

**THE CMS GUIDES TO GREEN LEASES  
AND  
THE GREEN LEASE PROJECT SPONSORED BY  
THE ENVIRONMENT AGENCY OF THE BRUSSELS REGION**

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**The CMS Guides on Green Leases**

As a pan-European legal organization present in 59 cities, CMS has taken on the task of developing a uniform European standard.

In a *first phase*, legal position in 21 European countries were compared. A questionnaire was set up and answers were provided by each jurisdiction.

Answers form part of the *CMS study to the use of Green Lease Clauses in Europe* available on line on the CMS website.

<https://equides.cmslegal.com/greenleases>

This study makes recommendations on how to draft a green lease:

- The green lease should regulate the recording and calculation of operating costs based on consumption (especially heating, refrigeration, electricity, water, etc.); in some countries this has already been prescribed by law.
- Tenant should be obliged by contract to accept the measures undertaken by the landlord (in particular refurbishment) to improve energy efficiency in the building and to promote environmental protection.
- Lease should grant landlord the right to pass an appropriate amount of the costs of improving energy efficiency and observing environmental principles onto tenant or to increase the rent by a reasonable amount.
- If a building has been certified as “green”, tenant should undertake to observe the certification conditions and act accordingly, e.g. only install elements in the building which are made of energy-efficient and eco-friendly materials.
- The parties should agree to act in such a way as to save energy and promote environmental protection (e.g. correct conduct as regards heating or refrigeration, water consumption or recycling waste).
- Landlord should inform tenant about possible ways to save energy and be environmentally responsible.

In a *second phase*, CMS has attempted to draft a uniform lease.

For this part of the exercise, only eight jurisdictions were compared:

- Germany
- the UK
- France
- Italy
- the Netherlands
- Belgium
- Poland
- Hungary

20 topics were identified as relevant.

The result of this is the CMS Guide to Green Lease Clauses in Europe available online on the CMS website.

[https://equides.cmslegal.com/greenleaseclauses#content21\\_2](https://equides.cmslegal.com/greenleaseclauses#content21_2)

Clause	Conclusion
<p><b>1. Definition</b></p> <p>The following definition describes the content and the target of a green lease.</p> <p><b>Proposed regulation</b></p> <p><i>A green lease is a lease agreement which is intended to ensure that a leased property is used and managed in a manner which fosters sustainability. The tenant and the landlord thus mutually undertake to conserve natural resources and energy with regard to the leased property. The parties may also document the sustainability of the leased property by acquiring or receiving certification and creating the conditions for the environmentally friendly use of resources.</i></p>	<p>Across Europe there is a largely uniform understanding of the term “green leases”. The content and the aim is to comply with aspects of sustainability when engaging in a lease relationship.</p> <p>As a rule green leases are not regulated under statute.</p> <p>Only in France is there a duty to attach an environmental appendix to certain leases. This is for leased properties with an area greater than 2,000 m<sup>2</sup> and leased properties which are used as offices or for commercial purposes.</p>
<p><b>2. Sustainability Codex</b></p> <p>In order to make clear to parties what the aim of the green lease is, it is helpful to precede the binding regulations with an introductory remark which as a rule is a proposal and not in itself binding.</p> <p><b>Proposed Regulation</b></p> <p><i>The parties aim for a lease relationship which fosters sustainability and to this purpose enter into this green lease. They are conscious of their responsibility towards the environment and</i></p>	<p>As a rule, this clause is not binding but constitutes a declaration of intent. It leads to a uniform understanding between the parties stating what they intend to achieve on a sustainable basis.</p> <p>Instead of being attached in an introductory remark to the lease document, it can also be attached as a memorandum of understanding (UK, Belgium) or used as an introduction to an environmental appendix (France).</p>

<p><i>pursue the goal of protecting natural resources. The lease relationship should be conducted in a manner which conserves natural resources and energy. Sustainable use is guaranteed if both parties collaborate as far as ecological, economic and social factors are concerned.</i></p>	
<p><b>3. General use, management</b></p> <p>Under this regulation the parties undertake to use and manage the leased property sustainably. A list of duties can define which measures are to be taken to comply with sustainable principles. This clause forms the core of a green lease.</p> <p><b>Proposed Regulation</b></p> <p><i>The parties shall use and manage the leased property as sustainably as possible. The tenant shall instruct its employees to use the leased property accordingly.</i></p>	<p>The obligation to use and manage the leased areas observing sustainable principles can basically be validly agreed in all countries.</p> <p>In order to implement the clause the obligations should be specified in as much detail as possible.</p>
<p><b>4. Energy efficiency and renewable energies</b></p> <p>Careful handling of energy is one of the most important aspects of a green lease. By agreeing the following regulations the parties undertake to handle energy with care and to use renewable energy sources.</p> <p><b>Proposed Regulation</b></p> <p><i>All [alternatively: At least • % of] electrical power purchased for the leased property shall be sourced solely from renewable energy sources. Renewable energy sources within the meaning of this provision are hydropower including wave-power, tidal power, salinity gradient and current energy, wind energy, photovoltaic, geothermal, biomass energy including biogas, landfill gas, sewage gas and the biodegradable components of household and industrial waste, and other energy sources which may in future be designated as renewable energy sources in</i></p>	<p>This clause is probably permitted in all countries but is not yet very widespread.</p> <p>The EU promotes renewable energies in its Directive 2009/28/EC. For example, with effect from 2020, 20% of the entire European energy consumption has to be from renewable energy sources. National provisions were to be promulgated by 31 December 2014.</p> <p>These provisions set out the minimum amount of energy from renewable energy sources which must be used in each new building and in each extensively renovated existing building.</p> <p>As in the future renewable energy (especially electricity and heating) will become more widespread the acceptance of such</p>

<p><i>applicable statutes.</i></p>	<p>a clause will also increase.</p>
<p><b>5. Lighting</b></p> <p>The following clause deals with energy-saving measures with regard to lighting.</p> <p><b>Proposed Regulation</b></p> <p><i>If the parties have to equip the leased property with lighting – as far as technically possible – this shall be done solely using energy-saving products (including compact fluorescent lamps or LEDs or any other future lamps which have a particularly low electrical energy consumption).</i></p>	<p>The efficient use of light sources results in financial savings for both parties. This positive impact means that the clause is usually accepted in most cases.</p>
<p><b>6. Electrical appliances</b></p> <p>Under this clause the tenant undertakes mainly or exclusively to use energy-saving electrical appliances.</p> <p><b>Proposed Regulation</b></p> <p><i>In the leased property the tenant may only use electrical appliances (in particular kitchen appliances such as coffee makers, refrigerators, dishwashers and office equipment such as photocopiers, printers, etc) which fall into the highest [alternatively: at least the second-highest] energy efficiency category when they are first brought into the leased property. This does not apply to types of electrical appliance which are only available on the market in a lower energy efficiency category than that required here.</i></p>	<p>Energy-saving electrical appliances benefit the tenant. Therefore, this clause serves a sustainable as well as an economic purpose.</p> <p>This aspect is not regulated by statute in any country.</p>

## 7. Cleaning

This provision sets out criteria for ecological cleaning. It is neutrally worded as both parties are usually responsible for cleaning duties.

### Proposed Regulation

*Cleaning the leased property shall be subject to the following:*

- 1. Any cleaning agents used for cleaning purposes must be ecologically acceptable (i.e. with the ISO 14024 type I environmental label). Where there is more than one possible cleaning procedure, the more environmentally friendly option shall be selected (e.g. mechanical rather than chemical pipe cleaning), even if this is more expensive.*
- 2. The tenant must ensure that any cleaning contracts he may conclude in respect of the premises stipulate that all cleaning products used must meet [to be defined] standards [or ecologically acceptable] or any equivalent standard and that waste must be sorted and recycled where possible.*
- 3. The tenant shall ensure that any contract concluded with cleaning companies stipulate that their personnel shall comply with the provisions of the lease in connection with the cleaning of the premises.*
- 4. The tenant shall schedule cleaning times so as to minimise the use of lighting, heating and air conditioning.*

Ecological cleaning agents are an important aspect of sustainability. This clause goes a step further than the statutory provisions in most countries.

An increase in costs is not necessarily caused by ecological cleaning agents.

It is important that the tenancy agreement obligations are transferred to the cleaning companies.

## 8. Waste

Under this provision the parties undertake to separate waste if this has not already been prescribed by statute. Further, this clause stipulates that the obligations of both parties will be adjusted to future.

### Proposed regulation

- *Any waste materials generated in using the leased property must be sorted and disposed of according to paper, glass, batteries, energy-efficient lightbulbs, packaging materials (or other waste segregation systems that may be introduced in future), organic waste and other waste.*
- *In the event that the present system is more comprehensive or a more comprehensive system of waste disposal is introduced by law at some point in the future, the more comprehensive system shall take precedence. The landlord may prohibit waste which does not comply with these categories from being stored on the premises.*
- *Waste collection systems which allow the waste to be collected and disposed of according to sentence 1 shall be provided by the landlord for the leased property as a whole and by the tenant for the interior of the leased property.*
- *(Optional) In coordination with the tenant, the landlord undertakes to develop a waste management program for the building, including, as appropriate, sharing recycling and waste management facilities between the occupants.*
- *In terms of procurement and equipment, the tenant undertakes to prioritise contractors with suitable policies on waste management, recycling supplies and re-using of non-perishable redundant materials.*

In the meantime, most countries have a system for separating waste.

If statutory provisions are stricter, these will take precedence.

A waste management program may make this issue more acceptable to the tenant.

## 9. Consumption

This clause is to enable consumption to be controlled (in particular energy and water). A comparison of different tenants may be an effective incentive to reduce consumption.

### Proposed Regulation

*The parties agree to share with each other all data and relevant information they have or may obtain in the future in relation to the building and the premises in respect of:*

- *electricity consumption,*
- *gas consumption,*
- *the consumption of any other type of energy source,*
- *water consumption,*
- *waste generation, management and recycling,*
- *maintenance of production or distribution equipment used in connection with any of the energy sources used, water and/or waste management,*
- *air quality,*
- *the means of transport used by occupants.*

*Such data and relevant information will be provided yearly, as a minimum, in a format or according to a methodology to be determined by the landlord at a later date and, where necessary, adjusted so as to obtain data that can be used with the highest degree of efficiency.*

*The parties undertake to keep confidential all information*

This clause (and its amendments) enables both parties to have better control of consumption.

This is necessary to check the contractual aim (sustainable and energy-saving management of the leased property) and if appropriate take corrective action.

Comparing different tenants is an incentive to improve sustainability.



<p><i>received and exchanged during the drafting and duration of the lease and to instruct all third parties in possession of such information (other occupants of the building) to comply with this obligation of confidentiality.</i></p>	
<p><b>10. Operating costs and ancillary costs</b></p> <p>In principle, the landlord should manage the leased property as economically as possible. For this purpose, he will choose the least expensive service provider as a rule. This clauses allows the landlord to incur higher costs if this is necessary for sustainable management.</p> <p><b>Proposed Regulation</b></p> <p><i>The tenant accepts that the landlord may solicit services and incur operating costs which are more expensive than the standard market services, if it is necessary to promote sustainable use of resources. The tenant shall not dispute any maintenance or operating cost as excessive provided that the landlord demonstrates that the higher cost was incurred in order to promote sustainability or use of renewable resources.</i></p>	<p>This clause is important to enable sustainable management which may be more costly than the least expensive option without the tenant being able to object that the landlord has breached his obligation to manage the leased property as economically as possible.</p>
<p><b>11. Operating costs: consumption</b></p> <p>This clause deals with distributing operating costs to tenants according to actual consumption.</p> <p><b>Proposed Regulation</b></p> <p><i>Where the ancillary costs are based on measured consumption or caused by the tenant, they shall be distributed solely according to a method which takes account of the different consumption or cause. In all other respects, the landlord shall determine the method for distributing costs, taking account of the principle of equal treatment of tenants and mandatory statutory requirements, particularly the ratio of the area leased in the leased property to</i></p>	<p>Calculating operating costs depending on the respective tenant's consumption has a positive effect on the use of resources.</p> <p>Thus, this provision is an important element of a green lease.</p> <p>Even if the distribution of costs according to actual consumption is prescribed by statute in many countries, a provision makes the meaning of this aspect clear to the parties.</p>

<p><i>the total area of the building.</i></p>	
<p><b>12. Decorative repairs</b></p> <p>Under this clause the tenant undertakes to carry out any decorative repairs taking sustainability largely into account.</p> <p><b>Proposed Regulation</b></p> <p><i>To the extent that this lease agreement requires the tenant to carry out redecoration work at the end of the lease or at any time during its term, the extent of such redecoration work shall be determined taking appropriate and particular account of the parties' endeavours to use and manage the leased property in a sustainable manner. In carrying out decoration work the tenant shall only use emission-free (and if not possible low-emission) materials which from a life-cycle perspective must be regarded as environmentally friendly and preserving natural resources. Materials which may be used are materials which have been awarded the European environmental label, the "FSC" seal or type 1 ISO 14024 environmental labels.</i></p>	<p>As a rule, the tenant usually has to carry out decorative repairs during the term of the lease and when the lease ends.</p> <p>However, up until now the tenant has not had to consider sustainability issues.</p> <p>By inclusion of such obligation, sustainability can be better achieved.</p>
<p><b>13. Structural alterations by landlord</b></p> <p>This clause should enable the landlord to modernise the building which will serve to improve or have a sustainable impact on the leased property. If modernisation causes hardship for the tenant, the tenant is exceptionally entitled to refuse modernisation.</p> <p><b>Proposed Regulation</b></p> <p>1. <i>The landlord may carry out measures in/on the leased property which serve to economise end or primary energy and/or water and/or bring about more efficient use of energy and/or greater sustainability of production of the energy used or otherwise promote sustainable use and management of the leased property. The tenant shall put up</i></p>	<p>This clause enables conversion works which lead to increased energy efficiency and promote sustainability.</p> <p>In principle, the tenant must tolerate these measures but may reject them in cases of hardship or demand compensation from the landlord for any damage caused by these measures.</p>

<p><i>with such measures and has no right to reduce rent because of them; the tenant's other rights remain unchanged.</i></p> <p>2. <i>The tenant is not under an obligation to tolerate such measures if they cause it hardship which is unjustifiable even taking account of the legitimate interests of the landlord, other tenants in the building and the parties' intention to manage and use the leased property as sustainably as possible. In so doing particular account must be taken of the work to be carried out, the structural consequences and prior expenses of the tenant. The landlord shall carry out measures pursuant to the above provision in a way that will cause the least possible disruption to the tenant's business operations provided that avoiding such disruptions would not substantially increase the costs of such measures.</i></p>	
<p><b>14. Structural alterations by landlord - increase in rent</b></p> <p>This clause is to enable the landlord to demand reimbursement of (at least part of) the costs of modernising the leased property from the tenant.</p> <p><b>Proposed Regulation</b></p> <p><i>The landlord may increase the annual rent by [•] per-cent of the costs of such measures. If the measures were carried out in parts of the property used solely by two or more tenants and/or for communal areas, the costs shall be distributed reasonably among the individual tenants. If the measures are subsidised from public funds, the amount of such subsidies shall be deducted accordingly from the calculation.</i></p>	<p>It is reasonable to expect the tenant to reimburse the costs of these measures as the tenant is profiting from modernisation of the leased property.</p>

## 15. Structural alterations by tenant

This regulation deals with structural alterations and equipment of the leased property by the tenant.

### Proposed Regulation

*If the tenant has the right or the obligation to make structural alterations to the leased property and/or to equip the leased property with fixtures and/or fixed installations (hereinafter "tenant's fit-out") the following shall apply:*

- 1. The landlord may refuse consent to the tenant's fit-out if the tenant's fit-out is incompatible with sustainable use and management of the leased property.*
- 2. For tenant's fit-out the tenant shall solely use materials which are emission free (or if not possible low-emission), which from a life-cycle perspective must be regarded as environmentally friendly and economic with regard to resources. Any adverse effects which tenant's fit-out may have on energy consumption and air conditioning of the property as a whole and/or the leased property shall be avoided as far as possible and to the extent economically reasonable. Suitable materials are materials which have been awarded the "blue angel" or the European environmental label, the "FSC" seal or type 1 ISO 14024 environmental label.*
- 3. If such adverse effects are unavoidable, the tenant shall take suitable measures to compensate for such adverse effects (e.g. by acquiring regulated emissions certificates to compensate for CO2 emissions) and provide the landlord with evidence thereof.*
- 4. The landlord hereby grants consent to installation of tenant's fit-out which will or is likely to economise end- or*

If the tenant has the right to equip the building or carry out structural alterations sustainability issues should be taken into account.

If the tenant fails to do so, the landlord is entitled to refuse to consent to these measures.

<p><i>primary energy or water and/or bring about more efficient use of energy and/or sustainable production of energy used or which otherwise promotes sustainable use and management of the leased property.</i></p> <p>5. <i>When the lease relationship ends the tenant may leave the tenant's fit-out in the leased property and is under no obligation to restore the leased property to its original condition as far as the tenant's fit-out serves sustainable use and management of the leased property.</i></p>	
<p><b>16. Environmental Management Plan/Sustainability Manual</b></p> <p>An Environmental Management Plan or Sustainability Manual is drawn up by the landlord (or agreed between the landlord and the tenant) and contains indications on the sustainable use of a building in particular with regard to modernisation and certification.</p> <p><b>Proposed Regulation</b></p> <p><i>In order to promote sustainable use and management of the leased property the landlord has compiled the Environmental Management Plan/Sustainability Manual attached to this lease agreement. The Environmental Management Plan/Sustainability Manual explains how the leased object is to be used in the interest of sustainable use and management. Those provisions of the Management Plan/Sustainability Manual which are directed at the users of the leased property form an integral part of this lease agreement.</i></p> <p><i>The tenant acknowledges these provisions and undertakes to observe them in using the leased property for the purpose designated in the lease. The tenant shall familiarise its employees with the content of the Environmental Management Plan/Sustainability Manual and instruct them to comply with the</i></p>	<p>The Environmental Management Plan/Sustainability Manual may clarify the details of sustainable use with regard to the leased property and in detail stipulate the obligations of both parties.</p>

<p><i>provisions contained therein.</i></p> <p><i>If any provisions of the Environmental Management Plan/Sustainability Manual are at variance to provisions of this lease agreement, the provisions of this lease agreement shall prevail. The landlord may amend the Environmental Management Plan/Sustainability Manual at its reasonably exercised discretion.</i></p>	
<p><b>17. Certification</b></p> <p>This clause deals with the certification of the building (e.g. BREEAM, LEED, DGNB). Certification is voluntary. In addition, in most countries there is a statutory obligation to have an Energy Performance Certificate (EPC) drafted; these EPCs are not part of the clause and must be regulated separately in the lease agreement.</p> <p>This clause is based on the fact that certification has already been issued.</p> <p>Special provisions of this lease agreement.</p> <p><b>Proposed Regulation</b></p> <ol style="list-style-type: none"> <li>1. <i>The leased property has been assessed according to the [the name of the applicable certification body – e.g. BREEAM, LEED, DGNB] certification system. As a result of this assessment on [date] the leased property was awarded [name of certificate] certificate in [name applicable certificate class, e.g. gold]. A copy of the certificate (including a list of the criteria on which the leased object was certified) is attached to this lease agreement.</i></li> <li>2. <i>The tenant and landlord will take whatever steps are necessary to continue satisfying all the criteria according to which the certification was granted (“Certification Criteria”), whereby each party will take the necessary steps which fall</i></li> </ol>	<p>In principle, a certificate regarding the sustainability of a building is voluntary.</p> <p>Only in France have sustainability certificates for new buildings been prescribed by law since January 2013.</p> <p>Irrespective of this, investors and tenants are often interested in the proof of the sustainability of a building.</p>

<p><i>into its area of responsibility under the general provisions of the lease agreement. The parties shall refrain from anything which would impair or preclude satisfaction of the Certification Criteria. Further details are set out in the Environmental Management Plan/Sustainability Manual. Maintenance/repair measures are subject primarily to the special provisions of this lease agreement.</i></p>	
<p><b>18. Certification: improvement measures</b></p> <p>This clause relates to a building which has been certified, but the landlord is aspiring to a higher level of certification and wishes to modernise the building with this purpose in mind. This clause is dependent upon certification and supplements clause 17.</p> <p><b>Proposed clause</b></p> <ol style="list-style-type: none"> <li>1. <i>The landlord may carry out whatever measures are necessary in/on the lease object to up-grade current certification to a higher certification level.</i></li> <li>2. <i>To the extent that such measures concern parts of the property used solely by the tenant, such measures must be discussed and agreed upon with the tenant. The landlord shall carry out measures pursuant to the above provision in a way that will cause the least possible disruption to the tenant's business operations provided that avoiding such disruptions would not substantially increase the costs of such measures. Any rights and claims which the tenant may have (including without limitation rent reduction, compensation, termination) do not apply while such measures are being carried out.</i></li> <li>3. <i>The tenant and landlord will take whatever steps are necessary to satisfy all additional certification criteria, whereby each party will take the necessary steps which fall into its area of responsibility under the general</i></li> </ol>	<p>The clause is necessary to attain a higher certification level.</p> <p>As there may be considerable disruption to the tenant a check must be made to ascertain under which conditions of the respective national jurisdiction this is permitted.</p>

<p><i>provisions of the lease agreement. The parties shall refrain from anything which would impair or preclude satisfaction of the certification criteria. Further details are set out in the Sustainability Manual/ Environmental Management Plan. Maintenance/repair measures are subject primarily to the special provisions of this lease agreement.</i></p>	
<p><b>19. Certification: certificate being sought</b></p> <p>This clause refers to a building which has not yet been certified but is supposed to be assessed.</p> <p><b>Proposed clause</b></p> <ol style="list-style-type: none"> <li>1. <i>The landlord will assess the leased object according to the [name of applicable certification body or bodies] certification system. The landlord seeks to obtain [name of applicable certificate] certification in [name applicable certificate class]. The landlord may carry out whatever measures are necessary in/on the lease object to obtain the certification.</i></li> <li>2. <i>To the extent that such measures concern parts of the property used solely by the tenant, such measures must be discussed and agreed upon with the tenant. The landlord shall carry out measures pursuant to the above provision in a way that will cause the least possible disruption to the tenant's business operations provided that avoiding such disruptions would not substantially increase the costs of such measures. Any rights and claims which the tenant may have (including without limitation rent reduction, compensation, termination) do not apply while such measures are being carried out.</i></li> <li>3. <i>The tenant and landlord will take whatever steps are necessary to satisfy all certification criteria, whereby each party will take the necessary steps which fall into its</i></li> </ol>	<p>If the landlord is aiming for certification it should find out at an early stage which level is achievable.</p>



<p><i>area of responsibility under the general provisions of the lease agreement. The parties shall refrain from anything which would impair or preclude satisfaction of the certification criteria. Further details are set out in the Sustainability Manual/ Environmental Management Plan. Maintenance/repair measures are subject primarily to the special provisions of this lease agreement.</i></p>	
<p><b>20. Certification: level of certification not yet defined</b></p> <p>This clause refers to a building which has not yet been certified. A decision has not yet been made regarding which level of certification to aim for.</p> <p><b>Proposed clause</b></p> <ol style="list-style-type: none"> <li>1. <i>The landlord may carry out whatever measures are necessary on/in the leased object to obtain initial certification of the leased object according to the [name of applicable certification body or bodies] certification system or an equivalent certification system.</i></li> <li>2. <i>To the extent that such measures concern parts of the property used solely by the tenant, such measures must be discussed and agreed upon with the tenant. The landlord shall carry out measures pursuant to the above provision in a way that will cause the least possible disruption to the tenant's business operations provided that avoiding such disruptions would not substantially increase the costs of such measures. Any rights and claims which the tenant may have (including without limitation rent reduction, compensation, termination) do not apply while such measures are being carried out.</i></li> </ol>	<p>The landlord should clarify as early as possible whether it wishes the building to be certified, which certification method to use and which level to aim for.</p>

3. *The tenant and landlord will take whatever steps are necessary to satisfy all certification criteria, whereby each party will take the necessary steps which fall into its area of responsibility under the general provisions of the lease agreement. The parties shall refrain from anything which would impair or preclude satisfaction of the certification criteria. Further details are set out in the Sustainability Manual/ Environmental Management Plan. Maintenance/repair measures are subject primarily to the special provisions of this lease agreement.*

## IBGE's initiative on Green Leases in the Brussels Region

- The Brussels Environment Agency (BIM/IBGE) has launched a project aiming at setting up a new technique for the financing of energy saving renovation works. CMS is involved in this project.
- *First phase*: technical, financial and legal analyses relating to possible actions in this field.
- *Second phase* : preparing a lease template aimed at organizing the landlord/tenant relationship in the framework of a live test.
- Selected lease relationship is the residential lease entered into in respect of a property that does not make part of a co-ownership.
- Bottom line of proposed system is that both landlord and tenant must benefit from the system.
- Landlord carries out the energy saving works at own costs, but can recharge a part of those costs to tenant through a monthly *energy service charge*. Tenant will however benefit from a part of the energy saving.
- Landlord to recover 75% of his net investment. Remaining 25% will be regarded as a capital gain for the property.
- Net cost of the investment shall be equal to the cost of the investment less any subsidies, grants, tax reductions, etc., and less any deduction that should in any event have been borne by landlord (for ex. in order to comply with certain statutory requirements).
- IBGE to prepare a list of authorized/qualifying investments.
- IBGE has created a calculator enabling to calculate the energy savings for a given investment, taking the lifetime of the investment into account.

- Calculator determines the amount of the monthly energy service charge to be borne by tenant until the end of amortization period (insofar as tenant stays in the premises until the end of this period), bearing in mind that the energy service charge will not be allowed to exceed 75% of estimated energy saving.
- Monthly provisions paid by tenant in respect of energy should diminish in a proportional amount, in order to avoid total burden increasing as a result of new system. If tenant has a separate contract with the energy suppliers, the idea is to negotiate with these suppliers directly in order to obtain a reduction of monthly provisions, on the basis of a file approved by IBGE, mentioning estimated energy savings.
- At the end of the amortization period, the energy service charge no longer applies and tenant benefits fully from energy savings. Landlord benefits from an upgraded property.