

2017 Updates to the Chicago Energy Benchmarking Ordinance

The existing **Chicago Energy Benchmarking ordinance** raises awareness of energy performance through information and transparency, with the goal of unlocking energy and cost savings opportunities for businesses and residents. Building owners or managers of properties 50,000 square feet or greater are required to measure and report whole-building energy use once a year, and have the data verified once every three years. All work can be done in-house and there is not a requirement to hire a third party. For more information, see: www.CityofChicago.org/EnergyBenchmarking

Background Information about the importance of energy used in buildings and the value of energy benchmarking

- The City of Chicago has committed to the goals of the Paris Climate Agreement, including a 26-28% reduction in greenhouse gas emissions by 2025. The City is 40% of the way to meeting that goal.
- Energy use in buildings represents over 70% of the city's current greenhouse gas emissions, and the City must improve energy efficiency in buildings in order to meet our long-term climate goals.
 - Improving energy performance in buildings is thus a key climate strategy in Chicago.
- In Chicago, over \$3 billion year is spent on energy use in buildings, and it is estimated that up to 20% of that energy is wasted, costing millions of dollars a year for residents and businesses.
- Energy efficiency is a job creator. Energy efficiency jobs are one the fastest-growing sectors of job growth in the Midwest, and all the jobs are clean, local jobs.
- Energy benchmarking is associated with energy improvements. Buildings that have benchmarked and reported 3 years in a row save 4% of energy, on average, saving over \$11 million/year in energy costs. Those that have benchmarked and reported 2 years in a row save 2% of energy, on average, saving over \$6 million/year in energy costs. (Energy savings are weather normalized and take into account annual changes in weather.)

Summary of proposed updates to the Chicago energy benchmarking ordinance

- The city is proposing that information that is already required to be reported and is already shared publicly be made more visible and simpler to understand. In other words, there are no new reporting requirements, and no new costs associated with this ordinance.
- Each building currently required to benchmark receives a 1-100 ENERGY STAR score. Those that do not receive a score for technical reasons typically receive a metric of energy use per square foot, also known as energy use intensity (EUI).
- ENERGY STAR scores will be translated into a new four-star rating system, similar to how products or businesses are rated on various online platforms.¹ Buildings that have improved their scores or EUIs within the past few years will receive an additional star in their rating, providing an incentive to make improvements.
- Buildings will not be required to make improvements.
- Buildings will be required to post the rating on their building, and to provide the rating when the building is listed or sale or lease. The city will also be authorized to publicly share the ratings on the Chicago Data Portal and/or other city communications.
- The City may also begin to share information on water use in buildings under the proposed updates.

¹ About 15% of buildings don't receive scores; their ratings will be based on their EUIs.

Benefits of the proposed ordinance

- The 1-100 ENERGY STAR score would be provided in a rating that will be easy to understand in ten seconds or less by a member of the general public.
- Providing the rating at time of listing of the building for sale or lease will enable prospective buyers or tenants to make more informed decisions about operating costs related to energy.
- Improving ENERGY STAR scores by just 10 points per building could save up to \$70 million / year on utility costs. This translates to approximately 8% reduction in weather normalized energy use. The investments needed to achieve these savings would create over 1,400 jobs.
- Extensive incentive and rebate programs are available from ComEd and Peoples Gas that enable building owners and managers to make energy improvements at little to no cost. These programs are expanding under the Illinois Future Energy Jobs Act, and the total funds available for rebates and incentives will be increasing substantially as of January 1, 2018.
- Additional visibility and transparency of ratings can improve performance. Restaurants in New York City are required to post grades of A, B, or C, based on their health inspections. The number of restaurants receiving an A grade on initial inspection increased by 14% in the 18 months after the City required restaurants to start posting their grades.