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Commercial tenants get powerful incentive to reduce use of juice

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California energy regulators decided Thursday to let commercial building owners charge their tenants for the amount of electricity each uses, a seemingly small change that could save the state a lot of power.

Until now, owners of a large office building or other commercial property had to pay the utility bill for the entire facility and then recoup the money through rents. Individual tenants didn't pay for the amount of electricity they used, month by month.

That meant tenants had no financial incentive to conserve energy. It also meant that some building tenants could end up subsidizing others. Owners, meanwhile, had to wait until their next rent increase to recoup costs if the building used more power than expected.

So on Thursday, the California Public Utilities Commission changed the rules, approving a new system hammered out by Pacific Gas and Electric Co. and the Building Owners and Managers Association. Owners will now be allowed to install electricity meters for individual tenants and have tenants pay for the exact amount of power they use.

"We can't control how tenants use energy," said **Marc Intermaggio**, executive vice president of the building owner association's San Francisco branch. "We can deal with lighting issues, heating issues. But whether it's copy machines or computers - there's really no way a property owner or real estate manager can keep direct tabs on that."

Commissioners who approved the change described it as another way to make California more energy-efficient. State law requires that electrical utilities and the regulators who oversee them look for ways to use less energy before building more power plants.

"With this change, commercial building tenants will have a new opportunity to control their energy costs and help protect the environment," said Commissioner Rachele Chong. "Large-building tenants will have a much stronger incentive to invest in energy-efficient equipment and participate in demand-response programs."

Just how much power the new rules can save remains to be seen.

So far, the rules only apply to buildings served by PG&E, although commissioners said Thursday that they want to see the same system adopted by other California utilities. In addition, building owners will not be required to

install meters for their tenants and can stick with the old system if they wish. Tenants would have to agree to the change.

There's also some debate about how much energy tenants will be willing to save once given the opportunity.

The building owners association estimates that its members' tenants use about 1,600 megawatts of electricity, enough to power 1.2 million homes. But The Utility Reform Network, a watchdog group that opposed the change, noted that small businesses surveyed in a recent study only reduced their power use by 1.5 percent on days when the California's electrical supply was stretched thin. Larger businesses did far better, conserving 9.1 percent.

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