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## Briefing Note on Changes to EnerGuide Rating System (ERS)

On June 3, 2008, the CHBA was advised by Natural Resources Canada (NRCan) that changes are being made to the ERS software (HOT-2000). These changes will have cost impacts on R-2000 builders and those participating in ERS-supported new home labeling initiatives. It will also affect builders using the ERS to rate new homes. This situation highlights an area of concern referenced in CHBA's assessment of ERS as a regulatory tool – that NRCan will, without consultation or oversight, continue to make changes to its software that increase building costs and potentially place new home builders in a difficult position in regards to sales agreements that are in place.

The changes involve two areas of the software:

- Weather data is being updated to reflect the period 1971 to 2000, rather than the previous period of 1951 to 1980. The impacts of this change vary across the country, but according to NRCan, it generally has the effect of increasing a home's rating level slightly.
- Efficiency benchmarks for fuel-fired equipment are being revised to reflect changes in equipment regulations. This change will have the affect of decreasing a homes rating level more substantially.

While the specific impacts on a home's ERS rating will vary depending on location and construction, the overall impacts will be to lower ratings. According to the information provided by NRCan, the following impacts can be expected:

- 1) For new houses with EnerGuide Ratings of 70 to 82, the adjustments will lower the ERS rating by 0.4 to 3 points for natural gas heated houses. For oil heated houses, the change in rating is less than 1 point. For R-2000 homes, the ERS changes by 0.3 to a maximum of 2.0 point depending on the location.
- 2) NRCan indicates that it conducted a cost impact survey of the changes on homes that would be built to meet ERS 80 in NS, NB, ON and BC. According to NRCan, the cost increment ranged from \$450 to \$1,100 per house (gas-heated).

For reference, a home built to the current ERS 80 reference level could require approximately a 10% increase in energy efficiency to achieve the same rating with the new software, in locations where the impact was the greatest.

Additional background information on this situation is as follows:

- According to NRCan, these changes have been under development since 2006, and the various service organizations involved in using HOT-2000 or delivering ERS services have been aware of them for the last year. This would include provincial HBAs directly involved in these activities.

- CHBA learned of plans to use the new weather data in 2007 and wrote to NRCan requesting that the R-2000 Builders Committee be consulted, and the revised software tested, prior to implementation to ensure it would not affect R-2000 builders adversely. The CHBA subsequently received this assurance. However, changes to the software appear to have moved forward without such consultation.
- NRCan never advised the CHBA of the pending, and more significant, changes to fuel-fired equipment efficiency benchmarks. The CHBA learned of this change in response to an enquiry sent to NRCan on June 1, 2008.
- While NRCan license service providers were made aware of the full scope of the software changes in 2007, CHBA did not receive this information. The CHBA is not sent ERS Information Bulletins by NRCan, because it is not a licensed service provider, and despite the Association's request that it be provided with this information.
- To date, NRCan has provided the CHBA with no information on the potential impacts of this software change in provinces where ERS levels are referenced in provincial Building Codes, and for which current equivalent prescriptive requirements may now be incorrect.
- NRCan also provided no information concerning which version of HOT2000 is utilized by those provinces that have inserted ERS requirements into their Codes.
- It also remains unclear which version of the software applies to the various ERS-dependent programs operating in each province. In its correspondence to the CHBA, NRCan stated that the "Time frame for implementation has been set individually with each service organization." This timeframe information has not been provided by NRCan.

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