



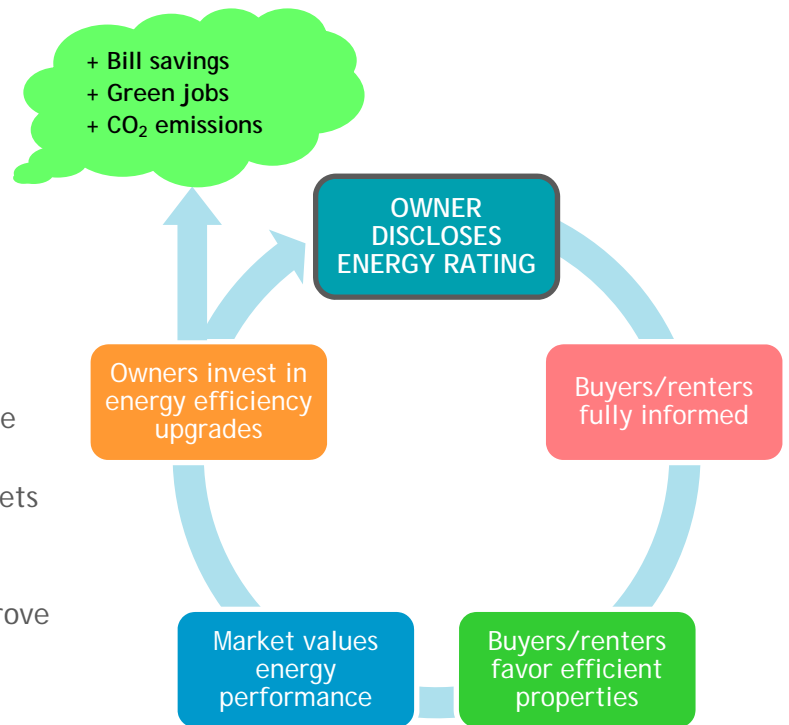
# BUILDING ENERGY RATING

*Valuing Building Energy Efficiency Through Disclosure and Upgrade Policies:  
A Roadmap for the Northeast*

As states and municipalities across the Northeast seek ways to increase their energy and carbon saving goals a valuable consideration for policy makers is the implementation of mandatory building energy ratings, a powerful tool that can transform markets by requiring that meaningful information about building energy performance be disclosed to potential buyers, renters and the public. A sister tool, mandatory upgrade policies, would require adoption of certain cost-effective energy efficiency measures. A largely untapped market, improving the energy performance of existing homes and buildings presents the biggest opportunity for energy savings.

## KEY CONCEPTS

- **TIME OF SALE TRIGGERS:** When selling a home or building, owners must disclose a valid energy rating to potential buyers indicating current performance and potential improvements. Armed with this information potential buyers may come to give preference to energy efficient properties, in turn enabling markets to value energy performance and providing a greater return on investment for projects that improve energy efficiency.
- **TIME OF RENTAL TRIGGERS:** The same “time of sale” process applies though states may opt to phase this in at a later date.
- **SCHEDULED DISCLOSURE:** Commercial building owners must obtain a standardized rating indicating the building’s annual operating performance enabling owners and building managers to institute continuous improvement practices, benchmark performance against other buildings and establish performance targets in their annual plans. Policies may require ratings to be displayed prominently.





## BUILDING ENERGY RATING: IN PRACTICE AROUND THE WORLD

First adopted over a decade ago in Australia and Denmark, mandatory building energy rating policies are now in place in over 30 countries worldwide. In the United States they are also increasingly being considered, adopted or implemented in states like California, Nevada, Washington, Oregon and New Mexico as well as cities like Austin, TX, New York, NY and Washington, DC.

## OPPORTUNITIES

As Northeast states and municipalities work to strengthen their economies, create jobs, reduce greenhouse gas emissions and achieve greater energy efficiency and independence, mandatory disclosure and upgrade policies offer an exciting new opportunity to transform markets to value and secure significant energy savings.

## WHO BENEFITS?

**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 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 or tenant's potential financial liabilities in the form of higher energy bills in underperforming buildings, limiting their exposure and risk.

Download the full report at <http://neep.org/public-policy/building-energy-rating>

For more information please contact Carolyn Sarno, Senior Program Manager: High Performance Buildings at 781.860.9177, ext. 119 or [csarno@neep.org](mailto:csarno@neep.org).

Northeast Energy Efficiency Partnerships (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 the Northeast U.S. For more information, visit [www.neep.org](http://www.neep.org).