USDN urban sustainability directors network

USDN Sustainability Innovation Report
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Converting Energy Benchmarking Information into Energy Savings

What began as a convening of cities in 2012, supported by the USDN Innovation Fund, has turned into several guidance reports and a second convening of cities leading the way.

USDN members have been leaders in instituting mandatory energy performance benchmarking and disclosure for commercial buildings in an effort to develop information that will increase demand for energy efficient facilities and, therefore, stimulate owner investment in energy efficiency.

When ten USDN member cities met in Washington DC in March 2014 for a two and a half day "breakthrough convening" about building energy performance disclosure, the session was nicknamed "Benchmarking 2.0" because it built on the results of a previous "1.0" convening. That 2012 meeting focused on the design of mandates that require building owners to track and disclose building energy performance and how to ensure compliance. But as more cities put mandates in place, attention has turned to how cities can ensure that performance data is communicated to the marketplace in ways that spur consumer demand and motivate building owners to invest in energy efficiency.

Convened by Seattle, San Francisco, and project partner the Institute for Market Transformation, the 2.0 convening assembled sustainability directors and staff – along with representatives from the federal government, five foundations, and several real estate companies – to explore how building energy benchmarking mandates and audits can result in energy efficiency upgrades.

After studying best practice case studies and discussing strategies, the 2.0 participants – Austin, Berkeley, Boston, Chicago, Minneapolis, Portland OR, New York City, San Francisco, Seattle, and Washington DC – identified a number of key findings in a final report, including:

- **Further understanding of market motivators is needed because energy efficiency alone is often insufficient.** "Energy savings alone are generally an insufficient motivator for many building owners because energy costs aren't a significant enough percentage of operating costs to inspire widespread action to reduce them." Other motivators might be tenant comfort, market competition (for renters), and comparison of buildings' performances.
- **Cities need better engagement and messaging strategies for reaching non-Class-A buildings.** "Effectively communicating the value proposition to segments of the market that have not traditionally prioritized energy performance (tenants, consumers, class B & C buildings, lower-performing buildings) is crucial to the larger success of these programs." In 2013, another group of USDN members, including Berkeley, Boulder, Oakland, Salt Lake City, San Jose, and San Francisco, received an Innovation Fund grant to work with Fourth Sector Strategies on an Office Building Benchmarking Guide for engaging the hard-to-reach. Recommendations include targeting more visible or iconic buildings first and using recognition programs. For more of the findings for non-Class-A buildings see here.
- **Integration of building performance data into real estate information databases is critical.** One goal of disclosing energy performance information is to "enable the widespread integration of that information into the other commonly used real estate data resources and to elevate energy performance metrics (such as EUI and ENERGY STAR score) to a level of public awareness and understanding on par with other standard real estate metrics. To this end, cities are very interested in working to get benchmarking data into online databases managed by private real estate information aggregators, such as CoStar, USGBC's GBIG, and the MLS. Integration of this information is critical for ease of access and overall ability to influence real estate decisions."

- **The effectiveness and potential role for lower cost alternatives to traditional audits should be explored.** Many cities have established requirements for periodic audits and retro-commissioning, in addition to benchmarking and disclosure. While audits contribute greatly to the information about a building's performance and its opportunities for improvement, it is unknown whether (or what percentage) of building owners will act on this information. In addition, audits can be cost prohibitive and may be a diverted investment in some situations. The final report noted, "Software or remote audits, as well as the U.S. Department of Energy's Asset Score, are emerging as potential middle-ground solutions. The hope is that such tools will be able to provide valuable information to augment the benchmarking score with accurate, action-oriented information, but at a much lower cost than a traditional audit."
- **Benchmarking and disclosure policies may not be the best fit for some cities.** "The next tranche of cities to pursue benchmarking and disclosure policies are going to include many that fall in the 'small' and 'medium' size categories. For some of them, benchmarking and disclosure policies will be a good fit. For others, perhaps for those in which large commercial and multifamily buildings don't capture a significant percentage of citywide building stock, another set of policies and programs may be a better fit. Moving forward, benchmarking and disclosure policies should not be universally recommended for every interested city, and research into which policy and program models might work best for small and medium size cities should be conducted."

One of the features of the breakthrough convenings was that leading cities also invited cities considering new policies to the meetings. Both Boston and Minneapolis passed building disclosure policies soon after the 1.0 convening in 2012, with Minneapolis giving strong credit to the convening for shaping its policy. Both Minneapolis and Boston attended the 2.0 meeting in 2014 as policy leaders.

For more of the convening report's findings and next steps to consider, see here.