TO: Energy Trust of Oregon

FROM: Joan Glickman, Senior Advisor
U.S. Department of Energy
Office of Energy Efficiency and Renewable Energy

RE: Home Energy Performance Scores in Oregon

DATE: February 22, 2012

We appreciate the opportunity to participate in the Energy Trust of Oregon's "Energy Performance Score Stakeholder Meeting" on January 23, 2012. We applaud your efforts to develop thoughtful policies and programs in the area of home energy scoring.

As a follow-up to the January 23rd meeting, I am submitting the following comments on behalf of the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy. We would be welcome the opportunity to discuss these comments or related issues further as appropriate.

(1) Provide Meaningful Information to Consumers

Focus groups conducted by DOE in 2010 as well as a wide array of other research studies indicate that consumers appreciate simple information upfront. Providing too many pieces of data, or complicated concepts, can confuse consumers and may lead them to ignore the information rather than dig deeper. In addition, graphics and information that appeal to people's emotions rather than simply their rational decision-making skills can be at least as effective in engaging their interest.

While one simple scoring system is probably ideal to avoid market confusion, supplemental information can be targeted to the specific consumer and the context in which the score is provided. For example, existing homeowners who plan to stay in their homes for many years to come are likely to respond differently to information than those likely to move in a year or two.

After conducting significant research and reviewing existing information on consumer behavior, the Department elected to provide very simple information upfront to all consumers (see attached example of score, home facts, and recommendations). The Department encourages its partners who provide the Home Energy Score to offer additional information that can most effectively motivate the partner's clients.

Recommendations:

- Keep primary information for consumers as simple as possible.

- Provide supplemental information targeted to the specific type of consumer and/or situation (e.g., existing homeowner, new homeowner).

- Translate technical information into a format that people can easily understand (e.g., a simple point scale, dollar savings).

  - To avoid confusion, limit types of information or units that are not widely understood (e.g., MBTUs, kwh, source energy vs. site energy discussions).
  - For consumers who are interested in more technical explanations, provide this type of information on the web site or in supplemental materials upon request.

(2) <u>Provide a Standard, Transparent, Non-Proprietary Modeling Tool</u>

A standard method for computing a home's energy performance score is key to ensuring consistency. In addition to relying on only one calculation method, a publicly-recognized scoring system (e.g., one with government backing) should be transparent and free to those qualified to use it.

Given these factors, the Department chose to select a non-proprietary energy modeling tool as the basis for the Home Energy Score program. At the same time, the private sector and many energy programs use a wide array of other software tools to carry out energy efficiency programs; so, it is also important to allow simple integration of the scoring system with these tools through an application programming interface or other method.

Recommendations:

- Use one standard method for calculating home energy scores.

- Use a non-proprietary tool to calculate scores and provide transparent documentation describing all algorithms and assumptions.

- Test the tool on a range of climates and home types to ensure effective application of the scoring system in a wide range of scenarios.

  - The tool should fairly and consistently evaluate homes – that is, homes with similar characteristics regardless of their location should score similarly. If the tool is supposed to provide a fair asset score, relative fairness of the tool among homes scored is more important than ensuring that the energy model's calculations line up with utility bills or with another specific energy model (e.g., SEEM).

(3) Consider Related Efforts

As Oregon deliberates the issues surrounding home energy scores, it is important to keep in mind related efforts going on in the U.S. This year, the U.S. Department of Energy is launching the Home Energy Score with a variety of partners -- utilities, state and local government, non-profits, and industry associations -- across the nation. Over the next year, DOE will collect a significant amount of data through implementation of the program and will continue to evaluate the effectiveness of the Home Energy Score in motivating homeowners to invest in energy improvements.

Recommendations:

- Partner with DOE (through Energy Trust of Oregon, local energy efficiency programs, or Oregon utilities) to provide the Home Energy Score to consumers in Oregon.

- Assess methods to customize the Home Energy Score to meet specific state interests.

- Delay establishing an energy performance scoring policy or system for Oregon until additional data is available through DOE's Home Energy Score partners.

(4) Consider Long-Term Implementation Costs

While the private sector, utilities, and energy programs can all take the lead in providing home energy performance scores to consumers, public funding of certain program components is needed to ensure long-term provision of a credible scoring tool and enforcement of quality assurance.

Recommendations:

- Plan for the long-term costs of instituting and maintaining a reliable home energy scoring system.

- Consider which costs may be borne by the private sector or by the federal government should the state elect to use some components of the Home Energy Score.