Green Lease Leaders

REFERENCE GUIDE FOR TENANTS

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Commercial buildings consume approximately 20 percent of all energy in the United States, and roughly 50 percent of commercial space in the country is leased by tenants. With this landscape, a 20 percent reduction in energy use, which is feasible with existing technologies, would lead to $5 billion in annual energy cost savings. However, conventional leasing practices often hinder both landlords and tenants from investing in energy efficiency in a cost-effective manner. Green leasing practices (also called “energy-aligned” or “high-performance” leases) allow tenants and landlords to collaborate and save energy, reduce costs, and achieve organizational sustainability goals.

Green Lease Leaders was created by the Institute for Market Transformation (IMT) and the U.S. Department of Energy’s (DOE) Better Buildings Alliance to recognize landlords and tenants who have implemented energy efficiency in a portfolio of leased spaces. This document provides guidance to tenants on how to achieve recognition as a Green Lease Leader.

Common Questions

What is a portfolio?
A portfolio is the group of buildings or leased spaces to which the participant’s green leasing practices apply. Tenant participants should strive to define the portfolio as all of their leased spaces in the United States. However, since this broad definition is not always feasible, participants may choose to define their Green Lease Leader portfolio as a subset of their U.S. portfolio. Examples include a regional portfolio or all buildings within an investment fund. Green Lease Leader portfolios which do not include the participant’s entire leased U.S. portfolio will be considered on a case-by-case basis.

I have many leases that will not come up for renewal for years. Can my organization still be recognized as a Green Lease Leader?
Yes. Participants are not required to renegotiate existing leases to meet their new green leasing policies before the renewal date. Revised policies and lease language should be the “going in” offer in lease negotiations in new leases and lease renewals as they occur.

What if I’m not able to get every green leasing clause my organization has committed to into every lease I sign?
That’s OK. It is understood that some green lease requests may be denied or changed during the lease negotiation process. However, starting lease negotiations with these requests ensures that both parties will at least discuss the intent of green leasing clauses. Many Green Lease Leaders have found that energy- and water-related clauses and requests are easily negotiated into the final lease.

For Gold level recognition, does my organization have to meet all prerequisites and credits in a single executed lease?
Yes. While it is not required that every executed lease to contain each prerequisite and credit pursued, at least one lease provided for documentation purposes must show that all elements were executed.

How do I apply for recognition?
The online application can be found at www.greenleaseleaders.com/apply.
Overview of Requirements

Green Lease Leaders recognizes two levels of achievement—Silver and Gold. The Silver level recognizes establishment of foundational policies and business practices that encourage reduced energy and water consumption in leased spaces, while the Gold level builds on Silver level achievements, and recognizes execution of green leases and energy-efficient tenant fit-outs. Meeting the requirements for either level implies portfolio-wide implementation, i.e. the entire portfolio of leased spaces must be covered under the documentation provided to satisfy each prerequisite or credit. (See above for definition of portfolio.) The prerequisites and credits pursued to qualify for recognition do not need to appear in 100 percent of the final executed leases, but the intention is that they will be in most cases.

To achieve Silver level recognition, tenants must establish a standard lease and corporate guidelines that meet the following prerequisites:

1. Provide sustainability contact to landlords
2. Require minimum energy efficiency standards for fit-outs

Credits

Organizations must also put in place policies or corporate guidelines committing to at least five of the following leasing best practices:

1. Track tenant space energy use
2. Track tenant space water use
3. Request whole-building ENERGY STAR score from landlord annually
4. Ensure transaction management team receives energy training
5. Implement tenant energy management best practices
6. Purchase on-site renewables if offered by landlord and competitively priced
7. Accept cost recovery for efficiency upgrades benefitting tenant
8. Include requests for energy information in Site Selection Questionnaire
9. Demonstrate innovation in leasing

To achieve Gold level recognition, tenants must show implementation of both prerequisites and at least five credits listed above by providing an executed lease and other verifying documentation. A case study is also required for Gold level recognition.

Each prerequisite and credit is described in more detail in this reference guide in the following manner:

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3. Corporate guidelines are statements of standard practice that applies to your entire GLL portfolio. They can be in multiple documents, and can be incorporated into existing documents.
Intent

Requirements

Silver Level
Gold Level

Documentation

Silver Level
Gold Level

Resources

The motivation behind each prerequisite or credit is described in the “Intent.” The “Requirement” describes how to satisfy each credit or prerequisite, while the “Documentation” section establishes the documentation needed to confirm achievement of the prerequisite or credit at the Silver or Gold level. Confidential information may be redacted from any documentation submitted. The “Resources” section provides practical information to assist participants in achieving the credit such as templates, example lease clauses, and calculators.
Provide sustainability contact

Intent
Ensure that landlords will be able to easily communicate with the correct person within the tenant organization regarding energy efficiency, retrofits, billing issues, etc.

Requirements
Silver Level:
- Include a clause in the standard lease or establish corporate guidelines noting the landlord sustainability/energy contact(s).

Gold Level:
- Meet the Silver level requirement AND
- Execute at least one lease stipulating sustainability contact(s) to the landlord.

Documentation
Silver Level:
- Standard lease or corporate guidelines requiring a sustainable/energy contact be identified

Gold Level:
- Silver level documentation AND
- At least one executed lease including a sustainability contact AND
- Estimated percentage of total square footage meeting this prerequisite

Resources
1. Retail Green Leasing (see “5. Share Contact information,” page 2)

Example lease clause:
Landlord and tenant shall provide a point of contact for issues related to sustainability and energy. Issues include, but not limited to retrofit projects, billing issues, energy efficiency upgrades, and data access.

Tenant sustainability contact:
Email:
Phone:

Landlord sustainability contact:
Email:
Phone:
Require minimum energy efficiency fit-out

**Intent**

Ensure that key systems installed or modified as part of fit-out (e.g. lighting, supplemental cooling, etc.) enable lower energy costs and greater visibility to energy use for the tenant during the lease term.

**Requirements**

**Silver level:**

- Require leased space fit-outs to meet the Environmental Protection Agency’s (EPA) ENERGY STAR Tenant Space criteria listed below, or other criterias equally or more stringent:
  
  1. Estimate tenant space energy use with EPA’s Target Finder Calculator or equivalent
  2. Meter tenant energy use
  3. Light efficiently
  4. Install efficient equipment
  5. Share meter data with landlord on annual basis

**Gold level:**

- Meet the Silver level requirements AND
- Execute at least one lease requiring the fit-out to meet the ENERGY STAR Tenant Space requirements or equivalent.

**Documentation**

**Silver level:**

- Standard lease or corporate guidelines requiring leased space fit-outs to meet EPA’s ENERGY STAR Tenant Space criteria or equivalent

**Gold level:**

- Silver level documentation AND
- At least one executed lease and/or work letter highlighting the requirements of this prerequisite
  
  OR

- Proof of ENERGY STAR Tenant Space recognition for at least one leased space
- Estimated percentage of building square footage meeting this prerequisite
Resources

1. ENERGY STAR Tenant Space: Eligibility and Criteria
2. Commercial Energy Policy Toolkit—Submetering
3. Retail Green Lease Primer (item 4 Leased Premises, page 1)
4. Making Efficiency Works for You (see “Green Tenant Build out,” page 8)
5. Retail Green Leasing (see “Leased Premises Standards: Efficient Buildouts,” page 3)

Example lease clause:

Landlord’s approval of Tenant’s proposed Space Plan, Working Drawings, or Change Order shall not be unreasonably withheld, conditioned or Delayed; provided, however, that Landlord shall not be deemed to have unreasonably withheld its approval of any Space Plan, Working Drawings or Change Order that Does not reflect the following: ENERGY STAR Tenant Space: Proposed Eligibility and Criteria.
Track tenant space energy use

Intent

Tracking energy use across the portfolio is the first step towards reducing resource use. Doing so allows tenants to manage consumption over time and to evaluate the effectiveness of energy improvements.

Requirements

Silver level:

- Establish corporate guidelines that energy use in leased spaces to be recorded at least monthly.

Gold level:

- Meet Silver level requirement AND
- Record energy use monthly for each leased space in the portfolio.

Documentation

Silver level:

- Standard lease or corporate guidelines that require energy use in leased spaces to be recorded at least monthly

Gold level:

- Silver level documentation AND
- Documentation showing energy use is actively tracked across the portfolio.

Acceptable documentation includes:

- Spreadsheet of properties and monthly energy usage
- Screenshot of ENERGY STAR Portfolio Manager account showing energy tracking
- Estimated percentage of total square footage tracked across portfolio

Resources

1. Retail Green Leasing (see #2 Benchmark Energy Use on pg. 2)
2. Energy Efficiency Lease Guidance (see section 1.1)
3. Benchmarking and Disclosure: State and Local Policy Design Guide and Sample Policy Language (see pgs. 11-15 for a sample benchmarking lease clause)
Track tenant space water use

Intent
Tracking water use across the portfolio enables both tenants and landlords to understand consumption patterns and identify water-saving opportunities. Furthermore, tracking water over time allows tenants to see the effects of water-saving measures on both water and energy consumption.

Requirements
Silver level:
• Establish corporate guideline requiring water use in leased spaces to be recorded at least quarterly.

Gold level:
• Meet the requirement of Silver level AND
• Record water use quarterly for each leased space in the portfolio.

Documentation
Silver level:
• Corporate guidelines requiring water use in leased spaces to be recorded at least quarterly

Gold level:
• Silver level documentation AND
• Documentation showing water use is actively tracked across the portfolio.
  Acceptable documentation includes:
  o Spreadsheet of properties and at least quarterly water usage
  o Screenshot of ENERGY STAR Portfolio Manager account showing water tracking
• Estimated percentage of total square footage tracked across portfolio

Resources
Request whole-building ENERGY STAR score from landlord annually

Intent

An ENERGY STAR score is a 1-100 score describing the energy performance of a whole building as compared to other similar buildings. The score is an indicator of overall building energy performance and operation. Visibility to the score allows tenants to better understand their energy performance in the context of the whole building and to make more informed decisions when selecting a new space to lease.

Requirements

Silver level:

- Establish a corporate guideline requiring that whole-building ENERGY STAR scores be requested annually from landlords holding the leases for your organization’s portfolio.

Gold level:

- Meet Silver level requirement AND
- Execute at least one lease requiring landlords to provide whole-building ENERGY STAR score to the tenant at least annually.

Documentation

Silver level:

- Corporate guidelines requiring that whole-building ENERGY STAR scores be requested annually from landlords holding the leases for your organization’s portfolio

Gold level:

- Silver level documentation AND
- Executed lease meeting the requirements of this credit
- Documentation showing ENERGY STAR score requests to landlords (e.g. copy of standard email request sent to landlords and tracking document showing when requests were sent)
- Estimated percentage of total square footage meeting this credit across portfolio
Resources

1. Retail Green Lease Primer (see item #9 “Utility Data Sharing” on pg. 2)
2. Retail Green Leasing (see “Utility Data Sharing” on pg. 4)
3. GSA Green Lease Policies and Procedures
4. Template Energy Disclosure Tracker

Example lease clause:

Landlord shall provide the ENERGY STAR score for the building upon request of the tenant. If an ENERGY STAR score is not available the landlord shall provide reports for the amount of electricity, natural gas and fuel oil (where applicable) consumed at the building broken down by utility type, energy unit usage (e.g., kWh, therms or ccf, gallons), cost per month for each energy source for the duration of the Lease and the Energy Use Intensity (EUI measured in kBtu/SF/YR). Unless disclosure is prohibited by state or local law or if data is not available or is confidential, estimated energy use per tenant may be provided. Such reports shall be provided within ninety (90) days after the end of each [calendar quarter][June 30 and December 31][calendar year]. Where applicable, Landlord shall provide read-only access to tenant of the building’s ENERGY STAR Portfolio Manager account and vice versa. To the extent Tenant obtains electricity independently of the building, Tenant shall give Landlord access to Tenant’s data on energy use for inclusion in Landlord’s annual reports, ENERGY STAR annual rating and similar purposes.
Ensure transaction management team receives energy training

**Intent**
Maintaining a transaction management team with sustainability training facilitates negotiation and execution of energy-aligned lease contracts.

**Requirements**

**Silver level:**
- Establish corporate guidelines requiring each member of the transaction management team to complete at least one hour of training covering the fundamentals of energy efficiency and energy benchmarking in commercial buildings. Acceptable training includes following:
  - Current LEED Green Associate or LEED Accredited Professional status
  - Completion of “The Business Case for High Performance Buildings” training, developed with support from the U.S. Department of Energy
  - Other training such as internally developed energy or sustainability trainings considered on a case-by-case basis.

**Gold level:**
- Meet Silver level requirement AND
- Record name, date, length and source of training completed by each member of transaction management team

**Documentation**

**Silver level:**
- Corporate guidelines requiring transaction management team receive energy training

**Gold level:**
- Silver level documentation AND
- Verification of training completed by transaction management team (e.g. transaction management team names, title of training, date completed, and expiration date if applicable)
Resources

1. **Energy Training: The Business Case for High-Performance Buildings**

2. **LEED Credentials**

3. **Template Broker Energy Training Tracker**

**Example corporate guideline:**

Transaction management team shall complete at least one hour sustainability training related to covering the fundamentals of energy efficiency in commercial buildings.
Implement tenant energy-management best practices

Intent

By implementing energy management best practices for the spaces, equipment and systems they control tenants can reduce the energy waste.

Requirements

Silver level:

- Establish corporate guidelines requiring at least five of the following energy management best practices to be implemented in the leased portfolio:
  - *Restricted HVAC hours*: Restrict HVAC hours to the tenants’ business hours, with a reasonable amount of extra time to allow the space to reach temperature set point. HVAC operation after hours available upon request.
  - *Space heaters*: Prohibit use of space heaters
  - *Daytime cleaning*: Schedule janitorial work to occur during regular business hours to reduce time that building HVAC and lighting equipment are utilized.
  - *Air filters*: To the extent managed by tenant, clean and replace air filters as often as recommended by manufacturers. Timely filter replacement can reduce HVAC equipment loads and energy use. Maintaining high indoor air quality can increase occupant comfort and reduce building-related illnesses.
  - *Thermostat set-back/set-up*: Use programmable thermostats or other means to lower heating set point and increase cooling set point during unoccupied periods.
  - *Lighting Controls*: Install lighting controls such as occupancy sensors, daylight harvesting, or timers in all non-regularly occupied spaces, including break rooms, storage rooms, and bathrooms.
  - *Plug load management*: Train occupants to turn off or unplug lights, electronics, and appliances when not in use AND/ OR provide **advanced powerstrips** at employee workstations.
  - *Ongoing maintenance*: Obtain regular (quarterly or annual) inspections of HVAC equipment, exhaust fans, etc. if controlled by tenant.
  - *Energy audit*: Conduct tenant space energy audit at least annually.
  - *Retrocommissioning*: Conduct retro-commissioning periodically, in order to optimize energy consuming systems/equipment.
- **Walk-in refrigerators**: Inspect walk-in refrigerators for leaks. Install strip curtains and automatic door closures.

- **Vending machines**: Prohibit vending machines or place on timers.

- **Refrigerant leaks**: To the extent managed by tenant, monitor supplemental air-conditioning units and refrigerators for leaks.

- **Other**: Please specify additional energy management practices if not listed above. Eligibility is subject to review.

**Gold level:**

- Meet the Silver level requirement AND

- Verify that energy management best practices are implemented in leased spaces.

**Documentation**

**Silver level:**

- Corporate guidelines requiring at least five of the energy management best practices listed above to be implemented in leased spaces

**Gold level:**

- Silver level documentation AND

- Verification that energy management best practices are implemented in leased spaces AND

- Estimated percentage of total square feet meeting this credit across portfolio

**Resources**

1. **Making Efficiency Work For You** (see “Energy Management” on pgs. 10-11)

2. **GSA Green Lease Policies and Procedures**

3. **LEED ID+C: Commercial Interiors- Indoor air quality assessment**

4. **Energy Efficiency Lease Guidance** (see” Section 1.3 - 15 & Appendix A)

5. **Existing Building Commissioning Toolkit**

Purchase on-site renewables if offered by landlord and competitively priced

Intent
Some building owners are installing on-site renewables to guard against future energy price fluctuations and draw tenants who value building sustainability features. By agreeing to purchase on-site renewables if provided by landlord and priced competitively, tenants can lock in a fixed and known energy cost for the future, contribute to corporate renewable energy purchasing goals, and benefit from a more resilient distributed power source.

Requirements
Silver level:
- Establish a corporate guideline or include a clause in the standard lease requiring the purchase of on-site renewables if provided by the landlord and priced competitively.

Gold level:
- Meet Silver level requirement AND
- Execute at least one lease containing the commitment to purchase on-site renewables if provided by the landlord and priced competitively.

Documentation
Silver level:
- Standard lease meeting the requirements of this credit

Gold level:
- Silver level documentation AND
- At least one executed lease containing the requirements of this credit AND
- Estimated percentage of total square feet meeting this credit across portfolio

Resources
2. Regency Centers Landlord-Retailer Power Purchase Agreement Case Study
Accept cost recovery clause for energy efficiency upgrades benefitting tenant

**Intent**

When landlords incur capital expenses while making energy retrofits to their buildings, tenants receive the monetary benefits attributed to the decrease in energy consumption, creating a split-incentive problem. This leaves landlords with little incentive to make such energy efficiency improvements. To address this problem, tenants can commit to accept a Cost Recovery clause allowing landlords to amortize and recover capital costs for energy efficiency improvements made to the building and common areas.

**Requirement**

Silver level:

- Establish corporate guidelines or include a clause in the standard lease that accepts a cost recovery clause allowing the landlord to amortize and recover capital costs from tenants for energy efficiency improvements made to the building and common areas which benefit the tenant.

Gold level:

- Meet Silver level requirement AND
- Execute at least one lease containing the cost recovery clause.

**Documentation**

Silver level:

- Standard lease or corporate guidelines meeting the requirements of this credit

Gold level:

- Silver level documentation
- At least one executed lease containing the requirements of this credit
- Estimated percentage total square feet meeting this credit across portfolio

**Resources**

1. Retail Green Lease Primer (see item #5 “Capital Improvement Costs” on pg.1)

2. Retail Green Leasing (see “Capital Improvement Costs: Cost Recovery” on pg. 3)

3. GSA Green Lease Policies and Procedures
Example lease clause or corporate guideline:

Landlord may include the costs of certain capital improvements [intended to] [that] improve energy efficiency in operating expenses of tenant space. The amount passed through by Landlord to Tenant in any one year shall not exceed the prorated capital cost of that improvement over the expected life cycle term of that improvement [and shall not exceed in any year the amount of operating expenses actually saved by that improvement]. Interest/the cost of capital can be included.
**CREDIT 8**

**Include requests for energy information in Site Selection Questionnaire**

**Intent**

Tenants can quickly assess the energy performance/sustainability of a landlord’s building by administering a site selection questionnaire. This will help to ensure the performance of the building meets the sustainability requirements of the tenant.

**Requirements**

Silver level:

- Update Site Selection Questionnaire to request the following information from potential landlords:
  - Base building energy performance
  - Confirmation if landlord is recognized under Green Lease Leaders program or other sustainable building certification

Gold level:

- Meet Silver level requirement AND
- Administer site Selection questionnaire to potential landlords

**Documentation**

Silver level:

- Standard site selection questionnaire including requirements of this credit

Gold level:

- Silver level documentation
- At least one completed questionnaire
- Estimated percentage total square feet meeting this credit across portfolio

**Resources**

1. **Green Leasing Questionnaire**
Demonstrate innovation in Leasing

Intent
Encourage tenants to advance energy efficiency in leased spaces with creative solutions not addressed in the Green Lease Leaders criteria.

Requirements
Silver level:

- Implement an innovative corporate guideline, lease clause or other best practice that directly or indirectly improves energy or water efficiency in the leased space portfolio. Proposed innovation credits will be the considered by Green Lease Leaders program administrators on a case-by-case basis.

Gold level:

- Same as Silver level

Documentation
Silver level:

- Brief (500 words or less) narrative describing the proposed innovation credit and the extent to which it has been implemented across the portfolio
- Corporate guidelines, standard lease or other supporting documentation showing implementation of the innovative approach
- Estimated percentage total square feet meeting this credit across portfolio

Gold level:

- Same as Silver level