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Energy ratings and the Green Energy Act Backgrounder

Why mandatory ratings makes sense?

- Home buyers need adequate information before they make the biggest purchase in their lifetime - a home energy rating, like the vehicle emission test and fuel consumption rating, will indicate how the house performs. (We already have mandatory emission tests and mpg figures for cars, and Energy Star ratings and EnerGuide consumption figures for appliances to guide consumers.)
- Mandatory audits will give people buying or leasing houses an independent professional assessment of the current efficiency of the house. It will include valuable advice about how to increase the rating through energy efficiency investments.
- With the addition of this information, we anticipate that consumer demand will help drive investments in efficiency before homes are put on the market. This will sustain an energy retrofit industry that will provide jobs and support local economies, while at the same time improving the environment.

Why we support mandatory ratings?

- Green Communities support mandatory home energy ratings for new and existing buildings as a means of building consumer awareness for efficient buildings and accelerating retrofits across the entire housing stock. Our objectives:
 - universal ratings must be accompanied by retrofit advice on how to improve efficiency (Ontario says this will happen)
 - technical integrity of the audit and advice must be maintained (Ontario says the EnerGuide audit will be used, so as long as Natural Resources Canada maintains the quality of this audit, we shouldn't have a problem.)
 - incentives must be continued, and a national home energy retrofit strategy is needed to ensure that audits are converted to retrofits under the new system, including promotion, loans, contractor industry development.

What is in the Act?

- The Green Energy Act introduced in the Ontario Legislature on 23 February provides enabling legislation that will allow the province to require an energy rating on all residences "or other buildings" when offered for sale or lease.
- The provision for mandatory ratings isn't new - The province has had legislation in place to enable regulations for mandatory ratings since March 28, 2006, through Bill 21 - what's new is the Minister's commitment to implement.
- Although not specified in the legislation, the Minister has indicated his intention to use the EnerGuide rating system currently used under the ecoENERGY program, which includes advice to the homeowner on retrofits.

When will this come into effect?

- The Minister hasn't indicated when the requirement will be phased in - he will consult to determine how fast the rating industry can develop capacity. We think it will start to be phased in as early as 2011.

Why realtors and home sellers/buyers should not be alarmed?

- We expect that realtors who are nervous about mandatory home energy ratings will eventually see the value of ratings to their business for the following reasons:
 - Half their client base (buyers) will be happy this information is being provided
 - A high rating can yield a better price - a seller can complete all needed energy retrofits to improve the energy rating before bringing the house to market to improve chances of a quicker sale and a better price.
 - If the rating is low, fortunately it is relatively inexpensive to make improvements -- say in the order of \$5,000 -- certainly much less than the average kitchen makeover. Homeowners are eligible for up to \$10,000 in federal and provincial incentives for retrofits.
 - Home energy retrofits pay for themselves in energy bill savings and increased home value - the audit is a relatively small cost necessary to ensure retrofits are appropriate.

Is there adequate auditing capacity?

- The number of resale homes transactions in Ontario averages under 200,000 a year. The province has existing capacity to conduct in excess of 100,000 ecoENERGY audits a year. Experience shows that capacity can

be developed quickly, especially with the prospect of a guaranteed market.

How will this impact our environmental goals?

- Mandatory ratings are needed to drive the upgrade of Ontario's housing stock for the 21st century and achieve our efficiency and environmental goals, including reduction of the carbon footprint of the housing sector.
- There is a huge potential for energy-related retrofits in the existing homes market. Ontario has 3.3 million attached and detached single family dwellings out of a total housing stock of 4.858 million homes/apartments in Ontario (2005 stats). Of the single family homes, 2.1 million are pre-1983 vintage with potential of CO₂ reduction of 3 tonnes per home per year.

Are there other jurisdictions that require mandatory building performance ratings?

- Following the EU Energy Performance and Buildings Directive issued in January 2003, energy performance certificates are being made mandatory across Europe. All members of the Union have enacted the necessary laws effective January 1, 2009.
- In the UK, since December 14, 2007 all homes coming to the market required a Home Information Pack which must include an Energy Performance Certificates. It became applicable for landlords from October 1, 2008. Over a million ratings have been completed.
- In Germany, homes built before 1965 being sold or rented required energy certificates from July 2008. It was extended to cover all homes from January 2009, and will be required for all buildings (i.e. office and non-residential) from July 2009.
- Energy Performance Certificates cost around 100 pounds in the UK and over 150 Euros in Germany. This does not include an air leakage test.