



nyrej

Question of the Month: What does NY's new climate change law mean for owners, how do they leverage incentives?

February 04, 2020 - Upstate New York



What does New York's new climate change law mean for building owners and how do they leverage incentives?

How will the new climate change law affect my properties?

New York State enacted the Climate Leadership and Community Protection Act (CLCPA) on July 18, 2019. This law codifies that NYS must reduce its greenhouse gas emissions by 85% over 1990 levels by 2050. The law affects every sector of the economy including buildings, transportation, industrial, and agricultural.

How much energy do buildings use?

Buildings—including both residential and commercial—use 40% of our energy and 70% of our

electricity. Buildings also emit over one-third of U.S. greenhouse gas emissions, which is more than any other sector of the economy.

What will I be required to do?

The CLCPA will require every building in New York to reduce energy use and GHG emissions. While it's too early to say exactly how the law will be implemented, there are several areas that will most certainly be part of the approach:

- Owners will be forced to reduce their building energy consumption
- Building Energy Use scoring will take place and be made public
- Electrification of heating systems will be incentivized
- Renewable energy systems will be leveraged to meet the goals
- Low to moderate income housing will receive extra incentives

The CLCPA requires the state to craft rules to cut down on building emissions from sources like furnaces and boilers which are powered by fossil fuels. There is already a push to electrify heating systems. Significant incentives are currently available for heat pumps, which use electricity to extract heat out of the ground or the air and “pump” that heat into buildings.

In New York City, local laws have been passed that requires buildings of 25,000 s/f or more to benchmark their energy use and post an A-F letter grade at the entrance. This is a harbinger of what's to come for upstate buildings.

Won't this lead to higher prices for energy?

Yes. Critics say the CLCPA could lead to higher costs and negatively impact businesses that have to compete against those that don't face strong climate initiatives in other states. And the electricity generation companies are warning it could lead to higher rates for businesses, homeowners and tenants. There is also a growing concern that state-wide peak electricity demand could shift from a summer event to a winter event as we swap-out natural gas, oil and propane for electricity-based heating systems.

What steps can I take now to prepare my buildings?

- Benchmark your building;
- Identify energy saving opportunities;
- Research incentive programs;
- Time the upgrades appropriately for your situation.

The first step is knowledge. Understanding how much energy your building uses compared to other similar buildings is critical. This is referred to as benchmarking. It gives owners an understanding of how well (or poorly) their building is performing from an energy-use standpoint.

The next task is to understand what systems are using the most energy and determining if those systems can be improved economically. This typically requires some expert knowledge of building equipment and systems. An energy assessment performed by a qualified individual is the best approach.

With this information in hand, incentives can then be found to offset the cost of energy upgrades.

There are many different incentive programs in the market space. Unfortunately the programs are either rich but complicated or simple but not very valuable. Determining the best approach for your situation takes research by an experienced industry professional.

How do I get incentives for energy upgrades to my building?

On January 16th, 2020 governor Cuomo announced an additional \$2 billion for the Clean Energy fund to finance energy efficiency initiatives. This means that New York state is now investing more than \$6.8 billion through 2025 to deploy clean heat and energy efficiency technologies in buildings to combat climate change.

Getting some of this money for your building can be challenging. The incentive landscape is continually changing and incentive programs are run by different entities. All NYS utility companies have incentive programs that vary by utility. The NYS Energy Research and Development Authority has its own set of incentive programs for residential commercial and industrial applications. And the affordable housing sector can additionally access federal grant programs.

If you are planning energy improvement to your building there is likely an incentive program for it. Incentives will offset the cost of building upgrades which also helps reduce tenant turnover, increase building value, and improve cash flow.

Feel free to contact the Greenologists team to answer questions you may have about energy efficiency improvements and incentive options for your building.

Fred Fellendorf is an energy consultant at Greenologists, Syracuse, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540