

Maria Vargas:

Thank you. Welcome to all of you joining us today. My name is Maria Vargas and I oversee the Better Buildings initiative at the Department of Energy. We are thrilled that you're joining us today to talk about our newest partnership program that we are hoping that all of you decide to join with us in being part of the Better Climate Challenge.

So it's a pleasure to be with you. I have a couple folks with me today. Joe Indvik is here from RE Tech Advisors. Eli Levine is here. Eli works with the manufacturing partners across many sectors at DoE. We're all here today.

If we could just jump ahead, one quick but very important housekeeping matter. It's more than housekeeping. It's actually pretty key to how we're going to do today's session. We do have some slides and some information to share with you in the Better Climate Challenge, but we really want to make this as interactive as possible.

We are going to be using Slido.com. So if you don't mind hopping on that platform. It's very straightforward. You can do it on your phone. You can do it on your computer. The event code is DOE. The hashtag already exists. That's the way that we're going to be fielding questions, because we have such a large group.

You can upvote questions, and we will probably start with the questions that have the most upvotes. So if you see a question that has already been asked that you think mirrors or echoes or would be one of your own or that you want us to answer, please go ahead and not only use Slido, but use it to track the other questions and upvote the ones you're interested in having us answer today.

So thank you again. I'm peddling a little bit because I want to give everybody time to get on Slido.com. But assuming that you all are incredibly technically fluent and have done that, let's go ahead and just dive in.

If we can go to the next slide please.

The goal today is really to talk to you about the opportunity, why it is that the Department of Energy is launching the Better Climate Challenge. We want to talk to you a little bit about how this builds on our work with leaders and looking to the future of working with organizations, either those that have worked with us in the past or are new to a leadership opportunity with the Department of Energy to address climate change.

We're going to talk exactly about what it is that we are launching and announcing as the Better Climate Challenge – what the goals are, how it works, DoE's role as a partner, as well as what your role would be as partners working with us – next steps, and then of course answering questions.

Next slide please.

This is our executive summary that really sums up what it is we're looking to do, accomplish, and partner with you all in the Better Climate Challenge. We all know that the US and the world face a tremendous challenge in the climate crisis and the challenge that it gives all of us, both in the US and abroad.

We know that many of you have been leading the way and have been active in setting goals, greenhouse gas reduction goals, energy goals, renewable energy goals. And where we are now is not only in meeting goals, but needing action and pathways in the near-term.

So through the Better Climate Challenge, the Department of Energy wants to work with those organizations that will work with us, to not only set ambitious and portfolio-wide and near-term operational greenhouse gas reduction roles, but are willing to share what they're doing and demonstrate leadership to solve problems and meet those climate objectives as a way to move not only their organization forward as leaders, but to help the country really tackle this challenge that we have ahead of us.

We are confident that we at the Department of Energy can do this. This builds on over a decade of experience that we have within the Better Buildings initiative. That's through programs like the Better Buildings Challenge, the Better Plants Challenge, workforce opportunities, financial navigators, all these things that we've done to work with leaders in partnership, to drive real change and to really share what leaders are doing in the market.

We are envisioning and planning for this to be the government platform that really provides the transparency, the partnership, the collaboration, the technical assistance to not only identify decarbonization pathways, but to understand what those are because they're going to be very different across the US economy, and to recognize those who are really leading the way.

So that's what we're here to talk to you about today, and we have a couple slides that dig in a little bit deeper. So if we can go to the next slide please.

I talked about this for a minute, but I really want to talk about the fact that we know that many of you have set goals. Many of you have set goals that are 2025, 2030, 2040, 2050. So why a climate challenge? The Climate Challenge, again, is really an opportunity to demonstrate diverse options, opportunities, and pathways that we're going to need as a country to move forward.

As we look to decarbonize the US economy, we know that the solution available to a school district in New Mexico is going to be very different from a large manufacturer in Michigan, than it is going to be from a hotel chain operating in Seattle. We just know they're going to be different, and we're going to know that they're all important, and they all are going to have barriers, but they're also going to have opportunities.

A lot of organizations that we've been working with have come to us as part of Better Buildings and Better Plants, and have said, "We've got the goals. We need help in figuring out how to actually get there. Management has set a goal. We've been part of that goal. How is it that we're going to achieve the goals that we've set in the organization?"

If you look at the bottom half of this slide, we're really looking at the Better Climate Challenge as an opportunity to understand where the opportunities exist, but also to work with all of you to understand where you're getting stuck. We really know that we need to not only understand opportunities, but barriers.

Then we as the Department of Energy are going to use this platform to understand how we can better invest in our research and development opportunities, our opportunities and activities across the department. We want to make sure that we're providing an opportunity for all of you to convene and share best practices. We want to provide technical assistance that helps you meet your objectives. We want to really work with all of you to profile what's possible, the solutions you have and the success you're having.

So the focus of this program is not only on the goals, but very much on the actions and the pathways, and how it is that organizations are getting to where we need to go. The hope is that the rest of the market will learn from what leaders in the Better Climate Challenge are doing.

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We know that there is a huge opportunity, so I want to give a shoutout to those 66 organizations that are working with us currently on an effort we have underway, a low carbon pilot. I wanted to just highlight this, because we have known and we've been listening to you, when you told us that you're interested in really addressing the opportunities that climate change and decarbonization pose for your organization.

So we know that the appetite is there. We announced the low carbon pilot at the end of 2020, and thought that we might get 10, 15, 20 organizations, and we were just amazed at the leaders that stepped forward to be part of this pilot. So I want to mention this, not only to give a shoutout to those organizations working with us. We've asked organizations in the low carbon pilot to pick two buildings, whether they're two manufacturing plants, two hotels, two school district buildings, two retail stores, two commercial office buildings, to really help us understand the pathway for those buildings, how quickly we can make decarbonization happen in those buildings, and where organizations, as I mentioned before, are getting stuck.

So I mention this pilot because we've not only recognized the appetite is there, the interest in working with DoE in collaboration to address decarbonization is there, but the low carbon pilot partners have been really key in helping us understand how to set up a portfolio-wide challenge, which is what we're talking to you about today.

So the next slide, we're going to jump into that.

I think what's really important in a voluntary program, like the Better Climate Challenge, is to really understand the principles that we have used and are looking for as our guardrails as we move this program with all of you to success in the market. So let me just share a couple of those principles, because I think they really will inform how it is we view not only the challenge, but our partnership with you.

So part of our goal in setting up the challenge has been the recognition that, like the Better Buildings Challenge and the Better Plants Challenge, we really want to identify a North Star for what leadership looks like. That's why when you see what it is for you to do portfolio-wide, we'll share what that is.

I think we also really want to be mindful that we are creating a program that recognizes true leaders and offers the flexibility, so that real leaders are included. We don't want to get hung up on items that might not matter. So what you'll see in the following slides, we're anxious to work with you in a way that recognizes and includes organizations that have not only been working on this, but those committed to doing that in a way that really not only allows us to have, you know, and be consistent in what leadership looks like, but understanding where organizations are today.

The goal in our voluntary programs that we've done, as you can see throughout the Better Buildings initiative, but now here too, the goal here is to not overengineer and tell you what to do. It's really to define what leadership looks like and work with all of you, recognizing that's going to be different across different sectors to understand what that is.

We want to, again, identify and profile pathways. We want to make sure that we are creating a network that's useful to you and your organization, so that you can learn from others. We know that that's been a really powerful part of what we've been doing the last ten years.

Then the last thing is really to continue to prioritize energy efficiency. When we look at the numbers and the analysis at the Department of Energy that looks at what it will take to decarbonize the US economy sector-by-sector, the role of energy efficiency remains incredibly important. It's the cornerstone on which we're going to have to build our decarbonization effort. So as you'll see, energy efficiency remains a very key part of what we're proposing.

So without further ado, let's jump into what is we're asking organizations to do, working with us in the Better Climate Challenge.

Through the Better Climate Challenge, we're asking folks to do a couple things. First of all and most importantly – not most importantly – two things are really important. The first ask, the North Star if you will, is to set a portfolio-wide greenhouse reduction of at least 50 percent in ten years.

It's Scope 1 and Scope 2. We're not worried through this initiative and we're not going to focus on embodied carbon. We are asking and won't include offsets as part of the way to get to the portfolio-wide reduction. To be very clear, RECs and virtual power

agreements, those are fine. The use of renewable energy through tools like that are just fine. We're just not looking at offsets to be part of an organization's response to the 50 percent reduction.

We're asking and encouraging organizations to have a baseline of up to five years back from the join date. We have a little flexibility around that. This gets to the principle of wanting to identify true leadership. We want to be as complementary to organizations' goals or goals that you may have set up already within your organization. So we'll work with you on that, but the goal is to not go back 10 or 15 years. It's really to capitalize on action, action that's happening now, action that many of you have begun, but also takes us out into the future to really hit this ambitious goal of at least 50 percent in ten years.

We are encouraging you to set an absolute target with us. If energy intensity is the only way forward for you, we will work with you on that. We're trying to be fair and make sure that the North Star remains fair and equitable and the same across organizations, but we'll work with you on that.

Then we're also, just getting back to the point about energy efficiency, we're asking you to include an energy efficiency target. Again, part of what we're trying to showcase here, working with the market, but also given who we are as the Department of Energy, is trying to be mindful and be cognizant and be open about the role that energy efficiency is playing as we move ahead.

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I want to just mention we know that there is one particular sector that's got some challenges, and that's the energy-intensive manufacturers. You can see the list in the third bullet below.

We have some energy-intensive industries that have come to us and are setting their goals at 50 percent, but if an energy-intensive sector knows that that's impossible for them, we have a goal of at least 25 percent in ten years for energy-intensive manufacturing. We can talk more about that in the Q&A.

Let's move on to the next slide.

I want to just hit on, just as a reminder, of what it is – we just talked a minute ago about what your organization would commit to as a partner in this effort. I also want to talk a little bit about what's so important that DoE does and what it is we do together.

So together, the core program components I think really illustrate why this is going to be such a groundbreaking and strong government platform. It's not only working with you to be transparent and sharing what you're doing, but DoE's role and dedication to providing technical assistance to help you reach your goals. We're not going to pay for you do it, but our goal is to work with some of the expertise we have at DoE, to help you understand opportunities where you hit barriers, and solutions that may work that you may not have thought through.

But I do want to highlight again, at the risk of being repetitive, the importance of the third leg of the stool, which is collaboration to demonstrate these pathways. This is really the strength of this effort, and it's really how DoE is hoping to work with you across a lot of different offices at DoE, to engage with you, to learn from you, to have you learn from us, to have you, most importantly, learn from your peers, to discuss opportunities, barriers, and solutions.

Next slide, if we could.

I always think it's really important to be very clear about what it is that an organization commits to do, and what DoE is going to do in support. We view this as a true partnership. I think we've talked about most of these, but it's really setting that goal, working with us, working with peers, sharing your plan for moving ahead, and DoE providing not only the technical assistance and convening, but also recognizing the work you're doing. Because just as in Better Buildings and Better Plants, if we don't recognize and talk about and highlight what leaders in the marketplace are doing, we're not going to get where we need to go as a nation, and as a nation contributing to an international challenge.

So part of our goal is to highlight the work you're doing, the leadership your organization is taking on as part of this challenge, and to share what it is that works in the market so others can follow.

I always say I would love to believe that people would do what the Department of Energy says to do in their organizations, but that's not case. The real-world action and the real-world opportunity here is for the market to follow leaders, like many of you and those of you who are joining, because I think folks want to learn from organizations that look like them. It de-risks the opportunity. And in partnership with the Department of Energy, that's a really

powerful message to the marketplace of what leaders are doing and working with the Department of Energy on those solutions.

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Just in summary – and then we can get to some of the questions that you have – why join? You’re on this call today to learn more about the Better Climate Challenge, and we are hoping that you join.

I think that there’s a whole host of reasons. One is hopefully enough for your organization, but this really, in our point of view and the way we’ve created this, and thinking back about the principles that we’ve used to set this up, our goal was to help your organization meet the challenges of the future.

So we’ve endeavored very hard to set up a challenge which is good for your organization and good for the future of that organization, not only because you’re going to save energy and money, but because you’re going to be ready for the future. Greater energy efficiency and effort to decarbonization are only going to serve to position you incredibly well moving towards the future.

The resilience, the success you have being on top of these issues as opposed to being on the defense is a tremendous opportunity, and it’s an opportunity for you to be leaders, not only in your sectors, but in your communities, both locally and at a national level.

We really are hoping you’ll join also because it’s really important for organizations like yours to join the market transformation that we need in this country, and that only happens through leadership, and it only happens when organizations like yours step forward. Part of that market transformation is to help us at DoE know where we need to focus to help the marketplace be successful.

So part of this effort and part of what’s very exciting, I can tell you having worked at DoE for ten years and at the EPA for 25 years, is to really watch how this effort is galvanizing offices at DoE, who have never worked together before, to understand the true opportunity and understanding your needs and how it is that we can address them better, not only by working together, but putting our technical and research and development prowess to work to help the market succeed.

As I mentioned before, one of the things that I’m constantly told is how important the technical systems and peer-to-peer exchange

networks that we offer through Better Buildings, Better Plants, and Better Building Summit, all of those opportunities, the ongoing workshops, working groups is very important, because you can learn from organizations that look like you or organizations that may be very different, but facing a very similar challenge or barrier. It's how to share those best practices and learn from each other. Because if we all have to start from square one and figure this out on our own, we're never going to make it.

Then our hope is that you also want to join because you're willing to let us recognize the work that you are doing and the solutions that you are creating, so that others know it's possible. It's doable. We've got organizations leading in the country and they can see real effort, real work, and real success in addressing the climate change that we have as a country.

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A couple questions that I'm anticipating before we get to Q&A. We've heard questions from folks: what about my other goals and commitments?

If you think back to our principles, we want to work with you and our guess and our hope and our belief is that if you've got an organizational goal that's close, or it may be over, or it may be consistent with at least a 50 percent reduction goal, we're willing to work with you on that. Many of our Better Buildings and Better Plants Challenge partners have already set efficiency goals. They're on the glide path because they've set efficiency goals.

But we are also working with other organizations. We've been working very closely with the Science-Based Targets group at WRI. We have worked very closely with them to make sure that what we're asking of an organization fits very well in their approved 1.5-degree aligned science-based targets. So if you have a science-based target at a 1.5-degree target with science-based targets, that's very consistent, complementary, and puts you squarely on track. That goal is very consistent with what it is we're trying to do as part of the Better Climate Challenge, and you don't need a different goal. We're happy to work with you.

If you have another goal that you want to talk about with us, to see if it's complementary, just reach out to your sector lead or me and we're happy to work with you on that.

I think the last slide I have, before we jump to Q&A, is how do you join? It's very easy. We have a one-page – I guess it's one page, back and front, so two pages technically – partnership agreement. If you want to work with your program contacts, if you're already working with us, just reach out to those folks.

You can e-mail me. You can e-mail BetterBuildings@ee.doe.gov. There's all sorts of information on our website. The partnership agreement is on the website now.

We are encouraging organizations to join. Thinking back about how we've launched other initiatives, the early tranche of partners and signatories – I don't want to say they have a leg up. It's just great to start working with folks straightaway. So we're encouraging organizations to join now. We're going to be working with organizations. We're trying to highlight some folks in an upcoming announcement about this being something that DoE is pursuing, and then looking forward to doing more of that in the fall and early in 2022.

So last slide I think is time for Q&A.

I hope I answered questions. Joe and Eli didn't jump in, so hopefully I didn't misstate anything. I'm going to ask Joe and Eli to turn on their cameras now. I'm going to get to Slido. It will take me a minute.

So before we open it up for Q&A, I just want to say thanks to everyone for joining us today. We are happy to talk with you and answer the questions that you have, and provide any more clarity we have.

I also do want to make sure that I don't end without saying that we really hope you join us in this effort. It's really important. It'll be fun. It really will be, working together. It will be challenging, but it will be fun, and we're hoping that you join with us in partnership to really address and understand the pathways towards decarbonization that we have as a country.

So with that, Joe or Eli, I'm going to ask you guys if there's a question that we need answer. I'm going to get onto Slido. This is me looking down to get onto Slido. So I'll let you guys go ahead and take the first question.

Eli Levine: Joe, how about this. I'll fire one or two at you. We can go back and forth, and Maria, if you hear the questions and want to jump in, feel free to.

One of the nice things about Slido is folks have the ability to upvote questions. So if you see something that you really want answered or somebody is asking the question that you were going to ask, feel free to click that thumbs-up button.

The number one rated question is: I'd be interested in hearing the differences between the low carbon pilot and this new Better Plants Challenge.

Joe Indvik: Maria, do you want to take that one?

Maria Vargas: I guess I'm confused by the question. The Better Climate Challenge versus what?

Eli Levine: The low carbon pilot.

Maria Vargas: Oh, okay. Let me go ahead and see if I can take that one. The low carbon pilot, we announced at the very end of 2020/early 2021. It was a two-year effort.

We knew we wanted to work with organizations on a portfolio-wide challenge, but we wanted to work with enough leaders across different sectors of the economy to know what that would look like and know what we were getting into, and know the challenges, and get our hands around organizations who were working on decarbonization, and looking at specific facilities, plants, buildings, hospitals, hotels, and understand that path forward, so that as we not only engaged those organizations in helping us think through what a portfolio-wide challenge would look like, but also work with them to understand some of the barriers and opportunities that they face, so we had a better handle moving into a portfolio-wide challenge.

The pilot isn't taking any more organizations. That's a two-year effort. We really wanted to pilot and understand some of the tools, the action plans, things like that.

So that pilot is underway. I think all of you are going to be able to hear the results and things that we do as we report out from that pilot. It's very complementary. Many of those organizations are working with us now on their portfolio-wide challenge. They are complementary, but different efforts. The low carbon pilot is

meant to just be that, which was a pilot, a two-year effort with a discreet timeline.

Eli or Joe, did I miss anything? Is that a fair summary of where we are?

Eli Levine: Yes. This is a great way for us to work with you on your total corporate footprint.

Maria Vargas: Terrific.

Joe Indvik: That actually starts to answer the third most upvoted question, which was: does the program preference organizations with multiple locations participate as a corporate partner, not as individual locations?

The answer to that is yes. This is a portfolio-wide initiative. The key here is thinking about pathways across a set of operations and a set of buildings or plants.

Maria Vargas: I'm going to go ahead and take one, which is: if we already have a science-based target, what would be the benefit to joining?

This has been a great conversation that we've had ongoing with the Science-Based Target group. The Science-Based Target group and the work that they do with all of you, many of you who have worked with science-based targets, is to set a goal.

So the goal is part of what it is we're doing here, but the real opportunity here is to take the goal you set to science-based targets, and to really work with us on actions and pathways and getting to that goal. So we view these as very complementary, which is why we've been talking so much to that group.

Organizations set goals through science-based targets. The whole point of this challenge and this partnership with the Department of Energy is to now spur action and get the technical assistance you need to actually meet those goals.

Joe, Eli, anything you want to add on that?

Eli Levine: No. I completely agree. I think that we've tried to structure our program, over the years through the Better Buildings initiative, to bring in peer-to-peer learning from each other or expertise from our national labs to help you, helping you leverage the platform of the Department of Energy to amplify your leadership.

So it's not a complement to some plant science-based targets, but hopefully it can bring some more technical assistance and peer-to-peer learning, a community that's setting similar goals and wants to share where you're getting stuck and where the successful, replicable strategies are.

Maria Vargas:

Okay. Let me try and do another one: I work for a private company. Is our performance going to be made public or based on our consent?

For those of you who haven't worked with us in Better Buildings, the short answer is we don't publish anything unless you agree. So having said that, nothing goes up on our Web. We don't talk about you without you knowing what we're going to say.

But to be very clear, one of the key parts of working in partnership with you is to share what you're doing. So we want organizations who are willing to share what they're doing with others and be transparent, and be open about what it is they've been able to do, the innovations they've been able to find, the success they've had.

So the short answer is we want you to share. We hope you share. The whole point of this is sharing, so that others can learn from what you're doing. But we're very mindful and respectful, so we share what you want us to share. Hopefully that answers that question.

Joe, do you want to see if there's another one?

Joe Indvik:

Yeah. I'm happy take more of these. There's one here: I work for a local government. Just to be clear, this effort will require participants to reduce greenhouse gas across all sectors, unlike the BBC that focuses only on the building portfolio.

Yeah. The emissions sources included are anything you consider to be Scope 1 and 2 emission sources per the Greenhouse Gas Protocol or whatever other standard you use, but I would guess it's the Greenhouse Gas Protocol because that's the most common. So that would include any Scope 1 category, any stationary combustion, mobile combustion like transportation, in assets that you own and control, and any material sources of fugitive emissions, things like refrigerants. Then of course Scope 2 from electricity production.

So if there are any special cases or questions that you have, reach out to us or to your account manager and we can talk through that, but that's the intent, that this covers Scope 1 and 2 emissions across your operations.

Eli Levine:

Sort of related to that, one question that we got was: does it matter if our science-based target is lower than a 50 percent reduction? Ours is 30.

So I would say two things here, just from reading the question. The first is we're prepared to accept – we'll review, but accept on a case-by-case basis science-based targets that are to the 1.5-degree threshold. So if you're familiar with science-based targets, there may have earlier been an opportunity to pledge at a 2-degree or well below 2-degree threshold. We're really focused on the science-based targets that are to the 1.5-degree threshold.

That said, seeing that you are referencing that you have a 30 percent science-based target, there's a part of me that feels like your science-based target may be four scopes, 1, Scope 2 and Scope 3, and that that's an instance where if – because we're focused on Scope 1 and Scope 2, it may be that if you just exempt out Scope 3 and you come back to us with what your Scope 1 and Scope 2 is, it may come into that 46 percent sweet spot that we would be prepared to work with you on.

Maria Vargas:

The bottom line is just work with us on that. We're happy to talk to you about that offline. It may be better than doing it now.

Eli Levine:

That's a better answer, yes.

Maria Vargas:

No worries.

Eli Levine:

Maria, how many organizations have taken the challenge so far, any?

Maria Vargas:

Yeah, we do. We have about 20 organizations that have signed up. So we're very excited. We're excited for a bunch of reasons. There are folks we haven't worked with before, many folks we have, which is also very exciting.

We are excited because the organizations that have stepped up to this Better Climate Challenge, with the short period of time that we've been able to talk and encourage folks to join, really represent across the US economy, and that's really the goal here, and that's why this is a pretty exciting initiative for DoE as well.

We're really looking to have this be something that brings together all different parts of the US economy to understand these pathways. So we're excited. Stay tuned. Joe.

Joe Indvik:

Another question here about how we're counting emissions, so a question about whether we're going to require market-based emissions factors versus location-based emissions factors. They asked this is in the context of Energy Star Portfolio Manager.

We're encouraging partners to report emissions using both location-based and market-based factors, which is the standard guidance in the Greenhouse Gas Protocol. Having said that, we acknowledge that market-based factors are not always available. For those of you who are not familiar, locations-based is based on where you are in the grid and what that kind of ambient emissions factor is in that location, versus market-based, which is the actual utility contracts that you have or the utility or power vendor that you buy power from.

So we encourage reporting of both, but we acknowledge you may not always have access to the market-based factors, so we'll work with you on that. If you can only do location-based, you should still talk to us and it should be fine.

Eli Levine:

Maria, one question I got that's sort of specific to our industrial sector is: what means are being used to determine what is an energy-intensive organization? He or she writes: I know an industry example presented by – they're wondering what makes an energy-intensive organization.

I would say, like your previous answer, the best way to resolve this is to talk with us directly. We recognize that this can often be company-specific and nuanced. So I would encourage you to reach out to us.

I will say that we've tried to lean on how the Energy Information Administration or EIA has tried to define them. So that can provide a little bit of clarity in order – it provides us with some guidelines for other smart people are thinking about what truly is energy-intensive.

Maria Vargas:

There's a question: if we're in the low carbon pilot, would it be redundant to join this?

No. I think it would be complementary. As you know, as a low carbon pilot partner, you've been focusing on two particular

buildings within your portfolio. This is a portfolio-wide initiative that's longer than just two years. This is really a ten-year commitment, looking portfolio-wide across your facilities. So it would be a lovely complement.

As a low carbon pilot party, you sort of have a leg up because you've been focusing on this. You've been working on action plans with us, and highlighting and already are, hopefully, using some of the buildings that you are working on in the low carbon pilot with us as perhaps test beds or examples of the kinds of opportunities that exist within your building stock.

So no, we'd love to have you join. We would absolutely love to have you join.

Eli Levine: Joe, a question came in: what if our organization's goal is slightly slower than the Better Climate Challenge goal? For example, 40 percent by 2030.

Joe Indvik: Again, the short answer there is should talk. We'll take a look and work with you, and make sure it's in alignment with the trajectory that we're going for. If at the end of the day your level of ambition is lower than what we're asking for, then we'd ask you to set a more aggressive target. But we should have that conversation because we understand there's lots of different base years and lots of different methodologies used. This isn't a monolith, so we're rather talk about it and work with you.

Eli Levine: Related to base years and models, there's a question that has come up twice here. Obviously, it's a little bit different for the Better Plants Challenge: if the baseline can go back five years, does that mean the goal can really be for a 15-year time span?

Then relatedly: I want to confirm that I heard we can go back up to five years for a baseline.

The short answer is yes. We will work with you on a ten-year prospective goal, so up to 2031 or 2030, if that makes more sense to you. You can start your baseline up to five years past, although we prefer to work with you towards a closer baseline.

Joe Indvik: There's another good question here: can we go over how the data will be calculated to make sure that we're on track for the next ten years to achieve the emissions reduction? A 50 percent reduction I assume is what you mean.

Yes. Basically, anything that would reduce your Scope 1 and 2 emissions, per your standard carbon accounting method, would count towards these reductions, with the exception of carbon offsets. So if you reduce your consumption, your energy emissions go down, that sort of counts against your baseline.

If you procure green power, if you have a purchase agreement or a virtual power purchase agreement or purchasing renewable energy certificates, or the variety of other green power procurement methods that are available out there, that would reduce your Scope 2 emissions, of course. So if you do other more sophisticated strategies that you're able to measure, like time of use carbon accounting or things of that nature, anything that would affect your standard inventory will count towards this.

The math is pretty simple. It's just starting with your base year, whenever that is, looking at the total reduction in either absolute emissions or emissions intensity, depending on which of those metrics you've selected. That governs the percent of emissions reductions that's counted under the Climate Challenge.

Maria Vargas:

These are all such good questions. I'm glad we used Slido.

Let me just answer a couple questions also, going through the list: will DoE have any funding programs to support fuel switching, i.e., electrification?

Who knows? Part of what I think is cool, and I alluded to this a little bit, is because we're going to be working across DoE and with lots of different offices, there are going to be lots of different opportunities. I was talking to our vehicles office earlier this week, and they may have some funding opportunities for [EV](#).

The organizations working with us in this are going to be – if they're interested in working in transportation solutions, working with folks in the transportation office, they would know about these kinds of things. So we're going to try very hard to connect those dots for our partners within DoE.

We'll try and do that publicly, too, because we are the federal government. We want to make sure everybody's got the information, but – there is no “but.” That's a hard stop. We try and get that information out, but that is a key part of working with our partners, is making sure that we understand the barriers they're facing and where there are opportunities, toolkits, information, funding opportunities within, whether it's DoE or EPA or HUD, or

other organizations that partners may want to bring to bear to help solve that solution.

So the short answer is I don't know. There's nothing yet. But we are quite keen on using this as a platform to sort of see where it is we need to invest and how it is we can help the market. So stay tuned.

Eli Levine: Joe and Maria, this is a relatively straightforward one: just to make sure we've got it right, companies that are enrolled already in the low carbon pilot are also automatically enrolled in the Better Climate Challenge.

Maria Vargas: No. If you are a low carbon pilot partner, you've committed to two buildings. This is a portfolio-wide ask. So we would never take it upon ourselves to assume that that's what your organization wants to do.

We would love it. Many of you, the low carbon pilot partners were among the – not only the ones who helped us think this through, but we wanted to make sure that you knew about this opportunity. So if you're in the low carbon pilot and want to work with us on this, we would love to have you do that, but we'll want to engage with you specifically on that topic. We would never assume to move you from one program to another without you wanting to do that, and being very clear with us that that's what you want to do.

So the straight answer is no, but we're delighted if you would like to help with us. It's been a treat to work with these organizations as part of this low carbon pilot.

[Crosstalk]

Eli Levine: Go ahead, Joe.

Joe Indvik: A question about data tracking and software: what types of tracking/reporting/software would we use for this program?

We're keeping this simple. We're not intending to create rigorous data reporting requirements here. So if you're currently using Portfolio Manager, we'll continue to use Energy Star Portfolio Manager to collect data, for partners who are interested in using it.

We're also going to have a simple Excel-based reporting form, where you just give us your Scope 1 and 2 emissions and energy

data. So again, not a large reporting lift. We can work with the existing systems you have.

Maria Vargas:

Joe just mentioned something I think is really important to underscore. Our goal is not to compete with or make this more complicated for you. The real focus here is on these pathways and working with you to understand, again, barriers, solutions, and innovations.

So just reinforce what Joe said, I think not only is it absolutely right, but we really want to make this as low of a lift. You've got companies to run, school districts to run. You've got things to do. So the goal here is to really focus on the information that we need that's transformative, and not saddle you with lots of other things. We do need the information because this is a program in which we're asking you to share, but we're trying to make that as low of a burden, an additional burden to you as possible.

We go this question on the last webinar, too, and I think it's important to talk about: does portfolio-wide mean all global operations or is it US-based operations?

The focus of this effort is domestic operations. Many organizations in our current programs, the Better Buildings Challenge, the Better Plants Challenge, choose to include all their global operations, because if you make a decision to do something like this portfolio-wide, that's truly portfolio-wide and it happens across your organization, the only reporting we're asking for is on US operations.

If it's tricky for you to tease out US operations, we'll work with you on that, but that's really the goal, is understanding the impact that we are having and the market transformation that's going on within the United States through this effort. So our ask for you as part of this, and where we're asking to be particularly transparent is within your US operations.

Eli Levine:

It's pretty fun to see some of the signed agreements. I'm still checking my e-mail as you're talking, but we're seeing people that are sitting in the audience sending in their signed agreements. So your answers are going over all right, Joe and Maria.

Maria Vargas:

Terrific.

Eli Levine:

One questions that we got that I think is a little bit nuanced is wondering about the commitments in terms of how often will you get together with participants.

My answer, and I welcome Maria and Joe's thoughts, is this is going to be based on we want your feedback. We want to structure this in a way that works best for you. That answer may be we are a large family in Better Buildings, and the answers may be different for one sector versus another sector. It may vary.

So we want to structure – this is something that as we kick it off we'll be interested in your feedback, and how we can make this the most impactful and easiest to work with in our program out there for decarbonization.

Maria Vargas:

Well said, Eli. I think the two things I would add to that would be that we do have an annual meeting. We do have an annual summit. This year it's going to be May 17 – 19. We are crossing our fingers and toes that that's in-person in D.C.

It's really in the past afforded an opportunity for people to meet face-to-face and talk about and sit in a room. What's been amazing is to watch organizations and people within organizations that sort of are the same, but in very different organizations exchange ideas. So there's an annual meeting that we do that. So I would encourage you to do that.

I think the other thing that we've learned in this pandemic is what we can do by Zoom. We can really work together. Just to Eli's point and to reinforce it, there's lots of ways to work together. If your sector decides or you want to work with DOE quarterly and jump on calls with everybody in the health care sector, that's just something you tell us, and we'll organize and we'll convene and we'll make it happen.

The opportunity to do that now virtually as well as in-person or regionally exists in way that, at least for me, I didn't quite appreciate what we could do that way, so that people don't have to travel as much to get there. So it's less of a burden on your time and your budget, really, to be able to do that.

So Eli is right. This is your program. This is a partnership program. We will take your lead. I think, for those of you who haven't worked with us so far, this peer exchange is a tremendous opportunity and value of what we try and do as DoE, and really provide all of you the opportunity to talk to each other.

I know that sounds simple, but I can't tell you how impactful we are told it is, and just watching the outcomes that we know it is. So, Eli, you were spot on and I wanted to just add those as just a couple other opportunities.

Also, one of the things that Eli and I talk a lot about is the opportunity to do things regionally. Are there opportunities to do regional meetings? So that's the kind of thing that we're open to. So we're open to suggestions about how to better use the opportunity to talk to each other.

Let me go ahead and take this one: can companies of any size join the challenge?

Absolutely. Again, part of what's fun and the goal of this is to have different organizations in different places in the country that have different end uses and different sizes, public, private be part of this. Because what you want at the end are pathways that exist for all different kinds of organizations, and you want an example out there for any organization that wants to decarbonize.

So if you're a small insurance company with eight buildings, there are other small organizations with eight buildings that are going to want to know how you solved this and what you did to make this happen for your organization. So any size organization can join. We'd love to have you.

Joe Indvik:

I would just add to that. I think the data is pretty clear that to effectively decarbonize the U.S. economy, it can't just be large organizations leading the charge. It needs to be small ones, too. In many ways, the challenge is greater or at least different for small organizations because of capital constraints and other factors. So you're very much welcome, smaller or otherwise kind of boutique, for lack of a better word, organizations to join, to demonstrate their pathways.

A couple questions here regarding data. So one about whether asset-level reporting is required; another about just generally explaining the data requirements and how the emissions factors are going to work. Let me take a crack at explaining that, and then feel free to ask another question if you had a more specific issue you wanted to get at.

We're asking partners to report their portfolio-wide emissions data and energy data annually. So not at the asset level, but across all

assets and operations. So that means you're reporting electricity consumption, natural gas consumption, any other major choice of energy consumption, and the associated emissions from those organized into scopes by source, so Scope 1 and Scope 2 emissions, and within that the individual scopes.

In terms of emissions factors, we're not going to dictate to you what emissions factors you should use. We prefer that you align with the corporate protocol, cause that's standard. If you have another protocol you're using or for some other reason you've diverged from that, let us know. We can work with you on that.

But again, we're not looking for you to do a new calculation just for us. We're looking for you to report your existing emissions calculations if you've already done them. If not, we're available to help perform those emissions calculations and help you think through how to do that the right way.

If you've already got third-party assured data, like an ESG report or something of that nature, I heavily encourage you to report those numbers broken down in the ways that we need. But again, we're not asking you to do custom calculations here wherever possible. We're asking you to report the data that you're already tracking.

Eli Levine: Joe, are we allowed to take credit for the natural greening of the grid?

Joe Indvik: Yes.

Maria Vargas: Joe and I are nodding. We've thought about this a lot, but yes. Go ahead, Joe.

Joe Indvik: Look, at the end of the day, there's a lot of things that are going to have to come together to reach the decarbonization goals that are necessarily under the Paris Agreement and in general. So one of those is that the grid is going to get greener, and that's a real emissions reduction.

Our preference is that you, again, track your emissions on market-based level, so you actually try to get some visibility into the specific utility contracts that you have and try to green those. But yes, the greening of the grid is legitimate, so if it lowers your location-based or market-based emissions, then that counts towards the challenge.

Maria Vargas: I'll just add to that. I think part of what leaders do in their markets is try to change also the local opportunity. So they work with their utilities to drive support, inspire, and buy opportunities to sort of green the grid. So that's very consistent with – we don't want you to get penalized if you are one of the folks who is driving some of that greening of the grid in your local location.

Okay. Other questions.

Eli Levine: We've got about three left here. They're interesting ones. The first one – we should just address all three, but we'll go one-by-one: do the special rules for energy-intensive industries only apply to manufacturing? I work for a food company with many large cold storage facilities. We have less ability.

I'd say that right now, as we've designed it, it's intended for the energy-intensive manufacturing sectors, but as has been repeated before, just talk to us and we're happy to understand your situation and figure out what makes sense for you.

Joe or Maria, anything to add there?

Maria Vargas: No. That's fine. I'll take the next one: can we join the program without publishing our goal? We keep our environment goals internal because we're privately held.

That's a little bit of a challenge for us, because we would want to – you know, the organizations that are working with us on this initiative will be very public, because that's the whole point, recognizing who is doing it. We're happy to have a separate conversation with you on that to understand.

We have faced opportunities – we don't want to – look, the whole point is, first of all, to do no harm. So the goal is to really support you and your organization as you lead towards decarbonization. So we don't want to do anything that doesn't allow you to do that.

Having said that, this is a public partnership program, where the price of entry is pretty public. So maybe the best way to sort of move forward on that is just to have a conversation. You can feel free to e-mail me and I'm happy to talk to you about that.

Joe Indvik: I can probably take one or both of these about absolute versus EUI reductions. So the question was the difference between absolute versus energy use intensity reductions, and then another person asking: how do we know which one to pick?

We encourage partners to set an absolute reduction goal, the reason being that's the more aggressive version, and also is in line with what needs to happen in the global economy. When we say that we want to align with what the science says is necessary to avoid the worst effects of climate change, that's an absolute reduction, not an intensity-based reduction.

So that's the preference, but we do allow for setting intensity-based targets, because we acknowledge there are lots of factors that go into that. Your organization may be growing heavily, for example. We don't want to penalize you for that.

So in terms of the difference, absolute just means the total amount of metric tons of carbon dioxide equivalent, just the raw number of emissions that you put out for your operations every year. The intensity is that number divided by some other thing.

So in commercial estate or in lots of commercial buildings, it could be emissions per square foot. In manufacturing, it could be emissions per product created, that sort of thing. So we'll work with you to set an appropriate emissions intensity target, if that's the route that you want to go.

Maria Vargas:

Joe, did you hit the last one, absolute versus intensity? How do we know which to pick?

Joe Indvik:

At the end of the day, I guess I would say I would encourage you to pick an absolute goal, if you think you can do it. But if you're going to go with intensity, try to set an intensity goal that is most reasonable for your organization. You know your own operations better than we do. We're happy to have a call and talk about that. But the denominator of your intensity should be something that sort of represents the true size and scale of your organization.

So for commercial buildings, having it be square footage is very common. If you're reducing your emissions per square foot, you're probably implementing the right kinds of policies and programs to truly be driving emissions down. Without knowing the specific industry, that's about all I can say.

Maria Vargas:

I think I just want to build on that a little bit for everyone. I think what's really important in a partnership program like this, is it the letter of the law or the spirit of what we're trying to do?

We know we've created a program which doesn't work for everyone. This is a very ambitious ask. We're asking you to be public. We're asking you to share. We're asking you to work with us, and share what's working and what's not in a pretty public way.

So the some of the questions we've been answering and that you've asked are great questions. I think just to be very mindful that the real goal, the real spirit of this partnership is an organizational willingness to set up and set a goal, and be transparent in a way that's helpful not only for your organization, but others.

As you can tell by Eli and Joe and my answers, it is about the letter of the partnership, because we have to be fair, and organizations fundamentally need to all commit to the same thing. That's the ask.

But the spirit of this partnership is really what makes it work. We want your organization to want to join and be part of this, and work with us, and knowing that there will be challenges and there will be barriers. But part of what we're doing is working on those together, but there is an organizational commitment, a real organizational commitment to do this.

That's part of the reason we asked the partnership agreement to be signed by the CEO or a senior vice president, because the level of commitment, both organizational, logistical, and financial is not trivial. So this is really a partnership and a commitment that we take very seriously at DoE, and we are very much wanting to work with partners who also take it seriously. The spirit of what we're trying to do here, to profile leadership and identify pathways to decarbonize is what's driving the organization to want to work with DoE.

So given all of that, that's why we keep saying reach out and talk to us. If you have questions, we're happy to talk about specific challenges and unique barriers or opportunities. But I think it's always really important to be mindful of the spirit of what we're trying to do, and if your organization is aligned that way, we can probably find a path forward. That's a really important thing to have exist for your organization, a real desire to take on a very aggressive public role and to share what it is you're doing.

With that, we have three minutes left. My phone has been over there. I don't think there are any more questions. Joe, are there any more questions that we need to answer in the last remaining minute?

If not, while joe is looking at that, let me just remind everybody we would love for you to join. This needs to be the right thing for your organization. So there's no pressure to join.

We want you to go back. We want you to socialize and talk about this within your organization. We want you to become part of it, but we want you to do that having really thought through and made sure that this is the right thing for your organization. We would love to work with all of you. It's a tremendous opportunity and, really, we can get things done faster and better if we work together.

So with that, please do let us know if you want to join. If you have any questions, you can follow-up. Joe, was there one more question?

Joe Indvik: There's one or two more questions that have come in.

Maria Vargas: Okay. I just couldn't see. We will get you out of here on time. We have two minutes. Let's see if we can't hit them. Go, Joe.

Joe Indvik: All right, lightning round: when we submit our emissions to DoE, are you able to provide us with some kind of verification to demonstrate to external stakeholders that the reporting is transparent, accurate, and reliable?

We'll take a look at your data and work with you on it if you have questions. We are not going to provide an assurance statement or a verification statement of the type that you would get from a third party, for sure. I think in the spirit of the question, the answer is no, but we will work with you if you have questions or areas you want to improve in your data.

Eli Levine: Then similarly: if we join this challenge, will you need our data soon? We won't have our data until the end of 2022.

I think that falls into the category of we'll work with every company based on their own unique circumstances. If you want to join now, but won't have your data until the end of 2022, that wouldn't be something that would prevent you from being part of the peer-to-peer, learning and taking part of all the great stuff that we hope to be part of this Better Climate Challenge.

Maria Vargas: That's right, but let me just amend that a little bit. Our recognition to partners is based on data and real results, too. So as we go out, we want to be clear that we're recognizing folks based on data that

we have, and real information and confidence in the projects that they're doing.

So I think there's a little bit of a yin and yang there. We take that very seriously. When we talk about barriers and solutions and success, those are very empirically-based. So I think it's just a really important piece of that. We're willing to work with you, but we also won't promote or highlight or talk about solutions, until we are confident that we've seen the numbers that share with us that those are in fact solutions to be shared broadly with the marketplace. I just thought that was an important point to make.

Okay. I think that's it. I want to thank everybody for joining us on a Friday afternoon. We really appreciate it. If you have any questions, please do reach out. You've got a couple e-mails for us generally. If you're already working with us through the Better Buildings initiative, reach out to your program contacts or your account managers. Any of those would be happy to help you on this.

With that. Thank you, all. We look forward to working with all of you, hopefully, in some way in the future, as we look to decarbonize the economy because it's going to take all of us.

With that, thank you, everyone. Have a great weekend. Have a great Halloween. We'll look forward to working with you soon. Thanks so much. Bye-bye.

Joe Indvik:

Thanks, everybody.

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