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on Proposed CEC Rulemaking

Additional submitted attachment is included below.

**RESNET Comments on the 2022 Update of the Home Energy Rating
System Requirements (Docket Number 22-HERS-02)
December 12, 2022**

Thank you for the opportunity to submit comments on the *2022 Update of the Home Energy Rating System Requirements, 22-HERS-02*. RESNET submits the following comments in support of California Energy Commission's (CEC) effort to clarify, address and support the voluntary Whole House Rating Program, codified under 20 CCR 1670 et seq. The proposed CEC rulemaking would make the California HERS program a voluntary program. RESNET supports making HERS in California a voluntary program. RESNET in collaboration with the CEC and CalCERTS, created a CA-RESNET pilot program to support the need for a viable voluntary marketing program for California's builders and homebuyers. With this rulemaking there is an opportunity for the Commission to formally recognize CA-RESNET to exist in conjunction with the voluntary HERS Regulations.

RESNET is a California incorporated non-profit organization who sets the national voluntary consensus standards for the rating of the energy performance of homes. RESNET's national home energy rating program in the HERS Index.

The following are the market-based opportunities that are presented to homebuilders outside of California with the RESNET HERS Index Rating:

- To date, builders have had over 3.6 million homes received HERS Index ratings outside of California. In 2021 alone builders had more than 313,000 of their homes issued RESNET HERS Index scores. A clear sign of the market demand for HERS Index ratings
- Across the nation consumers are using the HERS Index Score in shopping for a home in the same fashion as they do with the MPG for autos and the energy guides for appliances.
- Publicly production traded homebuilders are using their homes HERS Index ratings for their Environmental, Social and Governance (ESG) reporting to investors and stockholders. The Sustainability Accounting Standards Board (SASB) has identified HERS Index ratings for reporting sustainability contributions to Wall Street.
- Builders and the mortgage market are using HERS Index Scores for green bonds. The secondary mortgage market giants of Freddie Mac and Fannie Mae offer incentives for homes with qualifying HERS Index Scores for their Green Mortgage Back Securities programs. The Freddie Mac incentive ranges from \$1,000 to \$2,000 per home.

Through modifications to 20 CCR 1670 et seq, and recognition of CA-RESNET, California can better support the growing national effort to promote energy efficiency as an essential feature when marketing new homes. By supporting the national marketplace, California expands its influence contributing to greater energy savings

nationwide. Through supporting California's production builders, California's new home buyers benefit with incentives that follow the RESNET Index.

Background:

The movement behind the RESNET HERS Index pilot project in California began as a collaborative effort between executive leadership at the California Energy Commission, the Western HVAC Performance Alliance (WHPA), national production builders, and the Residential Energy Services Network (RESNET). The stakeholders involved wanted to address a market demand from builders to promote and market newly constructed homes in California.

Martha Brook, along with other CEC officials, worked with industry stakeholders to assess the need for a HERS Index Score in California.¹ With the adoption of 2019 Code, which incorporated the 2006 IECC reference house, CEC engineers and subject matter experts identified an opportunity to use the 2019 CBECC-Res software to generate a RESNET HERS Index Score.

On May 30, 2019, Steve Baden, RESNET Executive Director, put forth a proposal to California Energy Commission Executive Director, Drew Bohan and Commissioner McAllister to support a research project on HERS Index Ratings in California. On June 19, 2019 Executive Director Bohan officially approved the proposal and the CA-RESNET HERS Index project was underway.

RESNET secured funding from its Board of Directors to support the program. Neal Krus with Big Ladders Software and Scott Criswell with SAC Software Solutions were hired to develop and program a converter. The converter would take Title-24 energy calculations and additional inputs to generate a HERS Index score.²

The following are the activities that have taken place in developing the CA-RESNETHERS Index Project:

- The CEC's Building Standards Branch assisted with the release of the converter in conjunction with CBECC-Res version 2019.1.3.
- RESNET provided continued funding and support for technical assistance and programming.
- CalCERTS completed the interface on the CalCERTS Registry to upload compliance files. The Registry was programmed to verify required inputs and program requirements.
- CalCERTS released specialized trainings for Raters responsible for verifying the score; and, released a training for Energy Consultants

¹ Drew Bohan (CEC), Dave Ashuckian (CEC), Christopher Meyer (CEC), Joe Loyer (CEC), Lea Haro (CEC), Jacob Atalla (KB Homes), Phillip Fairey (FSEC),

² Scott Criswell, a key programmer for the CEC's compliance tools, engaged in the project with the express understanding by all parties that work on the CA-RESNET HERS Index project would be prioritized second to any CEC programing deadlines.

working with the compliance files. Within these trainings the differences between a California Whole House Score and the CA-RESNET HERS Index are addressed.

CalCERTS also offered support by providing subject matter experts, engineers, programmers, and staff resources to support and build the project. CalCERTS began work on training modules and registry features to support the converter. By October 2020, the team was prepared to release a beta version of the CA-RESNET HERS Index score.

Release of the Pilot:

The release of the CA-RESNET HERS Index did not immediately register with California Rating companies. Although many companies participated in the trainings, there were concerns related to the viability of the program given the title. Rating Companies were uncertain as to whether they could properly staff and service a program that was characterized as a “pilot.” We adjusted the name to CA-RESNET and removed the term “pilot” from the marketing. This was at the exact same time as the Covid-19 Pandemic hit, disrupting construction, staffing, and workflow.

Since its release, interested Rating companies have been testing the conversion processes by running projects through the converter. The Rating companies have been practicing generating CA-RESNET HERS Index scores to compare those scores to the national market place and to verify that the modeling inputs are correct. Scores have been shared with Neal Kruis and Scott Criswell to assess perceived differences. The majority of perceived discrepancies to date have been due to modeling errors. Rating firms and energy consultants have become more comfortable with the process.

Change in Marketplace:

A change in the marketplace has changed interest in the program. Rating firms have decided to embrace the program because of the demand from builders, including the largest national production builders that build homes in California. It is expected that the CA-RESNET Index score will be initiated for these builders before the end of the year. A full report of all rated homes is due to the Commission by December 2023. The immediate change of interest by builders and Rating companies is being driven by a couple of factors including ESG reporting and mortgage industry incentives that were addressed earlier. The Commission sanctioning the pilot for builders to qualify for both efforts.

Adoption into 20 CCR 1670:

By formally recognizing CA-RESNET into the regulations, the Commission can help support a program that will promote the California Energy Code in comparison to other states and programs. Through use of the CA-RESNET Index, builders benefit with a favorable score resulting from compliance with the California energy code. Using

CBECC-RES to help generate RESNET HERS Index Scores, allows the Commission oversight of the program, while putting the administrative costs back into the marketplace for those who want to voluntarily participate.

Recognition of the CA-RESNET program would not need to supplant the existing Whole House Program; rather, regulatory language is simply needed to allow for the program to exist in conjunction with the existing Whole House Program with Commission approval. The rulemaking underway under 22-HERS-02, should consider this proposal as part of the Commission's efforts to clarify the Whole House Program.