

# Delaying BEPS creates an opportunity for reform without forcing unintended consequences

*D.C.'s Building Energy Performance Standards (BEPS) are designed to reduce carbon emissions from the city's buildings. DC Council should use this window to fix structural issues with the program, not just postpone it.*

## What the budget proposes

The fiscal year 2027 budget delays Building Energy Performance Standards (BEPS) compliance deadlines, pushing required energy performance standards from 2028 to 2029 for larger buildings, and from 2034 to 2035 for smaller ones. It also delays the start of DOEE's cycle for updating building performance targets. The District's own Department of General Services estimates bringing government-owned buildings into compliance would cost the District \$340M in capital improvements—money the city does not have.

## What we found

BEPS has structural flaws that a one-year extension does not resolve. It applies the same standard to every building regardless of age, type, or financial capacity. Additionally, owners bear responsibility for energy use they cannot directly control. Four years into the first compliance cycle, 30 percent of commercial and 32 percent of residential buildings are still out of compliance. Most of the District's affordable housing was built before 1970, and the required upgrades are often unaffordable for owners. Meanwhile, 70 percent of the Sustainable Energy Trust Fund, created to help buildings pay for upgrades, has been redirected to cover the District's own energy costs.

## Why it matters

Cutting carbon emissions is an important goal for the District, but BEPS is not a one-size-fits-all program. Penalties of \$10 per square foot per year could push affordable housing providers toward financial crisis at a time when the city can least afford to lose affordable units. Not because they won't comply, but because the program wasn't designed with their reality in mind. With the right changes, the District doesn't have to choose between cutting emissions and preserving affordable housing.

## Recommendations

*The delay is a reasonable near-term step, but the Council should use this window to pursue structural reform of BEPS:*

- Set standards that reflect building age, type, and financial capacity, rather than the same requirements for every building.
- Allow flexible, practical paths to upgrade compliance.
- Establish hardship protections for affordable housing providers and nonprofits, modeled on Boston's BERDO 2.0 and New York City's Local Law 97.
- Allow submetering in rent-controlled buildings so tenants have incentive to reduce energy use.
- Redirect the Sustainable Energy Trust Fund back to energy efficiency upgrades, the intended purpose of the ratepayer's fee.



A city that works requires fiscal discipline, economic growth, and effective government services. Following the release of the D.C.'s 2027 budget proposal, experts from the D.C. Policy Center are sharing key insights for policymakers to consider as they review the budget proposal and prioritize investments.

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