

BUILDING ENERGY RATING & DISCLOSURE



LESSONS FROM THE FIELD



Building Energy Rating and Disclosure (BER&D) policies require owners to disclose the energy performance of their buildings to a variety of market actors, as a tool to motivate voluntary energy efficiency upgrades. In 2009, NEEP released a report on [Valuing Building Energy Efficiency through Disclosure and Upgrade Policies: A Roadmap for the Northeast U.S.](#) which lays out a guide for implementing two key tools as part of a building energy rating system. Three years later NEEP has produced its companion report, [Building Energy Rating and Disclosure, Update and Lessons from the Field](#), to document recent experiences, both failed and successfully enacted, in order to better understand the opportunities of BER&D. The report summarizes recent attempts and implemented building energy rating policies across the U.S. and provides guidance to those who want to promote BER&D policies at the state or local level.

Below we list 10 “Lessons from the Field.” These are taken from both successful and unsuccessful BER&D efforts, highlighting strategic and technical issues that have the potential to make the difference between adoption and rejection of BER&D policies. By understanding these lessons—the value of political leadership, the effect of bundling commercial and residential requirements together, the benefits of effective stakeholder engagement, legitimate concerns regarding rating systems (and the preparation of responses to these concerns) and the impacts on market transactions and consumer costs—proponents are more likely realize the promise of BER&D policies.

BER&D “Lessons from the Field”

Lesson 1: LAY THE POLICY GROUNDWORK

High-level policy reports played an important role in laying the groundwork for BER&D legislation

Lesson 2: KNOW YOUR BUILDING STOCK

Knowing your building stock provides vital insight that can help to define BER&D policies and implementation rules.

Lesson 3: PACKAGE LAWS APPROPRIATELY

Bundling laws can be a double edged sword.

Lesson 4: IF YOU CAN'T MANDATE, LEAD

If passing BER&D policies through legislation is not possible now, there are likely other options that can prepare the terrain for future efforts.

Lesson 5: ENGAGE LOCAL UTILITIES FROM DAY ONE

Involving utilities early in developing BER&D can help to boost compliance and effectiveness down the line.

Lesson 6: TRAIN RATERS IN TRUSTED RATING SYSTEMS

Market actors must believe that ratings accurately reflect the relative performance of homes or buildings, and trust that these ratings have been produced honestly.

Lesson 7: APPLY CLEAR MESSAGING TOOLS

The information disclosed in a rating or audit report, must be clearly and easily understood by the average consumer.

Lesson 8: ENSURE TIMELY (EARLY) DISCLOSURE

For triggered disclosure policies, such as time of sale, ratings should be available early in the process, and ideally in all advertising through tools such as the local MLS.

Lesson 9: WALK CAREFULLY ON ENFORCEMENT (BUT CARRY A STICK)

Rating and disclosure rely on high compliance rates to be effective. A combo of strong incentives, credible enforcement and dissuasive penalties are essential for success.

Lesson 10: LINK RATING RESULTS TO ACTION

BER&D laws are an important tool for promoting cost-effective energy savings in buildings, but are only a means to an end.

Several jurisdictions have enacted building energy rating and disclosure (BER&D) policies:

Cambridge, MA (2014)

[Building Energy Usage Disclosure Ordinance](#)

Montgomery County, MD (2014)

[First County to Pass a Benchmarking Law](#)

Chicago, IL (2013)

[Energy Use Benchmarking Ordinance](#)

Boston, MA (2013) [Building Energy Reporting and Disclosure Ordinance](#)

Minneapolis, MN (2012)

[Benchmarking and Disclosing Energy and Air Pollution](#)

Philadelphia, PA (2012)

[Benchmarking Energy and Water Use](#)

Seattle, WA (2010)

[Commercial and Multifamily Building Rating and Benchmarking Ordinance](#)

New York, NY (2009)

[Local Law 84 \(LL84\)](#)

Maine (2009)

[Building Energy Efficiency and Carbon Performance Ratings](#)

Washington State (2009)

[Efficiency First Act SB 5854](#)

Washington, D.C. (2008)

[Public and Private Building Energy Benchmarking Program](#)

Austin, TX (2008)

[Energy Conservation and Disclosure \(ECAD\) Ordinance](#)

San Francisco, CA (2007)

[Existing Commercial Buildings Energy Performance Ordinance](#)

Burlington, VT (1997)

[Residential Rental Housing Time of Sale Energy Efficiency Ordinance](#)

Download NEEP’s BER&D reports online at <http://neep.org/public-policy/building-energy-codes/building-energy-rating>

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BUILDING LABELING IN THE MARKETPLACE



Research suggests that labeling buildings with energy efficient or environmental design certifications, such as ENERGY STAR or LEED*, results in **higher occupancy rates, rental rates, and sale values** in the marketplace than comparable buildings - making a strong economic case for building energy rating and disclosure.

Data from prominent studies indicates that labeled buildings can achieve:

HIGHER RENT:

- ENERGY STAR-labeled buildings have rent premiums of \$2.40/SF over their peers and 13 percent higher rental rates than the market average
- LEED buildings have rent premiums of \$11.33/SF over their non-LEED peers

HIGHER SALES VALUES:

- ENERGY STAR buildings sell for an average of \$61/SF more than their peers
- LEED buildings sell for an average of \$171/SF more than their peers
- EPA data shows that \$1 in energy efficiency can add up to \$3 in asset value

HIGHER OCCUPANCY:

- ENERGY STAR-labeled buildings have a 3.6 percent higher occupancy rate than their peers

INCREASED PRODUCTIVITY:

- Tenants reported an average of 2.88 fewer sick days in their current ENERGY STAR or LEED office buildings versus their previous non-labeled offices, which translates into a net impact of nearly \$5/SF occupied
- Tenants reported improved productivity, which translated into a net impact of about \$20/SF occupied
- Tenants reported that healthy indoor environments positively impacted staff retention and client image

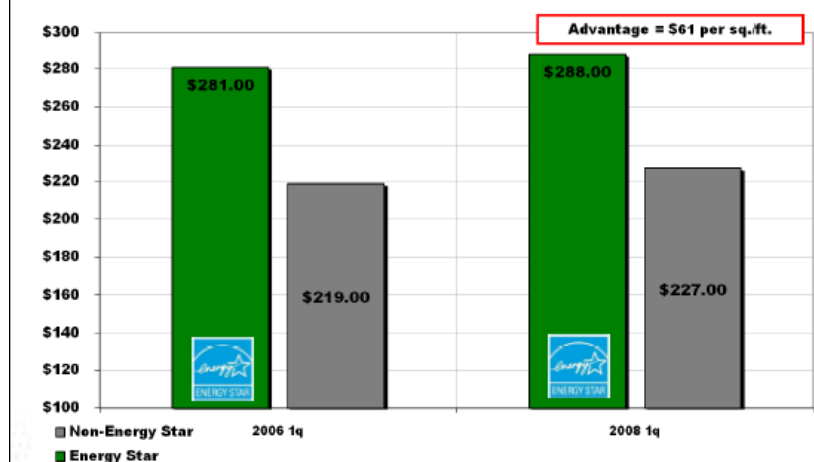
GREATER ENERGY EFFICIENCY:

- ENERGY STAR office buildings use about 40 percent less energy than average buildings— this means \$0.50/SF per year in lower energy costs and average annual energy savings of \$50,000

WHAT ELSE CAN BUILDING ENERGY RATING DO?

- ✓ CREATE JOBS IN A DOWN ECONOMY - BETTER FOR FAMILIES
- ✓ REDUCE ENERGY COSTS FOR BUILDING OWNERS, CONSUMERS, AND BUSINESSES - BETTER FOR YOUR WALLET
- ✓ REDUCE ANNUAL ENERGY CONSUMPTION - BETTER FOR THE ENVIRONMENT

Sales Price / Square Foot – Energy Star Buildings Nationally



Sources: [Does Green Pay Off?](#) (CoStar Group 2008); [Doing Well by Doing Good?](#) (UC Berkeley 2008); [Do Green Buildings Make Dollars and Sense?](#) (Univ. of San Diego and CB Richard Ellis 2009); [Summary of the financial Benefits of ENERGY STAR labeled office buildings](#) (US EPA 2006).

*While these programs have demonstrated positive results in the marketplace, NEEP advocates for a robust building energy rating system designed specifically to measure, benchmark, and disclose energy use. Green building rating systems alone do not always guarantee energy efficiency. Go to [NEEP.org](#) to find out more.