New Homes DRAFT Action Plan, October 2015

Program Description

Energy Trust's New Homes program focuses on acquiring electric and gas savings in Energy Trust service territory by supporting a network of trade ally builders, subcontractors and verifiers to build energy-efficient homes that extend above code requirements in three separate tracks. New Homes incentive tracks are based on performance-based EPS-rated homes, stand-alone measures and efficiency improvements in small multifamily dwellings. All three tracks require the participant or trade ally to install equipment that is above the current Oregon Residential Specialty Code. The program is managed by a program management contractor, CLEAResult, which contracts with local home builder associations and Earth Advantage to help deliver consistent program information and training throughout the Energy Trust territory to builders, subcontractors, verifiers and real estate allies.

1. **Performance incentives (whole home track)** enable trade ally builders to receive incentives for building at least 10 percent above the Oregon Residential Specialty Code. Incentives range from $600 to -$5,000 based on the overall performance improvement of the home compared to the same home if built to code. Home data is collected by third-party verifiers who are hired as subcontractors by the trade ally builder to consult, inspect and model the home in REM/Rate® software. Verifiers are partially subsidized by the program to help offset the cost of participation for the trade ally builder.
2. **Prescriptive incentives (stand-alone track)** allow builders or subcontractors to qualify for incentives for installing high-efficiency equipment in non-EPS™ homes, such as a qualifying heat pump water heaters, gas water heaters, ductless heat pumps, alternative technology treatment waste water systems, showerheads, hearths and air sealing. New Homes uses stand-alone incentives to engage potential customers not currently participating in the program.
3. **Small multifamily incentives** are a new offering for New Homes in 2016. In coordination with the New Buildings program, New Homes will bring to market a prescriptive incentive package. Incentive packages will consist of some combination of the following measures: high-efficiency lighting, exterior lighting, energy-efficient water fixtures, water heater, bathroom fans, ductless heat pumps, high-efficiency gas furnaces, packaged terminal heat pumps and gas hearths. Bringing small multifamily projects of 12 units or fewer into the New Homes program will allow for single-family home builders to work with the same program team as they expand into small multi-unit projects.

The program also claims gas market transformation savings for influencing the 2008 and 2011 Oregon Residential Specialty Code. The method for claiming market transformation savings will undergo a full evaluation in 2016 to prepare for the upcoming 2017 code change.

2016 Strategic Focus

- Deliver program through Program Management Contractor CLEAResult, subcontractors and a statewide comprehensive network of trade allies.
- Sustain and grow market share of EPS-rated New Homes within Energy Trust service territory, including enhanced regional field support outside of the Portland Metro region.
- Expand program reach to capture savings in new and existing market segments. This includes

working with affordable housing organizations, targeting new housing types such as accessory dwelling units and small multifamily.

- Leverage forthcoming code change to engage non-program builders with stand-alone measures driving future code compliance.
- Continue to explore opportunities to partner with developers and city planners to drive energy efficiency at earlier junctures in the development cycle.
- Coordinate with regional organizations and other programs, such as Northwest Energy Efficiency Alliance, Oregon Home Builders Association and Existing Homes, across various program opportunities.
- Continue to implement a five-year strategic solar plan.

2016 Activities

1. Offer EPS incentives to trade ally builders and verifiers to gain a 10 percent increase in the total number of homes submitted in 2015.
2. Provide timely and engaged service to program stakeholders in rural and under-participating regions.
3. Recruit new builders and continue to provide direct outreach and technical services to help participating builders maximize their energy savings.
4. Continue to support and deliver trainings on EPS to industry actors in including real estate brokers, appraisers, lenders and home inspectors.
5. Work with the Existing Homes team to recruit new Construction Contractors Board credentialed home energy assessors to expand the EPS network.
6. Support NEEA's development of a regional standard protocol for performance-based residential new construction efficiency programs. This will allow neighboring PUDs to offer additional incentives to EPS builders, creating more uptake of EPS homes in gas-only territories.
7. Support Colombia Basin Student Homebuilder's Program, increasing awareness of EPS in Eastern Oregon.
8. Further the program's role in regional market transformation by driving early uptake of anticipated future code requirements. Engage code builders with technical and, if cost-effective, financial assistance in meeting future code requirements.
9. Continue to improve the Axis platform to enhance the participant user experience and add functionality that will improve program efficiencies for a more cost-effective delivery model.

<u>2016 New Delivery Concepts</u>

1. Evaluate the program's cost of savings acquisition for specific pathways and by housing type (townhomes, accessory dwelling units, small homes). Use this data to revise the builder and verifier incentive structure in 2017.
2. Explore a dedicated track for large-scale projects where incentive payments may exceed $500,000.
3. Transition the location of a current account manager to Bend (region 8)—an area of potential growth for the program. The account manager will also serve regions 2, 6, 9, 10, and11 (Southern

and Eastern Oregon), acting as the first full-time New Homes account manager to be located outside of Portland Metro area.

4. Support NEEA's feasibility study and potential market-test of an automated "Simple Score" using publically available datasets to establish a performance rating or score on all residential structures within the selected test market.
5. Support U.S. Department of EnergyHome Energy Information Accelerator, enhancing the availability and use of reliable home energy information at relevant points in residential real estate transactions.
6. Reconfigure participation pathways for electric zonal heated homes, tailoring offers to meet the needs of affordable housing developers, providing options for participation that encourage (but do not require) heat pump water heaters, and implement in Axis.
7. Work with the Hillsboro, Beaverton and other cities to advance opportunities for energy efficiency in new housing developments prior to the building permitting process, providing incentives for commitments to set performance targets. Explore incorporating energy performance standards into master land use development plans submitted by developers to municipal planning commissions.
8. Launch suite of measures (including shell, HVAC, lighting and domestic hot water) tailored to the unique building characteristics and load profiles of small multifamily dwellings.
9. Partner with Existing Homes implementation team to launch a mid-stream hearth initiative promoting alternatives to standing pilot light ignition systems.
10. Determine next steps for implementing findings of a New Homes process evaluation to improve program design and services.

<u>Marketing Activities</u>

1. Retool builder messaging to expand engagement with builders through advertising, newsletters, public relations and email blasts, urging potential trade allies to build EPS homes or install stand-alone measures.
2. Expand relationships with participating builders and leverage existing trade allies to promote EPS and stand-alone measures through cooperative marketing, social media, earned media and advertorial content.
3. Continue to advertise to and engage with consumers to raise awareness of EPS and support builders. Revise materials (print collateral, EPS web page, etc.) to make EPS more accessible to consumers.
4. In partnership with Earth Advantage, engage real estate allies with new and existing materials, curriculum and trainings that provide clear action items for participants that are designed to keep allies engaged with Energy Trust. Identify and train real estate allies to act as ambassadors for Energy Trust offerings, with a focus on using EPS during the sale of a home. Grow the real estate ally network with an emphasis on training allies in under-participating regions, providing consistent support throughout the state.

2016 Assumptions

1. Manage budget to comply with program incentive and delivery goals.
2. Areas of high activity for new construction will sustain production, including the Portland Metro and

Bend areas. Overall EPS activity is forecasted to increase by 10 percent, with greater gains possible in the Bend and Salem markets contingent on emerging partnerships with production builders.

3. The program developed production goals assuming the continuation of historical single-family splits between gas and electric heated homes at 85 percent gas and 15 percent electric. Production goals may be influenced by the participation of new builders, and market shifts to different housing types and system configurations.
4. Verifier network remains intact or experiences little impact as a result of House Bill 2801 additional fees, licensing and bonding requirements.
5. Small multifamily initiative goes to market in Q3 2016.

2017 Strategic Focus

1. The program will conduct forward planning activities in anticipation of an update to the Oregon Residential Specialty code. These include revisiting assumed installed costs and savings values for common measures, refreshing common market baselines for component efficiency values and evaluating the cost effectiveness of individual measures and common configurations of measures, or EPS pathways.
2. Further the program's role in regional market transformation by driving early uptake of anticipated future code requirements. Model costs and benefits under the new 2017 Oregon Residential Specialty Code. Work to transition the program into the next code cycle.