

Real Estate's Role in Unleashing America's Energy Dominance

Issue

President Trump's executive order on "[Unleashing American Energy](#)," and priorities announced by [US-EPA Administrator](#) Lee Zeldin and [US-DOE Secretary](#) Chris Wright, emphasize the same principles: cutting energy costs, pursuing an "all of the above" strategy for American energy abundance, strengthening the nation's electric grid, streamlining federal permitting processes and fostering innovation in artificial intelligence (AI).

The [House Bipartisan Task Force on AI](#) recently underscored that America's economic and national security depend heavily on a robust and modernized power grid. Our nation needs enough energy to meet growing electricity demands driven by AI, advanced manufacturing, electric vehicle adoption—and to power our buildings. US-DOE projects that data centers will consume up to 12 percent of U.S. electricity by 2028, primarily to meet AI and cloud computing needs.

The Roundtable's Position

- **Prioritize Energy Savings in Buildings:** The "nega-watt"—or avoiding energy use—is the lowest cost strategy to achieve U.S. energy dominance. Policies encouraging building efficiency will save families and businesses money on utility bills, create jobs and attract investors seeking to park capital in well-managed and profitable real estate assets.
- **"All of the Above" Energy Creation:** We need as much energy from all sources. Robust federal R&D efforts must encourage innovation that deliver affordable, reliable, and secure power from natural gas, renewables, nuclear, geothermal, hydropower, battery storage and sequestration. The U.S. cannot afford to cede leadership in developing any of these technologies to China or other competitors.
- **Strengthen Grid Reliability and Expansion:** Electricity demand is surging. Lawmakers must encourage investments to support quick, cost-effective and reliable power. The real estate industry—with appropriate policy support—can help bring stability to the grid by investing in power purchase agreements and market-based measures like renewable energy certificates (RECs) that help finance energy infrastructure.
- **Streamline Permitting Reform:** Federal laws like the National Environmental Policy Act (NEPA), and orders from the Federal Energy Regulatory Commission (FERC), must emphasize streamlined approvals for energy generation projects. Policies must also support creation of long-distance, high-speed transmission lines to carry electricity over long distances and across state lines to our nation's population centers.

Additional Resources

- Roundtable Weekly: [March 7](#); [January 17](#); [January 10](#); [November 2024](#)
- Comment Letter: [RER Urges Congress to Investigate Federal Grants for State, Local Climate Laws Regulating Buildings](#) (February 26, 2025)

Issue

Regulations in the U.S. and abroad seek to require companies to publicly disclose climate-related risks on their finances, operations and assets. Some of these rules are proving more durable than others.

- **Federal Rules:** The Trump administration has vowed to roll back Biden-era rules from the [U.S. Securities and Exchange Commission \(“SEC”\)](#) that would have required registered companies to disclose “material” climate-related financial risks in 10-K filings. The agency itself moved in court proceedings last year to place the rule on hold. The climate risk disclosure rules are not expected to take effect while Trump is in office.

- **State Rules:** A vacuum of federal climate reporting rules means “progressive” states are taking up the issue.

California enacted [S.B. 253](#) and [S.B. 261](#) in 2023. S.B. 253 requires companies doing business in California, with annual revenues greater than \$1B, to report global Scope 1, 2 and 3 emissions, with disclosures ramped up over time. S.B. 261 requires California businesses, with annual revenues greater than \$500M, to more generally disclose climate-related financial risks and measures to mitigate them. A February 3, 2025 [court decision](#) indicates these laws are likely to survive litigation. The California Air Resources Board (CARB) is now developing rules to implement both laws, with filings scheduled to start in 2026. CARB has vowed to relax enforcement regarding the first Scope 1 and 2 reports under S.B. 253 only, currently due in 2026.

Similar bills have been introduced—though not enacted, and not in effect—in [Colorado](#), [Illinois](#), [New Jersey](#), [New York](#) and [Washington](#) state. Please do not consider this an exhaustive list.

- **International Rules:** The European Commission recently [announced](#) simplified requirements under its [Corporate Reporting Sustainability Directive \(CRSD\)](#). The latest announcement reportedly remove 80 percent of companies from the CRSD’s regulatory scope, and also limits the types of information large companies and banks must request from smaller companies in their supply chains regarding Scope 3 emissions.

In its original form, CRSD would apply broadly to U.S. companies with EU subsidiaries and U.S. companies with listed securities on EU exchanges. The European Parliament has [delayed](#) CRSD implementation by two years (until June 2026) to give companies more time to prepare.

The Roundtable’s Position

- Real estate companies do not own or control sources in their supply chains. Thus, they should not be **mandated** to publicly report Scope 3 emissions and they should be **voluntary** if a company chooses to make them.
- For example, real estate owners and developers do not control operations in tenant spaces. Nor do they control manufacturing processes for construction materials. Accordingly, owners and developers should be under no **mandate** to quantify and report Scope 3 tenant-based emissions, or embodied emissions that occur in factories during product manufacturing.
- Policymakers can encourage **voluntary** Scope 3 reporting by helping building owners and developers capture valid and reliable data from supply chain sources. For example, governments should develop policies for utilities to provide building owners with tenant space energy data. Similarly, government agencies should create a uniform system of “product declarations” for manufacturers to disclose embodied carbon in materials purchased by developers and owners.

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Corporate Sustainability Disclosures

- Any reporting cycles should be consistent across varying disclosure regimes, based on when companies collect and verify valid climate-related data within a fiscal year. No framework should require companies to issue a first report based largely on estimates, and then another report later based on collected and verified data, within the same fiscal year.

Additional Resources

RER fact sheet

- [California's Climate Disclosure Package: Summary of SB 253 and SB 261](#) (Sept. 2023)

RER comment letters

- [Comments to SEC on proposed climate risk disclosure rule](#) (June 2022)
- [Real estate coalition "joint trades" letter to SEC on climate disclosure](#) (June 2022)
- [Initial comments to SEC on climate reporting](#) (June 2021)

Energy

Energy Tax Incentives

Issue

President Biden signed the [Inflation Reduction Act of 2022 \(IRA\)](#) into law on August 16, 2022. If fully implemented, the legislation will invest almost \$370 billion over 10 years to tackle the climate crisis.

The new GOP-controlled Congress, however, has vowed to eliminate IRA incentives to “pay for” tax cuts promised by President Trump on the campaign trail, and to extend tax cuts set to expire under Trump 1.0’s major code overhaul passed in 2017. Many states with Republican Congress members benefit from clean energy projects supported by the IRA, and some [House GOP members defend](#) the incentives. It thus remains to be seen whether Congress may significantly dismantle the IRA with a sledgehammer, or excise specific provisions with a scalpel.

A number of the IRA’s changes to the federal tax code may help the U.S. real estate sector reduce energy usage and emissions, particularly:

- A deduction to help make commercial and multifamily buildings more energy efficient (Section 179D);
- A credit to encourage investments in renewable energy generation, storage, grid interconnection and other “clean energy” technologies sited at buildings and other facilities (Section 48);
- A credit to incentivize EV charging stations (Section 30C); and
- A credit to incentivize energy-efficient new residential construction and major rehabs, including multifamily (Section 45L).

RER has [encouraged Congress](#) for [years](#) to make energy tax incentives more usable for building owners, managers and financiers—and more impactful to help meet energy efficiency goals.

The Roundtable’s Position

- [Reports](#) show that repealing the IRA will create significant economic damage in terms of lost jobs, lost GDP and higher consumer costs. Tax incentives that are most used and best promote an “all of the above” energy strategy should be preserved.
- “Rules of the game” should not be changed mid-stream. If a business is relying on an IRA incentive to help finance a project that has already started construction, and the credit is part of the deal’s capital stack, the incentive must remain available at least until the project is completed.
- Davis-Bacon prevailing wage and registered apprenticeship (PW/RA) requirements are a major barrier for real estate companies to access the IRA’s clean energy “bonus” tax credits. These labor standards should be relaxed to encourage projects that make buildings more resilient and efficient.
- IRA provisions allow taxpayers to “transfer” certain credits to unrelated third parties. This policy enables more energy project deployment by REITs and other real estate owners who generally have no appetite to benefit from tax incentives. Congress should keep the “transfer” provisions, and Treasury/IRS should enact rules to optimize credit “transfer” benefits for mixed partnerships with for-profit and not-for-profit owners.

Additional Resources

RER fact sheets

- [Clean Energy Tax Incentives Relevant to U.S. Real Estate](#) (July 2023)
- [Section 48 Investment Tax Credit: “Base” and “Bonus” Rate Amounts](#) (May 2023)
- [Inflation Reduction Act Revenue Provisions](#) (Aug. 2022)

RER comment letters on Treasury/IRS notices and proposed rules:

- [Prevailing Wage and Apprenticeship Requirements Under the IRA](#) (Oct. 2023)
- [Monetizing Energy Credits: Transfer and Direct Pay](#) (July 2023)
- [Clean Energy Tax Credits for Low-Income Communities, Housing](#) (June 2023)
- [Comments on Notice for Section 30C Tax Credits for EV Charging Stations](#) (Dec. 2022)
- [Comments on Notices for 179D Deduction for Energy Efficient Buildings, Section 48 Investment Tax Credit, and Section 45L Tax Credit for Residential Construction](#) (Nov. 4, 2022)

Building Performance Standards: Federal, Local and NGO-Driven

Issue

Federal Government: No federal agency has authority from Congress to **regulate** private sector buildings through a national building performance standard (“BPS”). However, US-EPA and US-DOE have developed the best **voluntary** system in the world to recognize high-performance buildings. In particular US-EPA’s ENERGY STAR **“taxonomy”** provides proven strategies for quantifying, measuring, and improving commercial building efficiency. **For decades**, ENERGY STAR has provided the real estate industry with tools to save energy costs, reduce energy use and cut emissions.

States and Localities: A number of progressive cities and states ([map](#)) have enacted BPS **mandates**. Generally, state/local BPS laws impose onerous “net zero” emissions and or “electrification” targets. Failing to meet local BPS requirements can result in fines and penalties on buildings. The regulatory specifics, however, vary from jurisdiction to jurisdiction, making compliance exceedingly complex and expensive. To help bring some consistency to the nationwide “patchwork” of building performance regulations, RER has developed a peer reviewed [policy guide](#) outlining key issues and talking points that should be considered whenever a state or locality adopts a BPS law.

Non-Governmental Organizations: NGOs have developed their own BPS-type standards and climate accounting frameworks. Some have international influence across global markets. Chief among these are the Science Based Targets Initiative (SBTi) and World Resources Institute’s Greenhouse Gas (GHG) Protocol. Government bodies increasingly incorporate GHG Protocol and SBTi standards in their policies. Likewise, major real estate lending and equity institutions have also adopted these NGO frameworks to align with their ESG investment principles.

The Roundtable’s Position

- ***Voluntary, non-regulatory federal guidelines signifying “high performance” real estate are critical to unleash America’s energy dominance.***
 - These include recognition from [US-EPA](#) (e.g., [ENERGY STAR](#) and [“NextGen”](#) certified buildings) and [US-DOE Better Buildings](#) initiatives.
 - US-EPA and US-DOE public-private partnership programs serve important business purposes. They provide standardized, government-backed tools and criteria for the real estate industry to:
 - Quantify energy savings, so families and businesses can save money on utility bills;
 - Place less strain on the electric grid so increasing demands for power can accommodate critical areas of U.S. economic growth like artificial intelligence;
 - Attract investors by showing U.S. buildings are highly profitable and efficiently managed; and
 - Advance technological innovations in America’s buildings to enhance our global competitiveness.
 - Ample resources from Congress and the administration should be devoted to maintain and evolve US-EPA and US-DOE public-private partnerships with the real estate industry.
- ***States and localities should ensure their building performance mandates reflect the [20-points raised in RER’s peer reviewed policy guide](#) for fair and reasonable BPS laws.***

Building Performance Standards: Federal, Local and NGO-Driven

- Chief among these points: US-EPA and US-DOE guidelines should offer compliance pathways with state/local BPS laws. Uniform federal criteria can bring rationality and consistency to the [chaotic “patchwork”](#) of BPS regulatory mandates across the country.
- No city or state BPS law should fine or penalize a “high performance” building recognized by US-EPA or US-DOE partnerships.
- Policymakers must also consider how BPS regulations impact key points such as:
 - Affordability and supply of housing for low-income and working class families;
 - Availability of debt, equity and incentives to pay for all of the retrofit projects induced by BPS laws;
 - Reliability of local grids to provide electricity, if power infrastructure is strained by all of the extra loads caused by building electrification;
 - Achievability of goals to reduce overall emissions, if the community’s electric grid relies heavily on fossil fuels; and
 - Accessibility of market-based programs (e.g., [RECs](#)) to purchase clean power to help achieve an “all of the above” energy strategy.
- ***The U.S. government should not award federal grants to induce states and localities to enforce BPS regulations on the real estate industry.***
 - Our system of federalism gives states and localities the right to develop BPS laws. If a jurisdiction chooses to do so, its laws should not be supported by U.S. taxpayer-funded grants resulting in costly, burdensome regulations.
 - The U.S. government should not award BPS grants for local laws levying fines on buildings that the U.S. government *itself* lauds as “high performers”—such as through the US-EPA ENERGY STAR program
 - Congress should oversee federal BPS grant awards and examine how states and localities are spending this money supported by U.S. taxpayers.

Additional Resources

RER policy guide:

- [Lessons Learned to Shape Fair and Reasonable Building Performance Standards \(BPS\) 20-Point Guide](#) (Oct. 2024)

RER fact sheets and newsletter articles:

- Roundtable Weekly: [“EPA Releases ‘Next Gen’ Criteria for Low-Carbon Buildings”](#) (March 22, 2024)
- Roundtable Weekly: [“CRE Coalition Asks EPA to Help Standardize Conflicting State, Local Building Emission Laws”](#) (Sept. 15, 2023)
- Fact sheet: [Science-based Targets Initiative \(“SBTi”\)](#) (Aug. 9, 2023)

RER comment letters:

- RER [letter to Congress](#) requesting oversight of DOE grants to states/localities for BPS mandates (Feb. 2025)
- RER [letter to US-DOE](#) regarding Inflation Reduction Act grants supporting state/local BPS mandates (Oct. 2024)

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Building Performance Standards: Federal, Local and NGO-Driven

- RER and Nareit joint [letter](#) and [technical comments](#) on US-DOE's ZEB definition (Feb. 2024)
- [Real estate coalition "joint trades" letter to EPA supporting Portfolio Manager](#) (Sept. 2023)
- [RER/Nareit supplemental letter to SBTi](#) (Aug. 2023)
- [RER/Nareit comments to SBTi on building sector guidance](#) (July 2023)
- [RER comments to EPA on proposed "Next Gen" criteria](#) (March 2023)
- [RER comments to Institute for Market Transformation \(IMT\) on "model" BPS law](#) (April 2021)