 **Equity Office**



August 20, 2003

EQUITY OFFICE PROPERTIES TRUST

Real World, Real Solutions

(U.S. Department of Energy)

Thomas Smith

VP – Energy Operations

 **Equity Office**

Equity Office National Portfolio

Buildings: 721
Locations: 30 markets
Submarkets: 133
Portfolio: 124.1 MM sf
Employees: 2,400
Businesses: 8,900
Customers: 479,000
Total Cap: \$24.7 billion



Stadium Towers
Anaheim



Texaco Center
New Orleans



Dominion Plaza
Denver



One Lafayette
Washington, D.C.



Wachovia Center
Charlotte



200 W. Adams
Chicago

General Services Administration (GSA)

Buildings: 34

Locations: 21 markets

Portfolio: 2.5 MM sf

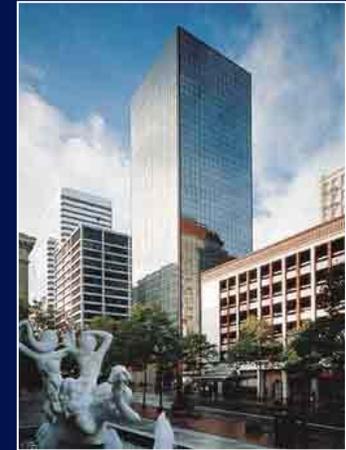
Leases: 72

Tenants:

**Air Force - Social
Security and everything
in between**



1601 Market Street
Philadelphia



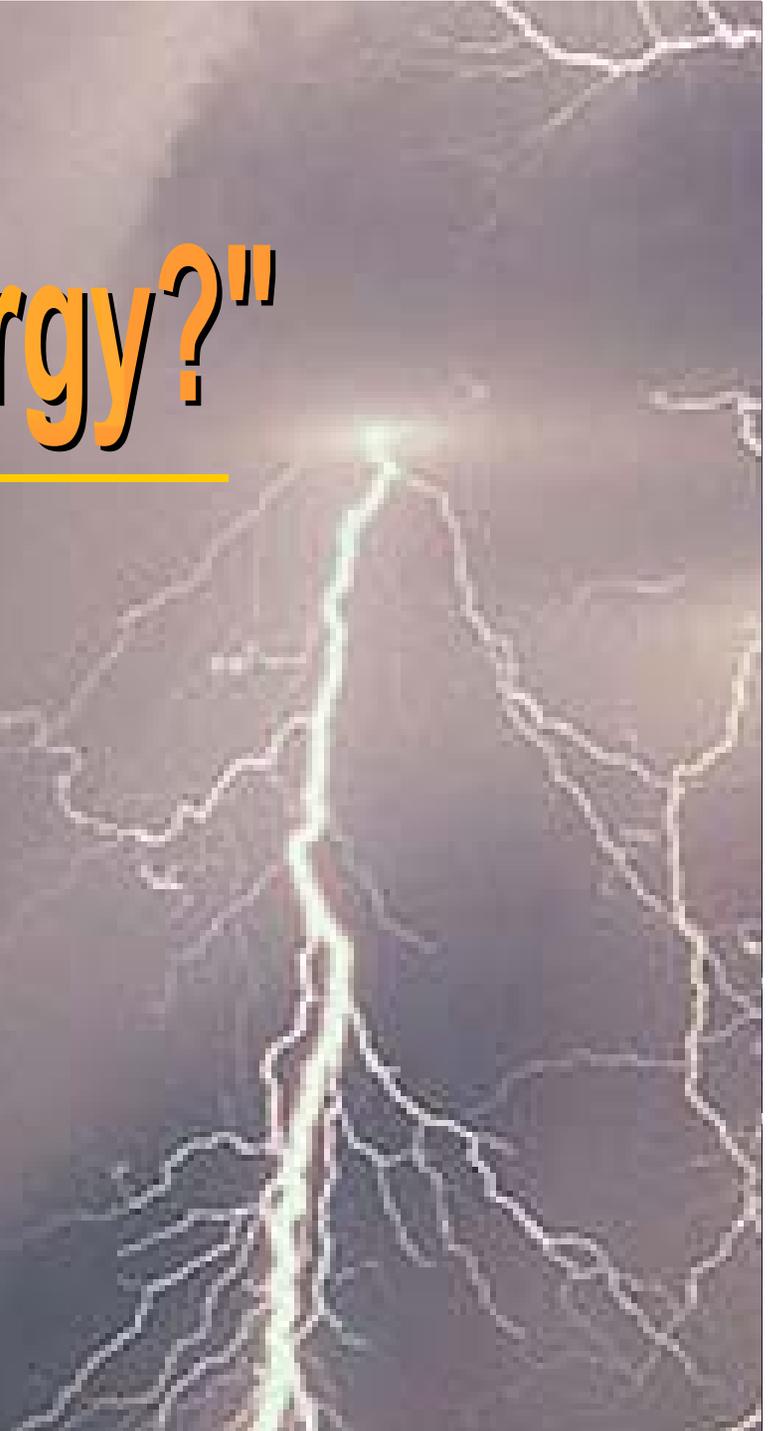
Congress Center
Portland



Polk & Taylor
Arlington

Why Focus on "Energy?"

Historical Energy Shift

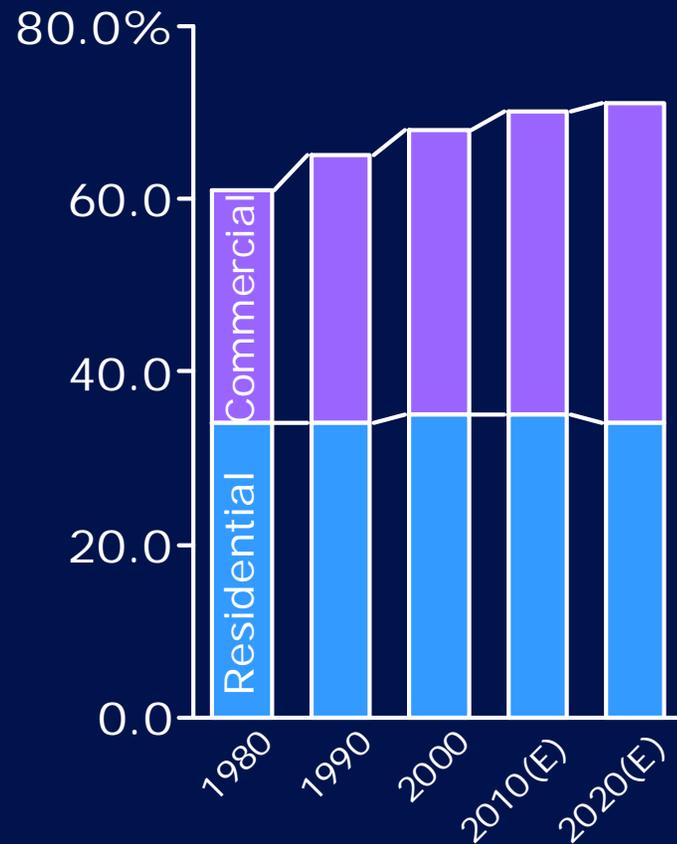
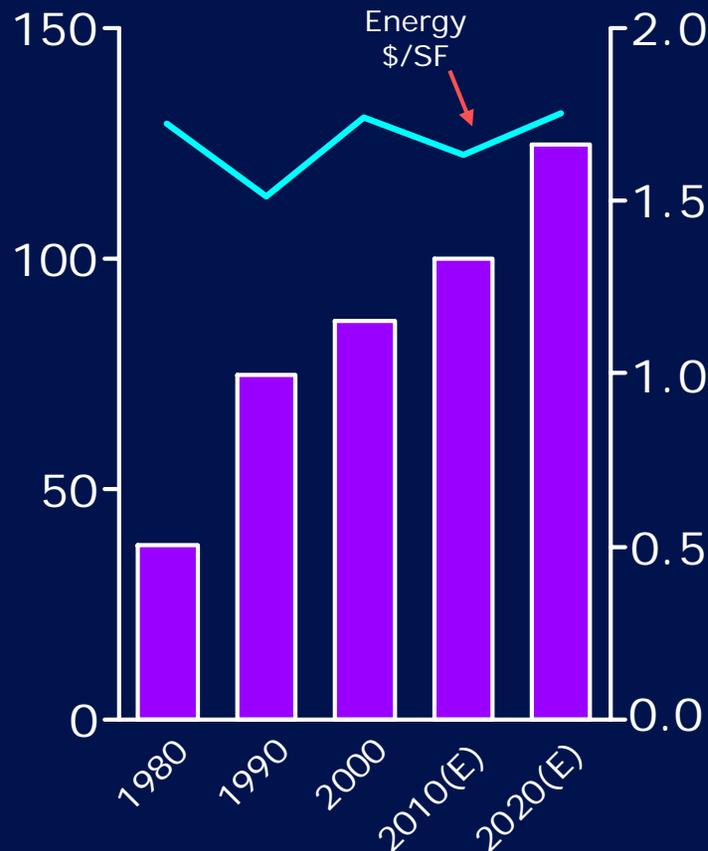


The Commercial Building Sector Will Continue to Grow Its Share of US Energy Consumption

Commercial building electricity expenditures (\$ Billion)

Commercial building energy cost (\$/SF)

Buildings' share of US electricity consumption



Energy
represents the
single largest
purchased good
for EOP





OSEP L.L.C.

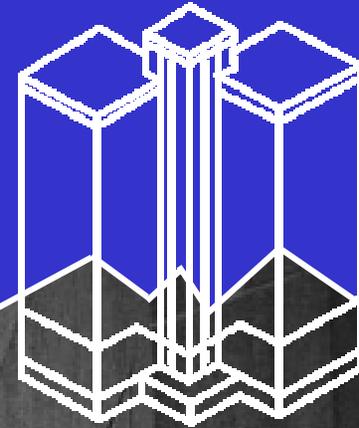
On Site Energy Providers

As part of Equity Office's focus on efficiencies and working smarter, we have formed a business unit to concentrate on energy.

Four Focus Areas of OSEP

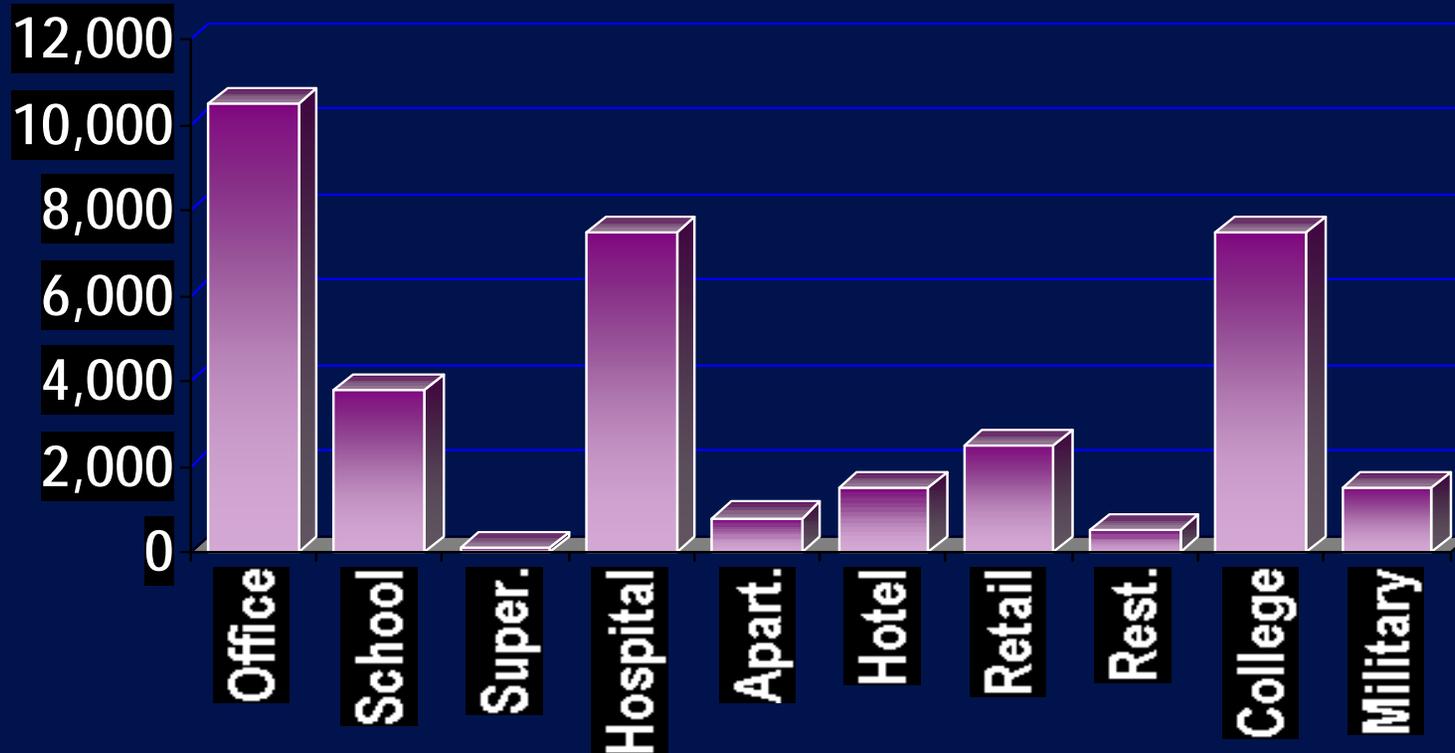
- Energy Reporting and Monitoring
- Energy Procurement
- Energy Auditing and Bill Processing
- Energy Retrofit Services
 - Demand-Side Management
 - Distributed Generation

Distributed Generation Where to Start?



CHP Potential by Building Type

Mega watts



Source: Integrated Energy Systems for Buildings Resource Dynamics Corporation (August 2002 Report)

Distributed Generation Criteria

Economic

Load

Standby Potential

Thermal Need

Gas

Electrical Feed

Space

Utility

Incentives

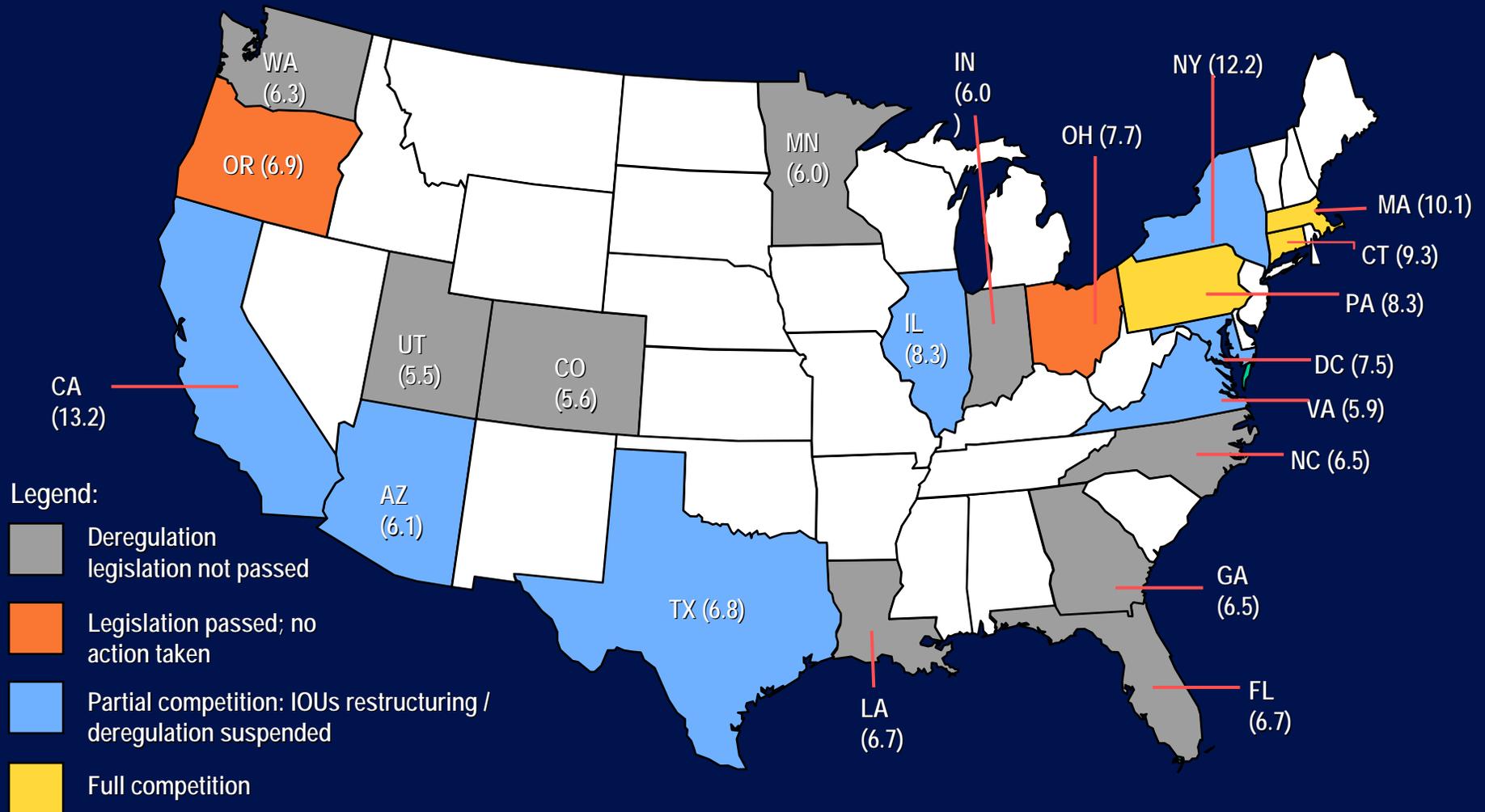
Environmental

Exhaust

Cooling

EOP Is Exposed to Varied & Changing Energy Regulatory Environments and Market Prices

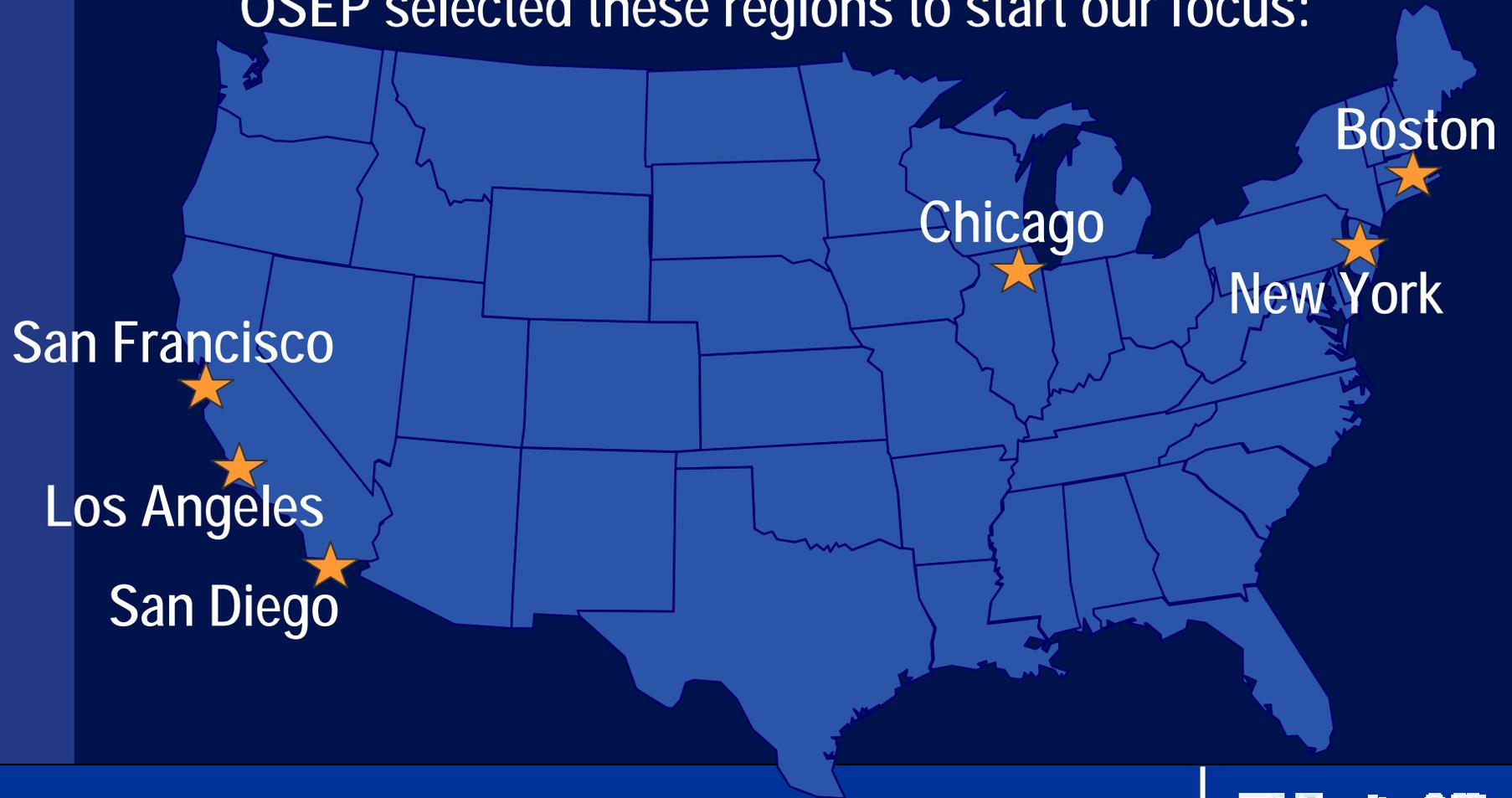
Status of electricity market restructuring & 2002 prices (c/kWh):



Note: Prices in c/kWh for Jan to Sept. 2002 for Commercial sector
Source: Energy Information Administration; Energyguide.com

Regions Selected

Based on the economic evaluation of our portfolio,
OSEP selected these regions to start our focus:



OSEP L.L.C. Power Projects

Status	# of Projects	kw
Pre-development	8	8,400
Active Development	7	6,975
On-Line	2	1,500
Total:	17	16,875

Power Projects Under Development



City Plaza
Orange County, CA
600 kw



505 City Parkway
Orange County, CA
375 kw



One Market Plaza
San Francisco, CA
1,500 kw



Treat Towers
Walnut Creek, CA
750 kw



600 City Parkway
Orange County, CA
375 kw



The Plaza at LaJolla Village
San Diego, CA
1,125 kw



1301 Ave of the Americas
New York, NY
2,250 kw

Power Projects On-Line



Why 30 North LaSalle?

Economically Viable Region

Electric Load

Most Important:
Customer With a Need

Typical Summer Day: Steam

Lbs. Per Hour

1,600

1,400

1,200

1,000

800

600

400

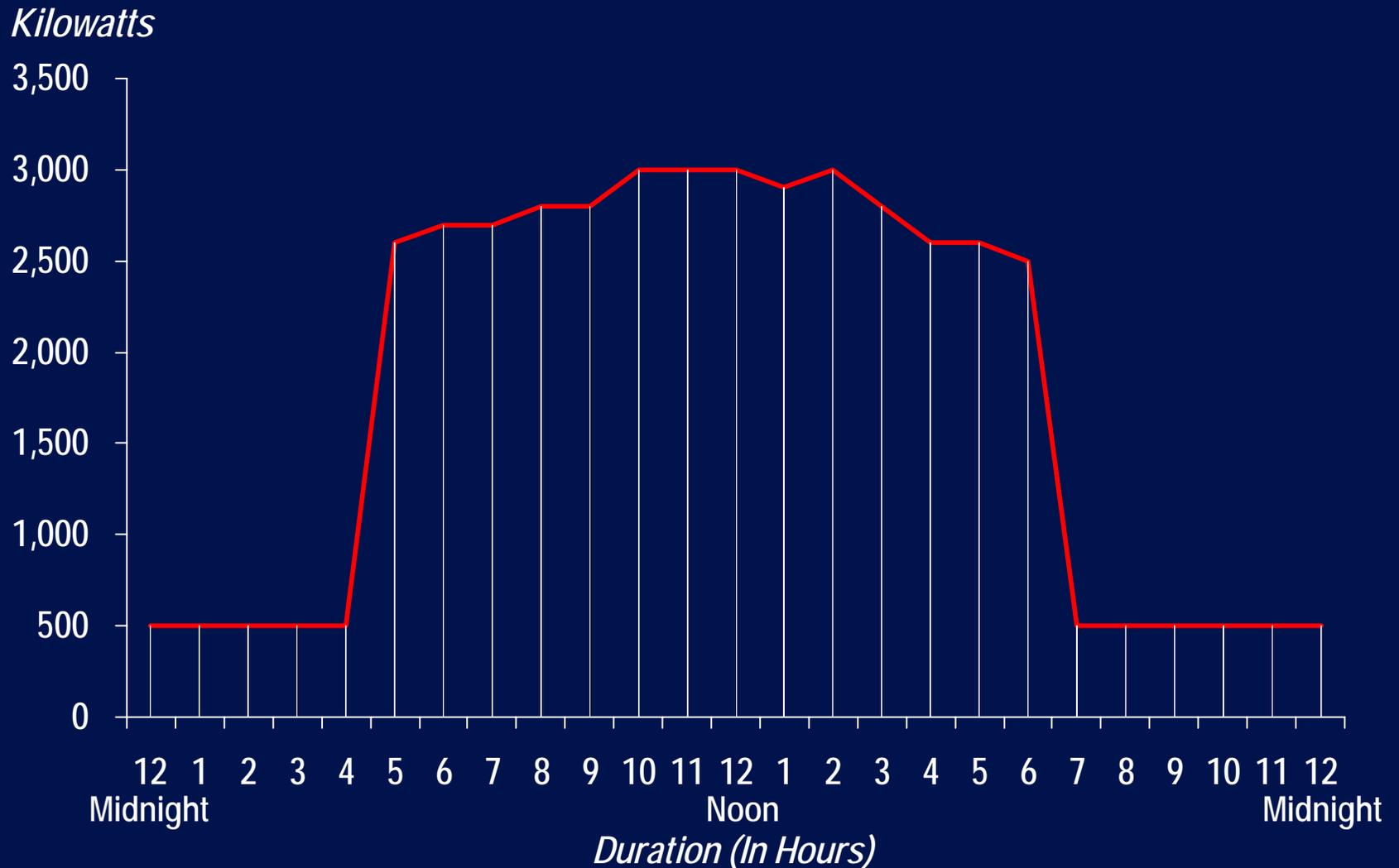
200

0

12 1 2 3 4 5 6 7 8 9 10 11 12 1 2 3 4 5 6 7 8 9 10 11 12
Midnight Noon Midnight

Duration (In Hours)

Typical Summer Day: Electric



The Deal

Basic Structure

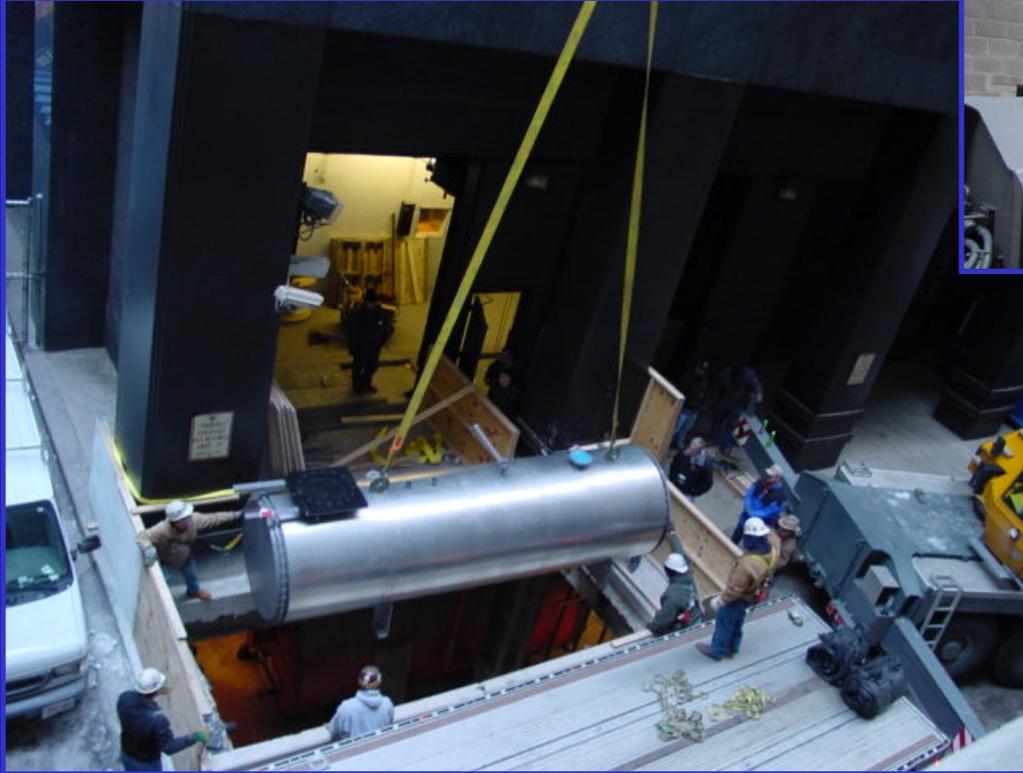
- EOP would coordinate the design, construction and installation of a 1,100 kw CoGen system
 - 1,100 kw Engine GenSet
 - 2,255 lbs / hour 15 psig heat recovery steam generator
 - All ancillary equipment
- In normal operation, the system would provide the building electric power and steam
- In event of power failure, the Engine GenSet would be 100% dedicated to backup power requirements of CT&T

The Deal

General Financial Structure

- CT&T: Capital for standby generation **\$1,300,000**
- EOP: Capital for CoGen
(\$410,000–\$50,000 Peoples Energy Incentive) **\$360,000**
- Estimated annual net cash flows:
(revenues – expenses) **\$260,000**
- Payback on incremental capital spend
for CoGen **1.38 Years**
- CT&T / Equity Office share net cash flow (win / win)

Installation: HRSG



Installation: Engine GenSet



Building ATs



Electrical Switcher



Vapor Phase HRSG



Cummins Engine



Quick Interconnect for Backup Diesel



Redundant Gas Boosters

Power Projects On-Line



Why 101 North Wacker?

Economically Viable Region

Emergency Power for Building

Back up Power for Tenant



Intercoolers

Hess Engines



Power Projects Under Construction



GenSets

One Market Street San Francisco, California



HRSG

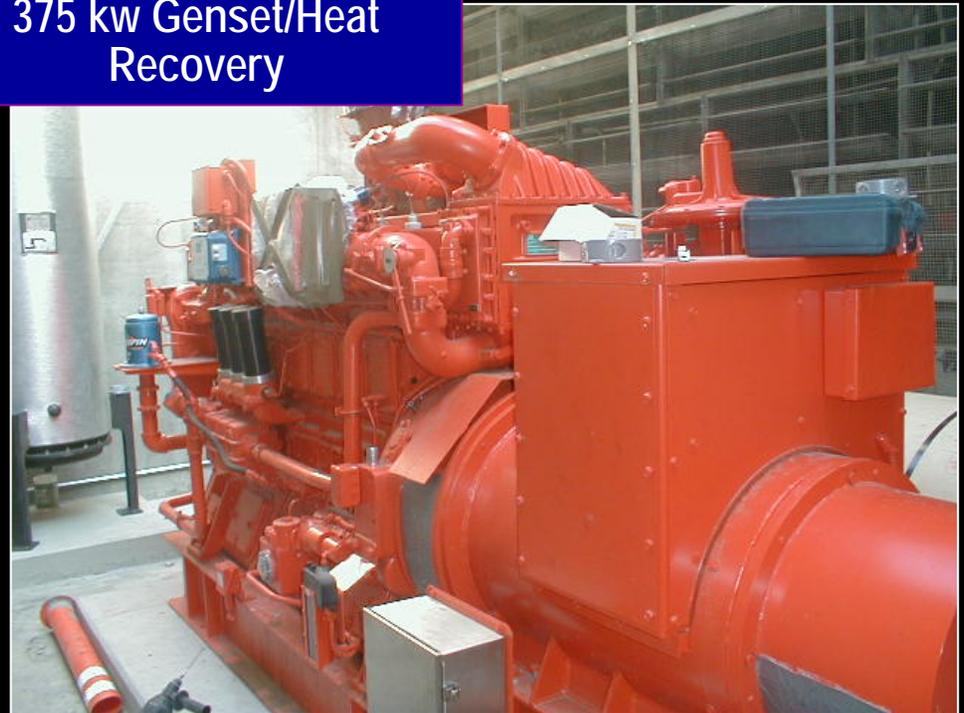
Power Projects Under Construction



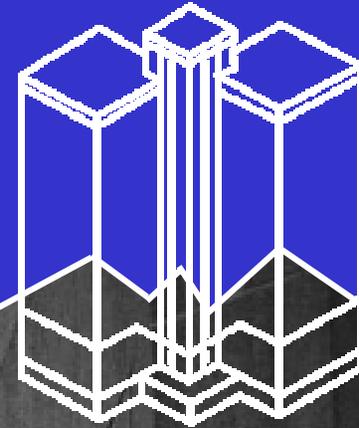
100 Ton Chiller

505 & 600 City Parkway Orange County, California

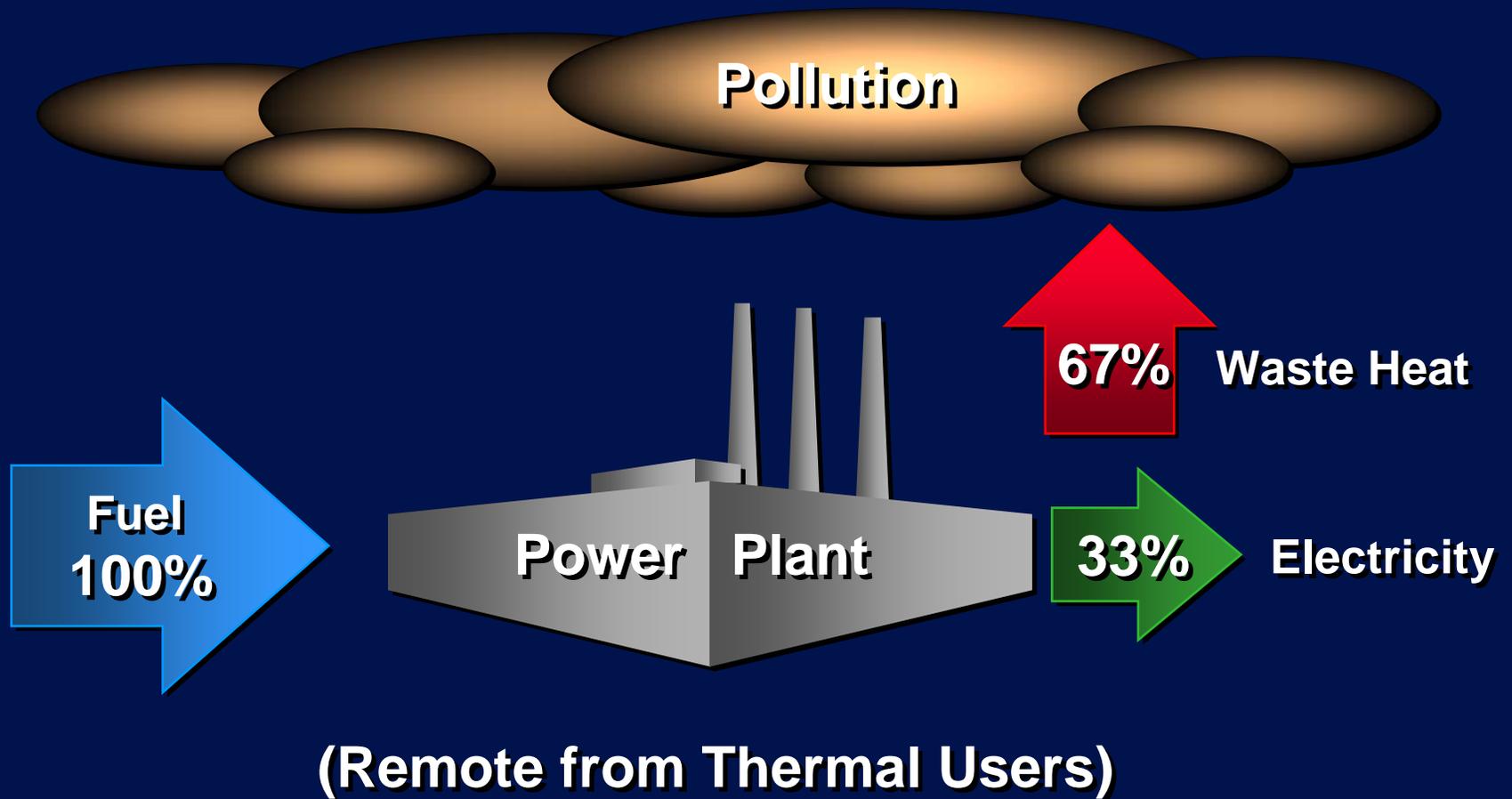
375 kw Genset/Heat
Recovery



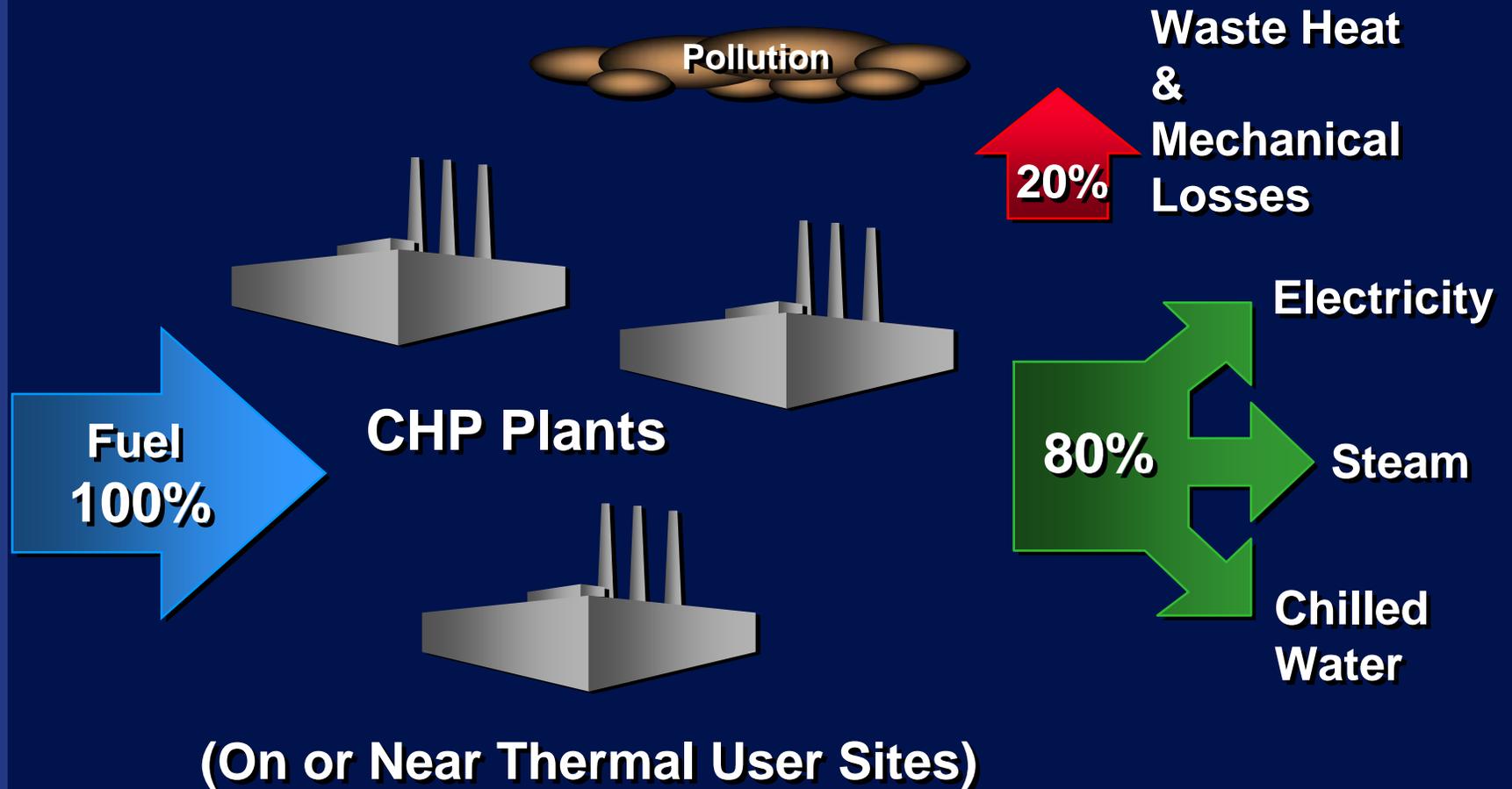
Why is CHP Here to Stay? Efficiency



Conventional Thermal Generation



Combined Heat and Power (CHP)



CHP Lessons

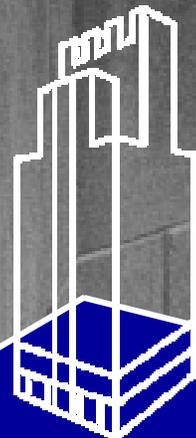
Technical Improvements

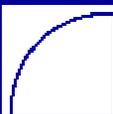
- Better system efficiency (cost effective)
- Lower system costs
- Reduced system space requirements
- Cost effective/efficient emission systems
- Lower operating costs
- Standardization of systems
- Simple to design, engineer, implement and maintain

CHP Lessons

Market/Regulatory Improvements

- Increase efficiency incentives
- Standardize all requirements
 - Electric and Fuel Interconnects
 - Environmental, Building and Operating Permits
- Get everyone on “same page”
 - Federal, State and Local Government
 - Utilities
 - Suppliers
 - Special Interest Groups
 - End Users



 **Equity Office**

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