



Off the Charts

The U.S. EPA ENERGY STAR® Program's E-Newsletter Covering Energy Management for the Financial Markets

Summer 2006

Saving Energy by Proxy

Shareholders Request Corporations Review Energy and Climate Performance

Stroll into any Home Depot or Lowe's store and you're sure to find hundreds of ENERGY STAR® qualified products. But what if you're in the market to invest in an energy-efficient "Big Box" retailer, homebuilder, or real estate investment trust (REIT)? Soon investors will have information to help shop for those, too.

As a result of a recent shareholder campaign, The Home Depot* of Atlanta, GA, and Lowe's* of North Wilkesboro, NC, will report in coming months on their strategies for and progress on making their operations more energy efficient and better for the environment.

Simon Property Group in Indianapolis, IN, the nation's largest shopping mall company, and Liberty Property Trust* of Philadelphia, PA, a real estate manager with more than 700 office and industrial properties, have also agreed to disclose such information in response to recent shareholder requests.

Together, these four companies manage nearly 600 million square feet of building space.

FOCUS ON ENERGY MANAGEMENT

The impetus for these disclosure requests comes from a group of environmentally minded investors who see the connection between the ability of these companies to control energy costs and their own bottom lines. They know that property managers and homebuilders

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Green Buildings and Energy Efficiency: Diligence Pays

With energy prices forecast to rise for the foreseeable future and increasing interest in environmentally responsible "green" buildings, it is critical that such buildings be energy efficient. It is often assumed that a green building will be energy efficient; unfortunately this is not always the case. Because a building can gain green certification based on environmental factors other than energy efficiency, a building certified as green may actually not be any more energy efficient than a typical, non-green building.

When considering the green attributes of a potential investment property, energy efficiency should come first—it should provide the cornerstone of a property's green rating and be of paramount consideration to any investor undertaking a green real estate purchase or development. Energy efficiency is important not only because of the environmental concerns surrounding energy use, but because among all potential environmental facets of a green building it provides by far the most economic return. Cash flow and profitability resulting from building green are largely derived through energy savings.

For investors interested in the green real estate market space, a little knowledge of current

* ENERGY STAR Partner

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ENERGY STAR is a U.S. EPA partnership program that helps business protect the environment through superior energy management.

We welcome your questions and comments on how Off the Charts can better serve your informational needs. Please contact us at:

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Connecting Climate Change and Corporate Governance

New Report Scores Companies on 'Climate Governance'

In recent years, climate change has emerged as a top-tier concern for companies, investors, and governments. Companies with significant greenhouse gas (GHG) emissions or high energy use are assessing their exposure to risks arising from new regulations and developing strategies for mitigating those risks. A new report analyzes how 100 of the world's largest companies are positioned to compete in a carbon-constrained global economy.

Top-scoring companies have climate change clearly on their radar screens. They see how greenhouse gas emissions controls will influence future energy use and capital investment decisions. Many are partners in EPA's ENERGY STAR or Climate Leaders programs. While these companies typically have operations or products that produce large greenhouse gas emissions, each has adopted sound "climate governance" practices to provide information and articulate strategies that will bolster investor confidence as climate change rises to the top of the public agenda.

The report, *Corporate Governance and Climate Change: Making the Connection*, was released in March 2006 by Ceres, a national coalition of investor, environmental, and public interest groups, based in Boston, MA. The Investor Network on Climate Risk (INCR), a group of 50 institutional investors managing nearly \$3 trillion in assets, commissioned the work. The report profiles 76 U.S. companies and 24 non-U.S. companies from 10 of the most carbon-intensive industries: oil/gas, electric power, autos, chemicals, industrial equipment, mining/metals, coal, food products, forest products, and air transportation. Companies profiled in the report have major U.S. operations and rank among the largest in their respective industries, based on market capitalization or revenues.

THE SCORING SYSTEM

The scoring system used in the Corporate Governance and Climate Change report rewards the following areas:

Public disclosure: Analysis of companies for this report is highly dependent on information placed in the public domain for use by investors and other interested stakeholders. Companies with more available information on their governance responses to climate change—as presented in securities filings, sustainability reports, corporate Web sites, CEO presentations, and responses to third-party questionnaires (like the Carbon Disclosure Project)—generally score better than those with less publicly available information.

Policy advocacy: This report also credits companies that are speaking out about climate change in a policy context. Though most companies endorse voluntary actions to control greenhouse gas emissions, the scoring system particularly rewards companies that support a government regulatory framework to address climate change and that explicitly express their own governance responses.

Early action: The scoring system reserves the most credit for companies that have taken early actions to address climate change and control greenhouse gas emissions, including participation in voluntary programs such as Climate Leaders and ENERGY STAR. The Framework Convention on Climate Change (ratified by the U.S. Congress in 1992) sets 1990 as a baseline year for reducing greenhouse gas emissions to avoid "dangerous anthropogenic interference" with the Earth's climate system. The scoring system reserves the most points for companies that have achieved actual reductions below their 1990 levels.

Long-term planning: The scoring system rewards companies that take a long-term view of their enterprises and capital investment decisions. Climate change presents a "governance gap" in decision making, whereby the warming effects of greenhouse gases in the atmosphere far outlast the tenure of corporate executives and the payback periods of their investments. Accordingly, the scoring system rewards companies that project their greenhouse gas emissions well into the future and that seek to reduce their carbon emissions "footprint" over the life cycle of the products they sell.

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The report uses a 14-point “Climate Change Governance Checklist” to evaluate how major industrial corporations are addressing climate change in five broad areas: board oversight, management execution, public disclosure, greenhouse gas emissions accounting, and strategic planning. The report uses data from securities filings, company reports, company Web sites, third-party questionnaires, and direct company communications.

The report’s rankings against this checklist are based on a 100-point scoring system, developed in consultation with Ceres and the INCR. The scoring system rewards companies with a sustained commitment to controlling

THE RESULTS

The report’s overall results are encouraging. When Ceres commissioned a similar report from the Investor Responsibility Research Center in 2003, it found that most major American companies and industries were largely ignoring or discounting climate change in their governance practices and strategic planning. This is clearly no longer the case.

DuPont* (the leading scorer among U.S. firms) has reduced its greenhouse gas emissions 72 percent since 1990 and developed forward-thinking commercial products such

CLIMATE CHANGE AND CORPORATE GOVERNANCE: 100 POINT SCORING SYSTEM		
Category	Ranking Factors	Points
Board Oversight	Board committee has explicit oversight responsibility for environmental affairs. Board conducts periodic review of climate change and monitors progress in implementing strategies.	Up to 12
Management Execution	Chairman/CEO clearly articulates company’s views on climate change and GHG control measures. Executive officers are in key positions to monitor climate change and coordinate response strategies. Executive officers’ compensation is linked to attainment of environmental goals and GHG targets.	Up to 18
Public Disclosure	Securities filings identify material risks, opportunities posed by climate change. Sustainability report offers comprehensive, transparent presentation of company response measures.	Up to 14
Emissions Accounting	Company calculates and registers GHG emissions savings and offsets from projects. Company conducts annual inventory of GHG emissions from operations and publicly reports results. Company has set an emissions baseline by which to gauge future GHG emissions trends. Company has third party verification process for GHG emissions data.	Up to 24
Emissions Management and Strategic Opportunities	Company sets absolute GHG emission reduction targets for facilities and products. Company participates in GHG trading programs to gain experience and maximize credits. Company pursues business strategies to reduce GHG emissions, minimize exposure to regulatory and physical risks, and maximize opportunities from changing market forces and emerging regulatory controls.	Up to 32

greenhouse gas emissions, disclosing data and strategies, supporting regulatory actions, and taking practical, near-term steps to finding lasting solutions.

The weighting system reserves the most points for companies that are achieving absolute reductions in their GHG emissions and seizing new business opportunities that arise from emissions trading and provision of new products and services. Such companies typically have a long-term perspective that matches the investment horizons of retirement systems and endowment plans, which must look to the future well-being of their beneficiaries.

as energy-efficient building materials, components for solar, wind, and fuel cell systems, and next-generation refrigerants with low global warming potential.

The report also documents, however, that dozens of U.S. firms in various climate vulnerable sectors—including some leading electric power and oil companies—are not scoring well in relation to the checklist because they are failing to devise and communicate clear strategies to address climate change.

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2006 ENERGY STAR Partner of the Year Awards

EPA's ENERGY STAR Partner of the Year Award singles out companies with world-class energy management programs and bestows this honor at a recognition ceremony in Washington, DC every year. Organizations that win this award have achieved significant energy savings through strong energy management programs.

Sustained Excellence in Energy Management winners are:

- 3M
- Food Lion
- Giant Eagle, Inc.
- Toyota Motor Manufacturing North America, Inc.
- Transwestern Commercial Services
- USAA Realty Company

Winners for Excellence in Energy Management:

- California Portland Cement Company
- Ford Motor Company
- Frito-Lay
- Gresham-Barlow School District
- Marriott International, Inc.
- Merck & Co., Inc.
- New York Presbyterian Hospital

Connecting Climate Change and Corporate Governance

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Low climate governance scores were prevalent among entire sectors, such as coal companies, whose carbon-intensive fuel could make them especially vulnerable to greenhouse gas regulations; food and forest product companies, which are susceptible to natural resource impacts from climate change; and airlines.

CHALLENGES AHEAD

Given the sweeping global nature of climate change, climate risk has become embedded, to a greater or lesser extent, in every business and investment portfolio. The challenge ahead for all companies—including the leaders on climate governance—is formidable, given the need to cut GHG emissions substantially below current levels in order to halt rising global temperatures. In turn, the role for investors is to encourage business leaders and government policymakers to plan for the long term, knowing that efforts to stabilize atmospheric concentrations of carbon dioxide (CO₂) emissions must accommodate a growing global economy and energy use that is projected to double by 2050.

“This report is extremely valuable because it provides investors with an unprecedented window into how companies most affected by climate risk are responding at the board level, through CEO leadership, and in strategic planning,” said Connecticut State Treasurer Denise L. Nappier, whose \$22 billion investment fund is among 50 institutional investors in INCR. “While strong

climate governance practices are not yet the norm at U.S. companies, this report plainly illustrates that there are industry leaders showing the way.”

The Corporate Governance and Climate Change report concludes that investors must engage corporate boards and company managers to ensure that they have comprehensive climate governance strategies in place. Information, resources, and tools for informing corporate governance decisions and the design of climate risk management practices are available from government initiatives such as the U.S. EPA's Climate Leaders and ENERGY STAR Programs. These programs can also provide useful background and benchmarks for investors and analysts seeking to conduct their own climate risk evaluations.

CLIMATE GOVERNANCE: AVERAGE INDUSTRY SCORES

Chemical	Electric Power	Automotive	Industrial Equipment	Metals and Mining	Forest Products	Oil and Gas	Coal	Food Products	Air Transport
51.9	48.8	47.9	42.5	42.2	37.2	37.2	34.8	21.4	16.6

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play a critical role in shaping the nation's energy demand and greenhouse gas emission trends. According to the U.S. Department of Energy (DOE), energy use represents 30 percent of commercial building operating costs, and energy use by commercial buildings contributes 15 percent of U.S. greenhouse gas emissions.

With energy prices and concerns about global warming on the rise, more attention is being focused on how companies are controlling their energy consumption. However, few companies report on their energy use and energy management strategies in their annual reports, securities filings, or on their corporate Web sites.

Shareholder proponents led by the Nathan Cummings Foundation, the New England Yearly Meeting of Friends Pooled Funds (Quaker), and the Sierra Club Mutual Funds began filing shareholder resolutions with major homebuilders and commercial property managers in 2005, asking them to assess "rising regulatory, competitive, and public pressure to increase energy efficiency" and report their findings to shareholders.

CHANGE IN THE BIG BOX

Energy efficiency shareholder advocates got a boost in October 2005, when Wal-Mart* announced that it would

* ENERGY STAR Partner

invest \$500 million a year in technologies to reduce its stores' greenhouse gas emissions by 20 percent within 7 years, mainly through energy efficiency measures. Wal-Mart is the world's largest Big Box retailer, with 3,800 stores in the United States and 6,000 worldwide.

As Wal-Mart CEO Lee Scott explained at the time, "If you had told me 12 or 18 months ago that we would be doing a focus on the environment, I would have told you that would be a good public relations campaign, nothing more. But the truth is, the more we learned, the more opportunity we saw for Wal-Mart."

Wal-Mart is not alone. The Home Depot and Lowe's arrived at the same conclusion 4 months later. Having received energy efficiency shareholder proposals for their 2006 annual meetings, they agreed in February to issue detailed reports on their energy management programs in exchange for having the resolutions withdrawn. Lowe's report is due in September 2006. The Home Depot will issue its report in February 2007. (See box for a comparison of energy efficiency commitments made by Wal-Mart, The Home Depot, and Lowe's.)

THE 2006 PROXY SEASON

Altogether, ten homebuilders, commercial property managers, and Big Box retailers received shareholder

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ENERGY USE COMMITMENTS BY THREE BIG BOX RETAILERS

Wal-Mart Stores has set goals to	The Home Depot is developing goals to	Lowe's has pledged to
Design a 25% more energy-efficient store within 3 years	Disclose number of stores with ENERGY STAR® or LEED certification	Disclose electricity use per square foot of store and warehouse space
Reduce stores' greenhouse gas emissions 25% within 7 years	Estimate annual cost savings from energy efficiency measures	Set policy on energy efficiency and integrated management system
Reduce solid waste in U.S. stores by 25% within 3 years	Set targets for renewable energy use and total energy reductions	Disclose power purchased from renewable energy sources
Increase truck fleet's fuel efficiency by 25% in 3 years, and double it in 10 years	Estimate GHG emissions avoided through energy efficiency measures and set targets	Provide information on SmartWay certified partners for shipping, where possible
Set long-term goal for zero waste and 100% of energy supply from renewable sources	Set formal policies on energy efficiency and O&M programs targeting energy efficiency	Consider disclosure of GHG emissions and possible targets for renewable energy use

proposals during the 2006 proxy season asking these companies to assess and report on their progress in increasing the energy efficiency of their operations. With four withdrawal agreements and exclusion of one proposal by the Securities and Exchange Commission, five of the resolutions are coming to votes.

At companies known for their attention to energy efficiency and clean energy, proposals may have been seen as less urgent or necessary. Only 5.5 percent of the shares voted were in favor of the proposal at homebuilder D.R. Horton* in Fort Worth, TX, which has been recognized with the ENERGY STAR Partner of the Year award for “Excellence in Efficient Homes” at its Sacramento, CA, division. At Whole Foods Market, a natural foods chain based in Austin, TX, less than 9 percent of the votes were cast in favor of its energy efficiency proposal. Whole Foods has pledged to purchase all of its energy needs from wind power, making it the nation’s largest private sector purchaser of renewable energy, but has not developed an energy efficiency plan. (see <http://www.epa.gov/greenpower/partners/top25.htm>)

At Standard Pacific’s* May 10 annual meeting in Irvine, CA, however, the homebuilder saw support for its shareholder proposal soar to 39.3 percent. That vote was the highest ever for a proposal on energy efficiency or climate protection. Unlike the companies mentioned previously, Standard Pacific had relatively little information to share about its energy efficiency programs, saying that its managers respond to local market conditions.

The proposal at Bed Bath & Beyond* of Union, NJ, received a 26 percent favorable vote, while the votes have not yet been tallied at homebuilder Centex* in Dallas, TX.

REIT DISCLOSURES

Two retail real estate investment trusts negotiated withdrawal of their shareholder proposals, and one has already made good on its pledge to increase its disclosure on energy efficiency. Simon Property Group added three paragraphs to its annual Form 10-K securities filing, issued on March 31, 2006.

Under the heading “Energy Costs Conservation,” Simon reported that it began monitoring and benchmarking its

* ENERGY STAR Partner

energy consumption in 2003 and started “a process to assess energy efficiency across our enclosed mall properties.” This effort grew into a comprehensive strategy to improve energy efficiency in 2004, when the company launched its “Energy Best Practices Program,” a program that mirrors ENERGY STAR in large part.

Simon Property Group expanded its energy monitoring efforts in 2005 with a Web-based tracking tool for managers, which allows them to review energy use and track costs in real time. In 2004 and 2005, Simon cut its overall electricity use by 6.8 percent compared with 2003 levels. The savings avoided more than 84,000 metric tons of carbon dioxide (CO₂) emissions, or enough electricity to power nearly 10,800 U.S. homes for a year, according to company estimates.

These results have been recognized by the National Association of Real Estate Investment Trusts, which awarded Simon with its 2005 Leader for the Light Award. (See NAREIT Awards on page 7.)

Liberty Property Trust* also plans to expand its reporting on its energy efficiency programs in its next Form 10-K filing. In a memo to the New England Friends, which submitted the proposal, company general counsel James Bowes said that Liberty “would provide, in reasonable detail, a discussion of the projects and steps undertaken” in 2006 “in furtherance of these efforts, and would also include, to the extent reasonably practicable, quantitative measure of the success of these efforts.”

As in discussions with other companies, the proponents want Liberty to be able to document how its energy efficiency programs are affecting its financial performance.

FUTURE DIRECTIONS

Given the progress made in recent months, shareholder proponents believe the campaign to promote energy efficiency in the buildings sector has “legs” that extend into future years, and they now have backing from some of the nation’s largest institutional investors. The California Public Employees’ Retirement System, for example, now routinely supports shareholder resolutions that seek systematic disclosure of energy use and energy management strategies by homebuilders and property managers.

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Green Buildings ...continued from page 1

green building issues will go a long way towards ensuring that a green asset meets financial expectations.

WHAT MAKES A BUILDING GREEN?

In the U.S. real estate market there are a number of green building rating systems and guidelines currently competing to provide the definitive answer to this question. Of these, the most widely recognized program is the U.S. Green Building Council's Leadership in Energy & Environmental Design (LEED) certification. Other programs include Green Globes, administered by the Green Building Initiative, and the Federal Sustainable Buildings Principles.

Most green building certification systems rate the "greenness" of buildings by awarding points for clearly-defined, environmentally preferable construction, design, and systems. These attributes include a range of factors in addition to energy efficiency: choice of materials and location, indoor air quality, water usage, emissions, etc. Most systems offer tiered levels of recognition, such as Gold, Platinum, 3 Globes, 4 Globes, and so on, depending upon the number of points a building earns.

Green rating systems differ in their definition and weighting of the various environmental attributes, their means for assigning points, and their certification process. Additionally, these rating systems have varying minimum requirements, relationships to building codes, certification processes and costs, and certifier training requirements.

These rating systems are by nature flexible—they provide only general guidelines for a building's development team across multiple categories. None of the major green certification programs currently require buildings to meet a set of core green requirements beyond code, instead, they allow builders flexibility to meet the green threshold by accumulating a minimum number of points from any of the various categories. Consequently, achieving certification as a green building does not necessarily have to involve energy-efficient design, construction, or operation.

For investors interested in developing or purchasing green properties, an understanding of the scoring and methodology underlying the various rating systems is especially important when gauging the energy efficiency of any certified green property.

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NAREIT Environmental Awards Highlight Energy

In fall 2005, the National Association of Real Estate Investment Trusts (NAREIT) launched a unique recognition program for its members called Leaders in the Light. The award, as NAREIT Senior Vice President of Finance and Operations Sheldon Groner states, "recognizes company-wide operations which generate substantially improved energy efficiency and expense management."

Four members were recognized in 2005. They are:

- **Trizec Properties***
- **Simon Property Group**
- **Arden Realty****
- **Glenborough Realty Trust***

To put this award in perspective, Trizec Properties, for example, has reduced energy consumption by 15 percent from its base year of 2000. According to the REIT, this translates to saving almost \$16 million annually across its 37 million square foot portfolio. The environmental impact of Trizec's program translates into a reduction of carbon dioxide (CO₂) emission by approximately 690,000 tons per year as compared to the base year. This reduction in CO₂ emissions is equivalent to removing approximately 125,000 vehicles from the nation's highways.

* ENERGY STAR Partner

** Past ENERGY STAR Partner of the Year

Proxy Votes ...continued from page 6

These funds are themselves major property owners and are finding that they, too, have to "walk the talk" when it comes to achieving energy savings. CalPERS owns approximately \$5 billion of core real estate that includes investments in office, retail, industrial and apartment properties. Its board has set an energy reduction goal of 20 percent for these properties over the next 5 years.

"Besides collecting information [on energy use], we will strongly support shareowner resolutions at individual companies to address environmental impacts," said Chuck Valdes, Chair of CalPERS Investment Committee in March 2006. "In the long run, we believe it's possible to do well in business by doing what's good for the environment."

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THE ENERGY FACTOR

Commercial buildings account for 18 percent of total U.S. energy consumption and contribute an estimated 15 percent of U.S. greenhouse gas emissions. When considered over a building's 40–50 year lifespan, the energy-related environmental impacts of a building's operations dwarf the impact of energy and fossil fuels consumed during its construction. Reducing a building's energy consumption has a major beneficial impact on the environment, a point not overlooked by the National Association of Real Estate Investment Trusts (NAREIT), which recognizes the significance of energy-efficient buildings through its environmental awards programs. (See NAREIT Awards on page 7)

Energy consumption represents 30 percent of a typical commercial office building's operating costs, making it the single largest controllable cost of operations, so improved energy efficiency has a direct and substantial payback for investors. For example, a 30 percent reduction in energy use (commonly achievable in the average commercial office building) can yield the equivalent of a 5 percent increase in Net Operating Income (NOI) and overall asset value. The U.S. EPA estimates that the 2,500 buildings that have earned the ENERGY STAR label for energy efficiency through 2005 save a combined \$350 million on their energy bills when compared with similar buildings having average energy consumption.

Consequently, one of the strongest selling points for green construction is reduced operating costs from increased energy efficiency. In fact, much of the "business case" for green buildings is founded on the assumption that a certified green building will be more energy efficient than a conventional building. However, this assumes that all certified green buildings have scored meaningful points for energy-efficient design and actual energy performance.

Unfortunately, it is possible under some rating systems to achieve a green rating without actually achieving meaningful energy efficiencies. As a result, some property owners are now finding that their green buildings are actually less energy efficient than many conventional buildings.

DESIGNING TO ACHIEVE ENERGY EFFICIENCY

Energy-efficient design strategies encompass a wide range of traditional building construction elements, including building envelope design, mechanical systems, HVAC, lighting, controls systems, and so on. Green design budgets must take care not to sacrifice these fundamentals in order to accommodate headline-grabbing "green technologies" that may have a much smaller impact on overall energy performance. For example, a project may spend green funds on a few solar panels at the expense of better window glazing, which dollar-for-dollar yields far greater energy savings and pollution prevention.

Another concern for investors in the market for energy-efficient real estate is the growing assumption that a building designed and modeled to exceed energy codes by 30 percent will achieve a parallel 30 percent improvement in energy performance. Building energy code, however, is not a performance metric of actual energy use, nor is it a good proxy of future energy performance. Studies conducted by the New Buildings Institute and others have shown that exceeding building codes is not a guarantee of future energy performance.

A more effective way to design for energy efficiency is to set an energy target derived from actual building performance data and let that target inform modeling exercises and design choices. Furthermore, the ways in which a building is operated are often greater determinants of energy efficiency. If a building's energy-efficient design relies on operating procedures that are not followed by its operators, the design intent is lost.

The following page includes a checklist of questions to ask about energy performance to help ensure a sustainable construction investment.

QUESTIONS TO ASK ABOUT ENERGY PERFORMANCE

For investors interested in energy efficiency in either conventional or green construction, meaningful answers to a few questions will go a long way towards ensuring a sustainable investment.

If investing in an existing building: Is the building among the most energy efficient in the country?

- To determine how a building's energy use compares to other similar buildings in the country, the U.S. EPA's ENERGY STAR program developed an energy performance rating system that rates a building's energy efficiency on a scale of 1-100. A building that scores in a 75 or above on this scale (placing its energy performance among the top 25 percent among similar buildings) can earn an ENERGY STAR label. Receiving a rating for a building is easy and can be done at the energystar.gov Web site using Portfolio Manager, a free, on-line tracking and benchmarking tool.
- Over 27,000 buildings have been rated, and more than 2,800 of them have earned the ENERGY STAR label to date. When considering an investment in an office building, hospital, hotel, supermarket, or other type of building, ask for its EPA energy performance rating.

If investing in a new construction project: Has an energy target been established?

- New construction project teams often promote building designs that are energy efficient, but do not always provide an estimate of the completed and commissioned building's expected energy to owners and investors. Many green building rating systems and programs targeting energy efficiency in building design rely on computer modeling primarily concerned with estimating if a design exceeds the building code, which is not an indicator of how much energy the building will use.
- Establishing energy targets can help drive energy-efficient design choices; energy efficiency goals should be set based on comparisons to actual building energy use. EPA's Target Finder tool provides an easy way to develop an energy use target tailored to a specific design project. Target Finder provides a realistic energy consumption target for a building design and estimates the 1-100 rating for the completed building project. Any building design with a score over 75 can earn the distinction of being Designed to Earn the ENERGY STAR.
- Investors should ask about a new building design's estimated energy use and if it is Designed to Earn the ENERGY STAR.

If investing in a green certified building: What method or system was used to certify the building? Did it earn points for energy efficiency?

- Because of the flexibility of most green building rating systems, a building with poor energy efficiency can be certified as green. Since energy-related points may not be required by a particular green rating system, it is important to evaluate how the property was rated on energy. Additionally, since green recognition is often given to a building prior to it being fully occupied and commissioned, it is important to determine if the fully-commissioned building has achieved its intended efficiency.
- If the building has been operating for at least one year, it should be benchmarked for energy efficiency using the ENERGY STAR Portfolio Manager tool and against its energy target.

Are there proper investments in the building envelope, mechanical systems, lighting, and controls systems?

- Energy-efficient buildings have efficient components and systems that are properly designed and sized and are actively managed once occupied. It is important to make sure that these investments are not subverted in the name of green design or value engineering.

What is the commissioning strategy for the building?

- Specifying and installing the latest energy saving technologies may make little impact unless these technologies are properly commissioned along with other building systems. New technologies often require more attention during commissioning. Be sure that the project budget includes proper funding for commissioning.