City of Ann Arbor

COMMERCIAL BENCHMARKING & TRANSPARENCY

Empowering Ann Arbor's buildings

A²ZERO
EQUITABLE · SUSTAINABLE · TRANSFORMATIVE

Why benchmarking?

In June 2020, City Council unanimously adopted the A2Zero Living Climate Action Plan to achieve a just transition to carbon neutrality by 2030. The plan requires a community-wide effort across all sectors to improve the energy efficiency in our buildings, which account for 68% of community-wide greenhouse gas emissions. But addressing energy consumption does more than reduce emissions – it makes our buildings more affordable to live in and operate, provides superior comfort and improved health and well-being, and supports our local economy through job creation and local investments.

As one leg of a three-part suite of policies, commercial and multifamily energy and water benchmarking and transparency aims to incentivize smart energy efficiency investments in our buildings. On average, commercial buildings use 30 percent of energy inefficiently, and the most energy inefficient buildings use 3 to 7 times more energy than efficient buildings, representing a huge opportunity for investment and resulting savings. Benchmarking and transparency in Ann Arbor could reduce emissions annually by 13,000 metric tons and save our community over $2,200,000 a year.

BENCHMARKING is an easy and fast process that measures a building's energy and water use and compares it to an average for similar buildings. It allows owners and occupants to understand their building's relative energy performance and helps identify opportunities to cut energy waste.

TRANSPARENCY provides credible and consistent information to real estate stakeholders. Transparent data inspires action and incentivizes owners to improve the performance of their buildings.

The policy increases benchmarking and transparency participation to all commercial and multifamily buildings in Ann Arbor greater than 20,000 square feet to scale benefits across the community. The policy will remove barriers to energy efficiency improvements by increasing access to reliable whole-building energy and water data and increasing market awareness of building performance.

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Benchmarking and Transparency in Ann Arbor

The Commercial and Multifamily Benchmarking and Transparency policy includes the following elements. Read through to understand what this policy means for building owners, property managers, businesses, renters, and other stakeholders. Each number correlates to part of the Benchmarking Process summarized on the following page.

1 COVERED BUILDINGS

All non-residential and multifamily buildings over **20,000** square feet will be required to benchmark on an annual basis.
- ENERGY STAR® Portfolio Manager can be used to manage any building, and any commercial or multifamily building can participate in benchmarking and transparency.
- Buildings eligible for exemptions must apply no later than one month before the deadline.

2 BENCHMARKING TIMELINE

Buildings will be phased in so that support and training can be provided. Buildings can begin benchmarking at any time - the following deadlines are the latest date by which the previous calendar year's building performance information must be reported to the City:
- City Buildings larger than 10,000 square feet: **December 31, 2021**
- Commercial and Multifamily Buildings larger than **100,000** square feet: **June 1, 2022**
- Commercial and Multifamily Buildings larger than **50,000** square feet: **June 1, 2023**
- Commercial and Multifamily Buildings larger than **20,000** square feet: **June 1, 2024**

3 BENCHMARKING BUILDINGS

Property owners will benchmark their buildings' energy and water use with **ENERGY STAR® Portfolio Manager** (ESPM), a free and secure online tool that is already used by over 25% of US commercial building space. ESPM uses basic building characteristics and monthly energy and water use to track a building's performance.
- 1 – 100 **ENERGY STAR® Score** is generated for most building types to help assess building performance and identify which buildings offer the best opportunity for improvement
- Buildings with Scores of 75 or higher can earn the trusted ENERGY STAR Certification
- Buildings that start with lower Scores achieve the greatest savings – buildings with scores below 50 save twice as much energy as those starting with higher scores

4 SAVE ENERGY (AND MONEY)

Using ESPM is an operational best practice allowing building owners to establish baselines, set performance goals, track and improve ongoing performance, and quickly identify opportunities across their portfolio for smart energy investments.
- Buildings that benchmark see average annual savings of 2.4%, and 7% over three years

5 INFORMED STAKEHOLDERS

Businesses, tenants, and consumers can easily value efficiency and include energy performance and expected energy costs in their decision making when buying or renting property. Transparency of building performance information through public websites recognizes high performers, inspires action, and incentivizes building owners to improve building performance.
- Buildings can participate in transparency at any time. Mandatory transparency begins in 2026.

For more information visit a2gov.org/benchmarking

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Hart, Zachary. *The Benefits of Benchmarking Building Performance.* Institute for Market Transformation, 2015.

Benchmarking Process

1 Local Jurisdiction

BENCHMARKING: On-going review of building energy performance compared to itself as well as other buildings of similar size

Tenants

Provides space use data

Building Owner/ Manager

Utilities

Provides whole building data

Submits data to local jurisdiction

3

ENERGY STAR® PortfolioManager®

- Fast and easy process, takes 4 – 8 hours once a year
- Free and web-based tool, no out of pocket costs to comply

2 Local Jurisdiction Data Management System

REPORTING: Submitting a building's energy and water use to the City annually

4 Performance Metrics and Report

Individualized and actionable info

Building Owner/ Manager

Identify underperformers in your portfolio and set priorities for staff time and investment capital

5 Public Website

TRANSPARENCY: Public disclosure of specific pieces of benchmarking data

Public