

Comments Via E-mail From Mark Daigle, Tilson Home Corporation

Thank you for the opportunity to comment on the proposed revisions to the Energy Star Program. We are a volume builder who constantly seeks ways to improve our product and the efficiency of our homes. After reviewing the proposed revisions, following are comments, questions, and suggestions:

Extension of the timeline is needed. With the EPA providing the new standards in September of 2005, and implementing the requirements in July of 2006, it does not provide builders sufficient time to adjust to financial and logistical concerns. The software needed to rate the plans is still under development, or at least not yet available to our HERS rater (one of the top in the industry). Therefore, with the change in the model home in the software going from a MEC home to a home using the 2004 IECC, there will be a number of issues to evaluate, especially for volume builders with large plan portfolios. As a builder who builds in multiple climate zones across Texas, we will have to reevaluate our entire portfolio for compliance, a lengthy and expensive process we just finished in planning to convert to Energy Star, as a standard, prior to the proposed new requirements being released. Currently, our plan raters do not have the software, thus ability, to address this issue. Cycle times can range up to 9 months from the time of contract, and therefore it does not allow the builder sufficient time to consider available options or alternatives, do thorough research, and make purchasing decisions which will affect the homes by July. In addition, while manufacturers' attention is focused on working hard to convert to 13 SEER equipment as a new standard, there is more than a reasonable concern that availability of the 14 SEER equipment will be a problem, as well as it being affordable, so early in the retooling process. The manufacturer has still not released the firm 13 or 14 SEER pricing based on volume. Given the late release of the evaluation software, the change of the modeling home, the logistics of reevaluating portfolios, already mandated change to 13 SEER equipment, the need to reconsider purchasing decisions, the time frame should be extended to January 1, 2007.

Clarification of the timeline is needed. This is extremely important given a builders' cycle time from contract to start to close. Is the July 2006 date July 1st? Does the requirement apply to homes sold on or after July 1st, starting construction on or after July 1st, or being certified on or after July 1st? Our recommendation is to extend the dateline to January 1, 2007. If not, then to homes sold on or after July 1st. A home starting on July 1st may have been sold in March of 2006. A home being certified would have been sold much sooner, thus not allowing the builders sufficient time to make the necessary financial and logistical decisions to carry out the program effectively. As stated above, it would be best to extend the timeline to January 1, 2007. As an alternative, a clear definition that the time line applies

to homes contracted (sold) on or after July 1st, 2005 is necessary.

Requiring 14 SEER in conjunction with the newly mandated move to 13 SEER is unreasonable from an affordability view point. With the industry moving to 13 SEER A/C equipment as the new code mandated standard, and thus a code mandated increase in housing cost, requiring a jump to 14 SEER equipment from the existing 12 SEER (using performance based methods) is too much of an increase in too short of a time span to make it affordable and palatable to for a customer and/or builder to bear. Again, while we have preliminary pricing, we still do not have the permanent pricing release from the manufacturer. Indications are there is a significant increase to 13 SEER, and a substantial increase to 14 SEER. If the program is not perceived as affordable by the builder and/or the customer, it will quickly undermine the use of the program and severely reduce its effectiveness. Recommendation is to use 13 SEER as the standard for 2006, and consider 14 SEER for 2007.

Clarification is needed regarding batch testing as it relates to the thermal bypass checklist. For volume builders where batch testing is allowed, is the thermal bypass checklist required on each home, or only on the batch tested home? If it is required on each home, who is responsible for checking the list when batch testing is involved? If the HERS rater is required to complete the list, costs again escalate. If the builder is required to complete and document the list, costs escalate as well. Recommendation is to allow the use of the thermal bypass checklist on only the batch homes only when batch testing is used.

Clarification is needed regarding the insulation of the 2006 HERS reference home. It is our understanding that the reference home in the HERS software will be a 2004 home. Since the software for rating the plans has not been released or at least made available to the raters, builders (and raters) do not know what the insulation levels are. Therefore, the information needs to be clarified to assist builders in making the decision to implement or continue Energy Star. What are the insulation levels of the model HERS reference home?

Clarification is needed regarding Energy Star qualified thermostats with "ramp up" technology". Energy Star qualified / labeled programmable thermostats are available and feasible. Thermostats with "adaptive recovery", which allows a thermostat to consider past performance of the system and adjust automatically to meet preprogrammed settings, are available, but at additional expense over the standard. Our A/C contractors and manufacturers inform us "ramp up" technology typically refers to the A/C equipment itself. Requiring the use of equipment such as A/C condensing units and blowers with "ramp up" technology at this time will, by itself, render the program cost prohibitive.

Recommendation is to require simply an Energy Star labeled thermostat, in lieu of an Energy Star labeled thermostat with adaptive recovery or “ramp up” technology.

Water Heaters- increasing the water heater efficiency requirements from the current standards and/or requiring direct-vent/sealed combustion or power vented water heaters again adds significant cost to comply with the program. Current water heater standards do not pose an issue of combustion safety when installed per the manufacturer’s specifications. Recommendation is to delete the requirement and maintain the current standard to avoid adding additional unnecessary cost to implement the program.

We recently completed an investment of substantial time and resources in investigating the Energy Star program as it currently exists and preparing for its use as a standard in our homes. As a volume builder building a similar product over multiple climate zones, it has been a challenging process to say the least. Now that we are finally prepared to proceed and have just started certifying homes as Energy Star, with the intent of certifying 100% Energy Star, the program requirements are changing to the extent that it will be necessary for us to reconsider our position due to the cost of meeting the proposed requirements versus the perceived benefits provided in the form of additional sales. Unfortunately, due to the wide service area in which we build, we are unable to benefit from some of the incentives offered by the larger public utilities participating in the program in our area. Although we are a volume builder, we do not have a large concentration of homes in one utility’s area; the volume is widely scattered over numerous utilities, most of which do not participate in Energy Star. Therefore, our increased costs simply make our product less competitive in terms of price. Perhaps the Energy Star program personnel could assist us in overcoming this issue. We are a market/customer driven company, and the feedback we are getting from consumers at this time indicates there is not a mandate to move to Energy Star simply for the utility savings; the product must maintain affordability. Currently, if you ask a customer if they would like a more energy efficient home, they will all say yes. If you ask them if they are willing to pay more for your home, simply because it is more energy efficient, you do not get such an overwhelming response. While we value energy efficiency, it must also be balanced with affordability to maintain the ability for the average consumer to afford the product improvements being mandated. Current thinking in the market place often considers the cost of an improvement or code change as what it cost the consumer if it is amortized over the life of a 30 year mortgage. Not all consumers relate the cost increase in the same way. Research by the Texas Association of Builders indicates that increasing the price of a home by even \$ 1,000.00 significantly reduces the number of persons able to afford the home by several thousand. Although I was unable to secure the specific number by the time of sending this to you, I would

encourage you to contact Kristi Satterfield, Executive Director of the Texas Association of Builders, or her staff, at 512-476-6346 for the specific information; it is in the thousands and is a very sobering realization.

We support your program in general and the need for more energy efficient housing. We pride ourselves on the fact that we were already in compliance with the current Energy Star program without having to make product changes to our existing specifications; we simply needed to enroll and go through the extensive portfolio plan review and verification processes. We strive to be an industry leader in building better homes for our customers, and we need your help. Let's work together to implement a program which is reasonable and affordable to the general public, and which will assist our nation's need to reduce and level out energy consumption. Help us by providing us the tools in the form of achievable goals, using reasonably established improvement/performance standards, and sensible time lines so we can make the choice to support Energy Star easier for both us and our customers to make. Please do not hesitate to contact me with any questions or comments. We look forward to your response and next revision of the proposed program for 2006.