

LL97: Unpacking the Proposed Rules (2023)

URBAN
GREEN



Panelists

Laura Popa • Deputy Commissioner for Sustainability, NYC Department of Buildings

Gina Bocra • Chief Sustainability Officer, NYC Department of Buildings

Emily Hoffman • Director of Building Energy & Emissions Performance, NYC Department of Buildings

Beth Golub • Director of Sustainability Policy and Legal Matters, NYC Department of Buildings

Danielle Manley (Moderator) • Manager, Policy, Urban Green Council



**URBAN GREEN COUNCIL
LL97 RULES WEBINAR
SEPTEMBER 2023**

NYC[™]
Buildings

MOBILIZATION PLAN

- Enhanced funding and financing
 - Federal, state, utility, and city funding and financing targeted to LL97 compliance
- Comprehensive outreach with NYC Accelerator
- Implementation task forces
 - Workforce/retrofit companies; Building owners and managers; Financers
- Enforcement
 - Rulemaking

LL97 CONTEXT

- Applies to 25,000+ sq. ft. buildings
- Accounts for different building types and sizes
- Special rules for affordable housing (35% or more rent regulated units) and houses of worship
- Provides relief in cases of financial hardship
- Provides relief from unavoidable implementation hurdles
- Provides for penalty mitigation and good faith efforts

SECOND MAJOR LL97 RULE PACKAGE

1. **Penalty Framework, Beneficial Electrification Credit and Various Technical Amendments**
2. **Article 321 (Prescriptive Path) Requirements for Compliance and Penalties for Non-Compliance**
3. **Local Law 88 - Defining Lighting and Sub-metering compliance**

LL97 ARTICLE 320 PENALTY FRAMEWORK

Properties have two main compliance responsibilities

Submit building emissions report

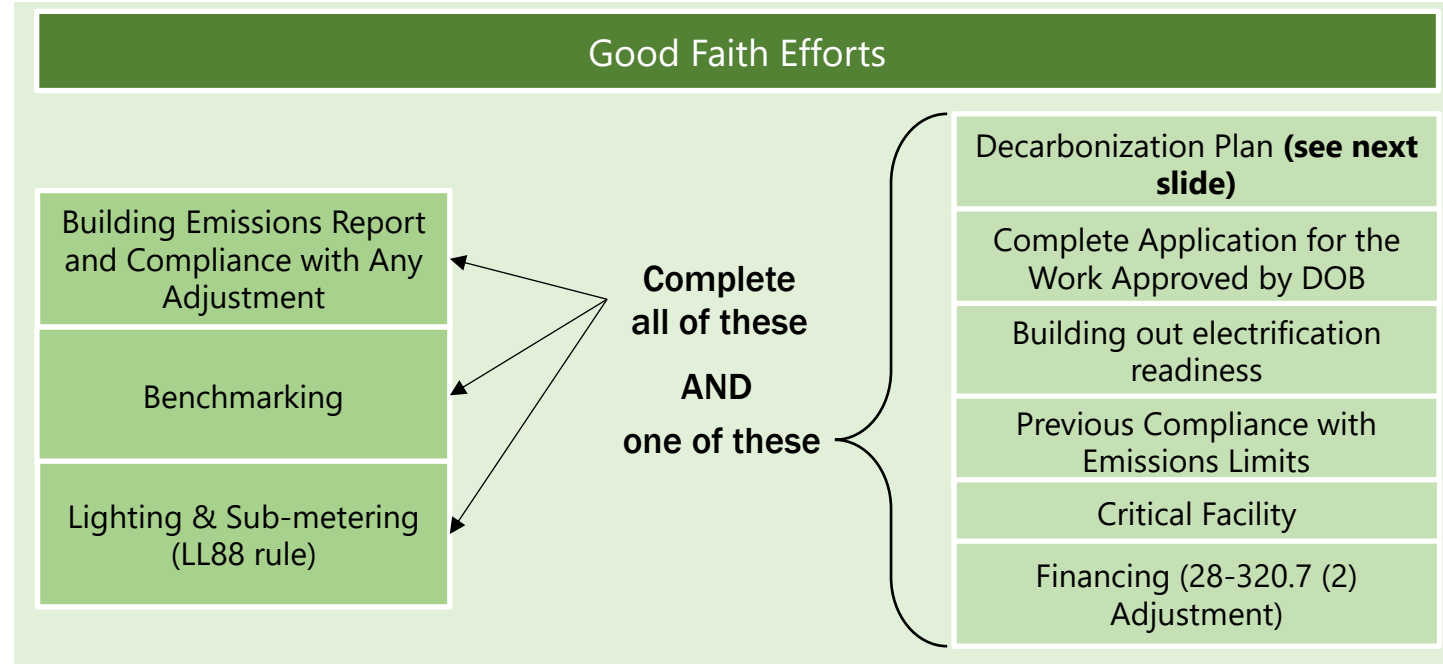
$$\text{Penalty} = (\text{Floor Area} \times \$0.50) / \text{month}$$

Meet emissions limits

$$\text{Penalty} = ((\text{Emissions} - \text{Limit}) \times \$268) / \text{yr}$$

Penalty mitigation opportunities* (2024-2029)

Unexpected or Unforeseeable Event



*Adjustments available for hospitals, nonprofits, landmarks and buildings with special circumstances or financial hardship.

DECARBONIZATION PLAN PATHWAY

A plan for reaching net zero carbon emissions by 2050, including:

- Energy audit
- Inventory of major equipment
- List of alterations needed for compliance, consisting of:
 - Timeline
 - Financing plan
 - Expected emissions reductions

Additionally:

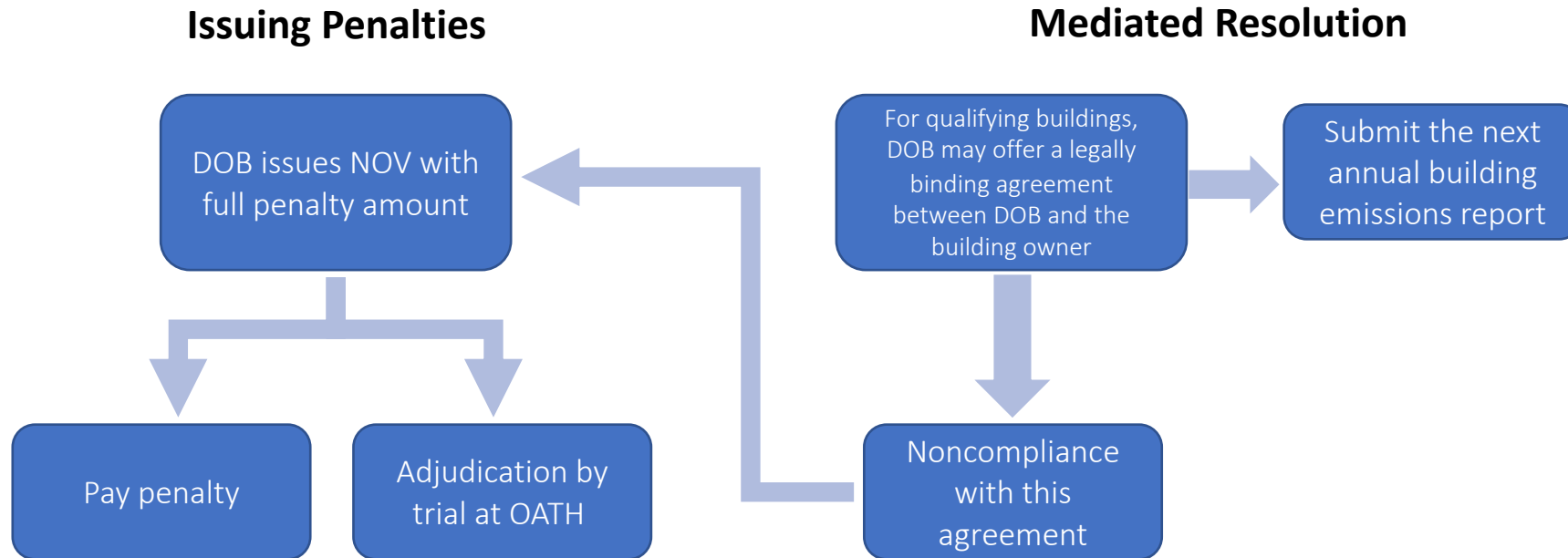
No RECs in the first compliance period.

| Important Decarb Plan Dates: | |
|--|-------------|
| Submit the decarb plan by: | May 1, 2025 |
| Meet the 2024 emissions limit by: | May 1, 2027 |
| Demonstrate* that the work for 2030 compliance is underway by: | May 1, 2028 |

*Complete Application for the Work Approved by DOB

ENFORCEMENT FRAMEWORK

If a building is over their emissions limit:



- Penalties will be adjudicated at OATH with a DOB enforcement attorney
- If a building owner does not comply with the terms of the mediated resolution, DOB can issue back penalties

BENEFICIAL ELECTRIFICATION

- Owners that replace fossil fuel equipment early with high-efficiency space conditioning or water heating equipment receive a credit against emissions limits for the first or second compliance period
- A negative coefficient may be applied against a building's emissions reducing penalties for buildings that convert to heat pumps:
 - Double the emissions reduction for owners taking action between 2021-2026
 - 1x the emissions reduction for owners taking action between 2027-2029

BENEFICIAL ELECTRIFICATION

- Draft electricity emissions calculation with BE "Credit":

$$\text{GHG Emissions for Annual Electric Consumption} = ((\text{Total annual kWh} - \text{BE kWh}) \times 0.000288962) + (\text{Beneficial kWh} \times -0.00065)$$

- Calculation examples will be provided in DOB's LL97 Filing Guide
 - Deemed approach, based on capacity, for smaller installations
 - Metered approach, based on actual kWh, for larger installations
- Banking of BE Credits
 - BE credit for one year must be applied in whole to a future year
 - Multiple BE credits may not be combined for use in a single year
 - BE credits can be applied for each year of operation

TECHNICAL CHANGES

- Clarifies that eligible properties must be calculated using either Building Code Occupancy Groups OR ESPM Property Types, but cannot be a combination of both
- Adds a marginal emissions coefficient for natural gas fuel cells for equipment installed prior to January 19, 2023
- Requires Distributed Energy Resources to be sub-metered for reporting
- Corrects numbering of equations

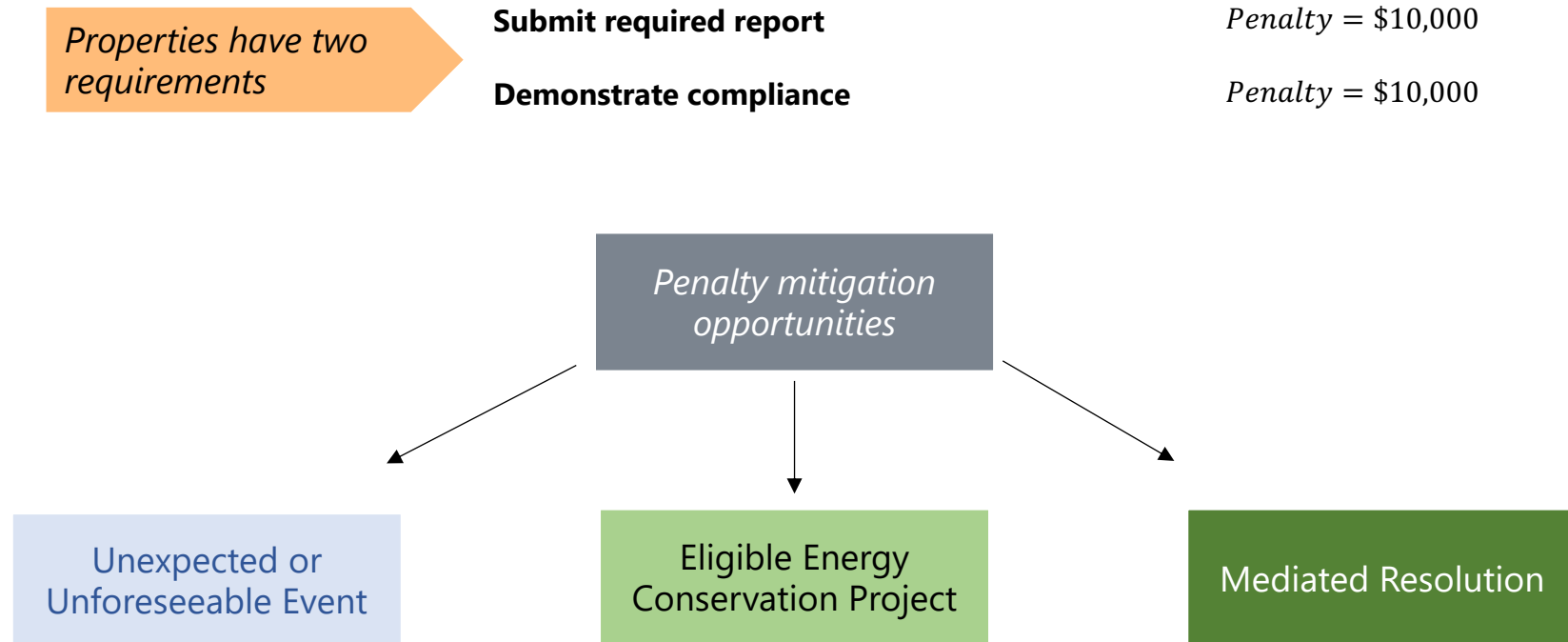
ARTICLE 321 COMPLIANCE

- Meet the Article 320 emissions limits for 2030 in 2024
- Prescriptive Energy Conservation Measures (One-time report due May 1, 2025)
 - Adjusting temperature set points for heat and hot water
 - Repairing all heating system leaks
 - Maintaining heating systems
 - Installing individual temperature controls or insulated radiator enclosures with temperature controls
 - Insulating all pipes for heating and/or hot water
 - Insulating steam system condensate tank or water tank
 - Installing indoor and outdoor heating system sensors and boiler controls
 - Replacing or repairing all steam traps
 - Installing or upgrading steam system master venting
 - Upgrading lighting
 - Weatherizing and air sealing
 - Installing timers on exhaust fans
 - Installing radiant barriers behind all radiators.

ARTICLE 321 COMPLIANCE

- Rule clarifies that reporting may be submitted by a "qualified" RCx Agent
 - Registered design professional; OR
 - Certified refrigerating system operating engineer; OR
 - Licensed high-pressure boiler operating engineer
- PECMs documentation requirements
 - 9 PECMs require attestations
 - 4 PECMs require detailed inspection reports
- DOB will be issuing a guide for Article 321 with sampling requirements and additional clarification along with reporting templates for the 4 detailed PECMs

LL97 ARTICLE 321 PENALTY FRAMEWORK



LOCAL LAW 88

- **Upgrade of lighting systems (Article 310):**
 - Lighting power & controls comply with the NYCECC in effect at project install
 - Upgraded between July 1, 2010 and Dec. 31, 2024
 - Applies to Residential & Commercial Buildings (dwelling units excluded)

- **Electrical sub-metering in tenant spaces (Article 311):**
 - Floors or tenant spaces over 5,000 gross sq. ft.; OR
 - Tenant spaces over 5,000 sq. ft.
 - Commercial tenant spaces ONLY



LOCAL LAW 88

Rule includes information on:

- How to report compliance:
 - Attestation due May 1, 2025 with LL97 reporting
- Who can report:
 - RDP (NY State licensed PE or RA); OR
 - Licensed Master Electrician;OR
 - Licensed Special Electrician
- Penalties for failing to report compliance:
 - Failure to file lighting upgrade report: \$1,500
 - Failure to file sub-meter installation report: \$1,500
 - \$500 for each covered tenant space where a sub-meter has not been installed

NEXT STEPS

- Guidance
- Rule Hearings
 - October 24 at 11am
 - LL97 Article 320 Penalty Framework
 - LL97 Article 321 Compliance and Penalty Framework
 - October 26 at 11am
 - LL88 Lighting and Submetering
- Studies
 - Industry
 - EE metric
 - Hospitals and non-profits
- Future Rules
 - Cogen / DER
 - 320.7 Adjustments (financial hardship and legal limitations)
 - Alignment of sustainability laws



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What Is NYC Accelerator?

- + A City program that provides **free** resources, training, and personalized expert guidance to help building stakeholders (owners, property managers, condo, and co-op boards) improve energy efficiency and reduce carbon emissions from privately owned buildings 5,000 square feet or larger.
 - Offers no-cost building operator trainings and supports green workforce development.
 - Connects building stakeholders directly with service providers to implement decarbonization projects.
 - Helps buildings identify applicable financial incentives and financing, such as NYC Accelerator PACE.
- + NYC Accelerator experts conduct high-level building reviews to determine what solutions could be pursued to reduce carbon emissions and reach compliance.
 - Provides guidance to building stakeholders for the type of services they should seek from the marketplace of engineers, contractors, and lenders.
- + **Already completed compliance assistance for 5,000 buildings.**





Contact NYC Accelerator Team of Experts

Web: accelerator.nyc/1197

Email: info@accelerator.nyc

Phone: 212-656-9202



Thank you!



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