

NEW ENGLAND CLEAN ENERGY COUNCIL FEDERAL POLICY RECOMMENDATIONS

HOME STAR

THE HOME STAR INITIATIVE TO RETROFIT AMERICA'S HOUSING FOR GOOD JOBS AND ENERGY EFFICIENCY

Overview:

HOME STAR is new legislation that proposes the creation of jobs in existing industries by providing strong short-term incentives for energy efficiency improvements in residential buildings. The program will move quickly, with a minimum of red tape, and will act as a bridge to long-term market development of existing industries. This initiative establishes a \$6 billion rebate program to encourage immediate investment in energy-efficient appliances, building mechanical systems and insulation, and whole-home energy efficiency retrofits. HOME STAR will rapidly create jobs in both construction and manufacturing, while saving families money on their energy bills. It will build on current state programs and existing industry capacity for performing both retrofits and quality assurance, using federal standards and incentives as a common platform to lower program costs and increase consumer awareness.

Strong consumer incentives to drive market demand, combined with meaningful standards and incentives to ensure model business practices for installing efficiency measures and verifying energy savings, will ensure that the growing energy efficiency retrofit industry produces ongoing and measurable energy savings while putting Americans back to work in long-term jobs. This provision should also include targeted insulation product consumer incentives to stimulate broad exposure to energy efficiency measures, expand overall retrofit activity while stimulating manufacturing.

Consumer Incentives:

HOME STAR provides two types of consumer incentives:

1. The **SILVER STAR prescriptive path** provides a near-term incentive for specific energy saving investments that is simple to administer and easily introduced into the existing marketplace. Homeowners receive between \$1,000 and \$1,500 for each measure installed in the home, or \$250 per appliance, with a benefit not exceeding \$3,000 or at least 50% of total project costs (whichever is less). Covered measures include air sealing; attic, wall, and crawl space insulation; duct sealing or replacement; and replacement of existing windows and doors, furnaces, air conditioners, heat pumps, water heaters and appliances with high-efficiency models. The legislation will utilize existing standards for qualifying products at a level sufficient to significantly increase consumer demand for highly energy efficient building materials and mechanical systems. SILVER STAR improvements may be implemented by any appropriately licensed and insured contractor, but all participating contractors will receive information about opportunities for accreditation and training programs.
2. The **GOLD STAR performance path** offers an incentive to households that choose to conduct a comprehensive energy audit and then implement a variety of measures that are designed together to provide greater total returns in energy savings. This performance path represents the future of home efficiency: state-of-the-art building science is used to identify problems, present solutions and deliver verifiable energy savings, generating confidence among homeowners and investors alike. This technology-neutral approach is based on performance, not specific products, so market forces will direct funds to solutions that achieve the best results. A certified professional with accreditation from the Building Performance Institute (BPI), the Residential Energy Services Network (RESNET) or an approved equivalent conducts an energy audit before work begins, and a test-out when the performance retrofit is complete. Consumers receive \$3,000 for modeled savings of 20%, plus an additional \$1,000 incentive for each additional 5% of modeled energy savings, with incentives not to exceed 50% of project costs. Contractors implementing the GOLD STAR performance path must be BPI accredited.

Key Provisions:

Administrative Process: The HOME STAR program must meet several overarching goals. To be successful, HOME STAR must rapidly put construction workers back to work as well as create good, living-wage jobs for American workers; generate a minimum of new government bureaucracy; provide clear lines of authority; and offer a transparent process for all participants.

HOME STAR is not dependent on whether authority rests with a particular federal agency, rather authority could reside within a number of federal agencies without compromising the program goals. The federal government must, however, provide uniform guidance to establish consistent baseline resources and procedures for all states. States will take the lead in overseeing quality assurance programs and coordinating with existing programs to avoid duplication. The ultimate implementation of this program will be driven by market transactions and as such the program will set aside administrative funds to drive consumer awareness. HOME STAR will provide a rebate to consumers, which can be assigned to another party including the manufacturer, distributor, retailer, or contractor who completes the work. This rebate can be credited to consumers at multiple points in the transaction process including at the point of sale or point of completion of the job. Rebate checks can be issued either by the federal government, through existing state energy programs, or some combination of these entities based on infrastructure capability. In any case, administrative procedures must be designed for speed and efficiency, to roll out the program rapidly and effectively and to provide timely payments.

Quality Assurance: The program establishes a robust system of post-project-completion quality assurance to ensure quality installations adhering to technical standards and to provide accountability, protecting against waste, fraud and abuse. This system establishes industry performance standards, ensures that a portion of all jobs are inspected by credentialed professionals, and offers an additional incentive to contractors that invest in a trained and certified workforce.

Contractors can enroll in the program by registering and presenting proof of licensing and insurance to a quality assurance provider through BPI, RESNET, or a provider designated by the state quality assurance plans. Homeowners may be contacted by a quality assurance provider for a field inspection after job completion to make sure that work was done according to standards and as contracted. Each homeowner will have the right to request and/or to choose not to receive a home field inspection. The program will guarantee minimum inspection rates sufficient to assure quality work and provide accountability for contractors.

Quality assurance programs managed at the state level will maintain lists of qualified inspectors, facilitate access to training and certification programs (including outreach to low-income workers and minority contractors), coordinate with existing state and local efficiency programs, and develop systems for monitoring and enforcement.

To provide for the long-term sustainability of this new and growing market, states will work with the Department of Energy to bring their quality assurance oversight up to a common national standard. For GOLD STAR projects, contractors must submit a job completion checklist and work scope for each project, along with testing data, before the incentive is disbursed. SILVER STAR contractors are only required to submit a job completion checklist. For both the GOLD STAR and SILVER STAR programs, field quality assurance is conducted within 30 days on a sample of jobs to verify quality installation.

Quality Assurance requirements in HOME STAR will involve a simple paperwork review in approving individual rebates, in addition HOME STAR will provide a minimum baseline protocol for field inspection that is sufficiently rigorous to ensure high quality installation and appropriate consumer protection. In all cases reduced inspection rates will be offered for contractors employing a trained and certified workforce.

ABOUT THE NEW ENGLAND CLEAN ENERGY COUNCIL

The New England Clean Energy Council's mission is to accelerate New England's clean energy economy to global leadership by building an active community of stakeholders and a world-class cluster of clean energy companies. The Council represents over 175 member organizations, including clean energy companies, venture investors, major financial institutions, universities, industry associations, utilities, labor and large commercial end-users. The Council's ranks now include clean energy CEOs, representatives from most of the region's top 10 law firms, and partners from over a dozen of the top New England venture capital firms (with a total of over \$8 billion under management). Working with its stakeholders, the Council develops and executes a wide array of programs in five key focus areas: Innovation, Growth, Education, Adoption, & Policy.