

Docket Optical System - Comments on SEP Preliminary Guidelines

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| DOCKET |
| 09-OII-1 |
| DATE <u>8/5/2009</u> |
| RECD. <u>8/6/2009</u> |

From: "Julieann Summerford" <summerford@h-m-g.com>
To: <sep@energy.state.ca.us>
Date: 8/5/2009 3:07 PM
Subject: Comments on SEP Preliminary Guidelines
CC: "Cathy Chappell" <chappell@h-m-g.com>, "Julieann Summerford" <summerford@h-m-g.com>

Dear Mr. Pennington,

The Heschong Mahone Group suggests the following changes to the SEP preliminary guidelines:

1. Equitable Mix of Residential Building Types: Specify applicability to multifamily under the residential component
2. Eligible Applicants: Allow qualified entities (non-governmental, private sector, or non-profit) lead the consortia of regional or statewide group
3. Consider additional evaluation criteria

These suggestions are outlined below.

Equitable Mix of Residential Building Types: Specify applicability to multifamily under the residential component.

While CEC staff verbally indicated that the residential whole-house retrofits, applies to both single-and multifamily buildings, the language in the preliminary guidelines clearly leans toward single-family and the Home Performance with ENERGY STAR®-contractor focused program. We think it is critical to provide an equitable mix of program funds between single and multifamily and clarify that multifamily is a critical component of the California Comprehensive Residential Building Retrofit Program because:

- Most low-income families live in multifamily buildings
- 22% of Californian's live in apartments
- Multifamily buildings (market-rate and affordable) are historically underserved in terms of programs and especially comprehensive, whole-house programs
- Multifamily building owners often have portfolios of buildings that they want to save energy in but don't know how to go about assessing their portfolios.
- Funding will go further because of the large number of dwelling units that can be served with one transaction – transaction costs per dwelling unit are less than single-family.

Further, we suggest that the language reflect the nuances of a contractor element for single and multifamily whereby a single-family program may be single contractor focused and a multifamily program may have a greater focus on the audit, energy analysis, and recommendations that would result in a multifamily building owner employing a general contractor or several contractors to complete various aspects of the work (HVAC, plumbing, etc). Much akin to new construction, a multifamily comprehensive retrofit typically requires more than one contractor type. Finally, on this topic, we ask that the CEC stress the

importance of training and job growth in the multifamily sector in terms of HERS raters and energy consultants that are capable and knowledgeable about multifamily existing buildings. Perhaps a multifamily component of a HERS certification?

Eligible Applicants: Allow qualified entities (non-governmental, private sector, or non-profit) lead the consortia of regional or statewide group.

We encourage the CEC to reconsider requiring local governments to lead the consortia because

- Local governments have their hands full with block grants and are scrambling to figure out how to use these funds. Adding an additional layer would most likely hinder this process and progress as they struggle to get up on the learning curve of energy efficiency programs and markets.
- Local governments aren't in the energy efficiency program delivery business and having them lead the consortia would require a substantial learning curve (admin and time costs). With a two year program timeframe, having local governments lead the effort would delay program start times and ultimately energy savings and job creation. The comprehensive approach to rehab is a lengthy process (3-8 months for multifamily buildings) and delayed start ups would cost opportunities.
- Many entities (private sector) are poised with "shovel-ready" proven programs that have been successfully implemented, are deemed cost-effective, have substantive market knowledge and established distribution channels, verification mechanisms and an understanding of the technical needs to coordinate with job creation training efforts.
- In terms of proposing a statewide program, having to coordinate with local governments would be nearly impossible, a very expensive venture, and would most certainly bog down the process of getting programs on the street.
- Private entities are more likely to be able to launch innovative, new programs with more speed and nimbleness than government.

Evaluation Criteria: Consider additional evaluation criteria to include:

- "Shovel-readiness" of proposed program, proven track record, established distribution channels, verification and the ability of a program to launch in a swift manner
- Emphasize energy efficiency and establish specific goals (outside of the larger sustainability goal) as part of the evaluation criteria to ensure that programs offering the greatest value to taxpayers is achieved in terms of not only creating jobs and stimulating the economy but also in "buying energy savings" for the state.

I would like the opportunity to discuss these suggestions as you finalize the SEP guidelines. Thank you for your time and consideration.

Julieann Summerford

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