



# Ohio's Batch Test Pilot

~ a minority report ~

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# Ohio Sample Audit Pilot – 2003



- As I had predicted, there is no significant difference in the performance of Full HERS (FH) versus Sample HERS audited (SH) homes
- I hope we can build on this study and can look for ways to facilitate volume builder participation and a market transformation

# Origins



- I initiated a sample audit program for two builders in 1998-99
- I wrote the Sample Audit Pilot proposal
  - to honor those agreements
  - to bring Sampling to Ohio and
  - to hopefully mainstream it nationally

# Can't fail ➤



- The proposal was deliberately written more conservatively than the EPA protocol
- With a 2.5 point cushion, a house that meets the performance bench marks cannot fail
- The OEE/ Quantec review with independent HERS auditors also had a 100% pass rate

# Costs



- I believe the Report cost analysis should be focused on savings accruing to the builders
- The Report comparison seems to intermix rater, builder, and provider costs

# Table >



- Training is not a cost of a sample vs. full audit program. We would train builders in both instances and it is usually at rater or builder expense
- Provider fee for processing SH audits:
  - My spreadsheet certificate submission automated the HERO process
  - My database certificate print report could have printed the ESH certificates for the cost of the paper

# SH - Costs



- *... additional costs are estimated at approximately \$40 per home, for a total cost of \$100 per home to obtain the Energy Star label using a sampling protocol.*
- **I am now a HERS Rating Provider. I currently offer to administer base SH Programs for less than \$100 per house**
- My rating competitor in the Columbus market has offered to do FH audits at \$100 each

# Support



- Early support for major builder commitment is very important
- The medium size scattered site builder, Summit Homes, felt he was receiving inadequate support and dropped from the program before rating any homes

# Support



- The large builder, M/I Homes, dropped our sample audit program at the end of the Pilot to start a 100% audit program offered by a competing rater backed by FHA EEM mortgage products
- The support that was lacking was critical

# Recognition



- We missed easy opportunities
- Neither builder received a public thank you, local or state recognition, or award for their commitment to our program
- The Ohio Governor's Award for Energy Efficiency was not awarded in 2001 or 2002 to any builder

# Unique aspects



- The Ohio project was fairly unique nationally in that the builders paid all expenses for both the improvements and audits. No utility funds were used. No state grants funds were used. No tax incentives were available. As it turned out, no pilot EEMs were available. This was a self-initiated, pay as you go risk assumed by these builders on my promise of benefits. This is a huge shift in what we expect of cost driven builders ... but

# White hats



- However... the EPA was receptive to the builders' needs, issuing media support letters, marketing suggestions, and even devised the 100% recognition logo to help identify significant new builder partners

# Risky business



Since the build-out time can average six months or more, the span from initial commitment, ramp up and rising costs to final product delivery and hoped for recognition is a very tenuous phase.

# Lesson learned



- We lost one builder early because of unfavorable value to cost comparisons
- We lost a huge ongoing ad budget from the 2<sup>nd</sup> builder after their early disappointment
- Lesson learned: We work for builders; we need to support them

# Savings



- *If we conservatively estimate that just half of the additional homes labeled Energy Star were attributed to the availability of the sampling protocol ...*
- All homes in this pilot were committed because of the sample audit feature

# Savings



- The real question is how successful is 100% ESH auditing with volume builders, and how successful would it be at the proposed sample rate?
- Has any builder paid audit program in the country done 1800/yr 100% audits?

# Next steps



- Market transformation can benefit if we streamline the home energy rating process
- I have web based and handheld audit data entry systems in place

# Next



- Sample audits can work; we have the tools ... we need to perfect the process
- Builders need better, more useable information, but BOPs are more statistical than builder relevant

# Next



- We have built a complex protocol to insure Provider and Trainer qualifications but leave the barn door open to potential conflicts of interest and loss of credibility with bundled rating providers and even have prospects of builder self-certification.

# Next



- Code and rating systems generally reward crunching numbers and paper.
- Our communities will be better served if we can focus our efforts on being the local energy experts, the consultants on how to do it right ... the first time ... and not just be paperhangers with fancy certificates.

# Next



- I am currently conducting training sessions for code officials on performance based code compliance. We have years of “pile on the insulation thinking” to erase.
- I am conducting BIA training sessions. “Mold is gold” finally got their attention

# Next



- I have a community based home weatherization program in development.
- I have a Zero Energy project in the talk the talk stage.

# Competing efforts



We have grown beyond the solo state energy office rating organization to include some sizable well run for-profit audit organizations.

# Competing efforts



Being able to make money at the endeavor is the first sign of a maturing market. We have indeed turned that corner; however, we need to be aware that conflicts can exist between the old and the new rating agencies.

# Efforts



The Quantec Report details the amount of processing fee that our state underwrites. My rater fee has no underwriting. It makes little sense to continue subsidized ratings programs when government budgets are strained to the breaking point and where market forces have provided effective alternatives.

# Efforts



To truly enable the market, we need to find ways of states promoting all energy service providers and all raters ... equally.

# Efforts



- My rater competitor was able to arrange FHA backed EEMs for one of our Pilot builders.
- Would any of you like to know how to make EEMs work for a 1600/yr builder?

# Efforts



- It makes sense to start heeding the lessons learned and to understand that market transformation is of necessity a “for-profit” endeavor.

# Efforts



- Competent, well-trained energy professionals have a huge future. The rating industry can be a part of that future but we need to be ready.
- Sample auditing is just one step in that direction.

# And ... at last



- *If we are unable to transform the market  
... we have failed.*
- *If we transform the market and are  
unable to service the demand  
... we have failed.*

# Finally



I hope we can build on this study and can look for ways to facilitate volume builder participation and a market transformation to better built, independently rated, Energy Star labeled homes.