

DOCKETED

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February 20, 2025

Docket 22-HERS-01

CHEERS Reply to Comments on Pricing

RE: Golden State Registry Provider Application

The information docketed by Arcxis at TN #261846 regarding HERS Provider pricing is inaccurate and overstated. CHEERS did **not** raise prices 150-700%

CHEERS has worked closely with stakeholders and with the CEC on modest price increases to support the development of the 2025 Energy Code Compliance (ECC) Program.

Attached is the letter submitted to the CEC on September 25, 2024, announcing CHEERS' pricing changes. More than six months of notice was provided to allow the market to adjust, with prices being restored to 2019 Code levels—approximately a 15% increase for existing homes, from \$26 to \$30.

Large rating companies that had previously negotiated deep discounts would experience a higher percentage increase.

With the pricing announcement to the CEC, CHEERS proactively adopted the 2025 ECC Program mandates for pricing transparency and *removed discounts for large rater companies*.

CHEERS recommends that the Commission require pricing transparency for all HERS Provider applicants, as it is a requirement for the 2025 Code and ECC Providers. Pricing transparency is important to ensure resources for quality assurance.



Shelby M. Gatlin, Esq.
Chief Compliance Officer
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September 25, 2024

Michael Sokol
Director Efficiency Division
California Energy Commission
715 P Street
Sacramento, California 95814
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RE: CHEERS Pricing Changes in 2025

Dear Director Sokol:

CHEERS is reaching out to the California Energy Commission to share pending program changes in conjunction with the adoption of the 2025 Building Energy Code Standards.

CHEERS and CalCERTS¹ both actively participated in the Commission's rewrite of the Home Energy Rating System (HERS) program, moving it from Title 20 to Title 24 of the California Code of Regulations, as the newly branded Energy Code Compliance (ECC) program. Throughout the OII and OIR, program costs were addressed by all stakeholders, including the Commission. The final program was adopted on September 11, 2024. The Commission recognized that the new ECC program is more expensive for ECC Providers to administer.

Like the ECC Program, other efficiency programs have recently adopted program revisions. As one example, the EPA adopted more stringent quality assurance requirements for its ENERGY STAR program for residential new construction². The EPA also recognized that these new oversight requirements will add costs to their program.

In anticipation of these program changes, CHEERS worked to create operational efficiencies and analyzed its pricing structure. CHEERS needs to raise prices next year to meet program mandates. This letter is to facilitate transparency with the Commission on

¹ CalCERTS, Inc., participated as an active HERS Provider in the market and in the Commission's rulemaking up until August 2024. <https://content.govdelivery.com/accounts/CNRA/bulletins/3ab072a>

² Adopted July 30, 2024. https://www.energystar.gov/sites/default/files/2024-07/ENERGY%20STAR%20Certification%20System_2024-07-30.pdf

the pricing and to confirm CHEERS shares the goal of minimizing the costs of code compliance to homeowners and ratepayers. Key points:

- CHEERS is raising program prices for residential new construction and alteration projects. The price changes will not come into effect until March and April of 2025.
- ECC Rater Companies will be notified in October 2024 of these changes, providing several months of advanced notice. This communication is intended to allow stakeholders adequate time to amend contracts and to alleviate concerns regarding program pricing.
- CHEERS 2025 pricing is similar to Provider rates during the 2016 and 2019 code cycles, before the pandemic, and before steep price competition among HERS rating companies.
- CHEERS 2025 pricing is comparable to pricing by CalCERTS when there were multiple HERS Providers in the market. These changes must not be falsely construed as CHEERS taking advantage of being the sole Provider.
- CHEERS 2025 pricing incorporates pricing structures proven to work for program stakeholders:
 - Unlike CalCERTS, CHEERS will not charge users for each compliance form registered. CalCERTS' pricing model resulted in variable prices per project, complicating a Rater company's ability to project costs and set their own pricing.³
 - CHEERS has set pricing for New Construction and Alteration (existing home) projects. These prices do not vary by climate zone or number of compliance measures. CHEERS will no longer provide volume discounts, eliminating a potential competitive disadvantage to small to mid-sized ECC companies.
 - CHEERS will implement subscription fees for some registry users, such as builders and contractors, so that the total required fee increase is not entirely shouldered by the ECC Rating companies. Where CalCERTS charged annual registry subscription fees, the CHEERS subscription fee will be a nominal

³ A new construction lot could vary in price by climate zone 30-50%

monthly fee for certain registry users, that can be cancelled at any time.

- CHEERS pricing will be available to the public on its website. Pricing will be the same for all customers. Pricing will also be reported to the California Energy Commission as required by the 2025 Building Energy Efficiency Standards.

The timing of CHEERS’ pricing change is coincidental to major shifts in the market; our new prices are directly related to the Commission’s adoption of the 2025 Building Energy Efficiency Standards. CHEERS pricing in 2025 will be as follows:

Product	Current	2025	Who pays?
Performance CF1R	-	\$7*	Energy Consultant
New Construction T24	\$26	\$45	Rater
Alteration T24	\$26	\$30	Rater
Subscription, per user	-	\$8 per month*	Builder, Contractor

*Prices effective March 1, 2025.

All other prices will take effect on April 1, 2025.

The CHEERS Team looks forward to working with the Commission on the implementation of the 2025 Code.

Sincerely,



Jim Hodgson
 Chief Executive Officer, CHEERS

CC:

Andrew McAllister, Commissioner California Energy Commission
 Will Vicent, Deputy Director, Efficiency Division, California Energy Commission
 Shelby Gatlin, Chief Compliance Officer, CHEERS