

CEE WINTER PROGRAM MEETING
JANUARY 16, 2008



ENERGY STAR Qualified Homes:

***Best Practice
Guidelines***

ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES
EPA OBSERVATIONS...



- ***~80 Sponsor Programs***
- ***Significant Variations***
 - *Design*
 - *Marketing/Implementation*
 - *Evaluation*
- ***No Coordination***
- ***Wide Variety of Incentives***

ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES
UTILITY/STATE PROGRAM INCENTIVES



- ***Cash Rebates***
 - *Home*
 - *ENERGY STAR Products*
 - *High-Efficiency Equipment*
 - *Model Homes linked to ENERGY STAR Promotion*
- ***Free/Subsidized HERS Rating***
- ***Advertising***
 - *Coop*
 - *Sponsor Paid*
- ***Free/Subsidized Training***
- ***Free Marketing Materials/Advertising***
- ***Discounted Utility Bills for Owners***

ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES
LOCAL GOVERNMENT INCENTIVES



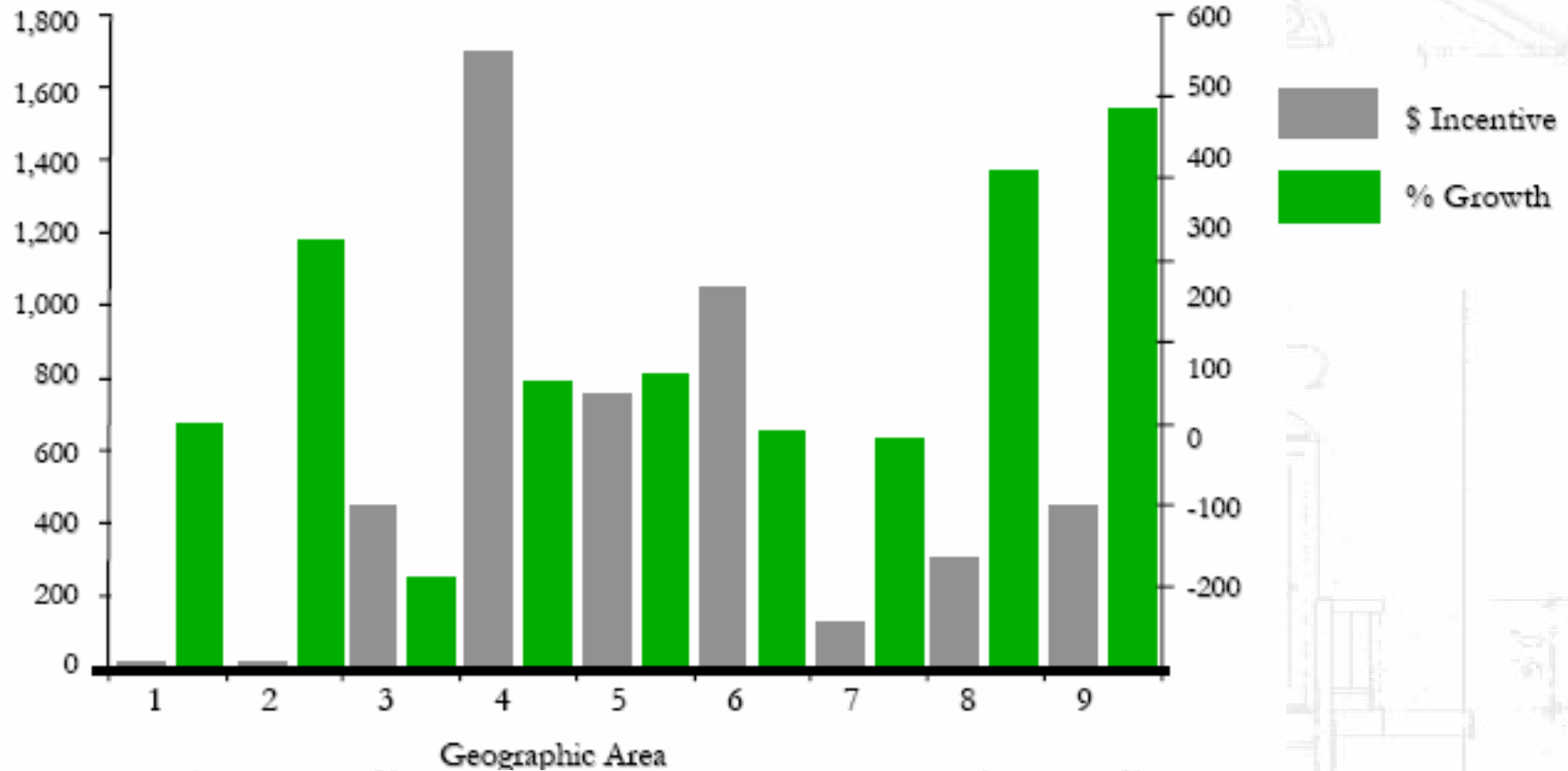
- ***Discounted/Delayed Permit Fees***
- ***Priority Code Processes***
 - *Expedited Plan Approvals*
 - *Priority Field Inspections*
- ***Facilitated Incentives w/Regional Partners***
 - *Discounted Utility Hook-up Fees*
 - *Discounted Mortgage Interest Rates*

ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES
EPA OBSERVATIONS...



- ***~80 Sponsor Programs***
- ***Significant Variations***
 - *Design*
 - *Marketing/Implementation*
 - *Evaluation*
- ***No Coordination***
- ***Wide Variety of Incentives***
- ***Growth Not Correlated to Incentives***

ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES STATES WITH ACTIVE SPONSORS



ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES
APRIL 2007 ATLANTA MEETING



- *Reps from ~35 Sponsors*

- *Share 'Success Stories'*

- *Identify Lessons Learned*

- *Identify Best Practices*

- *Design*

- *Marketing/
Implementation*

- *Evaluation*

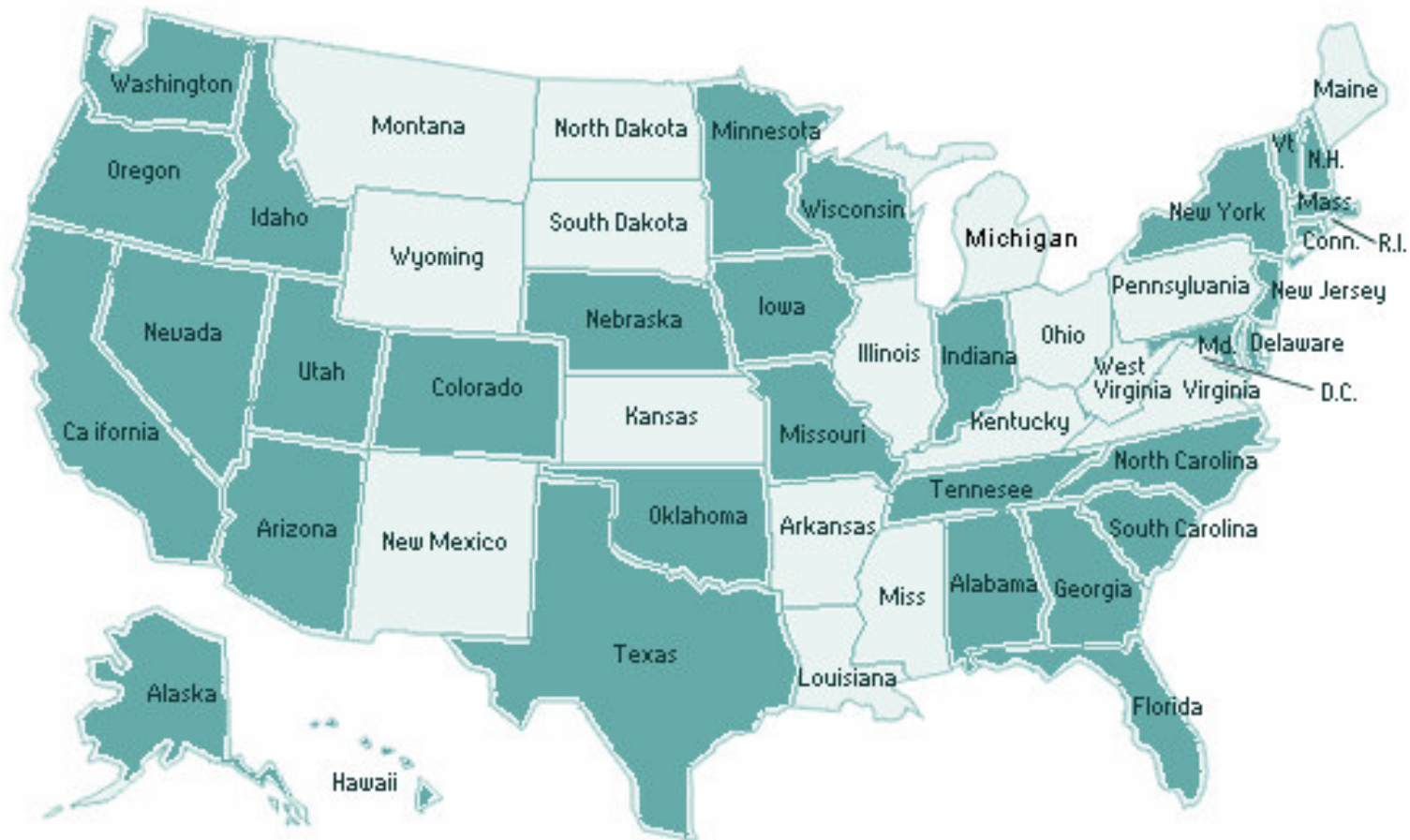
ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES

WHY SPONSOR?



- ***Off-the-Shelf Proven Solution***
 - *Established Brand*
 - *Strong Technical Specifications*
 - *Implementation Policies*
 - *Marketing Tools*
 - *Sales Training*
 - *Technical Support*
- ***Increased Customer Value***
- ***Address Business Objectives***

ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES STATES WITH ACTIVE SPONSORS



ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES
BUILDER BARRIERS



- 1. High Cost***
- 2. Lack of Consumer Demand***
- 3. Lack of Sales Skills***
- 4. Industry Resistant to Change***
- 5. Lack of Technical Infrastructure***

ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES USING THE GUIDE



Three Modules:

- 1. Program Design*
- 2. Program Marketing and Implementation*
- 3. Program Evaluation*

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- 1. Introduction*
 - 2. Lessons Learned*
 - 3. Best Practices*
 - 4. Success Stories*

*Module 1: Program Design
Best Practices Checklist:*

1. High Cost	<i>Consider most effective options for program incentives</i>
2. Lack of Consumer Demand	<i>Provide funding to educate consumers</i>
3. Lack of Sales Skills	<i>Develop POS materials/templates for builders</i>
4. Industry Resistance to Change	<i>• Effective value message • Incorporate partner recognition</i>
5. Lack of Technical Infrastructure	<i>• Develop HERS infrastructure • Develop technical support</i>



Market Research:

- *Large National Builders Dominate Strong Market*
- *Upgraded Building Code*
- *Weak HERS Infrastructure*

Key Barriers Targeted:

- *Lack of Technical Infrastructure (HERS)*

Design Strategy:

- *Training: Free HERS Accreditation*
- *Subsidize HERS Upfront Expenses*
- *Incentive: Free HERS Plan Analyses*

Results:

- *HERS infrastructure grew from 1 in 2006 to 16 in 2007*
- *Success allowed ONCOR to phase out incentives in 2004*
- *By 2006, 46,000 homes and 25% market penetration*

Module 2: Program Marketing and Implementation

Best Practices Checklist:

1. High Cost	<ul style="list-style-type: none"> • Provide incentives, but be sure to include marketing 	<p>Provide incentives, but be sure to include marketing</p>
2. Lack of Consumer Demand	<ul style="list-style-type: none"> • Educate consumers on value of ENERGY STAR • Develop consumer testimonials • When growth is sufficient, integrate ENERGY STAR into regional MLS • Consider training for appraisers and lenders • Cross market with ENERGY STAR qualified products 	
3. Lack of Sales Skills	<ul style="list-style-type: none"> • Develop builder sales agent/real estate agent training • Promote ES Mktg. ToolKit • Encourage him/her to sell ENERGY STAR 	<p>• Develop sales training</p> <p>• Promote ES Mktg. ToolKit</p>
4. Industry Resistance to Change	<ul style="list-style-type: none"> • Provide builder recognition • Sponsor ENERGY STAR events 	<p>• Provide builder recognition</p> <p>• Sponsor ENERGY STAR events</p>
5. Lack of Technical Infrastructure	<ul style="list-style-type: none"> • Recruit/nurture HERS • Provide technical training 	<p>• Recruit/nurture HERS</p> <p>• Provide technical training</p>

PROGRAM MARKETING/IMPLEMENTATION SUCCESS STORIES CENTERPOINTE, HOUSTON



Market Research:

- *Switching from 'Good Cents' program in past*

Key Barriers Targeted:

- *Lack of Consumer Demand*
- *Industry Resistance to Change*

Design Strategy:

- *Broad-based marketing campaign*
- *Sponsor a diverse set of promotions*
- *Leverage EPA's Leadership in Housing Awards*

Results:

- *Strong evidence of consumer preference for ENERGY STAR*
- *Builders join to be competitive due to "Must Have" status*
- *Strong demand allowed incentives to be reduced 2/3's (3rd yr.)*
- *40%+ market penetration by 2006*

*Module 3: Program Evaluation
Best Practices Checklist:*

1. High Cost	<ul style="list-style-type: none">• <i>Utility billing analysis</i>• <i>Actual peak demand reduction</i>
2. Lack of Consumer Demand	<ul style="list-style-type: none">• <i>Customer surveys</i>
3. Lack of Sales Skills	<ul style="list-style-type: none">• <i>Effectiveness of sales training</i>• <i>Effectiveness of sales tools</i>
4. Industry Resistance to Change	<ul style="list-style-type: none">• <i>Conduct builder surveys</i>
5. Lack of Technical Infrastructure	<ul style="list-style-type: none">• <i>Integrity of HERS Process</i>• <i>Delivery of Key Technologies</i>

PROGRAM EVALUATION SUCCESS STORIES

AEC STUDY, PHOENIX



Market Research:

- *Lack of empirical data documenting actual energy savings*

Key Barriers Targeted:

- *High Cost (dollars and carbon)*
- *Lack of Consumer Demand (assure 'brand' promise)*

Design Strategy:

- *Phoenix perfect location for study*
- *Population of homes that mimic new spec added opportunity*
- *Evaluate 6+ years of billing data*
- *Survey subset of homes to evaluate homeowner satisfaction*

Results:

- *ENERGY STAR Qualified Homes exceeded promised savings*
- *Homes that mimic new spec has twice the energy savings*
- *Customer satisfaction ~30% higher with ENERGY STAR, and nearly double with homes that mimic new spec*

ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES

KEY LESSONS LEARNED



- *Every market is different; **research** first*
- ***HERS infrastructure** is critical*
- *Larger **incentives** are not always better*
- *Always include strong **marketing** component*
 - *Communicate benefits simply*
 - *Frequency*
 - *Touch-points*
- ***Training** is worth investing in experts*
- *Incorporate **evaluation** from the start*
- ***Be disciplined** with evaluation*

ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES
APPENDICES



- ***Utility/Sponsor Fact Sheet***
- ***April 2007 Sponsor Meeting Info:***
 - *Agenda*
 - *Presentations*
 - *Feedback*
- ***WECC Homeowner Manual***
- ***2006 North Carolina ENERGY STAR Conference Agenda***

ENERGY STAR QUALIFIED HOMES BEST PRACTICE GUIDELINES
SPONSOR MEETING 2008



Date: March 11-12, 2008

Where: Salt Lake City, Utah

Host: Questar

Agenda:

- *Input from Experts*
- *ENERGY STAR for Homes Training*
- *Panel Discussions*
- *Share Success Stories/Field Observations*
- *Facilitate Nationwide Evaluation Strategy*
- *Networking*

HOW TO GET MORE INFORMATION



On the Web at:

<http://www.energystar.gov/homes>

