

2019 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 created 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.

The Chicago Energy Rating System officially launched in August 2019. The delay between the ordinance passage and the launch of the program was intended to give building owners and the City ample time to prepare for the new Rating System.

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

- The City of Chicago has committed to achieving 100% renewable energy citywide by 2035.
- The City of Chicago has also 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.
- Large buildings in Chicago (those over 50,000 square feet) are responsible for approximately 20% of citywide carbon emissions, which is more than every car and truck on the road in Chicago.
- 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 two or more years in a row have saved 1-2% of energy per year, on average, saving over \$21 million/year in energy costs. Cumulative savings since the launch of the energy benchmarking ordinance in 2014 are estimated at over \$61million/year. (Energy savings are weather normalized and consider annual changes in weather.)

Summary of 2017 updates that created the new Chicago Energy Rating System

- There are no new reporting requirements, and no new costs associated with this ordinance.
- Almost all buildings currently required to benchmark 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).
- 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 two 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 after an initial grace period of six months. The city will also be authorized to publicly share the ratings on the Chicago Data Portal and/or other city communications after the grace period is complete.
- The City will also begin to share information on water use in buildings under the updates, although building owners will be able to opt-out of having their water usage data shared publicly. In addition, building owners will not be required to gather and report the water usage data, but rather the City will collect the data from its Department of Water Management and Department of Finance.

Benefits of the new Chicago Energy Rating System

- 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 have expanded under the Illinois Future Energy Jobs Act, and the total funds available for rebates and incentives increased substantially after 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.

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