An Efficient Collaboration

Jim Miller, AEP Ohio
Megan Melby, Columbia Gas of Ohio
Today’s Topics

– Collaboration
– Evaluation / Insights
– Program Evolution
– Looking Forward
Program Collaboration
Market Overview

AEP Ohio
32% market share
(by meter installations)
Market Overview

Columbia Gas of Ohio
52% market share (by meter installations)
Collaborative Program

• One of the first-of-its-kind relationships, a co-branded energy efficiency program created by two utilities—launched in 2010
  – One program easier for builders
  – More cost efficiency for AEP Ohio and Columbia Gas of Ohio
Program Concept

• Started out by building capacity on the supply side, marketing to:
  – Ohio Builders, Design Professionals and Sub Contractors
  – HERS Raters

• Started forming alliances with
  – U.S. EPA
  – Ohio Home Building (HBAs) and Building Industry (BIAs) Associations
  – Ohio Real Estate Agents
Program Launch Name

• Initial program name and logo launched in 2010
  – Based on ENERGY STAR 2.0, and then 2.0 plus HERS 65
Program Tiers Introduced

• In 2012, created two tiers:
  – ENERGY STAR®
  – Energy Path
  • This tier created to accommodate builders who were not yet ready to reach requirements of ENERGY STAR Version 3.0
Evaluation and Insights
Has Led to Program Evolution
Process Review

• We routinely conduct one-on-one interviews with builders and raters
• Both utilities use independent evaluators to perform annual impact evaluations, which provide recommendations for program improvements
• Program evaluations and builder/rater feedback have provided key-insights
What builders told us in 2013 interviews...
Research

Found that they rarely mentioned the program to their buyers

One reason builders gave was the name length

Internally the builders used several nicknames:
• The Utility Program
• New Home Program
• Incentive Program
Research

Another reason builders gave for not mentioning the name—they were uncomfortable marketing under an ENERGY STAR banner if some or all of their homes met Tier 1 requirements, but were not ENERGY STAR Certified.
So, we planned a new name launch for 2014...
Program Name Change

• With feedback from builders, the program name was shortened and became more neutral:

Sponsored by AEP Ohio and Columbia Gas of Ohio
Program Name Evolution

• Also in 2014 the two tiers became known as:
  – EfficiencyCrafted
  – EfficiencyCrafted Plus
    • EfficiencyCrafted Plus represented ENERGY STAR Certified
      – And, with additional requirements that heating and air conditioning systems be ENERGY STAR labeled
What builders told us in our 2014 evaluations...
Program Builders Said

• Program fundamentals are strong
  – Areas identified for improvement linked to process tweaks rather than technical standards, QA or incentives (which at that point we had not reduced)
  – Program builders are demonstrating an ability to drive for higher performance and institutionalize upgrades
Participating Builders Also Said

- They enrolled in the program for the rebate dollars, but rate external recognition and marketing as a strong benefit of the program.
- Feel AEP Ohio and Columbia Gas of Ohio brand names add credibility.
- And also said that their customers had growing interest in energy efficiency.
Well, a lot of times it is just the stereotype of the big bad builder, and verifying that it is from a third party and a third party that everyone recognizes, AEP and Columbia Gas, makes them [buyers] a little more comfortable with it. That we are being held to a standard that we are not making up on our own [can give buyers confidence].
“...Ten years ago...if they liked the floor plan and the square footage price was right then they really didn’t care if it was ENERGY STAR. Now with all the information that is out there, absolutely. These homeowners are definitely wanting it and if you are not doing it you are missing out on a huge chunk of opportunity, because most customers are definitely wanting that rating because they see the benefits of it.”
Program Builders Also Said

• That their own knowledge of energy efficient features, and the ability of their sales team to explain HERS scores, was low.
“It is not a priority to a number of them [our sales staff] because a lot of our homes sell because of the aesthetics of the home...Right now it mostly only comes up if the homeowner asks the question”
In 2014 We Asked for Consumer Feedback
Homebuyer Awareness

High familiarity with the ENERGY STAR brand for homes

- 64% Somewhat Familiar
- 22% Not Very Familiar
- 12% Very Familiar
- 2% Not at all Familiar
Homebuyer Awareness

60% had heard of our ENERGY STAR New Homes Program

40% were not aware that they had bought a program home
"[The home being certified] wasn’t really a factor in deciding to buy the house."

Buyers don’t seem to be correlating benefits with energy efficiency or the program...

"It was a part of the overall package, but it wasn’t the top [priority]."

"I just never thought of it before."

29
...but when consumers are prompted...
"It’s quiet, maintains the temperature well, and is well designed for everyday use."

"The temperature and comfort have been well regulated and cozy."

"It’s a very nice home and it’s well built."

"Even though our house is three times as large as our last home, our bill has not gone up."

"The bills have actually been surprisingly lower with the size of the home that I have."

"It (energy bill) is a lot lower than it was in my old house."
Builders Can’t Be Only Messengers

• Relying only on builders to communicate energy efficiency may have reached the limit of its potential

• We realized we needed more consumer marketing to drive demand, to take the program to the next plateau
Repositioning of the Brand

• In addition to the new program name in 2014, we also began a new identity campaign aimed at consumers
  – A digital campaign aimed at consumers looking for a new home

• Created a consumer website: EfficiencyCraftedHomes.com

• And offered co-branding opportunities for builders
Consumer Digital Campaign
What's an EfficiencyCrafted® home?
Participating builders use advanced construction practices, design details and materials to deliver energy savings from the day you move in.

Save Money. Live Comfortably.
Build energy efficiency into your next home. Contact an EfficiencyCrafted builder today. > Click Here.
Welcome

EfficiencyCrafted™ is the new name for the new homes program sponsored by Columbia Gas of Ohio and AEP Ohio for approved Ohio builders. It provides assistance in building homes above code for energy efficiency.

The EfficiencyCrafted New Homes program name replaces the previous name for the program, which was: AEP Ohio / Columbia Gas of Ohio ENERGY STAR® New Homes Program.

The program will be referred to in consumer advertising and communications as: EfficiencyCrafted. The goal of one program name to consumers, is to reduce the overall confusion caused by a very long former name with multiple tiers.

For builders, the program's name encompasses two participation levels: "EfficiencyCrafted" (replacing “Energy Path”) and “EfficiencyCrafted Plus” (replacing “ENERGY STAR”). Builders should communicate to their customers their homes’ energy efficiency features and benefits.

For questions relating to the following opportunities and guidelines for EfficiencyCrafted marketing materials, please contact Vickie Easterday at 614-358-2132 or easterday@burkholderflint.com
More Review and Improvement in 2015
Tier Simplification

- To remove our program barrier of builders getting to ENERGY STAR Certified, we elected to remove the additional requirements we had put on that tier.

- To better capitalize on the name recognition of the ENERGY STAR brand, the top tier became known as EfficiencyCrafted Plus ENERGY STAR Certified.
Both Tier Names Stay in Front of All Builders

2015 Participation Levels & Incentives Summary

<table>
<thead>
<tr>
<th>HERS Score Incentive¹</th>
<th>70-61</th>
<th>60-51</th>
<th>50-0</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single Family</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Columbia Gas/AEP</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EfficiencyCrafted®</td>
<td>$250</td>
<td>$1,050</td>
<td>$1,700</td>
</tr>
<tr>
<td>ENERGY STAR® Certified</td>
<td>$350</td>
<td>$1,300</td>
<td>$2,150</td>
</tr>
<tr>
<td><strong>Columbia Gas of Ohio</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EfficiencyCrafted®</td>
<td>$150</td>
<td>$700</td>
<td>$1,175</td>
</tr>
<tr>
<td>ENERGY STAR® Certified</td>
<td>$200</td>
<td>$800</td>
<td>$1,275</td>
</tr>
<tr>
<td><strong>AEP Ohio (Non-Electric Heat)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EfficiencyCrafted®</td>
<td>$100</td>
<td>$350</td>
<td>$525</td>
</tr>
<tr>
<td>ENERGY STAR® Certified</td>
<td>$150</td>
<td>$500</td>
<td>$875</td>
</tr>
<tr>
<td><strong>AEP Ohio (All-Electric)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EfficiencyCrafted®</td>
<td>$200</td>
<td>$850</td>
<td>$1,175</td>
</tr>
<tr>
<td>ENERGY STAR® Certified</td>
<td>$300</td>
<td>$950</td>
<td>$1,275</td>
</tr>
</tbody>
</table>

| **Multi-Single Family Homes** | 75% per unit of Single Family incentives (see above) |
| **Multifamily Homes** | Custom incentive per project |
ENERGY STAR Certified
Promoted to Program Builders

We provide space to ENERGY STAR in our newsletter to Builders and Raters

Guest Column
ENERGY STAR® Is Easier than Ever with Revision 08

By Ben Bunker
ICF International
In support of ENERGY STAR

EPA’s ENERGY STAR Certified Homes Program is excited to announce the release of Revision 08. The goal of Revision 08 is to reduce the administrative burden on participating builders, Raters, and HVAC contractors and to streamline the workflow associated with building a certified home. Revision 08 also includes changes to the Rater’s oversight responsibilities in regards to HVAC contractors. These changes are based on extensive feedback from partners like you around the country. Below are details about how these changes impact participating EfficiencyCrafted® Homes program participants.

Less Paperwork

It goes without saying that there are few people who enjoy completing, submitting, or collecting program documentation (although it is certainly a critical component of any third-party verified program). There comes a point at which documentation loses its value as a means of verification and becomes a burden on program participants. EPA received substantial feedback from partners to this effect and decided to change the documentation collection requirements in Revision 08.

Raters will no longer collect the following documents from HVAC designers and contractors: full load calculations, AHRI certificates, test and balancing reports, and the HVAC System Commissioning Checklist. Instead, Raters only need to collect a simplified ENERGY STAR HVAC Design Report. HVAC contractors must still be able to produce documents on demand and are required to complete the Commissioning Checklist, however, they will not have to submit them to the Rater (more on this later). Raters will also still perform an on-site inspection of the HVAC equipment installed in every certified home using the Rater Field Inspection Checklist.

Builders will no longer be required to complete a Water Management System Builder Checklist and this checklist will no longer be collected by Raters. EPA felt that most, if not all, of these items were required by code in most jurisdictions around the country and that it could provide more value than enforcing code (especially items not directly related to energy use). Instead of completing a checklist, builders will be responsible for adhering to the Water Management System Builder Requirements that include all of the same critical details. While this may seem like semantics to some, it further lowers the burden on program participants saving both time and money.

http://www.energystar.gov/energy/pdf/2015/02/16/20150216.pdf

Events Calendar

Jul 14
EPA ENERGY STAR Certified Homes
Revised 08 For Builders
Attend this webinar to learn more about the latest improvements to the program, called Revision 08. Revision 08 significantly reduces the paperwork and streamlines the certification process, making it easier than ever to certify a home under v3 or v3.1 of the program.

Click here to register

Jul 16
BIA of Central Ohio
Parkside Muddy Boots Seminar Series—Understanding Poly-Ash Trim and Other Exterior Trim Categories
BIA Office
Suburban Steel Supply Training Room
11:30am-1:00pm

Conservation Conversation

Damper Check
One of the less obvious sources for air leaks in a home is an open fireplace damper—particularly in the summer time. Make sure they’re closed when not in use.

Consumers

- When we reach out to consumers we talk about the meaning of HERS score
EfficiencyCrafted HERS® Brochure

A lower score is better.
The lower the score, the more energy efficient the home. Typical existing homes have a score over 100, while standard code built new homes have scores in the range of 80-100.

EfficiencyCrafted® homes score below 30 and often as low as 15—signifying the home is 45% more efficient than a 100-point reference home.

And, your HERS rated home can improve your resale value should you decide to sell.

The best way to build a home with a low HERS score.
Build with an EfficiencyCrafted builder. Participating builders are required to use a combination of proven technologies, advanced building practices and performance testing to drive down the HERS scores of their finished homes.

It's a national standard that you can rely on.
A non-profit group called the Residential Energy Services Network (RESNET) developed the HERS Index as a standard for energy efficiency. RESNET gives rigorous training to energy raters, who do the inspection and verification.

The energy rater inspects the entire house—from the basement to the roof. He or she then gives the house a rating based mainly on how well the air conditioning, heating, ventilation and insulation work together.

RESNET Certified HERS raters have rated over one million homes since 1999.
Consumers

• We also include the “ASK About ENERGY STAR Certified Homes” logo
  – It works for all builders and promotes more participation at the ENERGY STAR level
Collateral Example

We now tell the EfficiencyCrafted story in a way that supports all builders in the program.
EfficiencyCrafted Website
Tradeshow Booth
What Recent 2015 Research Tells Us...
Making Progress in 2015

More customers know they are living in an EfficiencyCrafted home:
40% in 2014  83% in 2015

Before this call, were you aware that your home is an EfficiencyCrafted Home? (n=70)
More Work Needed for Who Sponsors

Consumers do not recognize AEP Ohio and Columbia Gas of Ohio involvement

Are you aware of who sponsors the EfficiencyCrafted Homes program? (n=57)

- No: 93%
- Yes: 5%
- Don't know: 2%
### Builder Is Still Key to Learning about Energy Efficient Homes

<table>
<thead>
<tr>
<th>Source</th>
<th>Very Important (4-5)</th>
<th>Neutral</th>
<th>Not Important (1-2)</th>
<th>Don't know</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Builder</td>
<td>64%</td>
<td>24%</td>
<td>9%</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Other homebuyers' ratings and reviews</td>
<td>33%</td>
<td>10%</td>
<td>52%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Independent verification and testing</td>
<td>29%</td>
<td>21%</td>
<td>28%</td>
<td>7%</td>
<td>16%</td>
</tr>
<tr>
<td>Realtor</td>
<td>24%</td>
<td>19%</td>
<td>52%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Family or friends</td>
<td>22%</td>
<td>16%</td>
<td>59%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Utility company endorsement</td>
<td>22%</td>
<td>14%</td>
<td>43%</td>
<td>14%</td>
<td>7%</td>
</tr>
<tr>
<td>EfficiencyCrafted Homes Website</td>
<td>14%</td>
<td>10%</td>
<td>57%</td>
<td>10%</td>
<td>9%</td>
</tr>
</tbody>
</table>

EfficiencyCrafted Homes Website
Moving Forward...
Now 9,258 Program Homes in Our Combined Territory

- ENERGY STAR Certified: 51%
- Average HERS score 60
Currently Planning our 4th Annual Recognition Lunch
Communication with Builders Continues to be Important

• Their input has strengthened the program
• Although the program name and the two tier names have gone through more than one metamorphosis, the builders and raters are pleased with the program and its evolution
  – One area of change they don’t want is to have incentives decreased more
We Know More Work Needed for Co-branding

• Builders like the name and logo
• They like the fit with ENERGY STAR Certified
• But, while builders say they want to co-brand, most haven’t if there is a cost involved
• A re-launch and updated Marketing Guide and Toolkit planned for 2016
Other Challenges Getting Builders to Co-brand

Some program builders have branded their own program name...
Program Objectives for 2016

• Continue to leverage HERS scores to drive performance improvement
• Have more new homes adopt ENERGY STAR® Certified—the nationally recognized label for efficiency
• Use marketing to grow program participation by driving demand
Continue Consumer Advertising

• Digital, print, radio
• Parade of Homes promotion
Thank You

Questions / Discussion