Testimony in Support of H 5493 Building Benchmarking and Building Performance Standards Corinna-Barbara Francis, Providence, RI corinnabarbara@gmail.com

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Dear Chair Bennett and the Honorable Members of the House Environment and Natural Resources Committee,

I am writing on behalf of the RI chapter of Citizens Climate Lobby (RICCL) to express strong support for H5493 that advocates a program of building energy reporting, benchmarking, building performance standards, and electric-ready new construction.

RI CCL commends the Bill's approach of addressing GHG emissions from existing buildings as well as new construction.

GHG emissions from buildings in RI have traditionally been presented as accounting for around 1/3 of all emissions in the state. However, a more accurate way of calculating RI's building sector puts the total closer to 1/2, if the emissions linked to electricity use by buildings are also included. According to EC4's recent report, buildings accounts for 49% all emissions in the state, if both Scope 1 and Scope 2 type emissions are included, meaning both the emissions from the on-site burning of fossil fuels in buildings, as well as the emissions from electricity use by buildings.<sup>1</sup> This is significantly higher than was previously typically reported for the building sector when electricity was treated as a separate category.

This means that emissions from the building sector are 12% higher than for the transportation sector as whole -- 49% to 37%, according to EC4's recent report.<sup>2</sup>

This underscores that RI will be unable to achieve significant reductions in emissions and deliver on its statutory obligations to reduce GHG emissions as laid out in the Act on Climate goals without quickly tackling emissions from the building sector.

We also support H 5493's approach of quickly tackling emissions from both large public and private buildings. The Bill proposes a reasonable progression from energy reporting for large buildings for several years, to energy benchmarking and finally to the design of building performance standards. In order to move forward with the task of reducing emissions from existing buildings it is necessary to first gather data on energy use from those buildings. Based on 2-3 years energy use data, building owners are then able to identify opportunities for improved energy efficiency, which in turn provides the basis for the development of building performance standards.

<sup>&</sup>lt;sup>1</sup> Joint Resolution 7617 Substitute A Executive Climate Change Coordinating Committee Report on Building Energy Benchmarking and Performance Standard. February 2025. Appendix 1, Figure 4, P. 28.

<sup>&</sup>lt;sup>2</sup> Joint Resolution 7617 Substitute A Executive Climate Change Coordinating Committee Report on Building Energy Benchmarking and Performance Standard. February 2025. Appendix 1, Figure 4, P. 28.

The plan proposed by H5493 calls for public buildings over 25 SF to begin reporting their energy use on an annual basis, with the first completion date being on March 27, 2027 for 2026 calendar year energy use, and thereafter on a yearly basis.

The benchmarking for large private buildings would begin with buildings over 50K SF, including commercial, industrial, retail, and multi-unit residential, reporting their 2026 energy use by March 31, 2027, and buildings over 25K SF reporting their 2027 energy use by March 31, 2028.

We strongly support the approach proposed in the Bill of rolling out energy reporting and benchmarking for both large public and private buildings.

Tackling building emissions from all large buildings -- including private and public -is an effective and efficient approach. Large buildings, both public and private, account for a disproportionate fraction of the total GHG emissions from the building sector, particularly in relation to the number of structures. According to the recent EC4 report, of the roughly 2300 buildings over 25K SF in RI, industrial, office, retail and multifamily type buildings account for about 81% of the total emissions.<sup>3</sup> According to data from the National Renewable Energy Laboratory (NREL) buildings larger than 25K SF in RI represent only 35% of the structures, but account for roughly 75% of emissions. Essentially, there are relatively fewer large buildings but they account for a disproportionate fraction of the floor space and therefore of total GHG emissions.

This helps explain why building benchmarking and performance standards programs in dozens of jurisdictions around the US typically focus on large buildings, both public and private, as they are a relatively smaller number of total structures but account for a large majority of emissions from the building sector.

We recognize a building benchmarking and performance standard program imposes an administrative burden, including creating an inventory of covered buildings, preparing needed forms, guidance, and regulations, and managing compliance, etc.

However, we consider the proposed time frame to be reasonable. It would give state agencies more than a year to prepare the roll-out of energy reporting for large private buildings. OER has gained experience with building benchmarking with its program Lead by Example. The city of Providence has also been rolling out its building benchmarking program for several years and has completed its second year of energy reporting and benchmarking, including from large private buildings. RI State officials can benefit from the experience and procedures established by the Providence, program, including procedures for energy reporting worked out by RIE.

In the **second section** the bill tackles emissions from new construction by phasing in requirements for all-electric new construction. Every building that gets constructed on the basis of fossil fuel equipment locks in the use of fossil fuels for at least 20 years.

<sup>&</sup>lt;sup>3</sup> Joint Resolution 7617 Substitute A Executive Climate Change Coordinating Committee Report on Building Energy Benchmarking and Performance Standard. February 2025. Appendix 1, Figure 4, P. .

Low carbon buildings are not only good for RI's environment and to achieve our climate goals, they are good for business and for the local economy. Other testimony has highlighted the opportunities for job creation through HVAC, energy efficiency, and retrofitting business.

However, a low carbon building sector will also strengthen the local economy by attracting businesses to the state. Corporations and businesses are increasingly looking to lease space in buildings that are energy efficient, free from onsite fossil fuels and powered by clean energy. Companies are acting in their business interests as well as responding to increasing pressure from investors, consumers and employees. More and more companies are committing to carbon reduction goals, and a critical component to achieving that is reducing the emissions from their buildings and office space.

Businesses report that setting emissions targets boosts their profitability, improves investor confidence, drives innovation, reduces regulatory uncertainty, and strengthens brand reputation.<sup>4</sup>

Programs that help RI develop a low carbon building sector will benefit the business environment and the state economy in the following ways:

1. they will attract more businesses by offering leases in buildings with lower operational costs

2. they will help attract companies and businesses by helping them reach their emissions reduction targets

3. they will improve the business environment by helping companies align their operations with their corporate values and branding, strengthening consumer loyalty and employee satisfaction

There has been a rapid trend in the last couple of years of businesses and corporate actors committing to reduce their emissions and setting GHG emissions targets.

Businesses are also under increased pressure to reduce their operational costs. A growing number of companies and corporations have targets to reduce their operational emissions, which typically include a 50% reduction target by 2030.

A critical component in businesses' ability to reduce operational costs achieve is leasing office and industrial space in buildings that are energy efficient, free from onsite fossil fuels and powered by clean energy. Leasing space in low carbon, sustainable, buildings is a way for businesses to achieve both these goals.

According to a large-scale study by JLL, the global real estate services company with offices in 80 countries, there is high demand in the business world for low carbon,

<sup>&</sup>lt;sup>4</sup> "Ambitious Corporate Climate Action", Science Based Targets: Driving Ambitious Corporate Climate Action. Available at <u>https://sciencebasedtargets.org/.</u>

sustainable, buildings.<sup>5</sup> The Science Based Targets initiative (SBTi) is a corporate group that develops standards, tools and guidance which facilitate companies to set GHG emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050. Significantly over 80% of these corporate signatories have joined in the past two years -- underscoring a rapid trend in the corporate world.

However, surveys and research reveal a widening supply gap of low carbon office and industrial leasing space. According to JLL over the last four years there has been a rapid growth in demand for low carbon, sustainable office space. However, the supply is lagging far behind -- with potentially up to 70% unmet demand.<sup>6</sup>

If RI wants to create a vibrant, attractive environment for businesses in the state, investing in a modern, sustainable building sector needs to be a key component of this. Investing in sustainable buildings should be viewed as other types of infrastructure investment.

We believe this is the year to push ahead with tackling emissions from the building sector in RI. The Governor's proposed budget allocates 1.0 FTE to OER to oversee the building energy reporting and benchmarking program. We have called for additional FTE's to be considered in order to quickly expand the program along the lines outlined in the EC4 Benchmarking report [which calls for around 4 additional FTE to oversee the program in later years]. In light of the total proposed 2026 budget of \$14.2 B, and the proposed budget for OER of \$76.8 M, we believe this is feasible.

Our investment in tackling GHG emissions now will help save RI many tens of millions more in costs associated with climate change, including climate disaster relief, climate impact mitigation, let alone helping to avoid serious harms to millions of RI residents now and in the future.

We are facing an existential threat from climate change. Rhode Islanders, like others all around the country, are facing intensifying harms to their health, property, livelihoods, and in some cases, their lives from climate change. And RI has fallen behind the statutory targets of reducing 1990 emissions levels by 45% by 2030, as mandated by the Act of Climate.

We applaud the sponsors for persevering with this Bill and urge the Committee to send 5493 for a full vote in the House.

Thank-you for your attention,

Corinna-Barbara Francis 61 Colonial Rd. Providence, RI 02906

<sup>&</sup>lt;sup>5</sup> JLL "The Green Tipping point: We're approaching the point when carbon commitments change lease markets at scale", available at <u>https://www.us.jll.com/en/trends-and-insights/research/the-green-tipping-point.</u>

<sup>&</sup>lt;sup>6</sup> JLL "The Green Tipping point: We're approaching the point when carbon commitments change lease markets at scale", available at <u>https://www.us.jll.com/en/trends-and-insights/research/the-green-tipping-point.</u>