Testimony of Donald Vigneau, AIA, Building Energy Codes Project Manager
Northeast Energy Efficiency Partnerships (NEEP)
Before the Energy and Technology Committee
In Support of HB 5385, An Act Concerning Energy Retrofits for Certain Buildings and the Disclosure of the Energy Efficiency of Certain Buildings
March 8, 2012

Senator Fonfara, Representative Nardello, and members of the Committee,

On behalf of Northeast Energy Efficiency Partnerships (NEEP)[1], thank you for the opportunity to provide testimony on House Bill 5385, AAC Energy Retrofits for Certain Buildings and the Disclosure of the Energy Efficiency of Certain Buildings.

NEEP is a regional non-profit organization founded in 1996 whose mission is to promote the efficient use of energy in homes, buildings, and industry throughout the Northeast and Mid-Atlantic 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.

Personally, I am a resident of Mansfield, a former Connecticut State Building Inspector, a former local building official in East Hartford, and a Connecticut-licensed professional architect, with 50 years experience in the design, review and regulation of building construction. NEEP **strongly supports this bill**, which directs the Department of Energy and Environmental Protection (DEEP) to establish a program for providing prospective homebuyers and apartment tenants with information about the energy efficiency performance of buildings and homes they are considering either buying or leasing. Home sellers would be required to have an energy audit of their property done, at which time the energy auditor would also provide suggestions for cost-effective energy improvements to the property. Similarly, owners of rental properties would be required to provide prospective tenants with recent utility billing information. This legislation also creates an energy benchmarking program for large commercial buildings, under which building managers can use a simple, available online tool to track efficiency performance over time.

Why Building Energy Benchmarking and Disclosure is Needed

Connecticut has a majority of old housing stock, much of it built before any meaningful energy building codes were in place. **Connecticut's buildings now account for 58 percent of total statewide energy consumption.**[2] Most state residents are living in inefficient buildings (84 percent of our homes were built before 1980, and 45 percent before 1960), many of them expensive to heat through New England winters. Buildings built before 1990 use, on average, 23 percent more energy per square foot than those built subsequently.

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[1] These comments are offered by NEEP staff and do not necessarily represent the view of the NEEP Board of Directors, sponsors or partners.
[2] http://www.eia.gov/state/seds/hf.jsp?incfile=sep_sum/plain_html/rank_use.html

The disclosure of building energy performance data via building energy audits and benchmarking gives consumers the information they need to make informed choices about major economic decisions, and protect themselves against:

- Inefficient buildings and building components,
- Higher-than-anticipated energy bills,
- Occupant discomfort, and
- Unplanned energy renovation needs.

Building energy rating and disclosure will also provide 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 demand for both energy auditors and contractors who can install recommended upgrades stand 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.

Requiring building energy benchmarking and disclosure will also provide Connecticut substantial assistance in meeting its existing energy and environmental commitments. Improving building efficiency has great potential for cutting emissions, since **21 percent of greenhouse gas emissions in Connecticut are generated by the building sector**. Valuing energy efficiency via disclosure and benchmarking is not only an advantage to individual homebuyers and tenants, but a societal benefit for everyone who wants cleaner air to breathe, and will be essential in meeting reductions in the state's greenhouse gas obligations under the 2008 Global Warming Solutions Act (Public Act 08-98).

Benchmarking and Disclosure Enhances Compliance with Building Energy Codes

An effective building energy code policy requires the adoption of a stringent building energy code as a key component of overall codes adoptions, 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 code as well as track compliance across the state or a given jurisdiction.

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 that gain marketability.
- **ENERGY AUDITORS** gain a substantial, sustained new business opportunity and an incentive to innovate on energy efficiency and conservation strategies.
- **CONTRACTORS** will see sustained growth in market demand, providing a more 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's or tenant's potential financial liabilities in the form of higher energy bills in underperforming buildings, limiting their exposure and risk.

Building Energy Rating and Disclosure - The New Norm

Building energy rating and disclosure are not new concepts. They have been in practice abroad for over a decade in more than 30 countries, primarily in Europe and Australia. 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 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 transfer 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.
- New York City, where a requirement for annual mandatory building energy rating and disclosure using ENERGY STAR for commercial buildings was adopted in 2010.
- Massachusetts, which is on track to require energy performance rating and disclosure for new and existing commercial buildings following completion of two pilot programs being conducted by the Department of Energy Resources (DOER); one a home energy rating pilot in western Massachusetts and a commercial building asset rating pilot in eastern Massachusetts.

Additionally, legislative proposals to adopt building energy rating and disclosure policies are under consideration this session in Vermont. Other jurisdictions which require some form of building rating and disclosure include Seattle, Washington, which requires owners of nonresidential and multi-family buildings to measure and disclose energy efficiency performance and San Francisco, California unanimously passed an ordinance requiring annual benchmarking, periodic energy audits and the public disclosure of benchmarking information for nonresidential buildings in February, 2011.

Finally, in perhaps 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.

Conclusion

We strongly recommend that the committee report favorably on HB 5385 and support its passage for the energy cost savings it would afford Connecticut residents, the benefits to our air quality, and the additional economic activity and jobs it will generate in the efficiency and energy services sector.

We appreciate the opportunity to provide our perspectives on why this legislation is vital to the energy, economic and environmental policy goals 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 region.

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Additional Information about the Benefits of Energy Performance Disclosure

Recognizing the need throughout the region to address opportunities to improve energy efficiency in existing buildings, NEEP 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 is gratifying for us to see a number of recommendations from our report included in this legislation.

Based on the findings in our report, NEEP would suggest that benchmarking and disclosure of building energy performance address certain key principles, which this legislation seeks to accomplish:

- 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** in the law. Buyers and renters can then 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.**