



The Office Building Link

AB 32: Approaches to and Benefits of Reducing Greenhouse Gasses

By Stephen Ashkin, president, The Ashkin Group

Many businesses and facility managers are concerned with only one thing right now: surviving the current economic slump that has caused building vacancies to rise and put scores of construction projects on hold. However, many businesses and facilities in California are not only grappling with these problems, but with some key environmental regulations as well. They are being required to significantly reduce their carbon footprint over the next decade and longer.

AB 32, also known as the California Global Warming Solutions Act of 2006, is being described as the “first-in-the-world comprehensive program of regulatory and market mechanisms to achieve real, quantifiable, and cost-effective reductions of greenhouse gasses (GHG)” by California Governor Arnold Schwarzenegger. Similar programs are likely to be implemented in other states – if not nationally – in the next few years.

There are two key provisions to AB 32 that will impact most all facilities. These are:

- They must reduce GHG emissions to 1990 levels by 2020; this is estimated to be a 30 to 35 percent reduction in current GHG emissions.
- By 2050, GHG are to be “capped” at 80 percent below 1990 levels.*

As you might imagine, the passing of AB 32 has raised several questions for building owners and managers and caused quite a bit of confusion, at least initially. Questions such as the following have arisen:

- How does a facility determine its carbon emissions?
- How can a facility determine what its carbon emissions were 19 years ago?
- What happens if your building did not exist in 1990?
- What areas of a facility typically generate the most GHG?
- What gasses are considered GHG?

Many of these questions can be answered and confusion eliminated once facility managers realize that other industries, such as power generation, petroleum refining, and cement manufacturing, have already been down this path. These facilities have turned to the U.S. Green Building Council (USGBC) LEED Accredited Professionals and other environmental experts for guidance in meeting

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the mandates and reducing GHG emissions. In the process, they are not only finding ways to meet AB 32 standards and help protect the environment, but they're also discovering there can actually be advantages to the program.

Surprise Plusses

Although many developers are now enthusiastic about erecting more environmentally responsible buildings, historically many have been reluctant to construct Green facilities. The reason was simple: constructing Green buildings a decade or more ago typically cost considerably more to build – as much as 20 percent more – which can significantly delay any return on their investment.

However, today, costs have been marginalized to less than five percent and in many cases, are negligible. Similarly, retrofitting an existing building to make it more environmentally responsible and reduce its carbon footprint has come down in price as well. The differences today are technology advancements that have become much more cost-effective and, as demand has increased, manufacturing costs have been reduced.

However, for building owners, there are some direct advantages to making their facilities Greener and implementing some of the requirements of AB 32, including:

- Safer investment. Environmentally responsible buildings are often viewed as better constructed, healthier, and safer facilities and often attract higher caliber, more stable tenants. In some cases, these facilities also have lower insurance costs and receive more favorable financing.
- Fast-track approvals. A time- and cost-consuming process of building or retrofitting a facility is waiting for government approvals; some local governments “fast-track” approvals for Green facilities and remodels.
- Tax incentives. There are numerous tax credits offered from state, local, and federal governments for building Green facilities.
- AB 32 credits. For facilities in California that surpass AB 32 emissions reductions, they may create marketable credits that can be sold to other companies and organizations.
- Energy savings. Green buildings, many already meeting AB 32 standards, use an average of 28 percent less energy than a conventional facility.

Proactive Approach

Many facility owners and managers now believe they should take a proactive approach in reducing their carbon footprint and becoming more environmentally responsible. This is based on the belief that if they go Green now, they can reap the benefits and be well ahead of their competitors.

As a result, building owners and managers are encouraged to view AB 32 not as a regulation, but as an opportunity. In order to accomplish this, begin now to assemble a “Green Team” to address environmental issues in your facility; establish benchmarks and determine your current carbon footprint and where you would like to see it in two, five, ten or more years. Properly prepared, owners and managers can not only meet AB 32 and similar requirements, but also take advantage of the current and future rewards these programs will offer.

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*This provision was mandated by Executive Order by Governor Arnold Schwarzenegger; the provision gives him the authority to mandate such orders as well as relax some requirements for a set period of time due to severe economic conditions or catastrophe.

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