



FRIENDLY RIVALRY UNDERPINS TORONTO'S ENERGY CHALLENGE

Race to Reduce Replaces Landlord-Tenant Tug-of-War

By Peter Love

A RECENT SURVEY by the US-based Institute for Building Energy found that split incentives between landlords and tenants were one of the top barriers to achieving greater levels of energy efficiency. Referred to more generally as the principal-agent problem, it arises because building owners pay the capital costs associated with improving the energy efficiency of their buildings, while tenants are the beneficiaries of reduced utility bills.

It's often difficult to forge common ground because there are limited opportunities for owners and tenants to work together. Then there is the added problem that energy use (and waste) is hard to see and, thus, all too easy to overlook.

A recent Toronto-area initiative, called the *Race to Reduce*, takes aim at the dilemma. The Toronto-based non-profit organization Greater Toronto CivicAction Alliance (CivicAction) is the driver of this unique collaboration, after concluding a few years ago that one of the city's most pressing needs is to

reduce energy and greenhouse gas emissions. Office buildings were identified as a sector where great progress could be made since it's estimated that 20% of Toronto's greenhouse gas emissions come from office buildings.

To begin, CivicAction asked leading office building owners and tenants in the Greater Toronto Area (GTA) to come together to form the Commercial Building Energy Initiative Leadership Council. Soon after, the Council decided that an industry-wide challenge was the best way to achieve tangible action.

The challenge: to reduce collective energy consumption in GTA office buildings by at least 10% between 2010 and 2014. The fact that there was no other similar challenge that they could use as a model did not deter them in the least.

If successful, it is estimated that participants will have saved nearly 38,000 tons of carbon emissions and more than \$26-million in energy costs over the four years. And after that?

About \$13-million in energy savings annually in perpetuity!

More than 600 landlords and tenants have signed on since the launch in 2011, representing an amazing 64 million square feet of office space or 31% of the Toronto region's total. Thus far, participating landlords and tenants have commended *Race to Reduce* for offering them an opportunity to truly collaborate on achieving a mutually beneficial goal.

After just one year, the Race had resulted in energy savings of 2%, based on building data submitted to ENERGY STAR's Portfolio Manager. So while there is certainly a long way to go, the Race is off to an excellent start.

Beyond the very important energy, environmental and cost benefits that result from this challenge, the participants should also achieve other perhaps less tangible benefits. A recent report by McGraw-Hill found the following from a survey of buildings where improvements to the energy and environmental footprint had occurred:

- 93% reported greater ability to attract talent
- 81% saw greater employee retention
- 87% experienced improved workforce productivity
- 75% reported improvement in employee health
- 100% experienced increase in goodwill/brand equity

Although the Race was designed to achieve an overall collective reduction in energy consumption, there was also a strong sense that a little friendly competition would inspire companies and just be fun. To that end, an element of public recognition was introduced in the form of an annual awards ceremony.

Three categories of award winners were recognized in 2012:

- **Action and Innovation Awards** (for leadership in actions and innovations taken) – RBC/Cadillac Fairview for 155 Wellington St. Toronto (building team); Rogers for its Brampton Campus (landlord); and TD Bank Group for employee engagement (tenant)
- **Building Performance Award** (lowest energy use and greatest energy reduction) – Crown Property Management's Heron's Hill and Brookfield Office Properties' Northbridge Place (lowest energy

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use under 300,000 sq. ft.); Brookfield Office Properties' Exchange Tower (lowest energy use over 300,000 sq. ft.); Crown Property Management's 415 Yonge St. (greatest energy reduction under 3000,000 sq. Ft.); and Toronto City Hall (greatest energy reduction over 300,000 sq ft.).

- **Engagement Awards** (top 30% of buildings with most tenant space participating) – 53 buildings.

There is always room for new competitors. Buildings in the Greater Toronto and Hamilton Area (GTHA) are eligible.

Race organizers are also happy to advise prospective racers outside the GTHA who want to start a friendly challenge in their own regions. Indeed, many of the participants in the *Race to Reduce* are also major landlords or tenants in other Canadian centres. ■

Peter Love is an Adjunct Professor at York University's Faculty of Environmental Studies where he teaches energy policy courses, President of the Energy Services Association of Canada and a proud member of the Commercial Building Energy Initiative Leadership Council and CivicAction's Greening Greater Toronto Task Force. For more information about Race to Reduce, see the web site at www.racetoreduce.ca