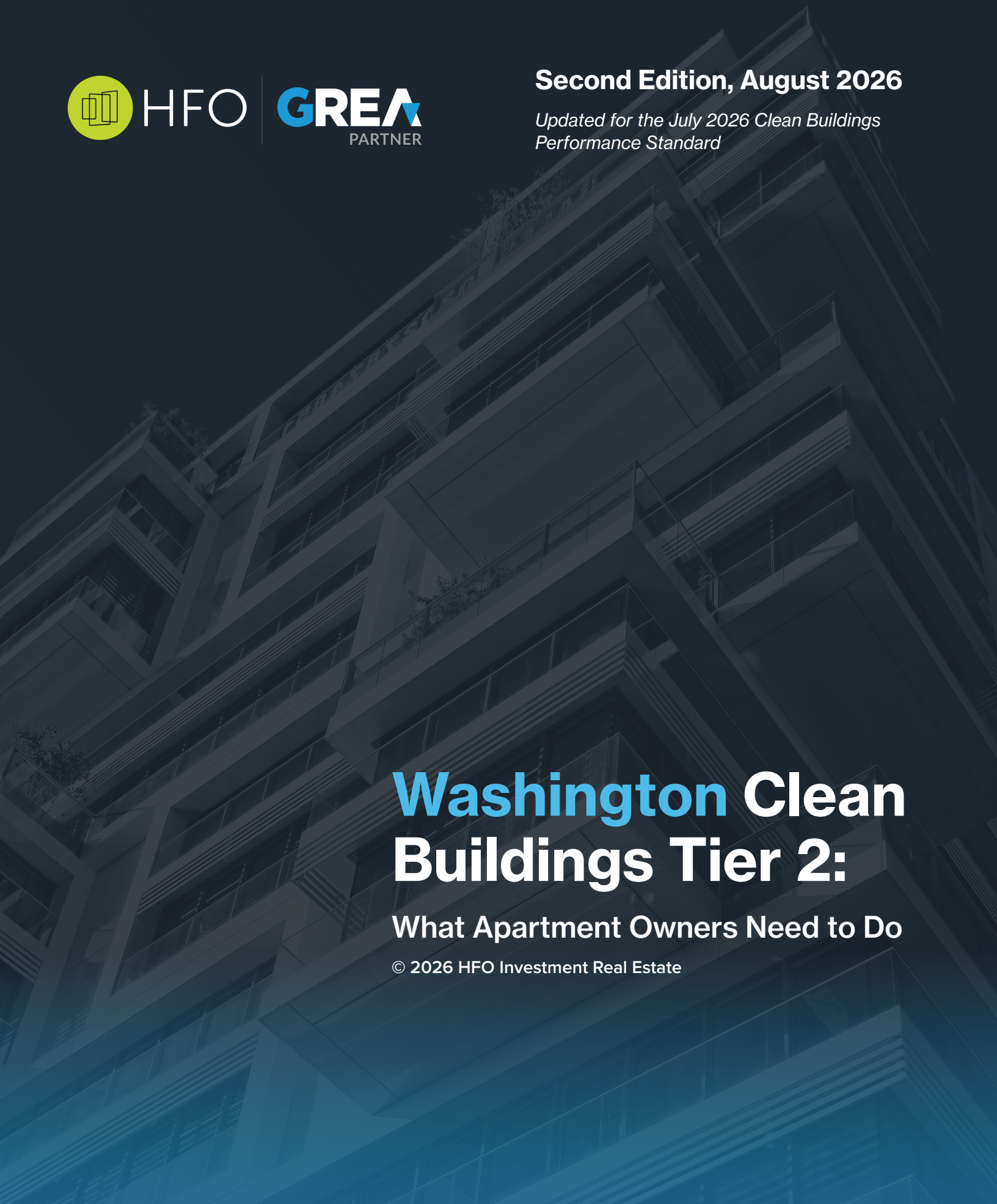
HFO | GREA PARTNER

Second Edition, August 2026

Updated for the July 2026 Clean Buildings Performance Standard



Washington Clean Buildings Tier 2:

What Apartment Owners Need to Do

© 2026 HFO Investment Real Estate

Washington Clean Buildings Tier 2:

What Apartment Owners Need to Do

Second Edition, August 2026.

Why we updated this guide

We published the first version of this guide in March 2026. In July 2026, the Washington Department of Commerce released an updated Clean Buildings Performance Standard, its first revision since July 2024. The changes are significant enough that we rewrote the guide rather than patched it.

The compliance date did not move. It is still July 1, 2027. But owners now have more time if they need it, better access to utility data, and clearer protection from automatic fines.

This edition is built around the eight steps on page 3. Read those first. Everything after them is reference.

Who is covered

You are a Tier 2 covered building if either of these describes your property:

- The combined multifamily residential, commercial, hotel, motel and dormitory floor area is more than 20,000 gross square feet and no more than 50,000 gross square feet.
- The building is a multifamily residential building of 50,000 gross square feet or more.

In short, almost every apartment building over 20,000 square feet in Washington is Tier 2.

Three details matter and are easy to miss:

1. **Parking does not count.** Gross floor area excludes the parking garage area. A 24,000-square-foot building with 5,000 square feet of structured parking may fall under the threshold. Run the number before you assume you are covered.
2. **Five units is the floor.** The standard defines a multifamily residential building as one on contiguous property with sleeping units or more than five dwelling units, where occupants are primarily permanent.
3. **It repeats.** July 1, 2027 is your first report, not your only one. Compliance recurs every five years after that.

The bottom line

For Tier 2 owners, the requirement comes down to this. Know your building's energy use. Compare it to a state target. Have a written plan to manage energy and maintain your equipment. Then file.

Tier 2 buildings do not have to hit an energy target. You measure, compare and report. That will change eventually. Commerce is required to adopt Tier 2 performance standards by Dec. 31, 2030.

Penalties top out at 30 cents per square foot, or about $6,000 on a 20,000-square-foot building. They apply only if you fail to submit documentation, and only after the state sends you a notice and gives you at least 30 days to fix it.

© 2026 HFO Investment Real Estate

The Eight Steps, In Order

This is the whole job, front to back. Each step has a reference page later in this guide. Steps 4 through 7 can overlap. Nothing else can.

1. **Confirm you are covered.** Measure gross floor area excluding parking. Then check the state's record for your building and correct it if it is wrong. Page 5.
2. **Claim your buildings in the Clean Buildings Portal.** Create a Secure Access Washington account, add the portal with service code CBPS21, then use the notification code from your Tier 2 letter. Page 5.
3. **Name your qualified energy manager.** Train someone on staff or hire someone. Four routes qualify a person, and one of them is free and on demand. Page 6.
4. **Benchmark your energy use.** Open an Energy Star Portfolio Manager account, pull 12 consecutive months of utility data dated July 2025 or later, share the property with Commerce, and run the data quality checker. Page 7.
5. **Set your energy target.** Your qualified energy manager calculates it on Form B. Tier 2 buildings are not required to meet it. Page 7.
6. **Write the energy management plan.** Twelve required elements. The owner signs it, and that duty cannot be delegated. Page 8.
7. **Build the operations and maintenance program.** An equipment inventory, a written maintenance plan, and a documentation package. Page 8.
8. **File by July 1, 2027.** Seven items go into the portal. Page 9.

The first building is the slow one

Owners who have finished the process describe the same pattern. The first building takes real time, because you are learning the portal, training a person and building two plans from scratch. Every building after that goes much faster. The training carries over. The plan structure carries over. The maintenance program is mostly copy and adjust.

If you own a portfolio, do not multiply your first building's hours by the number of buildings you own. That is not what it costs.

Start now, in this order

- Confirm your square footage, excluding parking, and confirm the state has it right.
- Open the portal and claim your buildings while you still have time to fix errors.
- Decide who your qualified energy manager will be, then get them registered for the free on-demand course.
- Pull the last 12 months from your utility.
- Draft the plans. You will find quick wins along the way, like resetting schedules or cleaning coils.
- If July 2027 looks tight, calendar January 2027 to decide on an extension.

© 2026 HFO Investment Real Estate

What Changed In July 2026

If you read our first edition, here is what is different.

Conditional compliance is gone. Extensions replaced it. The old rule gave Tier 2 owners a 180-day grace period called conditional compliance, limited to one request per cycle. Commerce rescinded it. In its place you can now apply for a full two-year extension on any one of five grounds. This is a better deal for owners who will not be ready.

Buying a building now qualifies you for that extension. An arm's length purchase within 12 months before your compliance date is one of the five grounds. For a July 1, 2027 date, that covers closings from roughly July 1, 2026 forward.

Utilities can no longer cite tenant privacy. For any covered building with tenants, an electric or gas utility must give the owner consumption data or aggregated monthly data on request, without prior tenant consent. If a utility turned you down in 2025, ask again.

Fines cannot be passed to tenants. The updated standard states directly that penalties may not be charged to tenants who are cooperating with your compliance work. That means providing utility data access, physical access and reasonable responsiveness.

Newer buildings face a tighter target. Buildings and additions permitted on or after July 1, 2016 get their energy target reduced by 15 percent. Under the old rule that only applied to buildings over 50,000 square feet. That size threshold is gone, so newer Tier 2 apartment buildings now carry the tighter target.

More people can serve as your qualified energy manager. The state added two qualifying routes. See page 6.

Commerce published a plain compliance road map. Annex B of the standard was an unadopted placeholder in the old version. It is now a Compliance Pathways annex with a short Tier 2 section. If you read only one part of the state document, read that one.

One warning about the state's website

Commerce's Tier 2 compliance page still describes conditional compliance as an option. The July 2026 standard replaced it with the two-year extension. When the website and the standard disagree, the standard is the rule. Ask Commerce if you are unsure.

© 2026 HFO Investment Real Estate

Step 1. Confirm You Are Covered

Start with the measurement, not the assumption. Add up the multifamily residential, commercial, hotel, motel and dormitory floor area and subtract the parking garage area. Compare the result to the two tests on page 2.

Then check what the state thinks you own. Commerce built its covered building database from county assessor records, and assessor records are wrong more often than owners expect. If the square footage on file is wrong, your target is wrong and your penalty exposure is wrong. You can file a correction with Commerce.

If your building should not be covered at all, you apply for an exemption on Form H. The deadline is 180 days before your compliance date, or about Jan. 2, 2027. See page 10 for the categories, and Commerce's exemptions training slide deck for examples.

Step 2. Claim Your Buildings In The Clean Buildings Portal

Everything you file goes through the state portal, and getting into it takes four moves. Do this early. If a building is missing or the data is wrong, you want months to fix it, not weeks.

Create a Secure Access Washington account. Use the same email address here that you will use in the portal. They have to match.

Add the Clean Buildings Portal service to that account. In Secure Access Washington, go to My Secure Services, click Add a New Service, choose "I have been given a code by an agency," and enter CBPS21 in all caps with no spaces.

Launch the portal and complete multi-factor authentication. Commerce will send a code by email, text or automated call.

Add your buildings using the notification code in your Tier 2 notification letter. That code is one time use and associates you with your owner organization.

Two things nobody tells you about the portal

Third parties need a separate permission. Your qualified energy manager, property manager or consultant is not covered by your notification code. Either you or your authorized representative has to submit Commerce's Shared Access Request Form for them.

The Tier 2 Data Pool tab is where you confirm ownership. Your buildings sit in a pool until you claim them. Confirm the ones you own, deny the ones you sold or never owned, and use the search feature if a building is missing. This is also the moment to catch a wrong gross floor area.

Commerce publishes a Clean Buildings Portal User Guide that walks through every screen.

© 2026 HFO Investment Real Estate

Step 3. Name Your Qualified Energy Manager

The standard names several roles. Owners often collapse them into one person, which is where filings go wrong.

Building owner. Holds title. Responsible for compliance no matter who else is involved. Signs the energy management plan every year and signs Form A.

Energy manager. Designated by the owner. Writes and maintains the energy management plan, builds and updates the Portfolio Manager record, and gives residents access to the plan each year. No credential required. This can be your property manager or an in-house staff member.

Qualified energy manager. Required for Tier 2. Determines and establishes your energy use intensity target, submits the compliance documents, states in writing on Form A that the energy management and maintenance requirements are met, and signs the form. A certification number goes on Form A.

Authorized representative. New in the July 2026 standard. The person authorized to communicate with Commerce and sign compliance documents for the owner. Can be an employee, a contractually obligated contractor or a contractually obligated tenant. Naming one does not shift responsibility off the owner.

A common and expensive misreading

The qualified energy manager does not have to write your plans. The standard puts the energy management plan and the maintenance program on the energy manager and the building manager. The qualified energy manager's job is to set the target, attest on Form A that both requirements are met, sign and submit.

Owners who assume otherwise hire out work their own staff can do.

How to become a qualified energy manager

The July 2026 standard widened the path. You qualify if you complete the state's Clean Buildings Tier 2 training program and meet any one of these:

- Two years of educational or professional experience with commercial building operations or building energy management
- A full-time fellowship or internship in building energy efficiency, at least six months, supervised or mentored by a qualified energy manager, qualified person or qualified energy auditor, with a successful compliance application produced under that supervision
- Building Operator Certification Level I from Building Potential

You also qualify automatically if you meet the standard's definition of a qualified person, which covers licensed Washington architects and engineers, Building Operator Certification Level II holders, certified commissioning providers and certified energy managers.

The training itself is free. The Smart Buildings Center runs it with Commerce, and there is an on-demand course you can register for today. Virtual and in-person sessions are announced on the Smart Buildings Center blog and in the Clean Buildings Bulletin.

If you would rather hire

- Commerce maintains a Directory of Qualified Energy Managers
- There are separate directories of qualified persons
- And of qualified energy auditors
- A BEACON fellow may be able to help at no cost

© 2026 HFO Investment Real Estate

Step 4. Benchmark Your Energy Use

Collect 12 consecutive months of energy use for your building. That includes electricity, gas, steam and any bulk fuel. Enter it in the EPA's Energy Star Portfolio Manager, the free tool the state uses. Portfolio Manager adjusts for weather and calculates your energy use intensity, which is energy used per square foot per year.

The 12 months have to be recent

Your data must come from a period no more than two years before your compliance date. For a July 1, 2027 filing, that means energy data from July 2025 forward. Older data will not support the filing.

Getting the data from your utility

Once you give written or secure electronic authorization, your utility must either upload the data directly to Portfolio Manager or send it to you in a format built for direct upload. Utilities with more than 25,000 customers have to use the automated upload. Smaller utilities provide an Excel file that meets Portfolio Manager specifications.

If your units are individually metered, this used to be the hardest part of the job. It is not anymore. For any covered building with tenants, an electric or gas utility must provide the owner with consumption data or aggregated monthly consumption data on request, without prior tenant consent. See RCW 19.27A.170.

Buildings on shared meters

If your energy use is not metered at the individual building level, Tier 2 buildings must report at the connected building level. Connected buildings means a group of buildings on contiguous property sharing meters. This applies to a lot of garden-style complexes. If that is your property, use a group application to calculate the target for every building in the group.

Two steps owners forget

Share the property with Commerce. In Portfolio Manager, use the share properties feature and give the state read-only access with the exchange data feature enabled. Benchmarking without sharing does not count as compliance.

Run the data quality checker. Run it before you file and fix everything it flags. Filing before it comes back clean does not count either.

A few things you can leave out

On-site renewable energy that you generate and use in the building does not need to be metered or included. You may also deduct submetered electric vehicle charging and submetered loads for cell towers or broadcast antennas that have nothing to do with running the building.

Who can do this

A property manager or maintenance lead can gather the data and build the Portfolio Manager record. No credential is needed for that part. Filing is different. See page 9.

Step 5. Set Your Energy Target

Your qualified energy manager calculates the target on Form B using your climate zone, 4C or 5B, your building activity types and the state's tables. Buildings and additions permitted on or after July 1, 2016 get a 15 percent reduction applied to the target. If your building type has no target in the state tables, you report the Portfolio Manager national median site energy use intensity instead.

© 2026 HFO Investment Real Estate

Remember that Tier 2 buildings are not required to meet the target. You report it and you report how your building compares.

Step 6. Write The Energy Management Plan

A written plan describing how you will manage and reduce energy use in the building. The owner designates an energy manager to write it and keep it current.

We want to be straight with you about this one. Our first edition described the plan as a short roadmap you could draft in a few hours. That understated it. The standard lists 14 required elements. Tier 2 buildings are excused from two of them, both related to lighting surveys. The other 12 apply to you.

The full list of 12 is on our Tier 2 Compliance Checklist, section 5, with the section number for each one. Most are documentation you already have or can assemble quickly. Four take real work:

- A method for informing residents about efficient energy use, including how to use operable windows, thermostats and lighting controls
- A training plan for your maintenance staff
- A capital management plan identifying which equipment gets replaced with energy efficient or Energy Star rated models when it fails
- The operations and maintenance program itself, covered below

Four things you have to do every year: update net energy use and both intensity figures, compare them to your target, give residents access to the plan, and have the building owner review and sign it. That last one is a personal duty of the owner. It is not delegable.

Commerce publishes a free Energy Management Plan template in Word. Using it is optional. ArchEcology also publishes a template. Both are linked on page 11.

Step 7. Build The Operations And Maintenance Program

A documented maintenance program for the building systems that use energy: envelope, domestic hot water, heating, ventilation and air conditioning, refrigeration, lighting, controls, and electrical distribution and any on-site generation.

This is more structured than a maintenance calendar. Annex L of the standard is normative, meaning it is a requirement and not a suggestion. Our checklist, section 6, lists every Annex L item with its section number. In plain terms it asks for:

- An equipment inventory. This list drives everything else.
- A written maintenance plan naming the tasks, who performs them, who authorizes them, how completion gets documented and how results get monitored.
- Performance objectives covering comfort, energy efficiency and indoor air quality, with a source for each one.
- Condition indicators, meaning the measurements or observations that tell you a system is heading toward failure.
- Tasks and frequencies for each system. Change filters quarterly. Check boiler combustion annually. Calibrate thermostats twice a year.
- A five-part documentation package, with emergency contacts kept immediately available.

© 2026 HFO Investment Real Estate

Frequency moves both ways. If you find an unacceptable condition on two consecutive inspections, you have to investigate why and adjust. Three clean inspections in a row lets you reduce the frequency for that task, as long as you document the reason.

A shortcut worth checking. If your utility or your city runs an operations and maintenance program that Commerce has approved as equivalent or more stringent, you may use it instead. Where a local government program is more stringent than the utility program, use the local one.

Two rules apply between now and your compliance date. Replacement HVAC, domestic hot water and refrigeration equipment must meet federal, state and code efficiency standards. And replacement lighting may not increase the building's installed lighting power demand.

Commerce's free O&M Program Development Tool is an Excel workbook that tracks equipment inventory and maintenance tasks. There are two video tutorials, linked on page 11.

Step 8. What You Actually File

You file through the state's Clean Buildings Portal by July 1, 2027. Seven items go in.

9. Your Energy Management Plan
10. The EMP Reporting Tool
11. Your Operations and Maintenance Program
12. The O&M Reporting Tool
13. Form A, the summary compliance form. Grouped buildings use Form J instead.
14. Form B, building activity and energy use intensity target
15. Form C, the Portfolio Manager energy use intensity calculations

This list grew

The two reporting tools and the plan documents themselves are new to this filing. The prior version of the rule asked only for the three forms. If you built your compliance file from our first edition, this is the gap to close.

© 2026 HFO Investment Real Estate

Form A collects your state building ID, county and parcel numbers, Portfolio Manager property ID, owner and qualified energy manager information, your target and your two energy use intensity figures. Every field is listed in section 1 of our Tier 2 Compliance Checklist, so you can gather it in one pass.

Commerce publishes a description of every compliance form, with instructions and where to find each one.

No energy audit required

Many owners who got the state's 2025 notice assumed an audit was coming. For Tier 2 buildings, it is not. The standard excuses Tier 2 buildings from implementing audit-identified measures, and Form A allows "N/A" where the audit date goes. If you already have an audit report, it belongs in your energy management plan.

Filing early

You can file any time. The early compliance option opened July 1, 2025 and expires June 1, 2027, one month before the deadline itself. If you want to file early, calendar the June date.

Commerce also runs a Tier 2 Early Adopter Incentive Program. Amounts and funding status change, so check the program page rather than relying on a number you read somewhere.

If you need more time

The July 2026 standard added a two-year compliance extension. This replaces the old 180-day conditional compliance option, which has been rescinded.

When to apply. No sooner than six months before your compliance date and up to six months after it. For a July 1, 2027 date, that window runs from about Jan. 1, 2027 through Jan. 1, 2028.

You need documentation supporting at least one of five grounds:

- **Conditions beyond your control.** Declared natural disasters, or goods and services shortages causing delays.
- **Change of ownership.** You purchased the building in an arm's length transaction within 12 months before your compliance date, or on the date itself.
- **Financial restrictions.** Including financial hardship affecting cash flow.
- **New construction.** Active or recent work under a valid building or demolition permit that keeps you from getting 12 consecutive months of energy data. This includes an addition, remodel or demolition affecting at least 10 percent of square footage.
- **Benchmarking done, plans not done.** If you have completed your benchmarking and set your target but have not finished your energy management plan or maintenance program, you can get the extension for those two pieces.

The extension runs two years past your original compliance date. When it expires you must either demonstrate compliance or apply for an exemption. Otherwise penalties are back on the table.

If your building should not be covered

Apply for an exemption on Form H, no sooner than two years before your compliance date and no later than 180 days before it. For a July 1, 2027 date, the practical deadline is around Jan. 2, 2027. Exemptions apply building by building, not at the grouped building level, and a certificate is good only for the current compliance cycle.

© 2026 HFO Investment Real Estate

The categories are certificate of occupancy, physical occupancy, unconditioned and semi-heated space, manufacturing or industrial use, agricultural structure, pending demolition, financial hardship and national security. The first four can be combined, as long as the combined exempt area is more than half the building's square footage.

If your exemption is denied, you go back to the standard compliance path or apply for an extension. You can also request an administrative hearing.

What happens if you miss the deadline

Fines are not automatic. The process has steps, and every step gives you a way out.

16. **Notice.** If you do not file by your compliance date, Commerce may issue a Notice of Violation, Opportunity to Correct and Intent to Assess Penalties. The notice identifies exactly which sections you missed.
17. **Cure period.** The notice gives you at least 30 calendar days to submit documentation.
18. **Your response.** Within 30 days you can file your compliance report, apply for an extension, apply for an exemption, state your intent to pay, or request an administrative hearing.
19. **Outcome.** If you respond in time with your documentation, or you win your challenge, the fine is waived and you stay eligible for the early adopter incentive program. If you do not respond, or you lose, the penalty is 30 cents per square foot of gross floor area, roughly $6,000 on a 20,000-square-foot building, assessed each compliance period.

Missing the 30-day response deadline also waives your right to a hearing.

Penalties cannot go to tenants. The exception is a tenant who will not provide utility data access, will not provide physical access, or will not respond to your compliance requests. If you seek relief on those grounds, you have to document the non-responsiveness. Not being able to agree on a mutually workable time does not count.

Where the money goes. Collected penalties go into the state's low-income weatherization and structural rehabilitation account and back into the Clean Buildings program where feasible.

© 2026 HFO Investment Real Estate

If you are buying or selling

- **The buyer updates the record.** When a covered building changes hands, the buyer is responsible for contacting Commerce and updating the building profile. Put it on your closing checklist.
- **The buyer gets an extension.** A purchase within 12 months before the compliance date qualifies for the full two-year extension. For deals closing now, that is a real point of value on the buy side and worth raising in negotiation.
- **Check the state's record during diligence.** If the square footage on file is wrong, the target and the penalty exposure are wrong too.

We work these questions on Washington multifamily transactions every week. If you want us to look at how this applies to a specific building, call us.

Key Dates

DATE	WHAT HAPPENS
July 1, 2025	Earliest energy data that supports a July 1, 2027 filing
Jan. 1, 2027	Approximate last day to apply for an exemption, 180 days before the compliance date
Jan. 2, 2027	Approximate first day to apply for a two-year extension
June 1, 2027	Early compliance option expires
July 1, 2027	**Tier 2 compliance date.**
Jan. 1, 2028	Approximate last day to apply for an extension, six months after the compliance date
July 1, 2029	Commerce must update the standard and evaluate benchmarking data statewide
Dec. 31, 2030	Commerce must adopt actual performance standards for Tier 2 buildings
Every five years	Compliance repeats.

Where to get help

The state

- **Commerce Clean Buildings site.** The program hub. commerce.wa.gov/cbps
- **Tier 2 compliance page.** Step-by-step instructions and current notices. Open the page
- **The standard itself.** Request the free integrated document. Request form
- **Tier 2 FAQ.** Short answers to the questions Commerce gets most. Read the FAQ
- **Roles and responsibilities matrix.** Five pages. Worth reading before you hire anyone. Open the PDF
- **Customer support.** Submit a question or a correction. Support portal
- **Office hours.** Fourth Tuesday of every month, 10 to 11 a.m. Pacific. Register on Zoom

© 2026 HFO Investment Real Estate

Benchmarking

- **Energy Star Portfolio Manager.** The benchmarking tool. Free. Create an account
- **Portfolio Manager quick start guide.** Open the PDF
- **EPA training series.** Live and recorded sessions on benchmarking. See the schedule
- **Commerce benchmarking guide.** CBPS 027, written for this standard. Open the PDF
- **How to determine your energy target.** Open the guide sheet

Plans and templates

- **Commerce Energy Management Plan template.** Word. Optional. Download
- **ArchEcology Energy Management Plan template.** Open
- **Commerce O&M Program Development Tool.** Excel. Download
- **O&M tool tutorials.** Detailed version. Watch
- **Pacific Northwest National Laboratory small building checklist.** Open
- **BOMA equipment useful life table.** Helps with the capital plan. Open the PDF

People and training

- **Qualified energy manager training.** Free. Course page
- **On-demand version.** Register any time. Register
- **Directory of qualified energy managers.** Search
- **Smart Buildings Center help desk.** Technical assistance for building staff. Open

Your utility

Several Washington utilities run Clean Buildings support or incentive programs, which can include free benchmarking help, upgrade incentives or technical support.

- **Puget Sound Energy Clean Buildings Accelerator.** Open
- **Seattle Clean Buildings Accelerator.** Open
- **Avista Clean Buildings support.** Open

© 2026 HFO Investment Real Estate

- **Tacoma Power Clean Buildings support.** Open
- **Snohomish County PUD Clean Buildings resources.** Open
- **Pacific Power Clean Buildings support.** Open

Video, if you would rather watch

- **Clean Buildings 101.** Start here if the whole thing is new. Watch
- **Commerce Tier 2 presentation.** Recording. Watch
- **Developing your energy target.** Recording. Watch
- **Exemptions.** Recording. Watch

Sources: Washington State Clean Buildings Performance Standard, July 2026 version, powered by ANSI/ASHRAE/IES Standard 100-2018, adopted by reference under Chapter 194-50 WAC. Washington Department of Commerce guidance and state-recommended resources, verified Aug. 25, 2026.

Disclaimer: This does not constitute legal advice. It represents HFO's best effort at providing a simplified outline of the steps required by the state of Washington. Consult a qualified energy auditor or certified professional from the state's directories for expert advice.

HFO Investment Real Estate

(503) 241-5541

hfore.com