

February 15, 2023

The Honorable Michael Regan, Administrator
The Honorable Joseph Goffman, Principal
Deputy Assistant Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

The Honorable Ali Zaidi
Assistant to the President & National Climate
Advisor
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Administrator Regan and National Climate Advisor Zaidi:

We are writing as advocacy organizations representing thousands of businesses and other stakeholders nationwide to underscore the critical importance of the ENERGY STAR program to the success of the Biden administration's climate policies, including implementation of numerous programs created by the Inflation Reduction Act and Infrastructure Investment and Jobs Act as well as recent White House executive orders. We urge you to increase ENERGY STAR funding in FY 2024 to stop a trend of declining resources that threatens to erode the enormous impact that the program has had since it was launched three decades ago.

As you know, ENERGY STAR serves many market sectors and is the foundation for countless energy efficiency programs across the country, from IRA tax incentives to utility incentive programs to local building performance standards. While it is best known for the blue label on consumer products, the ENERGY STAR Portfolio Manager program is critical for tracking and improving the energy performance of our nation's building stock, which accounts for at least one-third of U.S. greenhouse gas emissions, while ENERGY STAR programs for new homes and manufacturing facilities are growing in popularity and delivering increased impact. For example, ENERGY STAR Homes has been immensely popular in Texas with nearly 623,000 residential units certified.

Despite public popularity and success, ENERGY STAR continues to be underappreciated in Washington for the impact it has in reducing greenhouse gas (GHG) emissions and saving Americans money. In 2020, the program saved U.S. consumers and businesses some \$42 billion in energy costs while cutting GHG emissions by more than 400 million metric tons, roughly equivalent to 5% of total U.S. GHG emissions.¹

Specifically regarding IRA and IIJA, ENERGY STAR programs are critically important to many of the climate programs currently being implemented, including the Secs. 179D, 25C and 45L tax incentives for energy efficient homes and buildings, the home rebate programs for home efficiency and electrification, the building energy codes programs, grant programs for state and local government climate planning, federal buildings funding, and any buildings-related projects done through programs such as the EPA's Greenhouse Gas Reduction Fund.

Nonetheless, ENERGY STAR has seen its funding steadily decline from a high of nearly \$54 million in 2010 to less than \$40 million today in nominal dollars, not adjusting for inflation. While consumers and businesses continue to embrace ENERGY STAR, this continued erosion of funding threatens its ability to

¹ EPA: About ENERGY STAR. <https://www.energystar.gov/about?s=mega>

keep pace with evolving markets and technologies, and its ability to drive change in markets is weakened.

One example of this is in the program's Portfolio Manager platform that allows building owners to compare the performance of their buildings to similar buildings nationwide. This program is used by the vast majority of building performance initiatives in the country, from the building performance standards cropping up across the country as part of the White House's Building Performance Coalition to IRA tax incentives and utility and state incentive programs. Portfolio Manager even serves as the platform for federal agencies to track the progress of their building energy performance to comply with federal law and various executive orders, including President Biden's Executive Order 14057, which requires federal facilities to achieve net-zero energy building portfolio by 2045.

As a critical tool to support these goals, Portfolio Manager must expand, not shrink. For example, Portfolio Manager currently does not track key metrics such as hourly electricity usage that could support peak demand and building-grid integration efforts, and it lacks data on many categories of buildings – a glaring hole in our ability to measure progress and identify areas of needed investment.

The latter data gap was reflected in a recent GAO report² that found widespread non-compliance among federal agencies in tracking and reporting building energy performance – an essential precursor to meeting Biden administration goals. One explanation offered by federal officials for not reporting data was that Portfolio Manager did not have data on similar building types, making it impossible to benchmark their performance: “The most frequently cited challenge was the lack of comparable buildings to benchmark against in Energy Star Portfolio Manager,” the GAO report states.

This same problem prevents countless private-sector buildings from participating in numerous building performance programs. For example, when the EPA recently announced the new ENERGY STAR NextGen program that seeks to recognize particularly high-performing, largely electric buildings, the agency acknowledged that the program structure, which requires a high ENERGY STAR score through Portfolio Manager, “restricts NextGen recognition to only those building types eligible for ENERGY STAR certification. As EPA develops ENERGY STAR scores and certification for additional building types, they will become eligible for NextGen recognition.”³

As the White House has emphasized, we cannot wait to implement climate-smart technologies like electrification of heating and cooling, yet this important recognition won't be available to incentivize projects being built in the next few years. These resource constraints are not limited to Portfolio Manager. Other ENERGY STAR divisions such as the consumer products program struggle to expand into new product categories or establish new certification requirements for current categories in a timely

² GAO: Federal Energy and Water Management: Agencies Report Mixed Success in Meeting Efficiency Requirements, and Additional Data Are Needed. <https://www.gao.gov/products/gao-23-105673>

³ EPA: Proposed ENERGY STAR® NextGen™ Certification for Existing U.S. Commercial and Multifamily Buildings https://www.energystar.gov/sites/default/files/asset/document/Proposed_NextGen_certification_0.pdf

manner. For example, in 2022 ENERGY STAR was working on 15 updates and 2 new specifications but is now expected to complete only five⁴.

ENERGY STAR is positioned to help implement the clean energy transformation fueled by IRA and IIJA investments, but it needs resources to do so. We are concerned that lack of investment will prevent ENERGY STAR from continuing its role as a cutting-edge federal program that drives market change. We urge you to change course by calling for a significant increase for ENERGY STAR funding in the FY 2024 budget – with a transparent funding level specific to ENERGY STAR that begins to rebuild program capacity.

Please don't hesitate to contact U.S. Green Building Council Federal Legislative Director Ben Evans at bevans@usgbc.org with any questions.

Sincerely,

Alliance to Save Energy
American Council for an Energy-Efficient Economy (ACEEE)
American Institute of Architects (AIA)
Building Performance Association (BPA)
California Efficiency + Demand Management Council (CEDMC)
E4TheFuture
Federal Performance Contracting Coalition (FPCC)
Institute for Market Transformation (IMT)
Midwest Energy Efficiency Alliance (MEEA)
National Association for State Community Services Programs (NASCSPP)
National Association of Energy Service Companies (NAESCO)
National Association of State Energy Officials (NASEO)
Natural Resources Defense Council (NRDC)
New Buildings Institute (NBI)
Northeast Energy Efficiency Council (NEEC)
Northeast Energy Efficiency Partnerships (NEEP)
NW Energy Coalition (NWEC)
Southeast Energy Efficiency Alliance (SEEA)
Southwest Energy Efficiency Project (SWEEP)
U.S. Green Building Council (USGBC)

⁴ EPA: ENERGY STAR Products Plan 2022:
https://www.energystar.gov/sites/default/files/asset/document/ENERGY%20STAR%20Products_2022_Workplan%20Public.pdf