sessions.

## Designing Rebates for:

- ASHRAE Level 2 Energy Audits
- Energy management training for facility staff
- Energy efficiency improvements (not major equipment) such as lighting upgrades and controls, building automation system upgrades, retro-commissioning, ventilation and window sealing, etc.

# Equity Priority Building Compliance Assistance Expansion

\*\* All Services are now available to all Equity Priority Buildings at no cost!



# Updates to Rules & Regulations

# No building has to reduce energy more than 42%

## Current Policy

Some buildings must reduce energy usage by up to 70% to reach targets

## What We Heard

It's cheaper to tear down the building and start over (which the city doesn't want to happen).

The State program has a maximum reduction cap.

## Changes We're Making

Maximum energy usage reduction per building is capped at 42%.

Original targets set to achieve 33% overall reduction (ordinance requires 30%).

Using the 3% buffer, we can create a maximum cap at 42%.

## Benefit to Denver

1/3 of buildings 25,000 sq ft and larger will benefit from this cap & Denver still meets its climate goals

# Adding an Adaptive Reuse Embodied Carbon Credit

## Current Policy

No target adjustment available for Adaptive Reuse projects when making significant switches between building types

## What We Heard

For adaptive reuse projects, especially for one moving to a more stringent EUI building type, they will have a hard time redesigning the building to meet the new EUI target

## Changes We're Making

Adding a target adjustment based on the embodied carbon savings from the reused structure and materials to adjust the 2030 EUI target

## Benefit to Denver

Buildings are reused instead of demolished, with major savings in embodied carbon

# Expanding Renewable Location Boundaries

## Current Policy

Renewables must be within Xcel Energy territory

## What We Heard

Some owners have buildings across the state and must also comply with State BPS.

State BPS allows renewables anywhere in Colorado.

## Changes We're Making

Expanding renewables boundaries to anywhere in Colorado in addition to just Xcel Energy territory

## Benefit to Denver

Allows owners to choose off-site locations within the state to apply to multiple buildings for compliance.

# Raising the MAI “floor” Target

## Current Policy

Floor EUI target was set at a 30 EUI based on early voluntary benchmarking of MAI buildings

## Changes We’re Making

Based on new mandatory benchmarking datasets from MAI buildings, the new floor EUI target will be a 52.9

## Results

The 30 EUI target was too low (only 4% of MAI buildings met the target once they benchmarked)

At the 52.9 EUI target, 15% of MAI buildings comply now, which was the same % as general buildings when their EUI targets were set in 2022.



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# Updates that need Feedback for Design



# Owners choose HVAC replacement timing

## Current Policy

For timeline adjustments, HVAC systems must be replaced at ASHRAE-average end of system life

## What We Heard

Most HVAC systems run longer than ASHRAE estimates

## Changes We're Proposing

Electrification of HVAC can wait until current systems stop working.

Building owner focus on doing energy efficiency projects with <15-yr simple ROI through end of 2026.

Condition assessments of existing equipment every 5 yrs could extend the timeline adjustment.

## Benefit to Denver

Maximize lifespan of current equipment

# More time for vacancy or financial distress

## Current Policy

Buildings must be in foreclosure or receivership to qualify for timeline adjustments under the current definition of “financial distress”

## What We Heard

High vacancy rates and financial distress for some office buildings make investments in energy efficiency difficult

## Changes We’re Proposing

Compliance timeline is extended for buildings with high vacancy rates (defined through stakeholder feedback) and those experiencing financial solvency issues until they recover

## Benefit to Denver

Vacant downtown offices will not face further financial hardship due to Energize Denver investments

# Adjustments for Lease Expirations & Redevelopment

## Current Policy

Timeline adjustment allows for “other cases on a case-by-case basis.” Leasing issues not specifically called out.

## What We Heard

A tenant is responsible for all energy efficiency improvements and is already planning to move out at lease termination or the building is being redeveloped, near the time when a target is due.

## Changes We're Proposing

Adding simplified alternate compliance options that do not require an energy audit and retrofit plan, to account for lease terminations and future redevelopment plans

## Benefit to Denver

Ensure existing lease structures are not a barrier for compliance

# Updates to Technical Guidance

# Additions to Technical Guidance #1

## Section 2 – Benchmarking & Data Verification

- Added more guidance on limitations with Xcel Energy data and aggregated meters
- Added guidance on benchmarking emergency generators
- Added guidance on benchmarking EV charging stations
- Updated third-party data verification guidance released on the website August 2023

# Additions to Technical Guidance # 2

## Section 3 – Target Adjustments

- Added more guidance on special considerations:
  - Renovation or new tenant that changes the building type
  - Historical energy data for aggregated meters and a building’s baseline
  - Xcel Energy’s District Cooling Loop target adjustment
- Added “order of operations” for calculating target adjustments – Appendix B
- Added EV charging station target adjustment if energy use is NOT excluded from benchmarking– Appendix B

# Additions to Technical Guidance #3

## Section 3 – Minimum Documentation Requirements

- Added Audit Template Tool spreadsheet upload template
- More guidance on minimum requirements for retrofit plans and how to fill out retrofit plan template
- Removed requirement for electrification feasibility report as part of timeline adjustment application
- Added more options for O&M program document submission

# Additions to Technical Guidance #4

## Section 3 – Timeline Adjustment

- Added additional reasons accepted for timeline adjustments
- For each reason, added more suggestions for documentation and what the retrofit plan must include
- Added additional guidance on the MAI alternate compliance option, especially for multi-tenant buildings where only some of the tenants are MAI



# Adjusting timeline adjustment penalty rate schedules

## Current Policy

We currently have no actual deadline for timeline adjustment applications (they can be turned in at any time), but we incentivized early submittal by keeping the penalty rates lower.

## Changes We're Making

Allowing more time at the lower penalty rate to get energy audits and retrofit plans done and timeline adjustment applications submitted – Section 3.6.2.4

2025 TARGET TIMELINE ADJUSTMENT APPLICATION DEADLINES

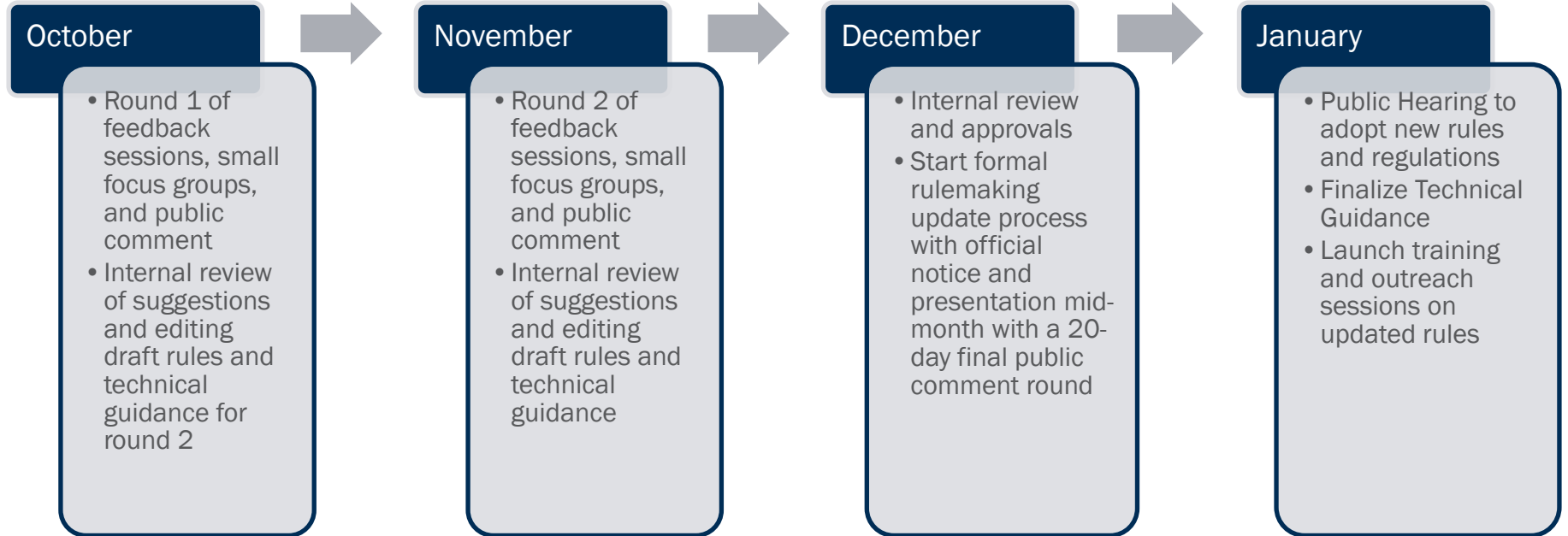
Target	Application Deadline	Alternate Compliance Penalty
2025	June 30, 2024, <b>Dec 31, 2025</b>	<b>\$0.30/kBtu not achieved</b>
2025	December 31, 2024	\$0.35/kBtu not achieved
2025	<b>Received after Jan 1, 2026</b>	<b>\$0.40/kBtu not achieved</b>
2025	Received After December 31, 2025	\$0.50/kBtu not achieved

# Added a Square Foot Equiv. to Penalty Rate Schedule

- If a building has never benchmarked or has not benchmarked since 2018 (before the official Energize Denver baseline of 2019), a square footage equivalent penalty of \$10.00/sq. ft. was added to the penalty rate schedule.
- If the building does not benchmark in a performance evaluation year, and has not benchmarked previously, a penalty could be assessed based on Office of the Assessor's information only.
- This would happen on the same schedule as the buildings that benchmark (2024/2025, 2027, 2030)

# Process and Timeline

# Timeline



# Delay of MAI application deadline

*Now due March 1, 2025*

We're delaying the due date for MAI Alternate Compliance Option applications from December 1, 2024, to March 1, 2025. This will allow MAI building owners to give feedback on the updated rules and see if any of the updates change their decision to choose a particular metric or pathway for compliance.

# Virtual Feedback Sessions

Some proposals will be further discussed in small focus groups

## General Feedback Sessions (open to anyone):

- Oct 15, 9:00-10:30am – Public session # 1
- Oct 17, 9:00-10:30am – Buildings & Homes Advisory Group
- Oct 18, 12:00-1:30pm – Public session # 2
- Oct 23, 3:00-4:30pm – Public session # 3

## Service Providers only:

- Oct 15, 12:00-1:30pm – Service provider feedback session # 1
- Oct 22, 3:00-4:30pm – Service provider feedback session # 2

## Equity Priority Buildings only:

- Oct 16, 12:00-1:30pm

## Manufacturing, Agricultural and Industrial Buildings only:

- Oct 14, 2:00-3:30pm

All sessions will have the same content, so you only choose one.  
[Sustainability Events - City and County of Denver \(denvergov.org\)](https://denvergov.org)

# Email Public Comment

You can also email Round 1 public comment or markups of the rules and technical guidance documents to [energizedenver@denvergov.org](mailto:energizedenver@denvergov.org) by October 21, 2024.

Go to [www.denvergov.org/energizedenver](http://www.denvergov.org/energizedenver) > 25,000 SF and larger > Performance Requirements > [Rules and Technical Guidance](#)

# Questions?

Energize Denver Hub:  
general support and questions

<http://denvergov.org/energizeddenver>  
[energizeddenver@denvergov.org](mailto:energizeddenver@denvergov.org)  
or 844-536-4528