COMMERCIAL PARTNER

Implementation Model: Accessing Tenant Utility Data in Triple-Net Leased Buildings

ORGANIZATION TYPE
Commercial Real Estate

BARRIER
Lack of access to tenant utility data in triple-net leased buildings

SOLUTION
Depending on property location:

1) A clause in tenant lease language requiring utility data to be shared at the landlord's request; or
2) A utility authorization step added to the tenant move-in process
3) Coordination with local utilities to access whole-building data

OUTCOME
By gaining visibility into whole building energy consumption, Prologis can enhance its collaboration with customers to improve building energy efficiency and address energy disclosure regulations

Overview

Benchmarking building energy use is a critical step in making energy efficiency improvements, and is increasingly important for both regulatory requirements and voluntary reporting programs. For Prologis, an owner, operator and developer of industrial real estate, benchmarking is a challenge because the majority of its portfolio consists of triple-net leased warehouses and distribution centers. Under a triple-net lease, customers are responsible for paying their own utility bills, which leaves Prologis with little or no insight into whole building energy consumption. Prologis has added utility data access language to leases, provided authorization forms during the move-in process, and worked directly with utilities in an effort to gain access to this data.

Prologis' Playbook

Policies

Prologis requires energy data lease language to be included in standard lease agreements for new leases. Tenants may opt out of this clause.

Process

The Prologis sustainability team recognized that energy data was becoming increasingly important as a tool for addressing investor interest in environmental sustainability data, supporting customer operational efficiency, and complying with energy disclosure regulations. Prologis has employed three methods to access energy use data for tenant spaces:

Tenant Lease Language
Prologis now incorporates the energy data clause into the standard lease agreement for new leases. This language is part of the standard Prologis lease – not a separate and unique green lease. Adding this energy data clause into the standard lease effectively opts in all new tenants automatically. This will enable Prologis to comply with energy disclosure regulations in ways that are more time-efficient for both tenants and Prologis because Prologis does not need to negotiate access to customer data. Energy data is then collected via utility data access programs such as automated benchmarking, or manually from tenant utility bills. This will also enable Prologis to provide resources for tenants that seek to reduce their energy consumption, such as evaluation of energy data and recommendations for internal and site lighting upgrades. The sustainability team is currently working on a strategy to utilize the benefits of the lease language by reaching out to customers located in markets serviced by utilities that provide automatic benchmarking.

Utility Authorization During the Move-In/ Move-Out Process
In preparation for the energy disclosure regulation, AB1103, Prologis' California market requests a signed utility Authorization Release Form from customers during the move-in process. Eventually, Prologis intends to include this form in the move-in package.

The Authorization Release Form will also be requested from customers whose leases are expiring, during an annual environmental survey walk-through. Both of these methods are in the pilot stage, but Prologis intends to proactively utilize them to meet the California regulation.

Whole-Building Data Access Through Utility
A third way Prologis has addressed the data collection challenge is by working directly with utilities. This approach can only be used when the utility serving a specific building or portfolio makes whole building energy use data available to third parties. The Prologis team successfully used this approach to access aggregated electricity data for a portion of its Chicago-area property portfolio through the ComEd utility. ComEd offers its Energy Usage Data System ("EUDS") tool via a web portal though which building owners can access whole building electricity data.

Prologis recommends the following best practices when working with utilities for whole-building data:

- Engage property managers early on to provide supporting documentation such as tenant history, alternate property addresses, utility account numbers and meter numbers for Prologis' meters. In many cases multiple meters and utility account numbers can be associated with a single facility.
- Engage customers to confirm the service addresses on bills associated with each property.

Tools and Resources

- **Energy Data Lease Language:** *See below*
- **ComEd Energy Usage Data Homepage**
- **Com Ed Energy Usage Data (EUDS) Tool**
- **OPENENERGYINFO Utility Access Map**
- **Green Lease Library**

Energy Data Lease Language: *Upon receipt of written request from Landlord, Tenant, at Tenant's sole cost and expense, shall deliver to Landlord data regarding the electricity consumed in the operation of the Premises (the "Energy Data") for purposes of regulatory compliance, manual and automated benchmarking, energy management, building environmental performance labeling and other related purposes, including but not limited, to the Environmental Protection Agency's Energy Star rating system and other energy benchmarking systems. Landlord shall use commercially reasonable efforts to utilize automated data transmittal services offered by utility companies to access the Energy Data. Landlord shall not publicly disclose Energy Data without Tenant's prior written consent. Landlord may, however, disclose Energy Data that has been modified, combined or aggregated in a manner such that the resulting data is not exclusively attributable to Tenant.*

Measuring Success

Armed with energy use data, Prologis is able to collaborate more effectively with customers to identify energy savings opportunities that can reduce customer operating costs. Prologis can utilize this visibility to identify buildings with higher Energy Use Intensities (EUI) and work with building occupants to identify and implement cost-effective energy-conserving upgrades.

Prologis is able to more efficiently meet whole-building energy disclosure regulations by streamlining the collection of aggregated building energy data. With the implementation of a streamlined process in California, there are opportunities to learn from the challenges and best practices and continue to enhance the process for other markets.

Outcomes

Prologis has successfully benchmarked electricity use for nine million square feet of properties primarily using the whole-building data access method. Prologis expects to continue to expand energy benchmarking utilizing all three strategies as a first step toward meeting our commitment to benchmark 100 million square feet and deliver 20 percent energy savings by 2020.