

Frequently Asked Questions – 2017 Chicago Energy Rating System

The initial **Chicago Energy Benchmarking ordinance**, adopted in 2013, 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

In November 2017, the Chicago City Council voted to update the existing benchmarking ordinance. The 2017 updates will create a new **Chicago Energy Rating System** that makes energy use information for large buildings easily accessible to residents while encouraging energy savings. The new system is a zero to four star scale rating and is based on existing and publicly available energy data, alongside recent energy improvements to buildings. Each building over 50,000 square feet will be required to post their rating in a prominent location on the property, and share this information at the time of sale or lease listing. Chicago is the first US city to assign buildings an energy performance rating and require properties to post their rating.

What are the updates to the Chicago energy benchmarking ordinance?

Most of the buildings that benchmark and report today receive 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).

The 2017 updates to the ordinance will allow the city of Chicago to assign an energy performance rating, in the form of zero to four stars, to each building required to benchmark and report under the 2013 ordinance. Buildings will receive zero stars out of four stars if they have not reported and are out of compliance with the benchmarking reporting requirements. Otherwise, buildings will receive from one to four stars based on their ENERGY STAR score (or EUI, if a score is not available). Buildings with one to three stars that have improved their score by 10 points or more in the past two years will be eligible to earn one additional star.

Building owners or managers will be required to post the rating on their building, and to provide the rating when the building is listed for sale or lease. The City will also be authorized to publicly share the ratings on the Chicago Data Portal or other City communications.

What will it cost the building owner?

Nothing. There is no additional cost to building owners or managers. There is also no requirement to report any new information. The rating system is based on information that is already required to be reported.

Does the ordinance require mandatory improvements, audits, or retrofits for poor performers?

No. This ordinance continues to be based on providing information and making it more transparent. It is designed to help building managers and owners, as well as prospective buyers or tenants, better understand energy performance and utility costs and drive decisions regarding improving energy efficiency.

Why did the City update this ordinance?

The original Chicago Energy Benchmarking ordinance allows the City to share the ENERGY STAR scores and other metrics publicly. However, the information may not always be simple to understand and is not highly visible at each building site. The goal of the updates is to improve the transparency of the information and

make it easier to understand.

What about older buildings and smaller buildings?

The past four years of data from over 2,700 reporting buildings shows that older buildings and smaller buildings perform just as well or better than newer buildings and larger buildings. In other words, older and smaller buildings are not penalized under this ordinance.

How will stars be assigned to buildings?

The new rating system will be based on the 1-100 ENERGY STAR score for each building. The 1-100 ENERGY STAR score is a nationally recognized standard that is acknowledged by numerous real estate and energy groups as a clear indication of energy performance. The City will post the scoring system on its energy benchmarking website in a prominent location, so that users can clearly see how they received their current rating. As a preliminary step, the initial rating system is already posted on the Chicago Energy Benchmarking Homepage at: www.CityofChicago.org/EnergyBenchmarking

Initially, the ratings will be based on the following scale:

- 4 stars: 81-100 points or 61-80 points and a 10-point improvement in the last two years;
- 3 stars: 61-80 points or 41-60 points and a 10-point improvement in the last two years;
- 2 stars: 41-60 points or 11-40 points and a 10-point improvement in the last two years;
- 1 star : 40 or below; and
- 0 stars: did not submit required benchmarking information.

In addition, any building that is currently ENERGY STAR certified (available to buildings that receive a score of 75 or higher, and meet other criteria) may have the ENERGY STAR certification logo on their rating placard. The City also intends to include the property's actual 1-100 ENERGY STAR score on the placard.

Why is the rating system needed?

Most buildings in compliance with Chicago's energy benchmarking ordinance receive a 1-100 ENERGY STAR score. However, many tenants, visitors, building engineers, and even property managers may not know their score, or may not know what it means.

If you took a test and received a score of 50 out of 100, you might be disappointed in your performance. However, a 50 on the 1-100 ENERGY STAR score scale represents an average building for energy performance.

Similarly, if you took a test and received a score of 75 out of 100, you might be still disappointed in your performance. Yet, a 75 on the 1-100 ENERGY STAR score scale represents a fairly high performer. The new four star system is designed to help translate the 1-100 score into a form that is easier to understand by all building stakeholders.

Is this intended to make poor performers look bad?

The primary intent of the updates is to help improve the visibility and transparency of information that is already publicly available. The ENERGY STAR scores for most buildings required to benchmark are posted on the City's data portal, yet many tenants, condominium owners, building operating engineers, and even some property managers may not know how to access or use the information to their advantage. In addition, the proposed rating system will provide every property with one, two, or three stars to earn an extra star by making just a 10 point improvement, thus incentivizing properties to improve their ENERGY STAR scores.

What is the new requirement on water data?

The City is authorized to collect each building's water usage information from the Department of Water Management and/or the Department of Finance, and then to publish that information, along with each building's reported energy use information. Data on water costs will not be shared, and only the total water usage data will be collected and published. Building owners are not required to gather and report water usage information using the energy benchmarking tool, although they can voluntarily choose to do so. In addition, building owners will be able to opt out of having their water data shared publicly.

When does the Rating System take effect?

The Chicago Energy Rating System will go into effect in 2019.