



CITY OF CHICAGO CHICAGO ENERGY RATING

Frequently Asked Questions – Chicago Energy Rating System

What is the Chicago Energy Benchmarking Ordinance and the 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 the 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. A rating of four stars indicates the highest energy performance, while a rating of one star indicates a poor performer. Properties that have not submitted energy benchmarking information will receive zero out of four stars. Each building over 50,000 square feet will receive a rating on a **Chicago Energy Rating Placard** and be required to post their Placard in a prominent location on the property. Property owners will also be required to 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. For more details about the Rating System, visit: www.ChicagoEnergyRating.org

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 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 out of four stars if they have not reported and are out of compliance with the benchmarking reporting requirements. Otherwise, buildings will receive 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.

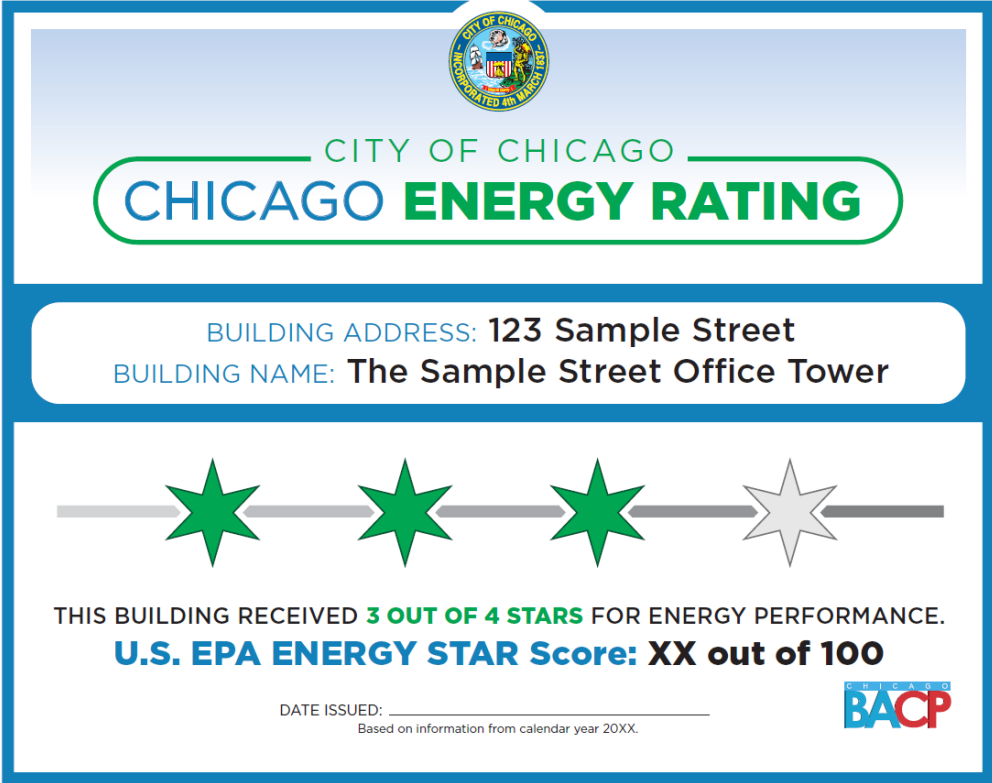
Building owners or managers will be required to post the rating on their building, and to provide the rating when the building, or a portion of the building, is listed for sale or lease. The City will also be authorized to publicly share the ratings on the Chicago Data Portal or other City communications.



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What do the Chicago Energy Rating Placards look like?

A sample image is shown below.



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 costs and drive decisions regarding improving energy efficiency. However, property owners that do make energy efficiency improvements are able to earn an additional star on their rating if they improve their 1-100 ENERGY STAR score by 10 points or more. Buildings that are not eligible for an ENERGY STAR score may earn an extra star by improving their energy use per square foot by 10%.



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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?

Approximately 85% of properties that report their data to the City of Chicago receive a 1-100 ENERGY STAR score from the energy benchmarking software, known as Portfolio Manager. 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 rating system website in a prominent location, so that users can clearly see how they received their current rating. Please visit the following website for details: www.ChicagoEnergyRating.org

The ratings are currently based on the following scale:

CHICAGO ENERGY RATING SYSTEM (WITH HALF-STARS)

- ★ ★ ★ ★ — • **4 Stars:** Score of 81-100 or score of 61-80 and 10 point improvement in past 2 years*
- ★ ★ ★ ★ — • **3.5 Stars:** Score of 71-80 or score of 51-60 and 10 point improvement in past 2 years
- ★ ★ ★ ★ — • **3 Stars:** Score of 61-70 or score of 41-50 and 10 point improvement in past 2 years
- ★ ★ ★ ★ — • **2.5 Stars:** Score of 51-60 or score of 31-40 and 10 point improvement in past 2 years
- ★ ★ ★ ★ — • **2 Stars:** Score of 41-50 or score of 11-30 and 10 point improvement in past 2 years
- ★ ★ ★ ★ — • **1.5 Stars:** Score of 31-40
- ★ ★ ★ ★ — • **1 Star:** Score of 1-30
- ★ ★ ★ ★ — • **0 Star:** Did not submit required benchmarking information

*Note: Any building with ENERGY STAR certification also receives four stars.



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Approximately 15% of the buildings that report their data to the City of Chicago are not able to receive a 1-100 ENERGY STAR Score. For properties that are not able to receive an ENERGY STAR score, the Chicago Energy Rating will be based on the building's source energy use intensity (EUI) – also known as energy user per square foot – in comparison to national percentiles for buildings of the same property type. The lower the percentile for Source EUI, the better, as a lower EUI indicates less energy use per square foot. The scale is based on the following scale:

- 1st to 25th percentile for Source EUI: 4 stars
- 25th to 50th percentile for Source EUI: 3 stars
- 50th to 75th percentile for Source EUI: 2 stars
- Above the 75th percentile for Source EUI: 1 star

In addition, any building with 1, 2, or 3 stars with a 10% improvement in the past two years will earn an additional star.

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.



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What is the new requirement for 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 by filling out a request form online here:

https://www.chicago.gov/city/en/depts/mayor/iframe/benchmarking_exemption_form_water_use.html

When does the Rating System take effect?

The Chicago Energy Rating System will go into effect in 2019. The first ratings will be assigned after energy benchmarking reports are due on June 1, 2019, likely between August and September 2019. Once the first ratings are assigned in 2019, the Chicago Energy Rating Placards will be mailed out. Building owners will then receive an initial six-month grace period, and then will be required to post their Chicago Energy Rating Placard after the end of this initial grace period. Property owners may voluntarily choose to post their Placards during this initial six-month grace period.

Where will my placard(s) be mailed?

Based on stakeholder feedback, the City of Chicago is sending placards to the property manager on file, if available, instead of sending the placard to the building owner. In July 2019, the City sent a hard copy letter and an email to each placard recipient notifying them that they would be receiving their placard in the coming weeks.

If you would like your placard mailed to a different address or you are not the correct placard recipient, we are happy to make this update to our records. Contact our Help Center, which is open 9am – 5pm, Monday through Friday (except major holidays) at: (855) 858-6878 or by email to: Info@ChicagoEnergyBenchmarking.org.

What size and material will placards be? Can I create my own?

Each placard is 11 inches by 17 inches and will be printed on a thick piece of paper with an adhesive backing that can be attached to an interior wall or window. Alternatively, users can frame it or use their own adhesive to attach it to a prominent location at the building.

You may use other materials to create a placard (i.e. metal), as long as the placard that you create matches the mailed current placard. By late September, you will be able to download your placard(s) as a PDF and print the



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placards on your own. Please note that the final placard should be 11 inches by 17 inches or greater in size. Visit the following website to access your placard in late September 2019: www.ChicagoEnergyRating.org

If I print the placard myself, does it have to be printed in color on 11"x17" paper?

The placard *does* need to be on 11"x17" paper, otherwise some people could make the placard size very small, which defeats the purpose of transparency. The placard should also be printed in color.

When exactly do I have to disclose energy rating information?

The ordinance states that energy ratings on the current placard or the current 1-100 ENERGY STAR score shall be included in any advertisements for sale or lease (i.e. property websites) at the time of listing. The current energy rating should be used for any required disclosures until the next placard is issued the following year. Disclosure applies to both property owners looking to sell or lease the entire building and/or any portion of the building. This includes (but is not limited to):

- Commercial leases
- Multifamily residential housing with commercial or retail tenants
- Condominium owners
- Apartment renters

The only exception to this requirement applies to buildings or the units subject to the previously existing [Chicago Heat Disclosure Law](#).

Are there fines if I don't post the placard?

The City is authorized to fine building owners for noncompliance of any portion of the ordinance. Thus, you could be fined if you do not submit an energy benchmarking report, or you can be fined if you do not post the placard. The fine is \$100 for the first day of the violation and up to \$25 for each day the violation continues. Thus, any building owner could be fined up to (but no more than) \$9,200 per year for each building out of compliance.

Which year's data do the ratings reflect?

The Chicago Energy Ratings correspond with the previous year's ENERGY STAR scores. For example, ratings assigned in 2019 are based on 2018 data submitted in 2019 for the 2019 Benchmarking year.

Where can I go if I have more questions?

Please visit the City's Energy Rating website at: www.ChicagoEnergyRating.org

You can also contact our Help Center, which is open 9am – 5pm, Monday through Friday (except major holidays) at: (855) 858-6878 or by email to: Info@ChicagoEnergyBenchmarking.org