



**Testimony of Don Vigneau, Project Manager
Northeast Energy Efficiency Partnerships (NEEP)
Before the Connecticut Committee on Energy and Technology
Regarding Raised Bill No. 6544 - An Act Concerning Energy Efficiency
March 8, 2011**

Chairman Fonfara, Chairwoman Nardello, and members of the Committee: on behalf of Northeast Energy Efficiency Partnerships (NEEP)¹, thank you for the opportunity to provide testimony on raised bill 6544, '*An Act Concerning Energy Efficiency*'.

NEEP is a regional nonprofit organization founded in 1996 whose mission is to promote the efficient use of energy in homes, buildings, and industry in New England, New York, and the Mid-Atlantic states through regionally coordinated programs and policies that increase the use of energy efficient products, services and practices, and help achieve a cleaner environment and a more reliable and affordable energy system.

NEEP has a long history of working on energy efficiency policies and programs in the state of Connecticut. Since its inception, NEEP has partnered with Connecticut Light and Power, United Illuminating, and a number of stakeholder organizations inside and outside of government on a variety of initiatives to increase savings from energy efficiency for residents and businesses in Connecticut. These have included regional collaborative projects to transform markets for energy efficient products and services, as well as complementary public policy projects NEEP has managed to help states adopt new appliance efficiency standards and develop, adopt and administer building energy codes, among other measures.

Personally, I am a resident of Mansfield, a former Connecticut State Building Inspector and a former local building official in East Hartford. Thus, I am here today to speak primarily to the two sections of this bill that would have a positive impact in reducing building energy use in the state by two methods: building energy rating and disclosure, and a local option building energy code that exceeds the state baseline code.

Why Building Energy Rating and Disclosure is Needed

Home and building energy performance disclosure gives consumers the tools they need to make informed choices and protect themselves against inefficient buildings and building components, higher-than-anticipated energy bills, discomfort, or unplanned renovation needs. Building energy labeling also provides a market-based mechanism for creating a common currency regarding home or building energy use.

In addition to reducing energy consumption, mandatory disclosure and upgrade policies will also stimulate the creation of numerous jobs as the demand for both energy auditors and contractors who can install the recommended upgrades stands to increase significantly. As the market's value of building energy performance increases, society as a whole will benefit in the form of greater energy independence, lower utility bills, decreased greenhouse gas emissions, increased real estate values and stronger local economies.

¹ These comments are offered by NEEP staff and do not necessarily represent the view of the NEEP Board of Directors, sponsors or partners.



Benchmarking and disclosure of energy is a reasonable and effective way to address the energy use of commercial buildings because it is a market-based approach that creates incentives for builders, owners and tenants.

Recognizing the need throughout the region to address opportunities to improve energy efficiency in existing buildings, NEEP last year commissioned a comprehensive report on “Valuing Building Energy Efficiency through Disclosure and Upgrade Policies,” (<http://neep.org/public-policy/building-energy-rating>), which provides a roadmap for states to advance building energy efficiency through paths such as benchmarking and disclosure. It’s gratifying for us to see a number of recommendations from this report included in this legislation.

Benefits of Energy Performance Disclosure

Based on the findings in our above report, NEEP would suggest that benchmarking and disclosure of building energy performance addresses certain key principles, which this legislation attempts to do:

- Disclosure policies work in a **market structure** in getting markets to value energy efficiency, and can act as a powerful complements to more conventional incentive programs, such as those being offered by the state’s utility companies.
- To be effective disclosure must be **mandatory**. Buyers and renters can compare the energy performance of all the buildings they are considering.
- States, utilities and others can then effectively **collaborate** to build market demand.
- Energy costs are the largest controllable expense in commercial buildings, meaning that energy savings can be passed on to tenants, providing an **economic stimulus**.

Compliance with Building Energy Codes

An effective building energy code policy requires the adoption of a stringent building energy code, compliance with the code and the measurement of building energy performance. In addition to providing building owners, lenders and potential buyers the tools to make informed decisions regarding building energy use, benchmarking can confirm compliance with building energy codes and inform polices related to those codes, as well as track compliance across the state or given jurisdiction.

Currently in Practice

Building energy rating and disclosure are not new concepts. They have been in practice abroad for over a decade in more than 30 countries. In the Northeast the following states or cities have either adopted or are in the process of adopting some form of building energy rating, benchmarking and disclosure policies:

- Maine, whose legislature recently accepted a report on building energy rating that had been mandated by a prior resolve and which calls for a mandatory rating system for the state.



- Burlington, Vermont, which since 1997 has had an ordinance requiring a certificate of energy efficiency performance to be filed upon transferred of all residential rental properties where tenants are responsible for directly paying heating cost.
- Washington, D.C., where benchmarking and disclosure of commercial buildings is also required using the ENERGY STAR Portfolio Manager tool.
- Seattle, Washington, which requires owners of nonresidential and multi-family buildings to measure and disclose energy efficiency performance.
- New York City, where a requirement for annual mandatory building energy rating and disclosure using ENERGY STAR for commercial buildings was just adopted in December.

In addition, legislative proposals to adoption building energy rating and disclosure policies are under consideration this session in both Vermont and Massachusetts.

Finally, in one of the broadest application of this concept in the U.S. to date, California has adopted mandatory building energy rating with the involvement of the utility providers. Nonresidential building owners must disclose data and ratings, for the most recent 12-month period, to a prospective buyer, lessee, or lender. The electric or gas utility is required to upload all of the energy consumption data for the building into ENERGY STAR Portfolio Manager in a manner that preserves the confidentiality of the customer.

Who Benefits from Building Energy Benchmarking and Disclosure?

PROPERTY OWNERS are informed of cost-effective energy savings opportunities and benefit from a more secure return on investment, even if they sell early.

BUYERS AND RENTERS can make more informed decisions and avoid costly surprises.

COMMERCIAL BUILDING owners and managers can benchmark their facilities' performance, enabling continuous improvements.

ENERGY AUDITORS gain a substantial, sustained new business opportunity and an incentive to innovate.

CONTRACTORS will see sustained growth in market demand, providing a stable stream of renovation jobs.

DEVELOPERS gain added value for building to and beyond current energy codes.

REALTORS can provide their clients with credible information to distinguish high-performance buildings from their peers.

ENERGY SERVICE COMPANIES (ESCOS) can market directly to owners of buildings with the biggest savings opportunities.

UTILITIES will see greater uptake in energy efficiency programs and will be able to target-market incentives in the commercial building sector.

FINANCIAL LENDERS are afforded better information regarding a buyer's or tenant's potential financial liabilities in the form of higher energy bills in underperforming buildings, limiting their exposure and risk.

Using ENERGY STAR as a Residential 'Stretch' Energy Code

The use of ENERGY STAR as an overlay code to the International Energy Conservation Code already adopted and updated by the Department of Public Safety can be an important added benefit to municipalities. This model for a "stretch" code was recently adopted in Massachusetts, fully coordinated through that state's Board of Building Regulations and Standards (BBRS) as a key portion of their comprehensive adoption of the 2009 ICC Building



Codes. The Massachusetts “stretch” code overlay requirements to its adopted IECC 2009 Energy Conservation Code may be found at:

http://www.mass.gov/Eeops/docs/dps/8th_edition/115_appendices.pdf (Pg.5)

As of today, 64 communities out of 351 in Massachusetts have adopted this local option “stretch” energy code. The key provisions of this overlay to the adopted code were:

- A single set of integrated code provisions that also cover interpretations modifications and appeals administered through its state code board;
- Adoption by local ordinance must be ratified by the Board of Building Regulations and Standards only after an implementation plan is filed and approved; in the case of this bill that would be the State Codes & Standards Committee (SCSC);
- A plan from the municipality approved by SCSC for comprehensive training of code enforcement, design professionals and builders on the use and application of the overlay code.

Conclusion

We appreciate the opportunity to provide our perspectives on why this legislation is a win for energy, economic and environmental policy for the state of Connecticut, and pledge our support in working with this committee and all other stakeholders in whatever way we can. Thank you again for your leadership on energy issues to the benefit of the people of Connecticut and for the opportunity to provide our comments.

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