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EO Collaborative
Design & Implementation Workgroup
January 19, 2010
Meeting Notes

Meeting began at 9:05

Opening remarks by Rob Ozar and introductions by participants.

- Chandler Von Schrader, EPA, outlined the Home Performance with Energy Star (HPwES) Sponsorship program.
 - First step – build the program. That’s the value of a meeting like today’s meeting which brings a variety of people and industries in one room.
 - Implement Quality Assurance (QA) program,
 - Build contractor base,
 - Train employees in “green” jobs – in conjunction with market demand,
 - Tie in financing that’s accessible and affordable (average jobs cost approximately \$7,500),
- Rob Ozar described building blocks that are coming into place around the State:
 - Consumers Energy has applied for HPwES sponsorship. They serve about 40% of Michigan utility customers.
 - Detroit Edison also serves approximately 40% of Michigan’s customers, but has not applied for HPwES sponsorship as of this date.
 - Over 4 million customers in Michigan, with a potential market of 2 million homes. Over 200 years to retrofit all existing homes using budget figure of \$100,000,000. This is a sustainable market, even after Federal (ARRA) funds go away.
 - Federal grants recipients announced last week to develop training programs for green jobs: Grand Rapids Community College - \$4 Million, Mott Community College – just under \$4 Million, Southwest Housing Solutions (Detroit) - \$4 million.
 - Bureau of Energy Systems has applied for grants to fund the Michigan Retrofit Ramp-up Initiative (MRRI). Pat Hudson, DELEG: Results will be known in March 2010. Ties Federal funds with HPwES program for deep savings found in a whole home approach.
- Mr. Von Schrader: Does not believe it would be effective for Michigan Saves to become a HPwES sponsor. It’s important that we have a good financing partner on board, which Michigan Saves would be. Michigan Saves could be the first step in QA, and seamless coordination is needed between Michigan Saves and the utilities.

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- Mr. Ozar: What is the implication if all utilities do not become sponsors?
- Sue Warren (Board of Water & Light) May be an item for future consideration, but all of their current programs are under contract to implementer. Financing is also a consideration that all smaller utilities will face.

Q: Brad Kline, ELPC: What is the amount of money needed to bring consumers on board?

A: Mr. Von Schrader: What is the magic number that will encourage homeowners to participate? \$10,000 seems to be it, with \$2,000 of incentives on the table. Lots happening in Washington, could be a lot more money coming down to consumers. Home Star (Cash for Caulkers) program is gaining ground now.

Q: Sam Flannery, Building Sciences Academy (BSA): Please address the importance of aligning these programs with HPwES.

A: Very important – needs to have highly qualified contractors who can meet the QA bar. Credentials in building science are needed to help consumers tap into incentives. Building Performance Institute (BPI) is not a requirement, but sponsors are gravitating toward this program. RESNET raters are critical to this industry, but are a different entity; trying to get into the existing-home performance industry.

Ferris State: Under development with a program leading to energy audit/certification tools for homes.

Tim Hardesty, Cleareresults: Henry Ford Community College and Jackson Community College are also working on standards, taking advantage of influx of cash and working towards the same goals. There is a need for a standard.

Jamie Peters, MEEA: Illinois is moving forward and she will be happy to share in-depth information during the break. They have funded several BPI training programs. Would suggest if Michigan has a state-wide program that there is one agency in charge of checking those standards to make sure they are applied consistently. That's why they favor BPI as they handle certification. Different requirements for home auditing and contractor pieces. But contractors need to understand all that goes into an audit.

Q: Tim Mrozowski, MSU: Not familiar with all the different programs and funding, would it be possible for a "map" of programs and acronyms to be an outcome of this meeting?

A: Mr. Ozar: Yes.

Q: Participant: 1) More information about Michigan Saves, how do you go about picking contractors, 2) \$6.5 million doesn't get you very far down the road. Like the Cash for Clunkers program, programs that run out of steam don't do much good.

A: Jeff Williams, Michigan Saves: 6 months ago, there wasn't a Michigan Saves. 2 tracks being rolled out – ala carte, no BPI certification needed, but Michigan Saves will do QA using

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utility programs where available. For contractor side, up in the air about requiring BPI audit. They fully endorse HPwES program. If a home uses energy audit under utility Energy Optimization (EO) program, then they would fund the remainder of that retrofit. MPSC contract made very clear that contractors must be competitively bid. Pilots will have a selected contractor, with that contract expiring December 30, 2010. \$6.5 million is not the loan fund. That will be used as leverage, believes they can leverage \$100 Million with a 1% default rate. Working on pilots so they can roll out programs state-wide as soon as possible.

Sally Talberg, Michigan Saves: Contractors will not be under contract to Michigan Saves.

Mr. Williams: Cherryland pilot will have contractor network through Brown Lumber until the end of this year. If that pilot finishes earlier (money is exhausted) then the program will open state-wide sooner.

-30 minute break for networking-
(Meeting resumed at 10:30)

Mr. Von Schrader reviewed the importance of getting into homes and build the numbers. Pilots such as Consumers Energy's are important – least cost clipboard audits with the right person who understands the house can be an important part of the process of beginning to prepare a work plan with incentives. Use as a marketing tool, if the consumer isn't interested, move to the next home.

Q: Participant: What does it mean to be a HPwES sponsor?

Mr. Von Schrader: 1) Sponsors must prove they can provide QA and deliver results. 2) Reporting back to EPA about results – not too onerous. 3) Provide plan, define rules of engagement for contractors and others, set goals. 4) Provide incentives. 5) Market energy efficiency.

Q: Participant: Isn't that the benefit of using BPI, the QA process is already in place?

A: Mr. Von Schrader: BPI can remove a lot of the burden from utilities, but QA is more than just BPI.

Q: Jamie Peters: What are the advantages of having multiple sponsors in a state? Would there be increasing levels of confusion?

A: It's fine to have multiple sponsors within a state or region. Must pass clients through Chandler (EPA/DOE) which sets a high bar for QA.

A: Mr. Ozar: The Collaborative is working to coordinate this, a handout was provided that lists Program Elements.

Comment by participant: The 2 page sponsorship agreement lays out the important points. Getting qualified individuals, testing out, reviewing the files, ensuring Best Practices being

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followed; with a 5% field check is occurring. This is why there should be multiple sponsors if a utility is running an EO program, they must be able to justify their program is being effective to the MPSC and so they need to spread out responsibilities. Sponsors don't have to be banks.

Q: Mr. Ozar: What are the legal issues around sponsorship?

A: Mr. Von Schrader: So far, no legal issues. NICERTA has had to decertify contractors who were 'gaming' the system. Sponsors have a contract with contractors that lay out the rules of engagement. No fees – this is not a franchise. Sponsor must observe logo guidelines and make sure it is being used appropriately.

Q: Mr. Kline: What are we saving from a home retrofit (therms, kwh) and what do we think a home retrofit program will look like down the line, considering utility EO programs? What's the process to determine what the standard will be in Michigan so we don't have different processes for different programs?

A: Mr. Von Schrader: Hopes the standards question will be the least of our problems. Implementation standards are well vetted. BPI standards are close to being ANSI certified. So, not as concerned that we don't have good standards, but that they are delivered.

Q: Mr. Kline: The question is more about process to make sure the same standards apply to all the programs...

A: Mr. Ozar: That's something the Collaborative will address. But this is a long-term approach, unlike something like the CFL program that will ultimately be phased out by more stringent Federal standards, perhaps by 2012. A whole-house approach is a longer term process, and can result in deeper energy savings, than some of the shorter term programs. Detroit Edison and Consumers Energy agree and are having discussions on long term planning to incorporate a whole-house approach.

Q: Beth Summers, DELEG Workforce Transformation: What are some challenges faced by other states in implementing programs?

A: Von Schrader: Challenge of building the market demand in front of workforce supply. Free training offered in CA, 700 contractors trained, but there was a lack of incentives and work. CA is building their programs and the contractors will come back, but it was an unfortunate situation. Contractors will follow the money: if there are jobs they will be there. Heating and cooling industry is a key to the HPwES – one of the most complex elements and we have to work with existing companies. If incentives are strong and geared towards meeting some tiered program, contractors will step up. This program has to be sold. We need to close the deal, not just people to do audits, air sealing, etc.

Q: From MSU: From the consumer view – they have to trust the results, that you're not just trying to sell something. There is financing available, all in favor of green, saving the environment, but with the economy, what will the consumer get out of this? What will their pocketbook get out of this?

A: Von Schrader: Encourage them to get an audit, maybe you can live upstairs in the summertime, maybe the ice dams go away, maybe the children's' allergies will be less severe. The savings are all over the map, homes are usually in bad shape, ask for audits. Contractors can make big differences in savings – 20 – 30% savings. Guarantee 25% savings or your money back. Have to know the energy usage before you can predict the saving. Must have real data – utilities must anticipate sharing this data with contractors so auditors can move forward. Modeling with utility data is important. That's where we need to be. No guessing. BESTest-EX is software being testing to calculate energy savings.

Mr. Williams: Has seen modeling that doesn't vary gas/electric prices over time. Michigan Saves has to take into consideration utility regulation, but they are in the business of issuing loans under the Fair Reporting Standards. Condition of the loan is that they see 2 years prior and post utility bills. House built in the mid 70's, 1,500 sq ft, furnace replacement yielded a payback of 5-7 years, without any utility rebate. This gives him confidence that money is saved on the ala carte side and real savings for consumers. Still relies on trust, data and facts. But if the customer can be moved to that next step, then a home audit will pay off.

Pat Hudson, DELEG: trust is inseparable from sales. If salesmen have trust, then the customer will have savings. Trust is also linked to HPwES.

Q/Comment by participant: training money for employees? More info on Michigan Saves, he's seen some fiascos in the loan area with money running out before the program gets up and running.

A: Mr. Williams: list of eligible measures is controlled and they have confidence in it. They are working very hard to work on loan guidelines. Would like to see a whole home loan that would come in 2-3% lower than ala carte loan to incent the consumer to take a more complete look. They want as many people as possible in that whole home category. 15% of people do a whole home approach, given existing stats from other states.

Mr. Ozar: Workforce training is a piece not in place yet. The Collaborative and educational institutions can work together on this. Asks for questions from the universities/colleges.

Q: Beth Summers, DELEG: Are the utilities looking to train contractors?

A: Teri VanSumeren. CMS wants to help trade allies grow their businesses, they are not looking to hire them into Consumers Energy. Looking to invest in the Energy Star program to help customers become more aware of savings, sales tools, and information.

A: Mr. Von Schrader: Sponsors do not hire the contractors. They have met minimum certification standards and it increases confidence in the work and it will yield energy savings. Savings are most with HPwES, less with prescriptive and ala carte. Checking with savings downstream to ensure they happened.

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Q: From MSU: What are the numbers of people needed to be trained, are there jobs out there right now? Different institutions need to collaborate to make sure they are on the same page.

A: Mr. Ozar: Absolutely right - Karen will be circulating a sign-up sheet because that is a direction the Collaborative will be moving in.

Comment: Home Star will not be providing training monies.

Q: Participant, building contractor: Some of us are not certified, but will be on the front line. When do we have to do this, is there money available for training, what standards will be required – we need to know that.

A: Mr. Ozar: Need to work with DELEG Workforce staff to get displaced worker money directed towards contractors and buying tools, employee certification. The critical need is toward incentives and contractors first. Then people can be hired.

Need the educational attendees to give their business cards to Karen. Future meetings will address the need for training contractors and workers, and the part Michigan Works and educational institutions will play.

Comment: Ms. Talberg: Michigan Saves website will be updating pages dealing with contractor lists in the next few days. Please visit the website and check out the pages.

Meeting adjourned at 11:50