

[S. 535, the Energy Efficiency Improvement Act of 2015](#)

FLOOR SITUATION

On Tuesday, April 21, 2015, the House will consider [S. 535](#), the *Energy Efficiency Improvement Act of 2015*, under a suspension of the rules. The bill was introduced on February 23, 2015 by Sen. Rob Portman (R-OH) and passed the Senate by voice vote on March 26, 2015.¹ The bill was referred to the House Committee on Energy and Commerce on April 13, 2015.

SUMMARY

S. 535 requires the Administrator of the General Services Administration, in consultation with the Secretary of the Department of Energy (DOE), to develop a voluntary best practices energy efficiency model for tenants and owners of commercial buildings. The bill also exempts from regulation certain thermal storage water heaters from DOE energy efficiency standards that recently became effective. Additionally, the bill requires any Federal agency that leases a commercial building without Energy Star labels to disclose their energy usage data, with specified exceptions.

Specifically, Title I establishes a voluntary, market-driven approach to help better align the interests of commercial building owners and their tenants to reduce energy consumption and utility costs. It requires the Administrator of the Environmental Protection Agency (EPA), in consultation with the Secretary of Energy, to develop a voluntary “Tenant Star” program within the existing Energy Star Program, with the intent of reducing tenant energy consumption. It also requires the Administrator of Energy Information Administration within the Department of Energy to collect data on specified commercial energy consumption, which will be used in determining eligibility for the “Tenant Star” program.

Title II exempts certain electric resistance water heaters from a 2010 Department of Energy regulation,² if they include capabilities allowing their use in electric thermal storage or demand response programs, and specifies certain data reporting requirements for manufacturers and utilities to report to DOE on the number of units enrolled in such programs.

Title III requires certain benchmarking and disclosure requirements for Federal agencies that lease commercial buildings without Energy Star labels, with specified exceptions. The Title also requires the

¹ See [CR S2082-2085](#)

² See [Department of Energy Regulation](#)

EPA Administrator to study the impact of energy efficiency disclosure requirements in the bill and report findings to Congress. Additionally, the Secretary of Energy, in coordination with other relevant agencies, will be required to maintain a database for storing and making publicly available energy-related information on commercial and multi-family buildings.

BACKGROUND

Owners and managers of large commercial buildings report that tenants consume a large majority of their structures' total energy.³ Choices made by office tenants in designing and operating within leased spaces have a significant impact on U.S. energy consumption. It is estimated that implementing energy efficient performance measures during the suite build-out phases in commercial buildings can save tenants between 30 and 50 percent in energy costs, with a payback period of three to five years.⁴

In the past, energy efficiency efforts have primarily focused on how developers may lower energy consumption at the "whole-building" level. For example, the Energy Star program for commercial "whole-buildings" administered by EPA is based on "whole-building" recognition for "top of the class" energy performers. The program is a voluntary, public-private program, which has improved how real estate owners, utilities, governments, and businesses interact with their customers to improve energy efficiency in buildings and lower energy costs. The Energy Star program is currently used by hundreds of thousands of buildings, organizations, and programs throughout the United States.⁵ S. 535 creates a similar, voluntary program for tenants to reduce overall energy consumption and utility costs for consumers.

On March 22, 2010, DOE issued a new energy efficiency standard, pursuant to the Energy Policy and Conservation Act ([Public Law 94-163](#)), requiring nearly 200 percent efficiency for large capacity electric resistance water heaters manufactured after April 16, 2015.⁶ These water heaters store low-cost energy as hot water during off-peak hours, allowing for more efficient operation of the electric grid. According to the Committee on Energy and Commerce, the new standard would, in effect, prohibit the manufacture of electric resistance water heaters of 55 gallons or larger capacity in favor of heat pump technology. Such heat pump water heaters are not compatible with certain utility thermal energy storage and demand response programs that enable customers to reduce utility expenses by reducing or shifting their power use during peak demand periods.⁷ The Department of Energy recently [withdrew a waiver](#) from the standards that had been expected to shield the heaters from the new standards. Title II of S. 535 permits the continued manufacture of electric resistance water heaters with storage capacity at or exceeding 75 gallons for use in thermal energy storage and demand response programs. This title in the bill is similar to legislation ([H.R. 906](#)) that was ordered reported by the Energy and Commerce Committee on April 15, 2015.

S. 535 is similar to [H.R. 2126](#), which passed the House by a vote of [375 to 36](#) on March 5, 2014.⁸ The Senate did not act on the House-passed bill in the 113th Congress.

COST

A CBO cost estimate for S. 535 is currently unavailable.

³ <https://www.reit.com/news/articles/kimco-looks-lower-retail-tenant-energy-usage>

⁴ <http://www.nrdc.org/business/cgi/process.asp>

⁵ <https://www.energystar.gov/buildings/about-us/how-can-we-help-you/energy-star-action?s=mega>

⁶ See [Department of Energy Regulation](#)

⁷ See [E&C Hearing Background Report for H.R. 906](#).

⁸ See [Roll No. 98](#)

STAFF CONTACT

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