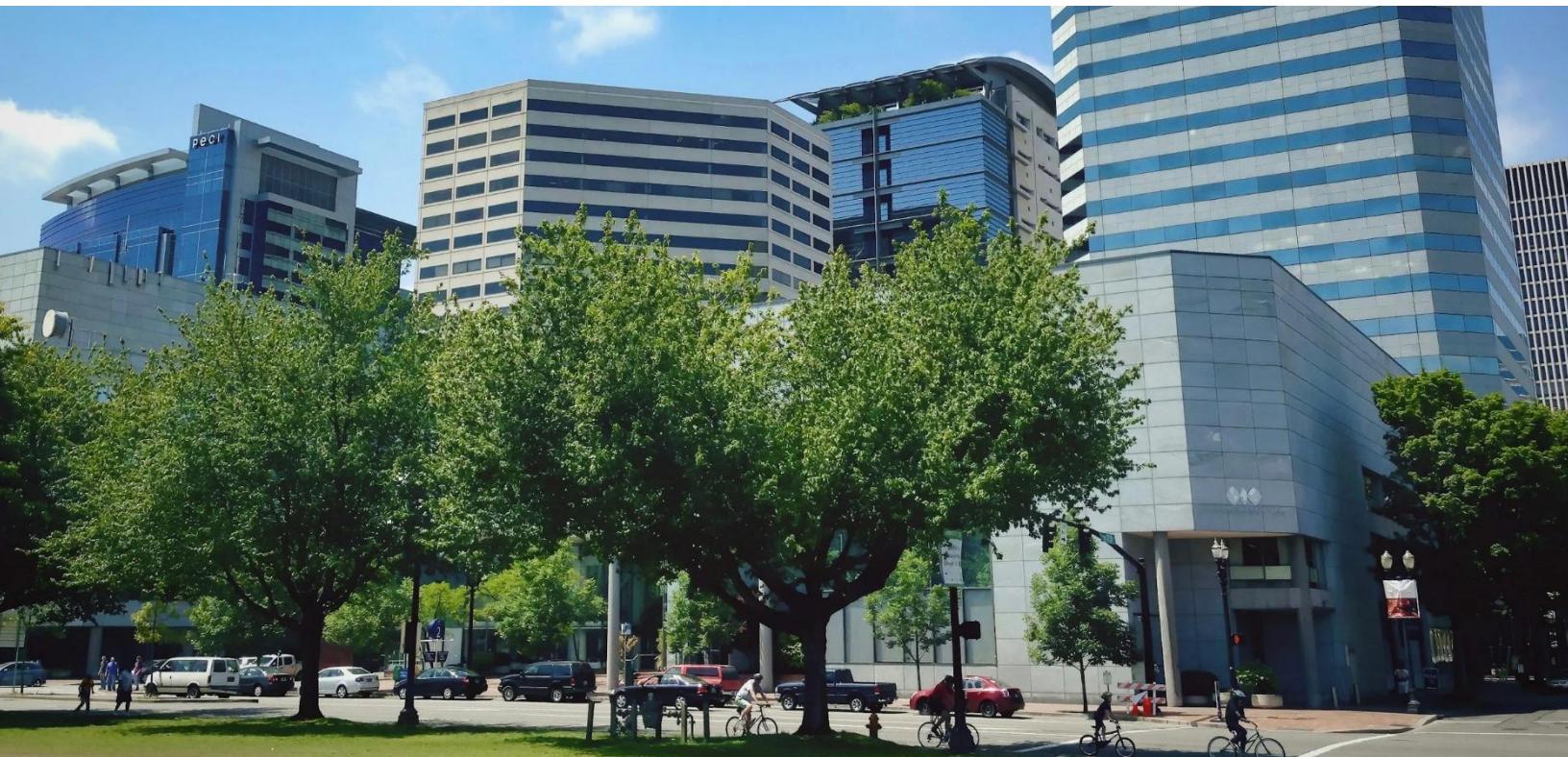


BUILDING PERFORMANCE STANDARD ANNUAL REPORT



Submitted to the
GOVERNOR and
OREGON LEGISLATURE

by the
OREGON
DEPARTMENT OF
ENERGY



OREGON
DEPARTMENT OF
ENERGY

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EXECUTIVE SUMMARY

Building Performance Standards are a policy framework to assess and reduce energy use and greenhouse gas emissions from existing buildings. In Oregon, the Building Performance Standard policy was established through House Bill 3409 in 2023, and the Oregon Department of Energy was given the authority to develop, administer, and implement the program. Oregon's BPS will require many existing large commercial buildings to enhance energy management practices and implement efficiency measures so they meet energy use targets based on the average energy use for their building type.

ODOE is directed to annually report on implementation of the Oregon BPS established in HB 3409. ODOE used the ANSI/ASHRAE/IES Standard 100 (ASHRAE Standard 100) as a starting point in its development of the performance standard. [ASHRAE](#) is highly respected international organization that performs research and publishes standards widely referenced and applied to the built environment. In 2024, with support from its [rulemaking advisory committee](#), ODOE reviewed and modified ASHRAE Standard 100 and incorporated this standard into administrative rules to define Oregon's BPS technical requirements. ODOE made subsequent clarifying updates to the standard in 2025. The modified ASHRAE standard is referred to as the Oregon Building Performance Standard and is available on [ODOE's BPS website](#).

Oregon's BPS program requires building owners to dedicate resources for energy management and in some cases to implement energy efficiency projects. These efforts will lead to installation of cost-effective energy efficiency measures (EEMs) that will create operational savings for the building owners, lower energy use, and reduce greenhouse gas emissions. To support building owners with early and voluntary adoption of the performance standard, ODOE was appropriated \$2 million in state funding to develop an incentive program. ODOE, in partnership with the Oregon Department of Environmental Quality, also successfully applied for an additional \$12 million of federal funding to leverage BPS compliance incentives. Federal funding came from the Environmental Protection Agency Climate Pollution Reduction Grant, and is part of Oregon's \$197 million Climate Equity and Resilience Through Action (CERTA) program.

In October 2025, ODOE launched the state-funded incentive program, the [Early Compliance Action and Planning Program](#), and the first round of applications closed in December 2025. ODOE is currently in the process of designing the program requirements for the federally funded incentives that ODOE expects to make available in early 2026. ODOE also sent mail notifications to covered building owners in June 2025 and selected a software solution for BPS compliance documentation and data management. Staff support for building owners was also strengthened in 2025 as ODOE filled two vacancies in the BPS program.

Oregon is a national leader and is among the first states and jurisdictions in the country to adopt a BPS policy and program. ODOE collaborates with other jurisdictions around the country who have implemented similar building performance standards to learn from their challenges and share best practices for implementation. ODOE continues to build on its internal resources and expertise, and looks forward to additional collaboration with building owners, its advisory committees, and other partners for successful BPS program implementation.

This report is available on ODOE's website: <https://www.oregon.gov/energy/Data-and-Reports/Pages/Reports-to-the-Legislature.aspx>

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OREGON BUILDING PERFORMANCE STANDARD – OVERVIEW AND HISTORY

Building Performance Standards are a policy framework to assess and reduce energy use and greenhouse gas emissions from existing buildings. BPS programs are emerging in jurisdictions across the country to support achievement of local energy and climate goals. Such policies generally call for building owners of under-performing buildings to integrate energy management practices into their operations and require existing buildings to meet outcome-based energy performance targets. BPS programs are distinct from, but complementary to, energy codes for new buildings. While energy codes focus on equipment and efficiency measure criteria that must be incorporated into the design of new buildings, building performance standards focus on the energy performance of *existing* buildings. Establishing performance metrics with specific targets for similar buildings, performing energy audits, developing energy and operational management plans, and periodically re-evaluating energy performance are common elements associated with building performance standard programs. BPS programs often focus on whole-building or overall performance without prescribing specific energy measures to be installed. This affords building owners the flexibility to evaluate and choose which cost-effective measures will help them reach their energy use targets. BPS programs typically prioritize compliance of larger commercial buildings and then phase in requirements for smaller buildings over time.

In Oregon, the Building Performance Standard became a key policy focus and recommendation of the Joint Task Force on Resilient Efficient Buildingsⁱ established by Senate Bill 1518 (2022).ⁱⁱ Throughout 2022, this task force worked to identify and evaluate building energy and decarbonization policies that would enable the state to meet its greenhouse gas reduction goals while improving energy efficiency, grid resilience, public health, and air quality. Through the Task Force work, BPS emerged as a policy option and was supported by the majority of task force members, as documented in the Joint Task Force on Resilient Efficient Buildings Final Report.ⁱⁱⁱ

Following up on the Task Force's work, the Oregon Legislature passed House Bill 3409^{iv} in 2023. Sections 8-17 of this bill established an Energy Performance Standard for existing commercial buildings modeled after ASHRAE Standard 100, also referred to as a Building Performance Standard. The performance standard targets energy use and emissions from existing commercial buildings, which account for nearly 20 percent of overall energy use in Oregon. It requires large commercial buildings to report on their energy use and meet energy use targets. This will require many building owners to enhance their energy management practices, perform energy audits with life cycle cost assessments for energy efficiency measures, and implement cost-effective energy efficiency measures to bring their underperforming buildings up to the target set at the average for buildings of a similar type.

Under the Oregon BPS program, large commercial buildings are divided into Tiers based on building type:

Tier 1: A building in which the sum of gross floor area for hotel, motel, and nonresidential use equals or exceeds 35,000 square feet, excluding any parking garage.

ⁱ <https://olis.oregonlegislature.gov/liz/2021I1/Committees/JTFREB/Overview>

ⁱⁱ <https://olis.oregonlegislature.gov/liz/2022R1/Measures/Overview/SB1518>

ⁱⁱⁱ <https://olis.oregonlegislature.gov/liz/2021I1/Downloads/CommitteeMeetingDocument/258395>

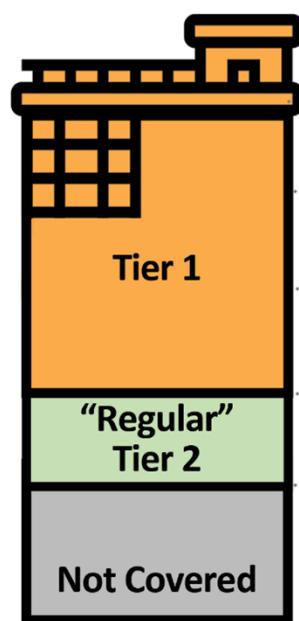
^{iv} <https://olis.oregonlegislature.gov/liz/2023R1/Measures/Overview/HB3409>

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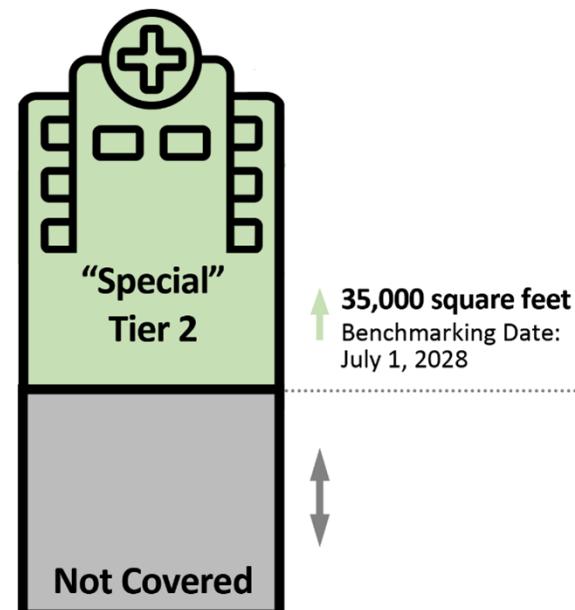
Tier 2: A building with gross floor area, excluding any parking garage, that equals or exceeds 35,000 square feet and that is used as a multifamily residential building, a hospital, a school, a university, a dormitory, a barracks, a prison, or a senior residential/care facility; or a building in which the sum of gross floor area for hotel, motel, and nonresidential use exceeds 20,000 square feet but does not exceed 35,000 square feet, excluding any parking garage.

The BPS program requires buildings to benchmark their energy use and assess whether they meet energy use targets. Tier 1 buildings that do not meet targets are required to enact additional procedures to achieve compliance, including energy audits, life cycle cost assessments, and identification and implementation of cost-effective energy efficiency measures. Tier 2 buildings are required to benchmark their energy use but do not have comply with specific energy use targets. The benchmarking and compliance schedule, based on building tier and building size, is shown in the chart below. The BPS program designates two types of Tier 2 buildings: Special and Regular. Special Tier 2 buildings are either multifamily residential, hospital, school, university, dormitory, barracks, prison, or residential/senior care facilities. Regular Tier 2 buildings are those that do not fall under one of the Special Tier 2 categories but instead are commercial, hotel, or motel properties of at least 20,000 square feet but less than 35,000 square feet.

COMMERCIAL (NON-RESIDENTIAL), HOTEL, and MOTEL*



MULTIFAMILY RESIDENTIAL, HOSPITAL, SCHOOL, UNIVERSITY, DORMITORY, BARRACKS, PRISON, and RESIDENTIAL/SENIOR CARE FACILITY*



**Mixed-use buildings follow more detailed guidelines to determine their tier*

ADOPTION OF AND REVISIONS TO ASHRAE STANDARD 100

As directed by HB 3409 and supported by a series of public and Rulemaking Advisory Committee meetings in 2023 and 2024, ODOE adopted BPS program rules in December 2024 based on ASHRAE Standard 100 as the energy performance standard for covered commercial buildings. ODOE established

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a licensing agreement with ASHRAE to enable agency use, and modification of, the ASHRAE standard to support Oregon's BPS program.

The BPS Program rules and the Oregon-specific version of ASHRAE Standard 100 became effective in January 2025, and with the onset of program activity, the practical utilization of Standard 100 revealed several areas that needed the attention of staff. ODOE worked with its advisory committees and interested parties to modify the adopted ASHRAE Standard 100 and in October 2025 published an updated version of the standard to correct errata in the original document, expand definitions, clarify Tier 1 and Tier 2 designations, extend eligibility for exemptions to Tier 2 buildings, and preclude individual condominiums from being covered by the standard.

These revisions were introduced to and reviewed by ODOE's Rulemaking Advisory Committee in 2025, and were included in the October 2025 version of [Oregon Standard 100](#). ODOE looks forward to continuing to work with its advisory groups as program implementation moves forward in 2026.

FINANCIAL IMPACT ON BUILDING OWNERS

Building Energy Performance Standards are expected to benefit owners of covered buildings financially. Energy management and project installation work will require upfront resources but will also result in ongoing energy and financial savings for building owners and tenants. Since only cost-effective measures are required to be implemented under BPS, the value of the energy savings over time is expected to exceed the upfront cost to implement measures, creating a net benefit for the building owner.

The program is still starting up, and while compliance for the largest buildings does not begin until June 2028, financial incentives may be available for building owners who comply early. The financial impact on building owners to date has therefore been minimal, and for a specific building will depend upon that building's unique characteristics and whether the building already meets its Energy Use Intensity target for its activity type (which many buildings already meet, as it is based on the average energy use of similar buildings). All covered Tier 1 buildings will need to expend modest resources for energy reporting, the development of energy management plans, and operation and maintenance programs. Buildings that currently do not meet the Energy Use Intensity target for their building activity type will be required to conduct an energy audit, and will have financial impacts dependent on the energy efficiency improvement plans adopted and the cost-effective measures installed by the building owner to meet their energy target and compliance requirements. Again, it is anticipated that this will result in a net financial benefit for most building owners.

The compliance deadline for buildings depends on their size. For buildings that will not meet their energy use targets by their compliance deadline, the standard includes three alternative pathways for compliance.

- The **Conditional Compliance** pathway involves implementing sufficient cost-effective energy efficiency measures that will bring a building's energy use below its energy use target, but a building owner may not have enough time before the compliance date to demonstrate a full year of savings that reduces the annual Energy Use Intensity below the target. In this case, if the EEMs are implemented before the building's compliance date, energy data must be gathered for a year after implementation to demonstrate that the building has reached its energy target.

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- The **Investment Criteria** pathway involves implementing ALL cost-effective EEMs identified in the energy audit of a building, even though these EEMs are NOT expected to bring a building's energy use below its target. If these EEMs are implemented before the building's BPS compliance date, and energy savings are tracked for a year to demonstrate their effectiveness, this pathway offers building owners a compliance pathway that guarantees cost-effective investments and cost containment.
- The **Investment Criteria with Conditional Compliance** pathway is a longer-term approach that allows cost-effective EEMs to be implemented after the building's compliance date by waiting to replace the poor performing equipment at the end of its useful life. This allows for accommodation to align with the building owner's capital expenditures budget cycles.

Oregon House Bill 3409 gives ODOE authority to assess civil financial penalties for noncompliance. Penalties would only be assessed on Tier 1 buildings that have not complied with this standard by meeting energy use targets or complying with one of the alternative methods listed above and submitting required documentation to ODOE. Civil penalties would not be assessed until after a building's compliance date has passed, which would be July 2028 at the earliest for the largest covered buildings. Penalties for a particular compliance period are capped at a maximum value of \$5,000 plus one dollar per square foot of Gross Floor Area per year. A new set of penalties may be assessed for each subsequent compliance period the building owner is not in compliance. Oregon's BPS outlines the process for civil penalty administration, notification, opportunity for correction, and how a building owner may challenge a penalty assessment. The statute directs ODOE to allocate the proceeds from civil penalties to the administering of ODOE's energy efficiency programs.

Through program implementation, ODOE will work with building owners and industry to better understand the financial impacts of the standard to support cost-effective energy savings and greenhouse gas emission reductions.

PROGRAM INCENTIVES

HB 3409 included authority for ODOE to offer incentives to eligible building owners for voluntary and early compliance with the building performance standard. Total funding of \$14 million comes from two sources: \$2 million from the Oregon State General Fund and \$12 million from federal funding (as part of the Oregon Department of Environmental CERTA program, of which ODOE is a subrecipient). ODOE's incentive program design aims for these two incentive programs to be complementary, with the \$2 million primarily supporting planning and evaluation actions, and the \$12 million supporting the installation of EEMs to reduce energy use and greenhouse gas emissions.

The \$2 million BPS incentive program, named the Early Compliance Action and Planning Program was launched in October 2025 for eligible building owners. To be eligible, the building must be a Tier 1 or Tier 2 covered commercial building in Oregon. A covered commercial building includes many different building types over a certain size mentioned above, such as: hotels, office buildings, retail buildings, multifamily residential buildings, hospitals, and schools. If the covered building is a Tier 1 building, the building must have a calculated Energy Use Intensity that is at least 15 intensity units greater than its Energy Use Intensity target. The funding will be used to help building owners offset costs associated with BPS compliance, such as energy benchmarking, reporting, or conducting an energy audit. Incentives will be awarded on a competitive basis and building owners can receive a maximum of \$0.85 per square

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foot, subject to individual building incentive caps. The funding will be split into two rounds, with each round offering \$1 million. ODOE opened applications in October 2025 for Round 1 and will open Round 2 in 2026.

In Round 1, ODOE received 81 applications requesting \$1,522,000 in incentives, exceeding the budget by 1.5 times. The competitive review and selection process is underway, and the awardees will be notified in early 2026.

The second BPS incentive program, referred to as the Building Energy Reduction Incentive program, will offer an additional \$12 million from federal CERTA funding to eligible building owners. Incentives must be used for EEMs such as HVAC or lighting upgrades that reduce the Energy Use Intensity and greenhouse gas emissions of buildings. The program is currently under development and will be launched in early 2026.

ODOE SUPPORTING ACTIVITIES

ODOE is also focused on activities that support implementation of the BPS program. These include continued analysis of Oregon's building stock and refinement of the covered building list, program notification to covered building owners and industry, technical assistance and engagement with partners to support program implementation, and development of educational materials to inform building owners. More information about each of these activities is below.

ODOE Codes and Standards Section

The Codes and Standards section at ODOE is responsible for developing and implementing the BPS program, among other responsibilities. The section includes a program manager, facilities engineer, a policy analyst, a public service representative, and three program analysts (two permanent, one limited duration). The program has filled all initially authorized roles supporting early BPS implementation activities. In addition, an IT position was filled to support program data and reporting systems. In late 2025, the agency brought on the limited-duration program analyst supported by federal funds to assist with administration of incentives for BPS compliance.

During the fiscal analysis process for HB 3409 in 2023, ODOE identified the need for a future compliance specialist to support enforcement leading up to and following the first BPS compliance dates beginning in 2028. As anticipated in the original fiscal analysis, the agency plans to seek funding for this position through a Policy Option Package in the 2027 legislative session.

Buildings Inventory, Notification, and Outreach

ODOE collaborated with county tax assessor offices and partner state agencies to compile a database of buildings that may be subject to BPS requirements. ODOE is grateful for the assistance provided by Oregon counties in this effort. In June 2025, ODOE sent out more than 30,000 pieces of mail to all buildings and building owners across Oregon that were identified through this effort. All identified buildings in the state were assigned a Unique Building Identifier (also referred to as a UBID), and owners were directed in the mailer to ODOE's online Property Inventory List database where their building information could be confirmed and their contact information updated. The Property Inventory List also

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serves as a way for ODOE to gather contact information for building owners as the program continues to be rolled out.

Through mailing letters and other targeted outreach, ODOE continues to hear from and work with individual building owners and organizations to understand each building's unique characteristics and BPS applicability. BPS team communications with building owners and industry representatives through the end of December 2025 totaled more than 1,200 individual interactions.

Other targeted outreach has been made to key organizations that represent groups of building owners with properties subject to BPS, as well as organizations with large portfolios of covered buildings. The organizations that ODOE has reached out to are listed below:

Groups or entities that ODOE has reached out to: Albertsons/Safeway, Amazon, ASHRAE, Bass Pro Shops, Bi-Mart, Oregon Building Owners and Managers Association (Oregon BOMA), Burlington, Cities (various), Costco, Dollar General, Fred Meyer, Gap, Grocery Outlet, Hobby Lobby, Hospital Association of Oregon, League of Oregon Cities, Lloyd Eco District, Lowes, Multifamily Northwest, Northwest Grocery Association, Association of Oregon Counties, Oregon Bankers Association, Oregon Business & Industry, Oregon Peace Officers Association, Oregon Auto Dealers Association, Oregon Museums Association, Oregon State Bowling Proprietors Association, Oregon Skating Council, Oregon State Firefighters Council, Oregon Economic Development Districts, Oregon Health Care Association, Oregon Restaurant & Lodging Association, REI, Retail Industry Leaders Association (RILA), School Districts, State Agencies, Universities, Utilities, and Walmart.

ODOE also attended and presented at events in 2025 to educate audiences about the BPS program, listed below:

- February 20: Association of Professional Energy Managers Winter Forum (Portland, OR)
- July 9: Energy Trust Strategic Energy Management, BPS Webinar 1 (virtual)
- July 23: Energy Trust Strategic Energy Management, BPS Webinar 2 (virtual)
- September 10: Oregon Building Owners and Managers Association (BOMA) Property Managers and Engineers Roundtable (Portland, OR)
- October 1: Go Clean Conference (Bend, OR)
- October 1: Energy Trust Strategic Energy Management, BPS Webinar 3 (virtual)
- October 29: Energy Trust Strategic Energy Management, BPS Webinar 4 (virtual)
- October 8: Sustainable Buildings Week, BPS Presentation (virtual)
- November 20: Association of Oregon Counties Annual Conference (Eugene, OR)
- Ongoing: monthly (approximately) working group meetings with electric and natural gas utilities

BPS Compliance Management Software

In 2025 ODOE worked with the Department of Administrative Services State Procurement Services and Enterprise Information Services staff on the solicitation and procurement of a compliance portal system software solution that building owners will use to submit compliance information and that ODOE will use to track compliance across thousands of covered buildings. ODOE selected Clearly Energy, which has developed a software solution called BEAM that is currently being used by multiple jurisdictions around

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the country for building performance standards and energy benchmarking programs. At the time of writing this report, ODOE, DAS, and Clearly Energy are working on finalizing the contract for this work. The compliance management system will provide a streamlined compliance process for building owners and is expected to be available for building owners to begin submitting early compliance documentation in summer of 2026.

Guidance Documents and Supporting Resources

To support BPS implementation, ODOE has developed guidelines, educational materials, “how-to” resources, spreadsheet tools, and other outreach materials to help covered building owners, representatives, and industry navigate program requirements and prepare for compliance. These materials are available on the [BPS program website](#). ODOE looks forward to continuing robust engagement with building owners and program partners to successfully implement this new BPS policy that will help them reduce their energy consumption, operational expenses for owners and tenants, and greenhouse gas emissions.

ODOE is also reaching out to energy professionals and asking them to submit their credentials that allow them to perform needed services for building owners. Credentialed professionals are needed to serve specific roles for BPS: as Qualified Energy Managers, Qualified Persons, or Qualified Energy Auditors to benchmark Tier 1 and Tier 2 buildings and audit Tier 1 buildings that do not meet their energy targets. More definition on the roles of these energy professionals can be found in the [ODOE Energy Professionals Guidance Document](#). ODOE publishes a [list of energy professionals on the OR BPS website](#) for all professionals who wish to offer their services to Oregon building owners. As of December 1, 2025, the published list included 45 individual energy professionals, 25 Qualified Energy Managers, 27 Qualified Persons, and 33 Qualified Energy Auditors (many individuals qualify for more than one role).

Next Steps

Oregon is a national leader and among the first states and jurisdictions in the country to adopt a BPS policy and program. ODOE continues to collaborate with other jurisdictions around the country who have implemented a similar Building Performance Standard to learn from their challenges and share best practices for implementation. In 2026, ODOE will continue to work directly with building owners and industry representatives to help communicate and prepare for future compliance dates. ODOE will roll out an online compliance reporting and management system in 2026 and begin making first incentive payments for early and voluntary compliance.

ODOE continues to build on its internal resources and expertise and looks forward to continuing robust engagement with building owners and program partners to successfully implement this BPS policy that will reduce energy consumption, operational expenses for owners and tenants, and greenhouse gas emissions from Oregon’s commercial buildings.

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FOR MORE INFORMATION

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