

*Maria Vargas:*

Good morning. Good afternoon. Thanks so much for everyone who's joining us today for this webinar on an information session on the Better Climate Challenge. For those of you who don't know me, I'm Maria Vargas. I am the director of the Better Buildings Initiative at the US Department of Energy and I'm joined today by my colleague, Joe Indvik, who works at RE Tech Advisors and between the two of us we're gonna walk you through not on the challenge, but hopefully answer all the questions that you might have about this very exciting opportunity that we are hoping that many, if not all of you, will join with us on.

So if we can go to the next slide. We do wanna hear your questions. So if folks will please do us a – if you're interested in asking questions, if you will go to Slido.com and you can enter the event code which is DOE. I believe that's either upper-case or lower-case, but if you will do hashtag DOE is the event code. I believe the hashtag is already there. So just type in DOE and we'd be thrilled to take your questions. Just two other, as you guys, as everyone probably knows 'cause we're all used to these virtual meetings and webinars, please do know that we are recording today's session and if you haven't already, if you mute your headphones or speakers, that would be terrific. I think that will make it easy for everyone.

So without further ado, let's go ahead and jump in. Thanks everybody again for joining us today. This is how we are planning to spend the next hour with all of you. We're gonna talk a little bit about the opportunity that exists in front of all of us and the work we're hoping to do again, with all of you. Moving ahead we're gonna talk specifically about what we've recently launched and announced as an opportunity for us to work in continued partnership with all different sectors of the US economy, public and private, the Better Climate Challenge. We'll talk a little bit about next steps and then very importantly, we'll try and get through all of that in the first half hour so that we can leave a good amount of time at the end for questions and answers. So that's how we're gonna use today.

So if we can go to the next slide, let's just jump in. Why is the Department of Energy doing this? This really sums up the opportunity that we wanna talk to you about today. I think everyone on this call knows that climate change is a real issue. It's an issue for our country, but certainly for the whole world as well. When we think about the opportunity to address climate change and really help leading in its mitigation, we know that many organizations have set goals, goals around renewable energy, goals

---

around carbon reduction, goals about greenhouse gas reductions, and that is terrific because that's what the world needs. The world needs leadership.

The world though I think critically also needs now action, near term action, and pathways. The pathways to get to decarbonization are gonna be varied and they're gonna be different and we need to capture those so that we're all learning from each other and so that we can move as fast as we can as a country and really as a world moving forward. So our hope today is describing a little bit about what the Department of Energy is doing as we challenge organizations to set really ambitious portfolio wide and near term operational greenhouse gas, carbon reduction goals with very much learning from the DNA that we have had in the past of the Better Buildings Initiative and certainly the Better Buildings and Better Plants Challenge when we are able to profile and learn from leaders and understand what they're doing and the innovation they're sharing so other people can not only understand your leadership, but follow in your footsteps.

And the opportunity here is for you to join in what we are considering the government platform that's really going to provide that transparency and accountability and equally importantly the technical assistance and the collaboration to help you meet your organizational goals to understand the different pathways and opportunities and to recognize you for that leadership not only in what your organization is doing, but in the leadership that you're providing the rest of the country as we move forward trying to address this really important issue.

So if we can move to the next slide. That's what we're gonna talk about. So now we're gonna talk about some more of the specifics. So we mentioned – I know many of you – my guess is many of you on this call have set goals of some sort. We are very cognizant of that, but I think one of the things that we have learned in working with our Better Buildings and Better Plants partners over the past decade is that a lot of organizations have done a lot of work in this area and specifically on energy efficiency and are now asking us what's next.

As those organizations have set goals I think often times the next piece, the how do I get it done, is the missing piece. So the focus very much of what we're doing is to really identify, understand, and work with you on pathways to achieve the carbon reduction targets, the very aggressive carbon reduction targets that

organizations have committed to. There are lots of challenge with that. So you can see many of those on the slide.

In many cases the technology solutions is not always obvious or may not exist. In-house expertise for integrated or extensive planning is not available or hasn't been prioritized. I think we need pathways for all different kinds of buildings across all different kinds of end uses across the whole United States. And so we wanna really focus on an opportunity that we have working together to really address those barriers and set near term goals that allow for and really indeed thrive on transparency and sharing your results, sharing your best practices, sharing where we're all getting stuck with the hope that that feedback moved to the Department of Energy as well as other federal entities and other organizations working on this really becomes a very powerful feedback loop in the market to making sure the organizations are getting the solutions that they need to meet the reduction goals.

So really partnership, leadership, and sharing pathways are the keys to our success collectively working and working on these issues and moving ahead. You'll see a little bit more about how we plan to do that. So the next slide I think is really important. As we as a group talked to many of you, so for those of you on this webinar who were on those calls with us, I really wanna say thank you because the way these partnerships work is by being a true partnership. So many of you have helped us to think through how to structure and think about the climate challenge that we're talking to you about today.

So I just wanna say thank you. And what's come out of those conversations have been a couple key principles. So this is very much the spirit of what we're trying to do and I think you'll see that as we unfold in the slide after this to talk specifically about what we're asking organizations to do. So our goal in creating and managing and working with you on the Better Climate Challenge is to really identify that public goal for what leadership looks like. We call it the North Star. What does leadership look like when it comes to thinking about a greenhouse gas reduction target for your organization?

But we also wanna create a strong platform that offers flexibility so that true leadership, and that can look really different for different kinds of organizations, is available. So we want a program that offers flexibility. Our goal, just like it has been for the past ten years through the Better Buildings Initiative, is not to over engineer a solution. It's really avoiding that, but really

defining modern leadership on carbon and understanding that there's lots of different pathways and opportunities to get there with again, the whole goal of being able to demonstrate real world action and opportunities and success so that's happening across the US economy.

It's in buildings, it's in multifamily housing, it's in manufacturing plants, it's in industrial facilities. It's trying to understand the broad scope of where we need to decarbonize and how those opportunities are similar, but also how they're different. One really important part of one of the principles that we have as part of this challenge is to continue to prioritize energy efficiency. If you look at all the analysis that not only the Department of Energy has done, but a lot of folks thinking about the issues, we're never gonna reach our decarbonization goals without maximizing our energy efficiency.

So this effort really does continue to build on the work again, that many of you have done with us and are doing with us as part of Better Buildings and Better Plants. But continues that through so that energy efficiency remains a priority and a key part of the steps, if you will, an organization takes when it's thinking about how to reach its carbon goals. So without further ado, here's really – next slide. Here's what we're asking organizations that wanna work with us on the Better Climate Challenge to commit to. This is a portfolio wide challenge.

So again, just like the work that we've done with many of you in the past, this really is a portfolio wide target. It's a portfolio wide reduction in greenhouse gas emissions of at least 50 percent. If you wanna set a number higher, we know there are a number of you who have asked us if you could. A number higher than that is terrific in the next ten years. So at least 50 percent in the next 10 years. A couple of things that are really important to mention about that go, it includes scope one and scope two emissions. This is not scope three. This is not embodied carbon supply chain. This is very much focused on scope one and scope two.

For the 50 percent target we're encouraging organizations to not use offsets. It's really – offsets aren't gonna be a part of the leadership that we're looking for in the next ten years. The baseline for any organization that wants to work with us is up to five years prior. We would love it if you chose a very recent year, but it's up to you. The past couple of years have been a little wonky for a variety of reasons with the pandemic. So we want you to establish a baseline that works well for you. We are gonna be reporting out

the results of the climate challenge in absolute terms. So we're really encouraging those who work with us to set an absolute target.

We can work with those who, for whatever reason unique to the organization, need to focus on an intensity-based target, but we really do encourage folks to establish an absolute target. And then to pick up on the point that we ended on the last slide, we are working with organizations who will set an energy efficiency sub target, if you will. We really want focus on energy efficiency and making it clear that that's a really important part of what we call the waterfall. Focus on efficiency as a very first step in reducing your carbon.

I've talked to a couple of organizations, who shall remain nameless, but who said we actually have stopped paying as much of attention to energy efficiency as we need to. We know that's wrong. We're coming back. And so that's part of the theory here is to make sure that energy efficiency still is a very public, prominent, and integrated part of the commitment that you're making as far as portfolio wide reductions. Next slide.

*Joe Indvik:* Just to –

*Maria Vargas:* Yeah. Go ahead, Joe.

*Joe Indvik:* – add a couple of things to that slide, Maria.

*Maria Vargas:* Yes. Please do.

*Joe Indvik:* So if we go back. We fully acknowledge that there is a bit of target fatigue in the market right now. There's lots of frameworks out there that are setting various guidelines and definitions of targets and what net zero means. I saw a great cartoon a couple days ago that said two guys complaining that there's 15 standards for doing something, I guess we need a more complete standard. Now we have 16 standards. So our intent here is not to reinvent the wheel or to make this complicated.

Our intent is to sit on top of existing commitments and existing programs that y'all already have in place or are looking to build for other purposes. The real focus here is on charting out clear, transparent pathways to decarbonization and then creating a pure exchange network to make that happen. Ten years ago decarbonizing the typical portfolio was aspirational, now it's foundational.

And the question now is not what number do we pick, because at the end of the day you wanna pick a good number, but that's not really where the rubber hits the road. Where the rubber hits the road is, how do we incorporate energy efficiency? How do we do onsite renewables? What role does green power play? I've already seen three or four good questions around role of virtual power purchase agreements and recs, which we're gonna get to in the Q&A. But the goal here is charting out real world transparent pathways, not on just creating another reporting board or another target.

*Maria Vargas:*

Perfect, Joe. Thank you. And what Joe said tees up really nicely with the next slide. So there's some really key elements to the challenge that we are encouraging all of you to join us in. One is, let me just start with the green title and that's the technical assistance. As Joe mentioned there are lots of opportunities and lots of target setting opportunities of the market. Really one of our beliefs is a differentiation of ours is really the technical assistance that is gonna be a part of what we're working with organizations with in the climate challenge.

It's really understanding and working closely with you on specific technical assistance that you need that's unique to your organization. Like the Better Buildings Challenge, transparency is really important. We are asking organizations – again, all of you who have been working with us in Better Buildings, none of this should surprise you. It's very much in the DNA of what we've done, but it's really annual energy and emissions data.

We are looking for you to share those with us as part of that so that we understand – again, it all goes back to these pathways, which gets to the third leg of the stool, which is collaborating to demonstrate pathways and having you share your, not only your barriers, but the solutions and the innovations that your organizations are taking as you look to and are successful at decarbonizing the buildings, housing, plants that you all own and operate. I think this is really key for us at the Department of Energy.

I think there is such strong support and interest at DOE for this effort because of the need to work with all of you because this opportunity is really a place to capture, understand, and react to where aspiration meets the real world. We have goals. How can we get there? Where are we getting stuck? How do we work together to solve those problems and how is it that we can use this platform

to drive faster uptick at the solutions that our successful organizations are pursuing?

So next couple of slides. Next one. Great. So it's really I think important to just be very clear about what it is that an organization is committing to and what DOE will do and its side of the bargain as your partner in this effort. So I think we've talked about several of these, but just to be clear, we're looking for organizations to set a public goal and then work to reduce their greenhouse gas emissions at least 50 percent over the next 10 years. Identify and pursue an energy efficiency target to be very clear about the work being done there.

We are encouraging you to participate in at least one working group so that we really do get the feedback from you on barriers, best practices, solutions. Engage with it. That's really what we need. We need your voice. We need your help. We need your expertise and we need your input. A very important part I think of lining organizations up with the relevant technical assistance will be an organization wide plan. That's very much a part of what we're doing with those organizations who have been terrific enough to be – have stepped up and are working with us on the underway low carbon pilot. We'll talk about that in a minute.

And then to share your portfolio wide energy performance, scope one and scope two emissions for the duration of the goal timeframe. And then of course DOE is very excited about working with partners to provide technical assistance that supports all the different ways you're gonna be pursuing doing this. It's measuring tracking and improving portfolio wide performance. We really wanna make sure that we are capturing and learning from you and getting best practices.

The slides says best practices. I also think it's really important for you to know we're also keenly interested in where people are getting and organizations are getting stuck. So it's not only what's working, but what's not because that's a place that not only is an important feedback mechanism for this opportunity, but across DOE and things like the research and development that DOE does with the national labs, that will be very key. We're very key on what we know has worked so well for many of you, which is the peer to peer learning.

And then we really wanna recognize national leaders, people who can demonstrate and are demonstrating what they're doing, how they're doing it, so that again, others can follow. Next. So it's

always good just last couple of slides, why join. Well, I think most of these are fairly obvious for folks on the phone, but I think it's really important that there's a whole host of reasons. Some, like the first, is really we believe and we've designed this as you saw from the principles that we laid out, that this is good for your organization.

We wouldn't – we're very focused on this being a partnership. It's a voluntary market-based partnership. This has got to work for you, but there's no but. So our belief is that this is good for your organization and for the future. It's an opportunity to save energy, save money, and just frankly, be ready for the future. Lots of you are getting shareholder, stakeholder employee, customer pressure to think about and lead on decarbonization. This is a terrific way for you to not only – to continue to be leaders in your local communities and with those groups, but also on the national level.

This is also a terrific opportunity to really drive market transformation with other leaders. We need organizations willing to step up and act and pursue and show these pathways now. It's a way to make this happen across the country. I think it's really the technical assistance and peer to peer exchange network. That remains I believe one of the biggest things we can offer the market as the Department of Energy, our ability to convene really leaders who are working on this, experts who can help, and the ability for you to share and learn from each other is invaluable. And that's what our partners tell us and so that's why we leaned into that part of this partnership very hard. We think that's really key.

Then it's really recognition. It's recognition not only for you and your organization, but I also think it's recognition that serves the country well because it's important for organizations to see folks like them. School districts, wanna see other school districts doing this. Multifamily housing needs to understand what's possible, same for commercial real estate, healthcare, industrial facilities. You get the idea. So we really do wanna recognize you 'cause it's a really important way to get the word out about what's possible and who's doing it and how they're getting it done.

Next slide. So I mentioned this quickly. I just wanna give a quick shoutout to the organizations that are working with us as part of the low carbon pilot. These organizations – I think we've learned a lot from these organizations that are gonna continue to work with us 'cause they've picked two buildings to prioritize over the next two years, I guess now year and a half. To begin to showcase real world pathways and it's really learning from these organizations

and what it's taken is you can see one of the things that has been really important in this effort is the creation of action plans. It's beginning to break down the big goal and then how to get there and it's been very important and hopefully helpful for those organizations I would say.

For the Department of Energy to be a part of that action plan, creation, and the conversations and understanding what's possible, what's doable, what's the correlation between the emissions reductions and the savings and resilience benefits and things like that. So it really has been our first foray and so it's this effort that's also foundational to the work that we're talking to you about today. So I just wanted to let folks know that's underway. And then Joe spoke to the next slide briefly. What about if my organization already has a goal or has other commitments, how does that work here?

So our goal – let's go back to our principles. Our goal is to work to define, profile, and work with true market leadership. If you've already set a goal, that's terrific. As long as it's 50 percent reduction goal in the next ten years, that goal matters. You don't need to set another goal. Better Buildings and Better Plants partners have already set an efficiency goal there well on their way. Many of them are working with us currently on the low carbon pilot. That's a very foundational piece where it becomes very easy to progress to and commit to hopefully a 50 percent portfolio wide goal.

Then there are other opportunities in the market and we will work with you on those. For example, a number of organizations have set goals to the science-based targets group. We've been working with SBT and it's our hope that those goals don't need to be renegotiated and especially those that organizations that have an approved 1.5 degree aligned size-based target. I think the pathway here is very straight forward and very complementary and that's really the word I would use.

Our goal is to be complementary to the efforts and the work you're doing. Again, there is a – it is a 50 percent greenhouse gas reduction both scope one, scope two by 2030 at least, but if you've got other goals, if you have goals that align or are complementary then we will work with you on that. As Joe said, the goal is an important part of what we're doing, but another key part and the real distinction and distinguishing part of this challenge is working with the Department of Energy and getting the technical assistance that's available and the peer to peer learning.

So I think we have one more slide and then we'll go to Q&A. So if you want to join, we would love to have you. So there's all sorts of ways to do that and we can send out follow-up materials to folks on this call. Current Better Buildings partners you can e-mail your program contacts. You can e-mail me. You can e-mail Better Buildings at EE.doe.gov. There's information on the Better Building solution center. We are – for those organizations who know they wanna join and this is the right thing for them, we're hoping that there's an opportunity in early November to highlight those organizations that quickly know that they want to participate with us.

If organizations are going to commit by November 1 or 2, that would be terrific and we would include you as part of any announcement that this – that your organization has stepped up to this challenge. If it doesn't work by early November, organizations can join whenever it works for them. I realize sometimes it takes time to work this up the organizational chain. So we would love to have you whenever you're able to join. So with that, let me ask Joe if there's anything I left off and then we can jump to Q&A.

*Joe Indvik:*

I think that covers it. I see a couple of good questions in here already to kick us off.

*Maria Vargas:*

All right. That sounds great. I can't see the Q&A. So Joe, I'm gonna trouble you to read some of the questions off and then let's see if we can't hit them.

*Joe Indvik:*

Sounds good. Well, the first – a couple of questions in here about what counts as an emissions reduction. Happy to weigh in on that a bit. So we say no offsets. A person was asking what does that mean exactly, carbon offsets, recs, et cetera. We are referring specifically to carbon offset certificates, so cases where you're paying for an avoided or a removed metric ton of carbon dioxide are not allowed for Google energy certificates and other forms of green power procurement are allowed under the climate challenge.

So that includes obviously things like virtual power purchase agreements, buying unbundled recs on the open market, buying bundled recs from named power generation sources. Pretty much any type of green power procurement is included. Generally I think the philosophy that we're going for here and that the market needs to move forward is that operational emissions reductions are better than those that occur off site or not directly in your own operations.

So one of the reasons that energy efficiency is top priority for us is that is and always will be the first fuel when comes to achieving emissions reductions. Same thing with onsite renewables. So we're encouraging a focus on the operational piece, but yes, recs and green power procurement are included. There was another question in here about whether utility grid reductions will count. So I assume you mean like the general decarbonization of the grid there.

We're not gonna mandate to you how you do your carbon accounting right and doing carbon accounting both location-based and market-based is the standard that we're aligning with. So those emission reductions that you get from the grid greening where you operate your properties is – or your operations in general is real. That is a real emissions production. There really is renewable energy being broad on the grid there. That being said, we are also encouraging partners to think a little bit more holistically or in a more advanced fashion about market-based emissions.

Where are you actually getting your power from? Is it possible to learn the grid composition or the fuel mix for the specific utility that you're buying power for. Do you have opportunities to shift your load to different times during the day when you're gonna maximize the carbon impact with that? These are all questions we wanna explore, but yes, location-based emissions and the general decarbonization of the grid will be allowed to count towards what you consider your 50 percent emissions reduction.

*Maria Vargas:*

Great. I'm trying to read through – if people see me looking down I'm looking at some of these questions 'cause I finally figured it out. So let's see. We're trying to see if we can't – what's the world – respond to the questions that are uploaded the most. So if you like a question there we'll try and see if we can't do that. So one of the questions is, "Will ENERGY STAR Portfolio Manager be used to track greenhouse gas emissions or will there be another tool?" The answer is both.

We are working with our sister agency, EPA, the Environment Protection Agency on portfolio manager and the complementary tools that they're creating and testing now to account for greenhouse gas emissions. So yes, that will be one way to – again, the goal here is to make it as easy as possible and to not reinvent the wheel where we don't need to. If you don't use portfolio manager just like Better Buildings, we will – there will be a

spreadsheet for folks to fill out. So we'll work with you on that. But the short answer to that question is yes.

*Joe Indvik:* Great.

*Maria Vargas:* Joe, you wanna take – you take the next one.

*Joe Indvik:* Sure. There's another question about how we account for growth in our portfolio, what happens if new buildings or new operations enter the portfolio or exit the portfolio during the period of the target. So two thoughts on that. One is that we are encouraging partners to set an absolute emissions reduction target if possible because at the end of the day where the world needs to get to is a reduction in absolute emissions, total amount of carbon dioxide and other gases put into the atmosphere.

That said, we do acknowledge that there are certain sectors and certain business circumstances or just general markets where there's a lot of change in the portfolio, a lot of growth or shrinkage. And so an absolute target can be challenging in those cases and an intensity-based target is necessary and really frankly a more business relevant metric for you. So we do, as Maria mentioned, offer the flexibility to set an intensity-based target as well. We'll just wanna work with you on the right target to set and making sure that it's in the spirit of the ambition and by the program we're offering enough – well offering enough flexibility in the metric that it's not overly burdensome.

*Maria Vargas:* Correct. And just like for those of you who have worked with us in Better Buildings and Better Plants, growth for your organization is good. So you don't get penalized by growing and adding more whether it's plants or buildings. So we'll work with you on that. That's good as far as we're concerned. So we'll work with you on that just to be very clear. You don't get penalized for having an organization that's growing and thriving. In fact, we wanna capture the role that decarbonization and increased energy efficiency can play as part of a growth strategy.

So I think that's very much a part of the way we've handled things in the past ten years and certainly the way we would wanna work with our partners moving forward. So somebody ask – my turn, Joe. "Are federal agencies joining this program and committing to 50 percent reductions?" I'm gonna answer that in two ways. We have been talking to GSA. They're quite keen on this. I think a lot of federal – I don't think. A lot of federal facilities and agencies are waiting for an executive order to come out. There is an executive

order that is I think in the works to define leadership for the federal facilities.

We'll see – I think this is gonna be very much in line with the work that we're doing here. Once that EO is launched I think we are anxious to figure out the synergies with the federal family because the federal government needs to lead in this space as well and I think that's very much the thinking behind the executive order as well. Joe, you wanna take the next one?

*Joe Indvik:*

Yep. Let's see. So question about whether dual switching will count towards emission reductions. Yes. Anything that would be requested in greenhouse gas protocol compliant carbon accounting would also be reflected in the emission inspection. So we're not in the business of picking and choosing exactly what can and cannot count other than the carbon dioxide question of course. It would be reflected in your standard greenhouse gas inventory, for example, switching to a less carbon intensive fuel that will count towards your reduction.

*Maria Vargas:*

Great. There's a – gosh. It keeps switching on my screen. So there was a question about will there be a push to revise building codes especially for commercial industrial sectors to make wave for an emphasis on energy efficiency. Yes, but that's not part of this effort. There's a separate group at the Department of Energy working on building codes. So obviously since we all work at the same federal agency we are talking to each other that won't happen under this effort, but there is work on building codes happening at DOE and we will link up with that effort. Again, that's not part of this portfolio wide challenge with the organizations throughout the month. Joe, you wanna do how vehicle fleets fit in or you want me to do that one?

*Joe Indvik:*

Oh, sure. Yeah. That's a good question. I'll do that one. Yeah. So we are – that's actually we're taking a step back and describing what we mean by scope one and two emissions here. So again, we're talking about the standard emissions categories included. That includes stationary combustion, so natural gas, spoilers, diesel generators, et cetera on site. That includes mobile combustion, which includes fleets that are owned and operated by the organization. Then that includes also in any fugitive inventions like refrigerants or industrial process emissions if those are material to your business.

So we'll use the same materiality and threshold guidelines that the corporate protocol or the greenhouse gas protocol does. And that's

scope 2 of course refers to electricity consumption on site. So for that definition, yes, fleet vehicles are included in the challenge if they are material source of emissions for your organization.

*Maria Vargas:*

Thanks, Joe. Next question, "Does the commitment need to cover every building in our US portfolio or wait" – oh, okay. I can answer that. The questions are moving on my screen. So I'll answer that one. That was not the one I thought I was answering, but let's answer it. "Does the commitment need to cover every building in our US portfolio or can we commit individual plans?" Your whole portfolio is the short answer to that question.

That's why we recognize that this challenge is just that. It's a very ambitious, very audacious portfolio wide enterprise goal. So the intent, as it has been in the past, is to actually have it cover all the buildings or plants or multifamily housing units or buildings in your portfolio. So all of them, the whole portfolio.

*Joe Indvik:*

I see a couple I can do rapid fire here. So "Do your companies or organizations need to get their greenhouse gas verified through a third party in order to participate?" No, you don't. It's generally, I would say a good practice to do that, but not necessary for this challenge. Then another question, a good one, is that have we considered or mapped the Better Climate Challenge definitions and targets compared to other frameworks. Yes. We spent a lot of time thinking about that again in the spirit of not wanting to reinvent the wheel or create additional technicalities or complexity here.

So happy to talk through that if as a partner you're participating in other frameworks or using other definitions we're happy to talk about how those map to this. I think as Maria said, we're particularly well-aligned with the 1.5 degree science-based target methodology and yeah. Happy to have an offline conversation. There's too many frameworks to cover at this moment. We feel well-aligned with what else is going on in the market.

*Maria Vargas:*

Next one for me is, "If our company emission's goal is global and we don't have US only data can we still take part in this program?" That would be one we'd want you to talk to us about 'cause we really are looking to – as has been the case for Better Buildings and Better Plants Challenge, many organizations have truly an international footprint and when they adopt a goal like this they make it international and organization wide truly across borders, not just domestic. But we are trying to track and understand domestically what's going on. So let us work with you on that and see if there isn't a way that we can work together on that, but

typically what we're looking for is US domestic data at a facility level.

*Joe Indvik:*

Another question here. "If an organization has already achieved net zero status is there still a way to participate in the initiatives since a 50 percent reduction would not be possible?" That's the case where we'd wanna talk. We wanna create a big tent that brings in all applicable leaders. There's flexibility in how you set your baseline. There's flexibility in what metrics you choose. So we'd wanna talk about specifically what flavor of net zero you've achieved and what that looks like for your organization, but it would err on the side of definitely wanna have that conversation and find a way to make it work.

*Maria Vargas:*

Yeah, and let me just add on to that Joe, if I can. I think what Joe said is exactly right and to the extent that organizations have figured out some of this. Those are some of the pathways that we'd be anxious, excited, and very interesting in capturing. So I think it's again, we're looking at things that don't rely on offsets as a way to make that goal and a very understanding the baseline and things like that. The bottom line is if – the whole point here is if you figured out how to do it and do it well and are willing to share that, we would like to work with you.

So please do reach out to us on that 'cause we're really trying to capture – this goes back again, those principles really are etched in all of our minds as we think through this. It's really how do you identify, recognize, and describe to others true leadership. So talk to us about that because we would love to be able to share pathways for sure. All right. Let's see. "Is there any direct funding available in association with the challenge for building specific engineering design and capital limitation?" No, is the short answer to that question. There is not.

I think there is another question about can you be a little bit more specific about the technical assistance that's available. I think at this stage – so those of you who have looked at the fact sheet and the partnership agreement, see that the word "draft" is still on there. I think at this point we're still very anxious to work with the organizations that joined first and begin to understand that. I think, to be quite honest, the need for technical assistance is gonna vary dramatically. We stand ready to help organizations at all sorts of different levels. So I think it's gonna depend on what the organizations need.

We're not gonna send folks to your facilities to walk the facility with you, but I think there's quite robust technical assistance that we're willing to provide to think through the options. I think the other thing we're asking just as a reminder is help us. Sit on some work groups. Help us think through where people are getting stuck. Where you are needing technical assistance it may be that we begin to develop work groups designed to understand various challenges and how we can share learning and expertise on those. So I think that's gonna, just as it has for the past ten years for Better Buildings and Better Plants partners, that will depend on the organization, what you need, and the resources that we have in the national labs to be able to help with that.

*Joe Indvik:* Let's see. There was one question. Let me see if I can find it again.

*Maria Vargas:* There was a baseline question. Okay. You go.

*Joe Indvik:* Y'all are very active upvoters which makes this a fun follow the wagon bowl question exercise. So there's a question about just to confirm that industrial process emissions or fugitive emissions are included in scope line. Yes. Confirming that they are, but again if they're material large enough. Usually the greenhouse gas protocol sets the materiality threshold at about five percent with some flexibility depending on the situation. But yes, if you have material industrial process or other direction emissions from within your facilities, those would be included.

Then another question here. There's, "If the baseline is set five years back, for example, 2016, does that mean the 50 percent needs to be reached by 2026 or is it still 10 years from today?" Good question. It's ten years from the baseline. So it's a ten year production target starting from the baseline year. Again, the – our encouragement here is to set a more recent baseline if at all possible. We just offer the flexibility to go back that five years recognizing that there are different realities, different business circumstances that might force you to set a further back baseline.

*Maria Vargas:* Here's a question that I'm not sure I understand. So maybe, Joe, together we can answer it. One is, "Where there be flexibility to adjust goals down the road? Ten years is a long time to stay with the same goal when the market is always evolving." So there's always the opportunity to make your goal more stringent. So if you came in a 50 percent goal and then thought, "Well, we knocked that one out of the park. We wanna do 60 or 70." That's of course within your ability as partners in the program to do that. So I think that's the answer.

I think part of what we're trying to offer here, again, going back to those principles, is what's the North Star today? What is it? It's at least 50 percent carbon reduction in the next 10 years. So I think that that would be the minimum goal moving forward with the – but as a voluntary market-based program we can – there's flexibility, but the goal is – we wouldn't go under 50 percent. It would be at least 50 percent.

*Joe Indvik:* Yeah. And I just wanna correct an answer I just gave. I think I miss –

*Maria Vargas:* I was just gonna say, Joe.

*Joe Indvik:* Yeah. I think I answered that wrong. I think I said baseline date when I meant join date. So yes. Sorry. The target is ten years from the join date, from the time when you join the challenge, not from the baseline date.

*Maria Vargas:* I didn't wanna have to contradict Joe. That was gonna be a challenge.

*Joe Indvik:* That was my bad.

*Maria Vargas:* Yeah. So it's the goal is by 2030. You can – right. "How are lease properties treated in this program?" I think we will work with you on that. Our expectation is if there are long term leases, those are part of your operational organizational portfolio and those would be included as this. But there are all sorts of, as you all know, nuances to that question, some of our hospitality partners have different lease structures. So we'll work with you.

The goal, again, is to really think about the spirit of what we're trying to do and to have your organizations lead with the buildings, plants, housing within their control and within their sphere of influence and to effect the carbon reductions associated with those buildings. And so that would include lease properties. So if it's within your portfolio, if it's in your operational control we would want you to include those. If there's a reason not to, we'll work with you on that.

It's the kind of thing that we're quite happy to work with partners on 'cause you really want this to be about true leadership and doing things that make sense for you as an organization, for you as a private sector business, but we also wanna be mindful that this is about the spirit of what it is we're trying to do and what it takes to

decarbonize buildings. Sometimes lease structures can be an important place to – an important opportunity to do that. They can also be a sticking block or a sticking point and stumbling block.

So if there's something there and we need to understand the barriers associated with lease properties that would be something we'd wanna work with you on, but also get feedback for how it is and if there's any unique challenges associated with those buildings. Bottom line, they'd be part of your portfolio. We'll work with you.

*Joe Indvik:*

I see a couple more questions here. So, "Is there a minimum required target reduction per scope towards the 50 percent, as in does like a certain amount have to come from scope one or scope two?" The answer is no. We're thinking of scope one and two as a combined number. So if you think you can get most of your reductions from scope two versus scope one, that's totally fine. That's not specified.

Another question is, "How does source energy generate from community choice clean energy aggregator figure into carbon emissions for a portfolio?" There's gonna be a lot of special cases like this where there's different types of utility contracts, different types of power procurement occurring. My blanked answer to that is if it effects your standard location and/or market base emissions factors in a carbon footprint it will count towards this or it will be included in this, but if you have a particular weird situation you wanna talk, we're always happy to hop on a call to discuss those.

*Maria Vargas:*

There is a question, "We are an energy intensive industry that relies on energy use to smelt iron and steel. A 50 percent reduction is not technically possible. How do you participate?" We will work with the energy intensive sectors to – we understand that a 50 percent reduction goal is probably not possible for those very intensive energy sectors. A 25 percent goal is a more appropriate target for energy intensive industries and that's the challenge that we are setting for the energy intensive sectors is a 25 percent energy reduction goal, a greenhouse gas reduction goal.

So we're hoping that that works. We know that's still an ambitious target for many, but having looked at the analysis and really thought and worked a lot internally and with many of you on the appropriate goal for energy intensive industries it's a 25 percent reduction goal.

*Joe Indvik:* Yeah. Question here about how do your carbon capture projects fit in. That's an interesting one and a good one. Generally speaking, if you are doing the carbon capture within your operations, if you're investing in it directly, as in you own the equipment that's doing it and you control the carbon capture or if you're capturing some of your own scope one emissions, then yeah. That would count. The thing that we're not counting is requiring carbon dioxide certificates from other parties on the open market. So happy – if you have a specific situation you're thinking of there, happy to talk more about that, but yeah. If it's within your own operations, then yes, producing your own direct carbon emissions would count certainly.

*Maria Vargas:* I'm gonna take one, "We have several sites that are very small leased offices that we don't have much control over. They represent a very small percentage of our total emissions. Can we exclude them?" Yes. Probably. Within the current Better Buildings framework, we allow organizations to exclude by ten percent. If you've got a small part of your portfolio up to ten percent that you wanna exclude for reasons like this, we'll work with you on that. So I wanted to answer that for a couple of reasons.

This is, as I said, voluntary partnership. We're very much driven by the spirit of what we're trying to do and we're really wanting to focus on what leadership looks like and the actions that you're taking and if it makes more sense to focus on 95 percent of your portfolio 'cause you think you can reduce carbon emissions there by at least 50 percent over the next 10 years, that's okay with us. That's the goal. So we're very – this is a partnership. We want partners who are engaged on the big items and the spirit of what we're trying to do.

So with that in mind it would be like we've done in the Better Buildings Challenge. It would be fine to exclude a small part of your portfolio that you don't have control over. It's just – it would be hard to ask you to include that. So we're okay with that.

*Joe Indvik:* Yeah. In the same spirit of the question, "Can an organization participate by addressing only buildings not including fleets?" Again, if the fleets are a substantial portion of your scope one emissions then we really do wanna include fleets. Now that's – that being said, doesn't mean that the bulk of your emission reductions have to come from those fleets. There's a flexibility on where they come from and a huge part of our effort here is to acknowledge that operations are complex. There's lots of different emission sources and the marginal cost to reduce emissions is not the same

from one building to the next or one part of your operations to the next.

So a part of what we're trying to do here is say in operational profiles that include buildings and possibly industry and manufacturing, possibly fleets, electric consumption, where are the most cost effective and the most immediately applicable emissions reduction pathways. In order to really understand that we need to include the full set of scope one and two emissions where ever possible in these targets.

*Maria Vargas:*

Here's a question. "Where there be working groups with technology companies to address gaps, barriers, and what is needed?" I don't know. You're gonna tell us. So this is a partnership. So we're gonna convene our partners. We're gonna work with our partners to figure out what kind of working groups we really need to stand up and convene as the Department of Energy. My guess is we could have an infinite number of working groups. No one's got time for an infinite number of anything. So I think we're gonna have to triage and prioritize, but I think that we are open to your feedback about an understanding.

That's the importance of what we're trying to track here is not only what's working but where you're getting stuck, where do we need to, and where are partners asking for the ability to sit down with peers to talk about what the opportunities are. So in part, yet to be. TBD, but you can help us figure that out and you can weigh in if that's important and would be of value to you. That's certainly something that you can bring to the table and we can talk about.

Somebody asked a question about Portfolio Manager. I don't know 'cause you're asking if it would be updated to include market-based emissions factors. I don't know the answer to that question. So we'll just have to get back to you on that or we'll have to ask EPA as the owner and operator of Portfolio Manager.

*Joe Indvik:*

Yeah. There's a good question, recent one here, about how the success of the program will be tracked especially if different participants are reporting different types of emissions. Very good point. One of the reasons we're asking for ongoing data reporting of energy and emissions over time is so we have a lot of that raw data and can display it in ways that are most interesting and analytical and useful to everyone. So I think the 50 percent in 10 years requirement is quite clear.

Each organization is gonna define exactly what their metric is a little bit differently. As I said before, we're encouraging absolute targets, but allow for intensity-based targets. But at the end of the day we'll be reporting out program outcomes in the form of absolute emissions reductions and then other various intensity-based metrics as well. So how we talk about this will evolve. That's one of the things we want your input on as well is how do we work together to standardize the way that we as a group of industries talk about emissions reporting and talk about measuring the success of a decarbonization platform.

*Maria Vargas:* Another question. So we'll do questions for about another three or four minutes. We'll try to get through as many of them as we can. I do wanna make sure that we end on time and just have a few opportunity to have a couple follow-up things for folks. But let's try – Joe, we'll get through as many of these as we can. One question is would we work with our existing Better Plants, TAM. TAM stands for Technical Assistant Manager. I don't know. You might if that person has the skills and expertise that you need in what you're trying to do when it comes to decarbonizing your facilities.

I know that the Better Plants team at DOE is terrific in matching partners with the right assistance for the projects that they have. So they will work with you on that. So if that's something where you're like, "Yay. I still wanna work with that TAM," okay. And if you need other assistance then I'm confident that we would be able to make that happen as well. Joe, do you wanna do the one to confirm electricity supply? But I just lost it. There it is. Electricity supply within better wind RECs is allowed to reduce greenhouse gas emissions profile of the organization.

*Joe Indvik:* Electricity supply embedded within wind RECs. Yes. That is correct. That is allowed to reduce. Yep. Wind RECs or any other kind of RECs that you're – as long as you are retiring RECs with your organization and able to claim that credit in your carbon account then, yes. That would count.

*Maria Vargas:* Joe, any last question?

*Joe Indvik:* One more scan.

*Maria Vargas:* There was a question about superior energy performance and I'm just not – that's a separate group at DOE working on that. So that one I saw early on, but can't comment on that because it would have to be an I don't know. So there's the answer to that question. I

don't know, but we can get back to you on that if folks are interested or we can connect you with the right folks that work on SEP at DOE. How was that? A sentence with two acronyms back to back. I hate to do that. Okay. Joe, you're up.

*Joe Indvik:*

The last one I see here is just a question about refrigerants and to what extent either from a technical assistance perspective or just in general we're tackling refrigerants. Yeah. We're very interested in dealing with refrigerants and working with you to figure out what a decarbonization half way looks like there. I think refrigerants are often overlooked in a lot of portfolios. In a lot of commercial buildings, for example, there is essentially very little or no refrigerants leakage on an annual basis, but then if you have a major refrigerant leak in one year, your chiller breaks or something, you can have an emissions impact that's just completely outsized relative to your standard operating emissions.

Then there's some space types hold storage, certain types of warehouses and retail in some cases where the refrigerants are a material source of emissions. So very excited to work with y'all to think through how to bring refrigerants into the full when it comes to emissions reduction opportunities.

*Maria Vargas:*

Terrific. Thanks, Joe. So we just have a couple minutes left and as promised, we wanna make sure that we get folks out on time. I just wanna thank Joe. Thanks for being with us, but equally importantly, thank you to everyone who joined us today on the webinar. We really appreciate it. We appreciate – you all passed the spontaneity test because we really appreciate everyone jumping on a webinar with fairly short notice. You can see my e-mail is up on the screen. Please e-mail me if you have any questions or are interested in joining.

We also have a lot of information on the Better Buildings Solution Center. That includes the fact sheet, frequently asked questions, and the partnership agreement for this effort. So just as a reminder, we're looking for folks that know they wanna join fairly quickly. It's gonna be great to highlight you in the coming weeks as organizations that know they wanna jump in, but we want everybody on this call to be able to join at some point. So we are happy and are standing by to help answer any questions and hopefully make this work for your organization. It is a big ambitious ask. It is a portfolio wide commitment.

It is an ask to be transparent and to share what you're doing and to learn from others and help lead this country, but that's what makes

this a very exciting opportunity for all of us. The time is now really to address climate change and to be able to do it and I think organizations like all of yours are the place to start and the place that really can help steer the ship as we identify the pathways and the way we're going to be able to mitigate the impacts of climate change. So thank you to all of you who were already working with us in Better Buildings and Better Plants whether it's through the alliance or the program or the challenge. We can't do it without you and we are so excited to be able to offer this new opportunity and I'm really hoping that organizations would step up and partner with us on this.

We can't wait to work with you, to learn from you, and to highlight the work you're doing 'cause that's really what's gonna make a difference in the coming years. So with that, thank you again to everybody for joining us on today's call. We really appreciate it. Please do reach out if you have questions. We're here and we look forward to having all of you as partners and the Better Climate Challenge soon. Thanks again.

*Joe Indvik:* Thanks, everybody.

*[End of Audio]*