

Energy Professional Exchange Response to EPA RFI

Introduction

Energy Professional Exchange (EPX) is pleased to submit this response to EPA's Request for Information: ISO/IEC 17065 Verification Oversight for the ENERGY STAR Certified Homes Program

EPX is a collaborative of HERS Rating companies from across the United States. Founded in 2013, EPX is dedicated to raising the standard of performance for energy ratings, improving the business performance of our members and working to foster innovation in the residential construction industry. We represent thirteen US and one Canadian company covering most major markets. In 2018 year to date, our members conducted some type of inspection; from HERS rating to code inspection, on approximately 55,000 homes in single and multi-family buildings. EPX is expanding its coverage in 2019 into additional remaining major markets.

Additionally, EPX has a deep and productive relationship with an exclusive group of industry partners including; Panasonic Ventilation, Carrier, Huber Engineered Wood Products, Owens Corning (2013-2018) and Johns Manville (2019-).

Over the past five years, EPX has worked to understand our industry in the deepest possible way. This work has included continually assessing obstacles and opportunities for all raters. Part of our effort has revolved around concerns about the quality and consistency of HERS ratings. It's no secret that there are issues with both consistency and quality and many of the reasons are at least understood if not fully addressed at this time. Among the areas of concern are software issues (both in design and use), training issues and operational issues. EPX has conducted internal reviews of our members' work to assess these areas with the objective of not only identifying deviations from expected results but also exploring solutions. Our overall goal in this work is to be part of the solution and work to raise the standard of performance of our members and across the industry.

QUESTIONS:

Is earning and maintaining ISO/IEC 17065 accreditation an appropriate demonstration that an organization meets the eligibility criteria for Demonstration of Impartial Governance required for recognition as a Verification Oversight Organization?

EPX response: EPX understands that ISO/IEC 17065 provides considerable assurance that an accredited organization would be addressing issues of impartiality in the governance of a Verification Oversight program. We believe that certain key elements of impartiality are definitely present in 17065, including transparency and auditing via 3rd party organizations like the International Accreditation Service (IAS). We also believe that if there are to be multiple VOOs, a common standard of performance will be a critical requirement and that an organization like RESNET, with its legacy structure, could represent an effective equivalent to 17065. That said, we believe there are several aspects of 17065 compliance that would benefit RESNET as well. In particular, an annual independent audit of operational practices would certainly reap benefits. We would support the introduction of such practices from within the RESNET organization.

In general, 17065 sets a certification scheme for a given product. To quote from *In Compliance* magazine, “Without a Certification Scheme, there is no information about the criteria with which the certified product, process, or service complies. The end user of the certified “thing” does not know if the “thing” is safe, or if it will provide the desired output, or if it will lead to a savings in energy consumption, or ... the list goes on and on about what Certification Schemes can define as the requirements the product, process, or service must meet.”

We would expect that in applying 17065 to the performance of ENERGY STAR ratings, a level of trust in the certification scheme would be inherent. However, the certification scheme is exactly that, a scheme. The application and implementation of the scheme are equally important. In like fashion, RESNET has developed a scheme for conducting proper home energy ratings. The question for any VOO, RESNET included, is what is done beyond the scheme to ensure compliance by the person or organization actually executing the scheme. We recognize that some of this is addressed in the questions in this RFI regarding ISO 17020.

EPX feels strongly that every VOO should demonstrate a clear commitment to conducting not only quality control (in field verification of performance) but quality assurance over the entire schema from the organizational level to the field technician level.

What are the potential benefits or drawbacks to expanding the eligibility criteria for recognition as a Verification Oversight Organization to include ISO/IEC 17065 accredited organizations (such as impacts on consistency/reliability of ratings, or barriers to entry related to cost of accreditation)?

EPX is broadly supportive of increased competition in the marketplace. There is much to be gained from the pressure that is exerted on incumbents by new entrants to the market. We would expect that any new VOO would have the potential to drive innovation and possible cost savings for various stakeholders in the energy rating value chain. Additionally, ISO certification would bring a possible new level of structure and rigor to the industry. It’s also possible that the broad recognition of ISO applied to our industry would grant us a new level of trust and acceptance from important stakeholders, in particular, the financial community. Of course, there is no guarantee that any of these benefits will actually be realized. While there is industry concern about the cost of compliance with our current VOO (RESNET), we have some difficulty in seeing how an equivalent or superior level of quality assurance and control will come with lower costs.

Our largest concern, however, lies with the potential impact on rating consistency. First, we’ve already seen anecdotal evidence that between two existing 17065 organizations, there appear to be broad differences in the interpretation of how energy ratings can or should be conducted. Perhaps most important is the fundamental question of how we achieve greater consistency across ratings with more oversight organizations that will operate in different ways. This is not a critique of any current or future VOO. EPX believes that it is highly likely that having multiple oversight organizations will decrease consistency. Despite an assumption that potential competition and possible innovation may well increase quality we see no guarantee of that.

What are the potential benefits or negative impacts to builders, verifiers, and homebuyers resulting from an ISO/IEC 17065-based approach to verification oversight (such as cost, certification time, and/or rating consistency and reliability)? What information is available to validate these benefits or concerns?

EPX believes that there is likely little benefit to the noted stakeholders. In fact, for these stakeholders and others, the strong potential for decreased consistency is a negative impact. While we are skeptical of meaningful cost reductions, they could occur. However, it's even more difficult to imagine any cost savings being of such a magnitude that the average rating company would be particularly motivated to attempt to pass them on to builder clients. EPX members (and others in the industry) have by and large held costs constant over the past several years while the price of housing has escalated considerably. To expect rating companies to pass on a dollar or two of savings to a builder is no more reasonable than it has been to expect us to pass on the increases that RESNET has enacted. Most rating companies have absorbed increased costs from RESNET rather than attempt to pass on such incremental changes in cost to our builder clients. In the context of the complete cost to perform high-quality ratings on homes, EPX supports a level of cost that will ensure oversight organizations can adequately perform their duties. Cost savings on quality assurance that undermine the integrity of the process are extremely short-sighted.

Certification time is nearly real-time currently. Thus, anything that slows down certification will be detrimental to our stakeholders. We are uncertain of what the impact of 17065 will be on certification time.

Are there examples of other programs similar to the ENERGY STAR Certified Homes Program (other than ENERGY STAR Labeled Products, as identified above) that have relied on ISO/IEC 17065 accreditation? What has been the result of requiring accreditation for these programs and what lessons have been learned that could help to inform EPA's decision?

EPX is certainly aware of Home Innovation Research Laboratory's National Green Building Standard program. EPX members have had excellent experiences working with Home Innovation and the NGBS program. There is much to learn from the nimble, yet still collaborative approach of Home Innovation in its administering of their program.

Nevertheless, EPX is not certain what scaling to meet the needs of the home rating and ENERGY STAR program will mean. The extant infrastructure for supporting RESNET, while in need of improvement, won't be easily replicated. It is also EPX's understanding that the NGBS program is compliant with but not accredited under 17065 and that there are some potential hurdles to overcome in achieving compliance. However, EPX has full faith that Home Innovation (and possibly others) would be able to address these nuances of accreditation.

Given the past experience of EPX members with the one 17065 organization we have worked with; e.g. Home Innovation, we are confident that if they or others should decide to pursue becoming a VOO subsequent to an EPA decision in favor of 17065 appropriateness, we would be able to work constructively with new parties to the Verification Oversight Organization ecosystem. However, EPX would like to reiterate that while we are supportive of all that competition brings to our work and our industry's work, there is serious potential for the following:

- Increased not decreased cost of compliance in the instance of a necessity of working with multiple VOO's
- Decreased consistency of ratings across the population of all ratings
- Increased cost of compliance for 17020 compliance (if not accreditation)
- Overall loss of faith in the system writ large – i.e. multiple stakeholders decide that there is too much complexity, too many competing systems, too much inconsistency across platforms to have faith in ratings or ENERGY STAR and thus reduce or eliminate their use of ratings and thus the ENERGY STAR program

Is earning and maintaining ISO/IEC 17020 accreditation (or being a sub-contractor to an ISO/IEC 17020 accredited inspection body) an appropriate requirement for verifiers of ENERGY STAR certified homes?

EPX believes that there would be some incremental improvements to the operational performance of verifiers under a 17020 accredited program. It is unclear to EPX if this would inherently transfer to the quality of homes verified. While consistency may exist across verifiers governed *by the same* 17065/17020 organization, inconsistency is almost certain to increase between multiple VOO's in this context. In the event that the industry had multiple VOO's, what is to ensure compliance between them? We are concerned that in the event of multiple VOO's entering the market, there will be a natural pull toward the VOO that requires the least of its verifiers. This is not dissimilar to the current dysfunction within the current structure that enables the same behavior of some raters seeking the least rigorous HERS Provider for their rating business.

EPX's position is that requiring 17020 accreditation or requiring operation under a 17020 accredited inspection body is not an appropriate requirement unless all Verification Oversight Organizations are held to the same standard. Additionally, if there are multiple VOOs each with multiple 17020 accredited or compliant organizations, it will be incumbent upon ENERGY STAR to ensure consistent "end product" results are achieved. While the current system is far from perfect, it is difficult for EPX to envision EPA having the resources to ensure such consistency.

Is ISO/IEC 17020 accreditation (or becoming a sub-contractor to an accredited organization) feasible/reasonable for the types of companies that are currently delivering energy ratings in the marketplace today?

EPX believes that there is such wide variation in operational sophistication across the verification industry as currently constituted that it is impossible to state whether it is either feasible or reasonable. Larger organizations with greater resources would like find compliance and/or accreditation much more manageable, at least from a cost perspective, than smaller organizations. While lower volume rating organizations are not the focal point of many of those agitating for change, they are an important part of a national delivery system for both ratings and ENERGY STAR. They are also most likely to be the collateral damage in any mandated change to 17020 compliance.

What are the potential benefits or drawbacks to requiring ISO/IEC 17020 accreditation or becoming a sub-contractor to an accredited organization (such as impacts on consistency/reliability of ratings, or barriers to entry related to cost of accreditation or sub-contracting relationships)?

As stated above, EPX believes that while there are potential consistency improvements to be realized, these are only across each individual 17065/17020 system unless there is some overarching consistency mechanism. Without such a mechanism, we believe greater inconsistency will develop and the potential loss of faith in the overall system represents a potential existential threat to energy ratings and ENERGY STAR as they currently operate.

We do believe that the process rigor inherent to 17020 accreditation or compliance would greatly benefit many organizations. However, we believe that while the market is not necessarily well suited to making the determination of process compliance, there is little to be gained by unilaterally becoming 17020 accredited in a market landscape that won't necessarily demand that. As stated above, a "race to the bottom" may be the inevitable consequence. The marketplace doesn't know or care about ISO/IEC 17020 or 17065. There will be a cost for compliance, much less accreditation. That cost (and the requirements of compliance) will potentially create an even more unequal playing field in an industry that already suffers from that dynamic.

What are the potential benefits or negative impacts to builders and homebuyers resulting from an ISO/IEC 17020-based approach to conducting inspection surveillance activities and verification assessments of homes (such as cost, certification time, and/or rating consistency and reliability)? What information is available to validate these benefits or concerns?

In lieu of an obvious and transparent mechanism that ensures equality and consistency between potential competing VOO', EPX is unable to discern a benefit to builders and homebuyers. If such a mechanism existed, there would be a benefit in that the overall integrity of the system could be improved. However, the effort and cost to demand and ultimately confirm consistent performance of verification across multiple VOO is a likely negative impact. Additionally, we find it hard to see value-add to our builder clients or homebuyers. While a very small segment may perceive value in working with 17065/17020 accredited or compliant organizations, EPX believes that segment is vanishingly small. Experience leads EPX to believe that for many homebuilders, cost is the primary driver in decision-making. This is understandable given the competitive landscape they face and the increasing need to deliver affordable homes. However, we shouldn't fool ourselves that increased quality assurance compliance and cost (be it via an ISO pathway or some other path) flies in the face of market pressures that raters experience daily.

Are there examples of other programs similar to the ENERGY STAR Certified Homes Program that have relied on ISO/IEC 17020 accredited inspection bodies? What has been the result of requiring accreditation for these programs and what lessons have been learned that could help to inform EPA's decision?

As above, the Home Innovation NGBS program is the best (and only) example that EPX knows and can draw experience from. While recognizing that Home Innovation has not made the NGBS program an

accredited program, we believe it is very much in compliance and accreditation would be relatively straightforward, likely requiring some negotiation around interpretation with their auditing body. In that sense, and with the positive experience that EPX members have had with NGBS, we see several lessons that EPA could take from our knowledge of that program:

- Incorporating verifiers directly into decision-making
- Incorporation of a lean and nimble process for adapting to our dynamic industry
- Demanding process rigor from verifiers

We would like to reiterate, however, that we are firm believers in confirming that the work of verifiers is as accurate as possible. With that in mind, we don't believe that "as needed" in-field oversight of a verifier's work is an acceptable policy. We do believe that as verifiers achieve higher levels of experience and skill and demonstrate consistent behavior and performance in alignment with program demands they may have a reduced, but not eliminated level of field oversight. There should be abundant data in any program that can inform the "right" level of field oversight.

EPX Member Organizations in accordance with this response:

- American Energy Advisors, LLC
- Bluegill, Inc.
- Clean Efficient Energy Company
- DRW
- Duct Testers
- Energy Diagnostics
- EnergyLogic
- Green Building Consulting
- MaGrann Associates
- SK Collaborative
- Southern Energy Management
- Sustainable Energy Analytics
- Panasonic