

Dear Diary.....A Year In the Life of a Program Sponsor's Transition to V3

ENERGY STAR Sponsor Meeting

Tom Hines, APS

April 2011

Baltimore, MD



What I'm Going to Talk About.... More Than I Thought!

Pre March 2010

Hid Head in Sand

March 2010 – Partner Meeting

Hosted meeting, forced to face reality

Great conversations, brave faces, lots of concerns.

Summer /Fall 2010 – Getting Builders Ready

HERS Rater Event/Specs

Builder Breakfast

Southwest Builder Show

Since Then – Getting APS Ready

Contracts/Regulatory

Preparing Training

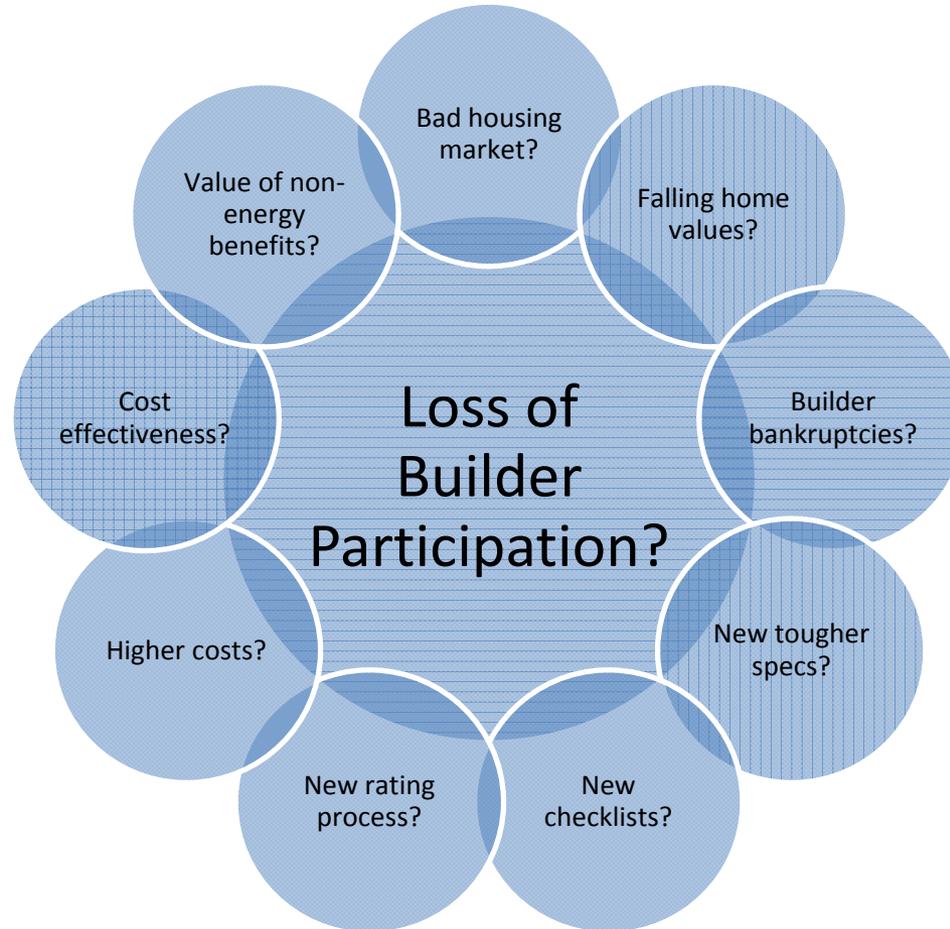
Developing New Collateral

Background Information

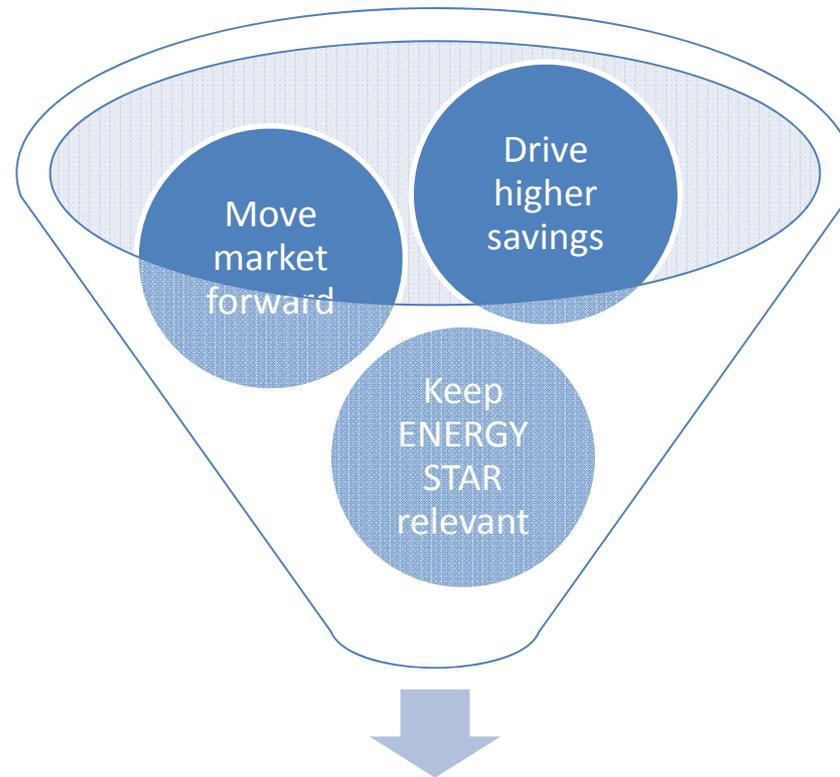
- APS Service Territory
 - 11 of 15 counties in Arizona, very diverse
 - 1.1 million customers/Half of Phoenix metro area
- Housing Market Dynamics
 - Dominated by large production builders
 - 65,000 permits (2006) to 6000 permits (2010)
 - January 2009 = 23% participating bankruptcies
 - APS ENERGY STAR Homes kicked off 2006 (V2)
 - Quickly gained market share > 50%



March 2010 – V3 Concerns!



Why We Believed in V3!



Good Building Science!

HERS Rater V3 Roundtable Event

- What?
 - Working meeting, offsite, held over lunch and into afternoon
- Who?
 - Participating raters – DRW, EI, EFL
- Objectives?
 - Align understanding of V3 specs, how applied to SW construction
 - Develop common messages for rolling out to builders
 - Discuss critical details and potential concerns
- Outcomes?
 - Learned a lot, impressed by our raters homework to date
 - Synched up on many details we had questions about
 - Issued joint letter to EPA for clarification of details
 - Developed plan for builder education event
 - Achieved unprecedented rater cooperation

Fall 2010 - Introducing V3 to Builders

- Rater presentations
 - Coordinated approach
 - Better alignment in messages
 - Helped avoid confusion
- August 26 Builder Breakfast
 - 'No Way.....HBACA!'
 - Builders paid to attend – over 100 attendance
 - Presented with all raters
 - “Positive spin” – why change is good
- Fall Southwest Builder Show
 - Had fun – fortune teller in booth
 - Lunch sponsorship “HERS 70 Club”

Since Then – Getting APS Ready!

- Program Design/Regulatory
 - Updates in 2012 Implementation Plan Filing
 - Incremental Cost and Savings Analysis
 - Proposed Incentive Structure
 - Meets V3 = \$1000 rebate/minimum required for solar
 - Exceeds V3 = \$1500 rebate for HERS 60
- Legal/Contracts
 - Finalizing new builder agreements
 - Specifies new requirements and incentives
 - Letter being drafted to all participating builders
 - Challenges with V2.5/V3 timing, permit dates

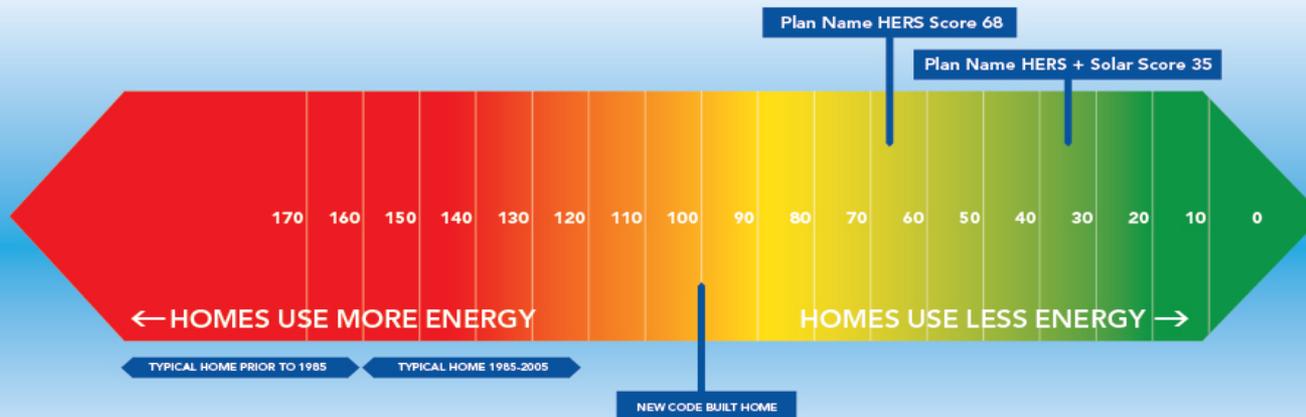
We Need to Sell Value!

BUILDER LOGO HERE

Community: Name
Plan: Name

How does your home compare on the EnergyScale?

The EnergyScale helps you compare the energy efficiency scores of new and/or existing homes. Lower HERS Score numbers mean less energy costs to operate the home.



The Energy Scale is based on the well established Home Energy Rating System (HERS) index, a scoring system established by the Residential Energy Services Network (RESNET). For more information please visit www.energystar.gov.



Work with Your Builders on Buyer Education



Builder Outreach and Training

- Updating curriculum to include new checklists and details (Advanced Energy)
- Meetings with 12 key builders this month
 - Identified need for “WHY” event –
 - Explain the reasons and benefits to builders behind V3 changes
 - Best way to achieve buy in
 - Identified builder concerns that “their competitions’ rater is easier”
 - Rater workshop - specify what we expect for each detail

Checklists for Each Subcontractor



CHECKLIST:
FRAMING

SUCCESS WITH ENERGY STAR®

Pre-Check

✓	✗	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. Work site is clean and materials are in good condition before proceeding.

Builder Verification

✓	✗	
<input type="checkbox"/>	<input type="checkbox"/>	Stop work until details are corrected

Builder Signature	Date
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Self Check

✓	✗	N/A	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1. Install framing to allow clearance to achieve a min. of 75% of attic R-value over exterior top plate.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Install a full R-value everywhere except for exterior top plates of walls.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. All walls separate condition from unconditioned space must have (recommended rigid air barrier) six sided assemblies that allow for required R-value.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. All dropped ceilings/soffits, shafts, and chases are capped with a rigid air barrier and air sealed.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. All gaps and voids between conditioned and unconditioned spaces are sealed.
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. Work site is clean and materials are properly stored before proceeding.

Certification

The sub-contractor who signs and completes this form is doing so to the best of his/her knowledge and should not be held legally responsible for work completed by other organizations. The intent of this form is to ensure job sites are ready prior to beginning work.

Name
Company
Signature

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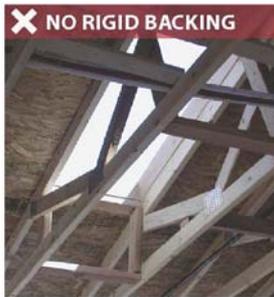
Coupled with Good/Bad Photos of All V3 Details



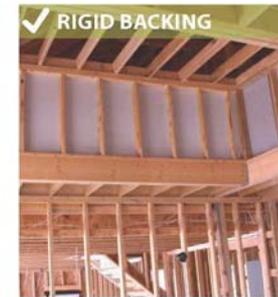
CRITICAL DETAIL:
FRAMING

SUCCESS WITH ENERGY STAR®

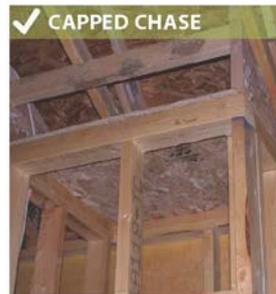
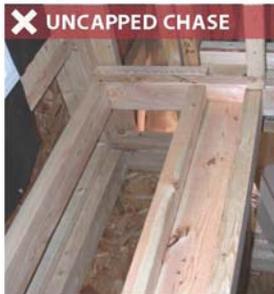
3. All knee walls are backed with a rigid material or other supporting material (e.g. wall to attic, skylight shaft, wall to porch roof, staircase to attic).



4. All dropped ceilings/soffits are capped with a rigid material on the attic side and/or the exterior wall.



5. All shafts/chases are capped.



6. Insulation is installed behind showers, tubs, and fireplaces on exterior, attic, and party walls and rigid sheathing or other supporting material is installed to hold insulation in place.



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Challenges and Learnings

- They now understand what, need to understand “why” behind every detail
- Rating consistency more important than ever
- Impact of changes in a production market with lots of communities and plans to run!
 - Overload for builders and raters
 - Huge time/expense
- Difficulties in timing re permits vs. connect dates
 - When is “drop dead” date for noncompliance?

Encouraging Signs and Unexpected Results!

- 2-Tier program design helped us get there (HERS 70)
- Most commonly heard.....
“We’re already there”!
- Clamor to be the first to V3
- The race to Net Zero!

Note to Self - Lots of work ahead

- New plans to run
- June 1st regulatory filing
- Updating ads and collateral materials
- “Why” event
- Letter to builders
- New contracts to execute
- Training and technical support

Goodnight Dear Diary.....Thanks!

- Questions?
- Team –
 - Implemented “In House”
 - The Little Engine That Could!
- Tom Hines (tom.hines@aps.com)
- Sandy Lockard (sandy.lockard@aps.com)
- Dresden Osterman (dresden.osterman@aps.com)