

(d)2 ENERGY AND WATER BUILDING PERFORMANCE ORDINANCE STATUS REPORT

Transportation & Environment Committee
August 10, 2026

Presenters:

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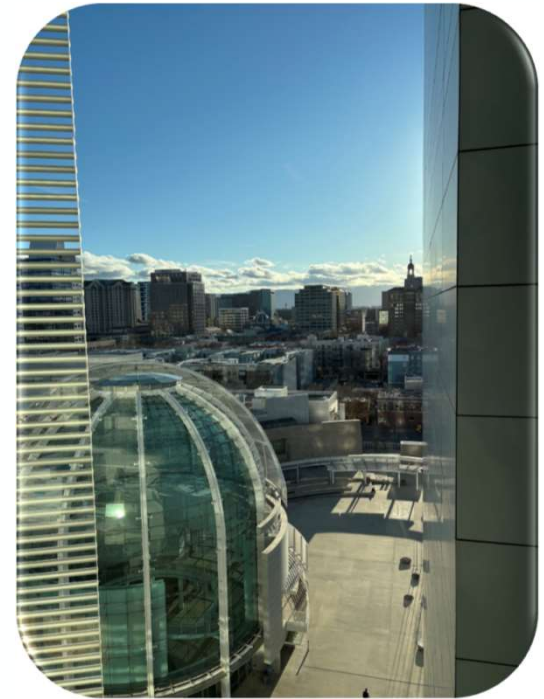
AGENDA

- Background
- Compliance Process
- Data Analysis
- Planned Improvements
- Future Considerations
- Questions



BACKGROUND

- Buildings account for 29% of communitywide greenhouse gas emissions
- 2018 - City Council adopted the Building Performance Ordinance (BPO)
 - Supersedes statewide benchmarking requirement (2015)
- ~1,800 “Covered Buildings” include:
 - City-owned buildings with a gross floor area (GFA) of 15,000+ square feet
 - Privately-owned commercial and multifamily buildings with a GFA of 20,000+ square feet



BACKGROUND (CONT'D)

- \$150 annual fee applied to City implementation costs:
 - 1.0 FTE Energy Dept., plus Energy and Finance Dept. support staff
 - Customer management software and online map, mailing/ outreach
- For data transparency, have published:
 - Interactive San José Building Performance Ordinance Public Disclosure Map
 - Data set to the City's Open Data Portal



COMPLIANCE PROCESS

Two separate requirements:

Annual Benchmarking Reports*

Applies annually
(starting in 2019) to all
Covered Buildings

Report 1 year energy
and water usage to the
City using Energy Star
Portfolio Manager®
online platform

Beyond Benchmarking

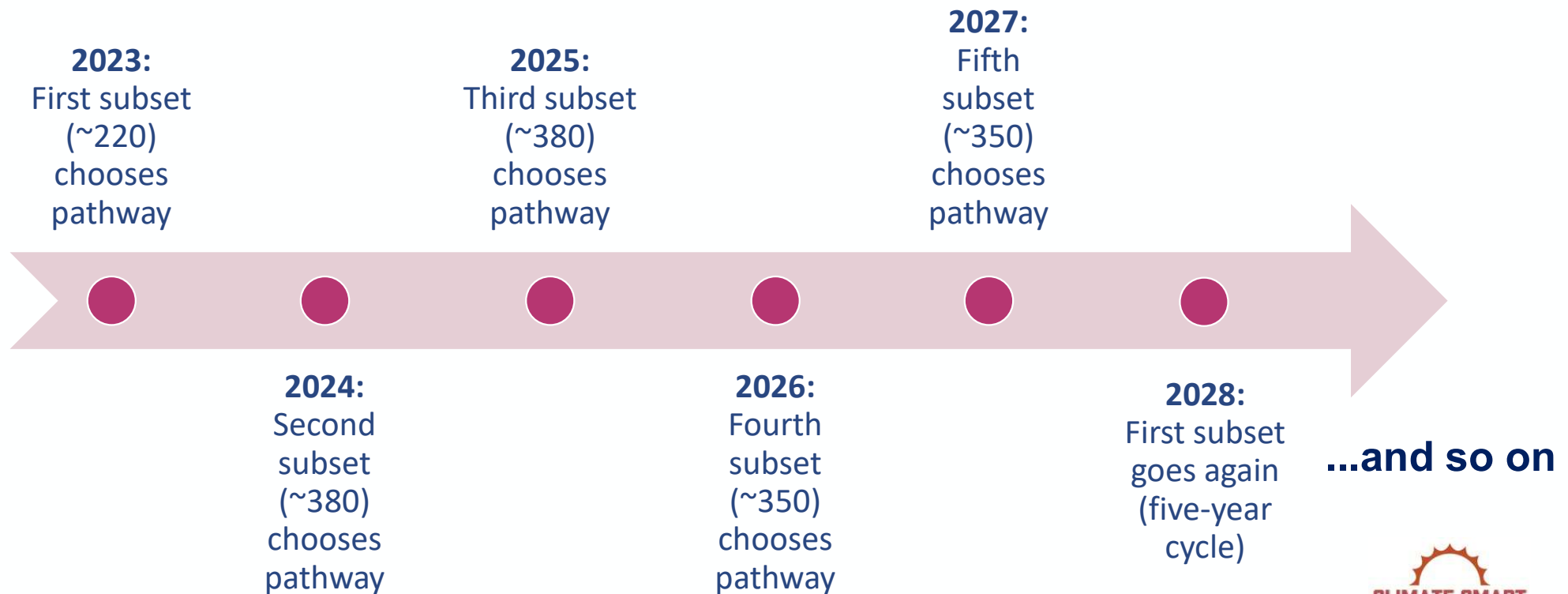
Applies every five years
(starting in 2023) to a
subset of Covered Buildings

Meet energy/water
efficiency metrics
(Performance Pathway) **OR**
choose an eligible action to
take (Improvement
Pathway)

*Annual energy benchmarking is already required under Assembly Bill 802

COMPLIANCE PROCESS (CONT'D)

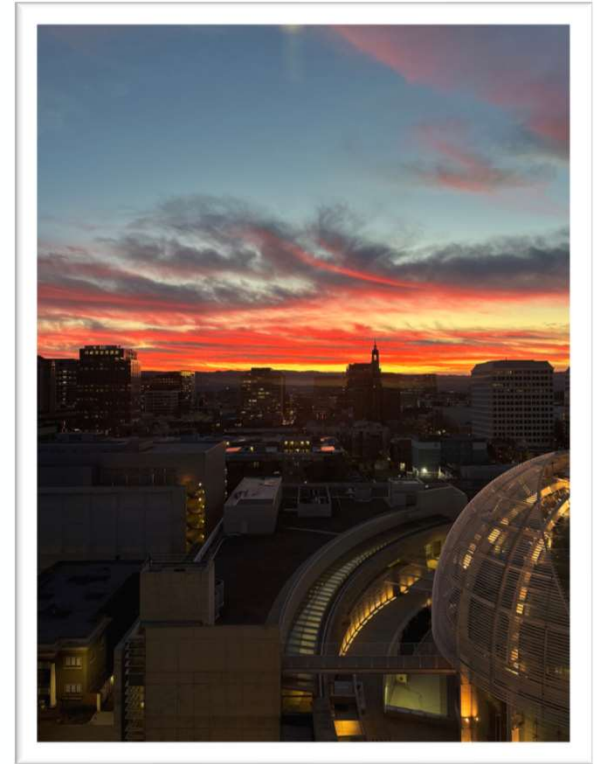
Beyond Benchmarking Timeline



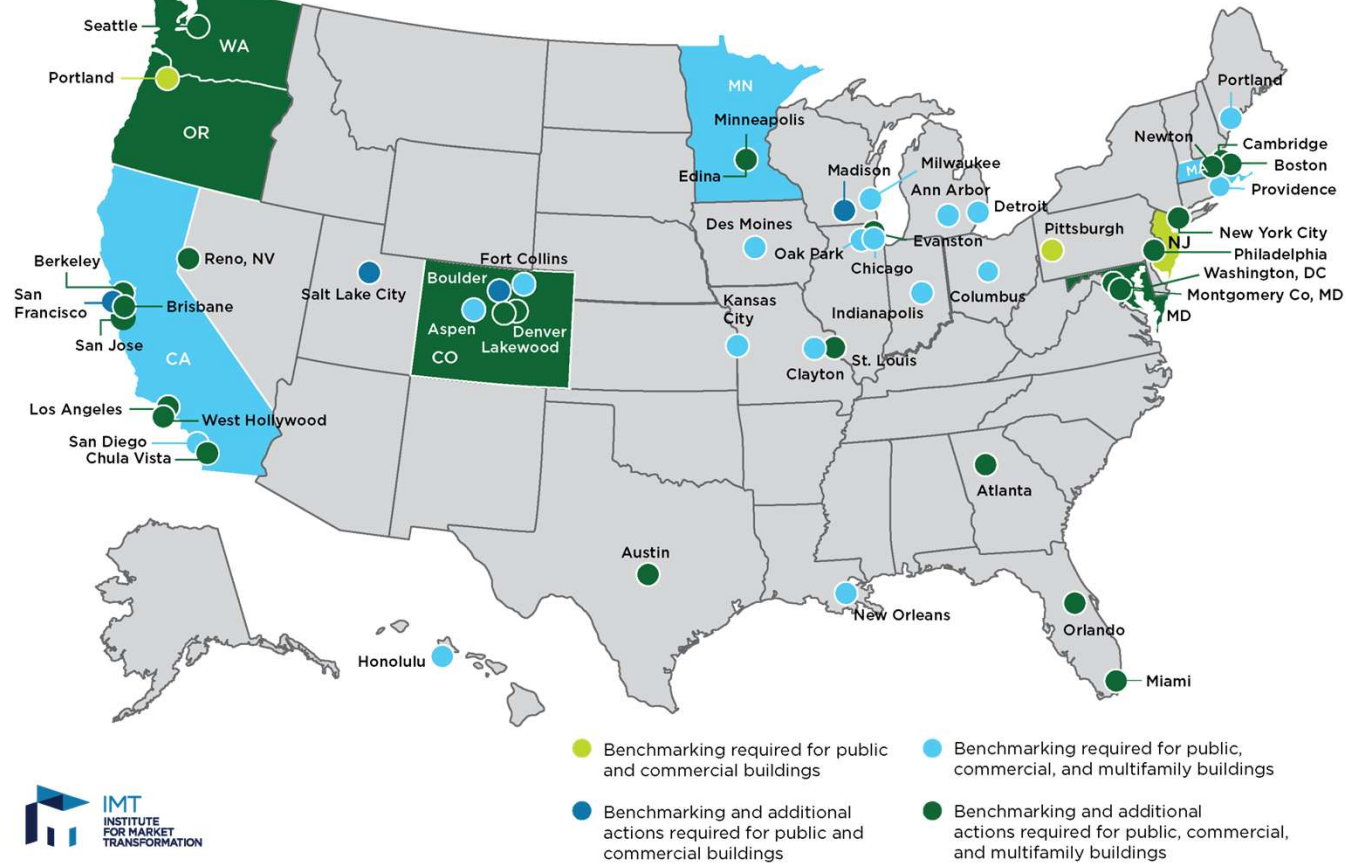
DATA ANALYSIS – OVERALL COMPLIANCE RATES

In the last 3 reporting years (2023-2025):

- 87% average benchmarking compliance rate
- 71% average Beyond Benchmarking compliance rate
- ~7% annual benchmarking report exemption rate
- ~13% Beyond Benchmarking exemption rate



U.S. City, County, and State Policies for Existing Buildings: Benchmarking, Transparency, and Beyond



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DATA ANALYSIS - BEYOND BENCHMARKING

Of all Beyond Benchmarking submittals between 2023 - 2025:

- 50% were exclusively the Performance Pathway (showing energy and water efficiency)
- 26% were exclusively the Improvement Pathway (audit, retro-commissioning, or efficiency improvement measures)
- 24% were a mix of both pathways (one for water, one for energy)

Of those that did the Improvement Pathway:

- 89% chose to do a utility audit
- 10% chose to implement efficiency improvement measures
- 1% chose to do a retro-commissioning report



DATA ANALYSIS - ENERGY AND WATER

Based on the submitted data, there has been a:

- 12% reduction in median energy use intensity (EUI) (kBtu/ sq.ft.)
- 9% reduction in median water use intensity (WUI) (gallons/ sq.ft.)
- 10% increase in median Energy Star® Scores (ESS) (score of 0-100, 100 being most efficient)

Based on the data above, Covered Buildings have reduced energy consumption by an average of 2.4 percent annually – in line with other benchmarking program data across the U.S.

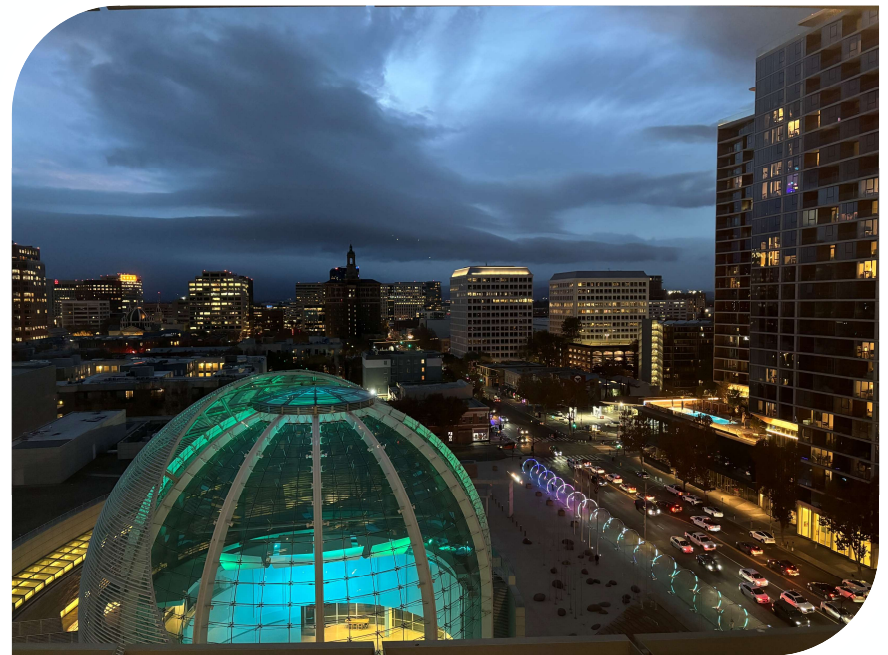


DATA ANALYSIS - GREENHOUSE GAS EMISSIONS

Since calendar year 2019:

- Median greenhouse gas emissions per building have decreased by 35%
- Total greenhouse gas emissions per square foot across all reporting covered buildings have decreased by 38%

Likely multiple causes contributed to this reduction.



PLANNED IMPROVEMENTS

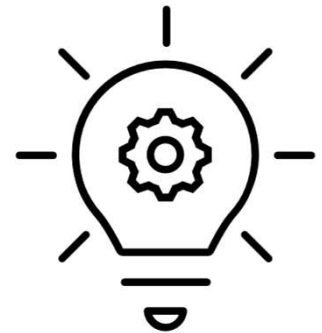
The following are planned for implementation in Fiscal Year 2026-2027:

1. **Survey** of building owners on Beyond Benchmarking impact, planned upgrades, and how the City could provide further assistance
2. **Update Ordinance** to add more options and flexibility to the list of efficiency improvement measures
3. **Create Covered Building case studies** to facilitate information sharing among building owners
4. Facilitate Covered Building action by **connecting to incentive programs**
5. **Increase coordination** with San José Clean Energy (SJCE) outreach

OPTIONS FOR FUTURE CONSIDERATION

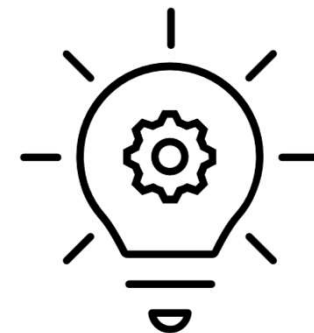
Over the next fiscal year staff will evaluate a variety of options including:

- 1. Evaluate best practices from other cities**
- 2. Streamline and/or reduce the cost of compliance:**
 - Allow virtual audits
 - Conduct a procurement process to provide lower cost virtual audit option(s)
 - Remove water and/or third-party data verification from Beyond Benchmarking requirements
 - Evaluate how businesses with onsite solar can simplify reporting
 - Evaluate the use of AI to aid Ordinance implementation



OPTIONS FOR FUTURE CONSIDERATION (CONT'D)

3. **Update ordinance to:** Add reduction in onsite greenhouse gas emissions as a Performance Pathway option
4. **Require emission reductions and increased energy efficiency over time** via a Building Performance Standards Policy (replacing current ordinance)
5. **Support upgrade option in Improvement Pathway:** Develop a SJCE pilot program for commercial customers around smart thermostat incentive(s)
6. **Analyze submitted Beyond Benchmarking audits** to evaluate projects identified, energy and cost savings potential, and where the City can focus efforts to support energy-saving projects





QUESTIONS