

## Building Energy Disclosure Laws Push Companies to Hire

Small Businesses Staffing Up as Energy Benchmarking and Disclosure Rules Spur Demand for Energy Efficiency

By Amanda Kolson Hurley and Andrew Burr

Bucking bleak hiring statistics that point to a stalling national recovery, many businesses in the energy efficiency sector are expanding their payrolls as local governments roll out new energy benchmarking and disclosure regulations for commercial buildings.

Those rules, many of which take effect this year, will allow consumers to access comparative energy performance information for tens of thousands of buildings in major cities and states. As a result, the appetite for energy efficiency solutions among commercial building owners and managers is growing swiftly, according to small business leaders.

[Ecological](#), a sustainability services firm based in New York City, doubled in size and added approximately 400 clients over the past 12 months thanks to the city's benchmarking and disclosure law, which takes effect in August. [Sustainable Real Estate Solutions](#) (SRS), a building performance assessment and benchmarking software solutions firm in Connecticut, has increased its client base by more than 30 percent and hired additional account management staff as a result of the New York City law. Business at [BuildingWise](#), a Bay Area sustainability consulting firm, is also up by more than 30 percent as San Francisco prepares to implement a similar law. Companies in other jurisdictions where benchmarking and disclosure policies have passed – Washington, D.C., Seattle, Austin, Texas, and the states of California and Washington – are anticipating similar growth opportunities.

“The magic hand of capitalism will start to work if information about buildings is known to the building owners and to the tenants,” said Elton Sherwin, senior managing director of Ridgewood Capital, a venture capital firm headquartered in Silicon Valley that invests in clean energy technologies. “I tell our green startup companies to focus on San Francisco or New York City, because that’s where the action is going to be.”

Benchmarking provides building owners and operators with a numeric rating or other comparative metrics on building energy performance. All of the jurisdictions with benchmarking laws have specified the use of the [U.S. Environmental Protection Agency's](#) Energy Star [Portfolio Manager](#) software, a free benchmarking tool available online.

New York City's law, part of the [Greener, Greater Buildings Plan](#) developed by Mayor Michael R. Bloomberg to reduce energy consumption in buildings, requires annual energy and water benchmarking for large commercial and multifamily residential buildings, as well as the annual public disclosure of benchmarking information on a city web site. Affecting approximately 16,000 properties, area businesses say the law has jump-started demand for benchmarking and other energy efficiency services.

The law is a “great way for us to go to the folks who are already primed for what we’re doing,” said Jeffrey Perlman, founder and CEO of [Bright Power](#), a New York City-based energy consulting firm, and CEO of EnergyScoreCards Inc., a Bright Power subsidiary that sells energy benchmarking and management software and is benefiting directly from the benchmarking and disclosure law.

“When clients get their benchmarking results, they start asking questions – ‘Why did my building get this score and what can I do to improve it?’” said Lindsay Napor McLean, chief operating officer and executive vice president of Ecological. “Buildings with poor results really want to see what they can do to change those results before they’re published.”

That is exactly the sort of market reaction that city officials envisioned when the law was developed, and evidence that New York City’s building energy efficiency policies – which also include energy audits, retro commissioning, lighting upgrades and sub metering – can cut consumer energy costs, create jobs and save energy, said Hilary Beber, senior policy analyst in the New York City Mayor’s Office of Long-Term Planning and Sustainability.

As the *Greener, Greater Buildings Plan* is fully implemented over the next decade, “the demand for energy auditors, retro-commissioning experts, electricians, and energy managers will continue to grow,” Beber said.

Even without a suite of additional energy efficiency policies like in New York City, businesses say that benchmarking and disclosure laws are an important driver of permanent job growth. According to Barry Giles, CEO of BuildingWise, benchmarking is a first step that primes the pump for energy efficiency upgrades and operational improvements, which will lead to even more opportunities for businesses like his own. “Benchmarking is a “small step in learning more about the building,” he said, that creates “the potential for saving money over a long period of time and increasing the building’s value” if the owner takes additional actions.

Ecological said it would continue adding employees as New York City’s benchmarking and disclosure law creates demand for building energy improvements, a familiar expectation among businesses.

“Market evidence continues to mount that benchmarking and disclosure regulations are achieving their public policy goal to stimulate commercial building owners and managers to further invest in energy efficiency,” said Brian J. McCarter, CEO of SRS. “An industry best practice is emerging in markets with disclosure regulations, where the first step is a desktop benchmarking analysis, followed by an onsite energy audit to identify improvement measures for poorly performing buildings.”

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