

Building Performance Standards

A municipal tool for equity, jobs and carbon reduction

Building Performance Standard ordinances are a municipal tool to equitably reduce energy costs in existing buildings while creating jobs in the efficient and clean energy economy. Buildings account for about 40% of all energy use in United States, so a BPS is also an opportunity for cities to lead their community on carbon reduction. **Illinois utilities can potentially help your municipality with adopting this approach.**

What is a Building Performance Standard (BPS)?

A Building Performance Standard sets energy use or carbon emissions thresholds for commercial buildings within a jurisdiction. Property owners report actual energy consumption of their buildings on a set cadence (e.g. biennial) or upon certain triggers (e.g. sale or lease of property). Buildings found to exceed their energy or carbon threshold are required to make operational and/or capital improvements to reduce energy consumption and bring the property into compliance. Participation requirements and thresholds are typically differentiated by size (e.g. buildings over 50,000 square feet) and sector (e.g. multi-family rental, office, etc.). Performance thresholds typically target the worst-performing buildings first. The BPS policy may chart stepped reductions over time, coinciding with broader city equity, jobs or carbon goals.

Building Performance Standard Examples

A growing number of U.S. jurisdictions have already enacted a BPS. These include:

- ☒ St. Louis, MO – [Join upcoming webinar June 24, 2020 to learn more; free for city officials.](#)
- ☒ Washington State ☒ New York City ☒ Washington, D.C. ☒ Boulder, CO

Enacting a Building Performance Standard

According to the Institute for Market Transformation, "effectively implementing a BPS requires more than just passing a law."¹ It requires broad and equitable stakeholder engagement during the policy/ordinance development process. Then owners and energy service providers must be engaged in ongoing fashion during operation, with ordinance education and compliance assistance as appropriate. Tools

and processes will be developed for compliance reporting; for example, adopting the [U.S. Department of Energy's Portfolio Manager](#) platform.

Many building energy improvements are low-cost or even no-cost, particularly for the worst-performing buildings. Where capital outlays are required, programs exist to further improve the financial outcome of energy optimization or retrofits. A BPS

can be aligned to leverage incentive programs, such as state-mandated utility energy efficiency programs that provide technical assistance and financial incentives. Property Assessed Clean Energy (PACE) programs currently launching in many Illinois counties can also provide attractive financing for building owners and overcome the owner/tenant "split incentive" hurdle to capital investment.

¹ <https://www.imt.org/why-building-performance-standards-are-gaining-traction/>

Technical Assistance

The Illinois investor-owned utilities are here to help. We are currently exploring partnership opportunities with municipalities to assist with the adoption and operation of Building Performance Standards. In the adoption phase this could include economic impact analyses, stakeholder engagement, policy writing and process/tool development. During operation it could include education, compliance assistance and integration with incentive programs and financing. We look forward to your feedback on this potential tool.