Home Performance with ENERGY STAR Stakeholder Meeting
April 13, 2011, Washington DC
Summary and Notes

Summary of Key Themes of Feedback

Feedback Session 1: Home Performance with ENERGY STAR Definition and Program Design

- A need for a standardized label which has the same recognition as the ENERGY STAR label
- Making Home Performance with ENERGY STAR a Product, not a Process
- Developing a Pathway to ENERGY STAR that allows consumers to take steps toward energy improvements
- Need for standards on energy calculations
- Leveraging existing demand
- Educating and marketing consumers to grow the demand
- Focus on quality: quality installation, quality testing, quality product
- Capturing the urgent replacements: capitalizing on major opportunities for energy improvements
- Developing market confidence on non-energy benefits

Feedback session 2: Home Performance with ENERGY STAR – the Name

- Tie to ENERGY STAR brand is key to success of program
- Home Performance with ENERGY STAR name is also owned by stakeholders who have invested in this program
- Educating consumers is key to scalability of the program
- Co-branding is important to those investing in the program
- Contractors participate because they believe they will get more work
- Outreach and marketing needs to be more dynamic and flexible with the market

Feedback Session 3: Home Performance with ENERGY STAR – Leveling the Playing Field

- Standardizing quality is of high importance to the industry

---

Update on Program Transition to DOE and Questions

Program Transition

- HPwES will transition to DOE as of Oct. 1st
- Name Change:
  - Will DOE do any type of assessment of what will work in the marketplace? **YES**
  - If name is changed, will the new name be included in communications plan? **YES**
  - Why does the program need to change as part of the transition? **The program does not necessarily have to change but both DOE and EPA believe that the transition is an opportunity to evaluate the program and find out how it should evolve. In addition, the Sponsor Guide is being updated currently. Therefore, this is a good time to get feedback on the transition to DOE and on how the program should change.**

Feedback Session 1: HPwES Definition and Program Design

Home Performance with ENERGY STAR – Defined

Discuss options for **how to improve <u>program design</u> to achieve the stated goals and objectives. This session should result in clear feedback that will help define the program as it is transitioned to DOE. Options being considered include:**

- **Align with Better Buildings Program to target total energy savings of at least 15% on each retrofit.**
- **Develop HPwES packages of impr**ove**ments** that will result in high performance homes.
- Encourage comprehensive improvements that address all aspects of a house performed by a certified workforce.
- **Options Presented Included:**
  - **Align with Better Building Program** to target total energy saving of at least 15% on each retrofit
    - Number may vary depending on region or geographic location
    - Better Buildings – Grant program
      - Mostly residential energy retrofit programs
      - 15% energy savings from retrofits comes from Better Buildings
      - Must benchmark home and create target
  - **Develop HpwES packages of improvements** that will result in high performance homes
    - Similar to Builder Option Packages of ENERGY STAR New Homes
    - Improvements may not be comprehensive. No benchmarking would be possible if modeling is not done.
  - **Encourage comprehensive improvements** that address all aspects of a house performed by certified workforce.
    - All upgrades would be comprehensive but would be more expensive.

Leave Program as is: Provide a comprehensive home energy audit (test-in) and test out after home improvement services are delivered.

Stakeholder Feedback

- **Labeling/Certification**
  - The Program should result in a home becoming **labeled or certified** possibly using a tiered approach. Conversation should be less abstract because a variety of these options have already been used, i.e. **Home Energy Score and Energy Performance Score**.
- **Standard Model**
  - We need to come up with standard model and become more unified to ensure consistency across the nation and reduce risk to stakeholders.
  - Concerned about going to standard model. Building stock within a state is so varied. NYC homes vary significantly from upstate NY. Would strongly move away from standardizing models.
  - Housing stock drives which model should be used. It is not selling a process, it should be selling a product. HPwES is a product and not a process.
  - Issues of design lead us to think about the real purpose of HPwES. These practices will not be moved away from in the various states. Ex. California has already moved away from HPwES and isn't even being used as subsidiary brand. It's not necessarily appropriate for DOE to narrow range of models used. Models are being committed to by variety of states. What are we really trying to accomplish?
- **Product versus Process**
  - Take a big step back. The actual goal: 1 million homes by 2013. Talk about selling on other merits? No real connection between all those transactions in the home and people in the home. Some improvement is better than none. Don't let the perfect be the enemy of the good. Full home upgrade shouldn't necessarily be only option.
  - **Importance of Communication to Program Sponsors:** There are a lot of different programs developing in creative ways. Can DOE become consolidator of what has been done? Information from utilities should be consolidated and DOE should be dispersing information. Information is not getting to sponsors; Sponsors need to know what is working in markets
  - Sounds like a production model is needed to reach goal of one million homes. Human nature plays a part in this process. There are regions with price points (eg. Northeast). It **cannot be one size fits all**.
  - Many states will have cost effectiveness test. Half of programs being run will have a variety of programs that are eliminated by cost effectiveness test. It will be **extremely difficult to standardize across the country**.

National standard does not seem to be best approach. Can programs be defined by sponsors?

- **Comprehensiveness is a goal and not a requirement**. Homeowner in the end will choose what they do**.** Packages are restrictive to the program. Incentives could be based on package requirements, but should not be restrictive.
- Market is in **experimentation phase**. By defining boxes, this will stifle innovation and program development. There are large differences between ENERGY STAR process and HPwES. It is not necessarily a product but it is **a service from customer perspective**. The service needs to be defined as high quality.

- There is no naturally existing market whole house program. Goals are set on **multi-tiered goal** and not on a whole building approach. Programs and projects need to be staged over a period of years. A home performance job should not be all or nothing; **Should not insist that one transaction rules entire process**.
- Don't stifle innovation with different programs; need to look at where the Federal Government can add value: **standardization of labeling and calculating energy** savings. Need to leverage private investment and financing. Consumers are not educated on knowing what they will get.
- Create relatively even playing field. QA &QC. Then focus efforts on what market needs, which is some type of score used for financing. There is a need for consumer demand for label.
- Great programs are being run based on current HPwES program but cost are covered programmatically (WAP). How can program be sold to market rate consumers? DOE should focus on creating marketing plan. The biggest challenge is "what is HPwES program". What is the service we are trying to sell? Program needs an elevator speech: explain to consumers in 30 seconds.
- **Need to drive demand**. Customer needs to understand why they should invest thousands of dollars. Standardization of marketing and education practices (DOE). Standardization of HPwES can be included in **green MLS**.

Defining the Program

- ENERGY STAR isn't on HVAC duct systems or insulation. **Labeling needs to be on individual measures** and not the whole system.
- Name came from it being a process and not a product. Can we turn this into a product and not a process? Maybe around 15%. Stay away from packages that are being discussed because it is too difficult to make decisions from DC and expect states/local groups to follow suit. Simplification will help program. Needs to be marketed and sold.
- Lowes is in the mass market. Success of ENERGY STAR products **leverages existing demand** for a product. Convenient step-up; is there a similar dynamic for HPwES that also has a value proposition to consumers? This needs to get to a **production level**.
- Brand needs to be used to leverage options for roofing, insulation work, etc. There is a lack of confidence in homeowners when bringing in contractors to do work. ENERGY STAR recognizes **quality is important**. Existing homes program needs to recognize quality.
- Consumers believe utilities and DOE over contractors in the field. HPwES leads to energy savings and comfort. Half leads come from referrals, which are based off of comfort and not energy savings. **Education** needs to be developed based on comfort. Needs to be based on word of mouth because there are many areas that do not know HPwES. Very small niche in market that want to do major energy upgrades. Market has large demand for air sealing.
- **Capturing the urgent replacements:** If furnace dies, HPwES needs to take advantage. Whole house assessment needs to be done to plan into the future.
- How is program evaluated? Most programs here just barely make existing requirements for HPwES. Program that is designed needs to be able to be widely implemented.
- Energy efficiency is an unsellable product to homeowners. Program needs to **develop value to sponsors and contractors**. What is value of HPwES, that is different from sponsors and contractors? Comfortable, healthy and energy efficient. Contractors are looking to make money and that can be capitalized upon.

- **Defining a HPwES Job:** Start with a base of work that needs to be done for HPwES job. Further work can be done, but not needed to be a HPwES job initially. This needs to make traction in the market and be understood. Air sealing, duct sealing and insulation is a good starting point.

Defining job aspects: How are air sealing, duct sealing and insulation defined? Should DOE define the criteria to meet these or just say they need to be done?

- **National Push is Needed.** Incremental improvements may never get us where we need to go. Programs around the country are way ahead of the national program. Programs are already defined and will not listen to the national push. HPwES could be turned into crusade with ultimate goal of drastically improving energy efficiency of every home in the US. California has long term goal of 80% improvement for every home. People and utilities can take credit for doing some type of energy improvement. Program is based around **path** to a goal.
- HPwES job should have **quality** along with **education**. Barrier is thousands of contractors that will undermine sale. Part of building up to million homes is education.
- There needs to be **standard procedures** for jobs that are just HVAC or insulation. HPwES is process and needs to be packaged with score or evaluation tool. Label can be made based on any incremental improvement. There needs to be a vehicle for those individuals that want to do a phased multi-year approach.
- **As a new sponsor:** First company in Florida with HPwES. If the program isn't broken, do not fix it. Let partners develop programs based on region. There are packages that work, but just need to be based on regions or areas.
- Funders are usually utilities or state legislatures. Helpful to define some of the testing metrics so that we have confidence that building upgrades are actually achieving results. **Energy Efficiency competes against all other investments PUCs are making**.
- Evaluation and cost effectiveness drive incentives. HPwES have high front end costs. Customer evaluation of non-energy benefits, which are appreciated more than energy benefits. Federal government should work to **develop more confidence on non-energy benefits**.
- **Contractors participate because they believe they will get more work**. Need to get more contractors participating. All regional programs would exist through sponsors without national program. **National Program is here to enhance regional process**. National program needs to simplify brand for contractors to be able to explain program. Create system to acknowledge achievements (Home Energy Score). There should be steps along the way, which could be badges. Badges could be used like Eagle Scouts. After all badges are achieved a home could be certified. If a home is certified it means something in the market place.
- There are a lot of various software packages that are being used. **A badge for software needs to go out to market**.
- DOE should not try to do too much or over-prescribe. Have standards, QA/QC, means of measuring results
- Start with inspiring true believers; who has bought energy star appliance? Contractors need to be inspired and buy in.
- **Question Posed to Stakeholders:** As programmatic efforts, is it worthwhile to continue with HPwES? **There is a general agreement that HPwES as a program needs to continue.**

Feedback Session 2: Home Performance with ENERGY STAR – The Name

Discuss current and future strategies for how to improve **communications** to achieve the stated goals and objectives. Participants should be ready to provide feedback to DOE and EPA on the following issues:

- Discuss use of the **"ENERGY STAR"** name as a part of the program by program sponsors, contractors, consumers, and other stakeholders.
- Discuss use of ENERGY STAR to promote home performance versus ENERGY STAR as a **label indicating performance achievement**.
- Discuss options and process for developing and implementing a **new program name**.
- Evaluate how stakeholders use existing HPwES **cooperative marketing materials and tools**; and gauge need for additional marketing tools for program sponsors and other stakeholders

---

Stakeholder Feedback

Brand/Name Recognition

- **Ensure materials meet basic legal requirements.** Due to legal department, the materials are not able to be used in Michigan. The content and outline are very valuable, but does not fit the legal requirements.
- No brand has nine syllables. Drive demand through marketing; national program not currently driving demand. Core principal: Use private sector to deliver public benefit. Mistake to not have strong set of criteria. **Brand needs to be easily remembered and represent a set of attributes.** DOE has to oversee attributes
- Marketing needs to be revolutionized. In the field, it was never about marketing. First year with a marketing campaign there was a large number of jobs reported despite no incentives. Conduct **research on what works for consumers**

Using ENERGY STAR in Program Name

- **Do not lose ENERGY STAR recognition**, because it resonates with Homeowners. This attracts contractors that can be recognized by a connection with a national program.
- Promoting behavior change. **There are a lot of data based on what drives demand**. The fundamental observation is: Situational factors are the primary drivers of behavior. It is important to have prompts. Focus on training partners on how to drive behavioral change.
- There is a growing number of ways to use behavior-based tools. We can affect behavior based triggers.
- HPwES is a cumbersome name. We should be looking at if there is a better name. Possibly use Home Star.
- **Significant investments already made in "HPwES" name:** Home Star has connotations of big incentives. There is not enough money to offer large incentives. They've invested (along with contractors) a great deal in the name "HPwES". Utilities need to be involved in this process because they will be fronting the money.
- We should start on a clean slate. There is no marketing or consumer demand currently around HPwES. For consumers, the transition will not be confusing. Take all of the lessons and tools from HPwES and help contractors transition to new brand.

Response to Possible Shift to Better Buildings name:

- ENERGY STAR is the most recognized brand. This should not be deviated from entirely. ENERGY STAR will also not be changed with changing administrations.
- Everyone knows what ENERGY STAR means. Home performance could be "getting to ENERGY STAR".
- The greatest value that the federal government could bring to the retrofit market is the ENERGY STAR name.
- The ENERGY STAR brand belongs to stakeholders and not the EPA.
- **Stakeholders don't want to be told they cannot use the ENERGY STAR name**. Better Buildings is a bureaucratic name and not a good consumer brand.
- "It sounds insane" that EPA is telling DOE that ENERGY STAR can no longer be used after a year. It makes sense to get homeowners on a path to a long-term goal. ENERGY STAR is what homeowners sign up to do and not to the program. There are a number of ways to achieve final goal, but sign up for path. **ENERGY STAR has a third party, good government connotation that can be used by contractors.**
- If name is grandfathered in, in certain states, we lose the ability to use word of mouth as a driving factor
- The public service campaigns for ENERGY STAR were very effective – funny, and got people thinking. A national campaign could be useful.
- ENERGY STAR has already been branded, so it is a tough sell to rebrand another program. There is more latitude when a national brand is attached to something. We are trying to simplify concept of home energy savings and comfort. **It doesn't make sense to be dividing new homes and existing homes.**
- Referral networks works for contractors and Google ad search; need to engage the consumer so a national portal, like Angie's list for HP contractors.
- Co-branding strategy is not an either/or. It is very difficult to have a national market for products that are made on a regional basis. How can federal government add value to ENERGY STAR label even when cobranded? There should be a national based incentive based branding strategy.
- We are not talking about a brand, but a co-brand. The ENERGY STAR label stands for the set of attributes to which partners are willing to build their program. Consumers that have a Home Performance with ENERGY STAR job are ecstatic upon completion, but it is the initial decision that is difficult for sponsors.
- Home Performance is adhering to a set of processes. There aren't metrics that are being adhered to.
- Possibly use the term "ENERGY STAR Upgrade". The homeowner gets this national recognition, which is a mix of the process and product. Could this be tied in with the Home Energy Score.
- There is interest around the ENERGY STAR New Homes requirement. Is a delta possible for HP jobs to earn ENERGY STAR? *(A delta could create problems with regionality and the implementation with contractors.)*

Cooperative Marketing Materials and Resources

- **One on One Support for Sponsors:** very helpful. There is a discovery process that small groups go through. If there was a point person to direct new programs to.
- Being that it is a national program and there are individuals (e.g. Chandler) to point groups to, gives the program value.
- **Financing Guidebook:** The case studies are the most successful part of guidebooks. There must be some way to keep it up to date.
- Different states and different utilities have various lending laws. These are not included.
- **Home Energy Magazine:** Really like the business development guide. The most important part is keeping this tool up to date. Instead of being an annual guide, this should be a monthly "column".

- **Regional Contractor Recruitment Workshops:** New modalities that can be used (i.e. web outreach, ACI site), that are not face-to-face contact.
- **Contractor Sales Workshop:** Sales book template is available and sales training for contractors, but is needed more often. There is interest in webinars.
- California does 2 day sales training. They use role-playing, which is very helpful. Trainers guide role-playing.
- It is important, when doing trainings, to stay away from technical sale. Technical stuff isn't as important, but it is easy to sell comfort.
- **Sales analysis tool (Disaggregation tool):** Not many are aware it exists
- **HPwES Newsletter:** Is helpful for those starting up a new program. Few know that they receive the newsletter.
- **Century Club Plaques:** This is of high value to contractors.
- **ENERGY STAR awards:** No feedback

Feedback Session 3: Home Performance with ENERGY STAR - Leveling the Playing Field

Discuss how to utilize and improve new **tools and resources** to achieve the stated goals and objectives. This session will allow participants with an opportunity to provide feedback on current and potential tools and resources developed by DOE and EPA:

- **Workforce Guidelines** : Workforce guidelines for home energy upgrades
    - Voluntary guidelines
    - Two components – The work and the workforce
    - Standard work specifications
        - Performance spec.
        - Could be incorporated in HPwES for QA
    - There must be some quantifiable quality assurance. The reason ENERGY STAR must strictly review label use is because it must maintain the notability of the program.
    - Spec must be revisited and updated annually
    - Intended to apply to both DOE funded weatherization projects and HPwES
    - DOE should work to make this comprehensive package. Contractors can work seamlessly across programs.
    - Training activities are not being dictated
    - These Workforce Guidelines reference all other technical standards
    - This is at least a baseline for quality

- **Home Energy Score**: Quality assessor will come to home and assess major energy systems.
    - Pilot Stage
    - BPI or RESNET certified to assess
    - Home owners are being surveyed
    - Where is there room for improvement?
    - This will be launched nationally late in 2011.
    - Could be an evaluation tool for HPwES
    - Main motivation is to get homeowners to make investment in upgrades

- **Indoor Environment Protocols**
    - Improve the quality of work in this industry.
    - Help achieve healthy homes wherever possibilities arise, along with "do no harm".
    - "Do no harm" guideline and the additional expanded guidelines

    - These are minimum recommended practices but would like to make it an additional incentive for contractors.
    - Do not necessarily have to prove that guidelines are being met, by transforming into specifications.
    - Plans to have checklist for Health and Safety protocols

- **Better Buildings**
    - 34 grants launched last summer
    - 6 additional added
    - Case studies will be released of four grantees.
    - Betterbuildings.energystar.gov
    - Can only ask grantees to report. Most grantees are not utilities and have overlap but are not collaborating with HPwES sponsors

---

Stakeholder Feedback

- **Workforce Guidelines:** Envisioned to apply to WAP and Home Performance with ENERGY STAR, but no decisions have been made as to how/when it will be incorporated. IRS could consider requiring contractors to follow guidelines for tax credits
- Work Quality should be the same regardless of whether is it a market-based job or a weatherization program job. Quality should be consistent across the board
- **Health and Safety Protocols:** Contractors want this; a primary driver in their sales pitch and they want to be confident about their work

---

Closing:

DOE will keep open a long comment process. If the HPwES name is changed there will be focus groups and a comment process. The reason for the transition to DOE is for the financial resources available at DOE.