

DOCKETED

Docket Number:	22-BSTD-03
Project Title:	2022 Field Verification and Diagnostic Testing OIR Proceeding
TN #:	250214
Document Title:	ARCXIS Comments
Description:	N/A
Filer:	System
Organization:	ARCXIS/Jonathan Risch
Submitter Role:	Public
Submission Date:	5/19/2023 11:47:17 AM
Docketed Date:	5/19/2023

*Comment Received From: ARCXIS CEO Jonathan Risch
Submitted On: 5/19/2023
Docket Number: 22-BSTD-03*

Docket #22-BSTD-03

Additional submitted attachment is included below.



May 18, 2023

David Hochschild, Chair
California Energy Commission (CEC)
715 P Street
Sacramento, California 95814

RE: Comments and Concerns:
Staff Report – Title 24 HERS Program
Docket Number 22-BSTD-03

Dear Chair Hochschild:

We are writing to share data which might be helpful in further informing the development of the next Draft Staff Report – Title 24 HERS Program – Docket 22-BSTD-03.

As the largest HERS rating company in the state and, to the best of our knowledge, the only one that does both new and existing home inspections, we have decades of experience and observations from the field that we hope can assist in this effort by providing relevant data. We support your effort to ensure California achieves its climate goals, consumer protection, and a successful HERS program. We believe there are three leading areas that can further these aims: greater participation in the HERS program, improved quality assurance efforts on the part of the providers, and minimum standards for HERS Rating companies.

Greater Participation in HERS

We want to ensure customer satisfaction—but many consumers and their contractors never pull the proper permits and therefore never participate in the HERS program. Our internal data reinforces the 2012-13 study from Southern California regarding non-permitted jobs:

- The state has an estimated **14 million existing homes**. About a **million** of those have HVAC systems that need to be **replaced annually**.

- ARCXIS, which is your largest rater company operating in the state, completes 50,000 jobs per year on existing homes. Based on their staffing, we estimate that the two next largest companies conduct another 50,000 for a total of 100,000 completed each year. We also estimate that **the top 3 raters of existing homes are 65-70% of the market. As a result, the total completed jobs, HERS inspections on HVAC Change Outs, per year is only 150,000.**
- We therefore **estimate that between 800,000 to 850,000 jobs (80-85%) are being “completed” without a permit or inspection each year.**
- **Only 15-20% of the jobs associated with the change of HVAC systems are currently being permitted and inspected.**
- Put another way – under current regulations **90% of the HVAC system changes are NOT being inspected under the HERS program.**

Industry Minimum Standards

Both quality assurance and audits are good tools but unfortunately, they are lagging indicators that happen after the HERS inspection. A more robust consumer-oriented approach would be to have some tools on the front end to better infuse quality into the program from the start. We would suggest that the CEC convene an industry working group to **develop common, minimum standards for our industry.**

We would recommend that these standards could address progressive discipline, minimum training and continuing education for raters, insurance coverage requirements, to name a few. We encourage the CEC to consider this proactive approach and work with the Providers along with a working group of Rating Companies to develop these standards to ensure the standards assist consumers and do not disadvantage small rating companies.

Further we believe this working group may help the CEC refine a few other items from the Draft Staff Report:


- **Documents vs. jobs:** The number of documents for new and existing home inspections that we are required to submit per job is as high as 25. We believe it is important to consider the *difference between documents and actual jobs*. The current draft staff report is not clear on this distinction and could lead to artificial and unnecessary restrictions on the work raters can complete. In practice we can easily see raters that have submitted more reports than their peers and address it internally. We believe rather than a hard cap on the number of reports the CEC should charge rating companies and providers with looking at deviations in reports submitted among a representative sample of raters doing comparable jobs. As the tools become more sophisticated, it is likely that raters will have automation to assist in completing more jobs.
- **Registry Data - Quality vs. quantity:** We would argue that the quality of the data submitted to the CEC registry is a better approach than quantity and better protects the consumer. We suggest that the CEC consider *standards for the reports submitted to the*

registry including photos that have been time stamped and geo-tagged for location.
This also helps ensure the reports are accurate.

Given the varying nature of this industry between new construction and existing construction, we also thought it might be helpful to offer a field visit to CEC staff. We are happy to host a site visit for staff at their convenience.

In our final comments, we want to applaud the CEC for its commitment to making sure the HERS program gets the results we want as a state while ensuring quality services for consumers. We appreciate the work and hope that these regulations can guide our industry for years to come. We believe that changes in the market should be reflected in future amendments to the regulations but also hope that Title 24 supports a stable marketplace for service providers like ARCXIS and consumers.

Sincerely,

DocuSigned by:

656D4A9FAEF14AD...

Jonathan Risch
Chief Executive Officer

CC: Commissioner J. Andrew McAllister, Ph.D.
Lorraine White, Branch Manager, Standards and Compliance Branch, Efficiency Division
Joe Loyer, Senior Mechanical Engineer, Standards and Compliance Branch
Michael Sokol, Director, Efficiency Division