

Honeywell
2009 Existing Homes Program
NJ Home Performance with ENERGY STAR®

The following comments are respectfully submitted by CMC Energy Services to the Energy Efficiency Committee and Office of Clean Energy in response to the NJ Home Performance with Energy Star (HPwES) component of Honeywell's draft filing of the 2009 Existing Homes Program.

CMC Energy (CMC) supports Honeywell's conclusion that HPwES needs a significant restructuring in order to have a chance to meet the energy reduction goals outlined by the Governor's draft Energy Master Plan. This is the same conclusion that we have shared with the Energy Efficiency Committee over the past six months.

We also conceptually support many of the specific programmatic elements that have been changed, since they reflect portions of the "Streamlined HPwES" concept that we have also been recommending since the spring:

- employ energy auditors, rather than contractors as the primary source to conduct audits (aka "Tier 1 assessments"),
- conduct blower door testing as part of the weatherization process
- lower the price point of the audit to \$125 and make it "free" if certain levels off efficiency measures are installed,
- utilize streamlined software that is more user friendly,
- hand off leads from the audit to certified contractors.

However, we not able to make the leap from how the 2009 goal of only 2400 air seals demonstrates the ability to upgrade the 200,000 homes every year for ten years starting in 2010 that are necessary to meet the EMP goal. Additionally, the 2009 budget of over \$12+ million translating to \$4500 per upgrade is not sustainable. We also note the opportunity to apply more operational, financial and analytical discipline.

Consequently, we suggest that the following modifications to the 2009 plan:

- 1) increase learning and reduce risk by developing alternative approaches now that can be implemented at the beginning of 2009, such as CMC's proposal to narrow the customer target to new buyers of existing homes,
 - 2) provide benchmarks or performance metrics that can tracked across the year to insure progress in meeting the energy savings and contractor development goals
 - 3) identify and evaluate ways to incent measure installation at a sustainable cost, which is considerably less than \$1000 per home
 - 4) provide measures for planning and evaluating the cost effectiveness of all budget categories and items
 - 5) develop quantitative measures for planning and evaluating the effectiveness of the marketing plan (commonly referred to as a "dashboard").
- Some specific questions and needs for clarification arise from our review of the Program Description:
- One of the 2009 goals is to make the program more appealing to homeowners. Why then does the plan adopt the new nomenclature "comprehensive home energy assessment", when the phrase "energy audit" is already widely understood and accepted? This has the capacity to confuse consumers and/or to require more money to be spent on education.
 - Why is it necessary that ... "Program staff will continue to perform some Tier 1 assessments until such time that the market place can meet the demand"? The market place can meet the demand now. In the September 16 EE Committee meeting, CMC indicated that it is capable of conducting audits with as little as two weeks notice and could easily deliver 30,000+ audits by the end of 2009.
 - It is unclear what software, if any, is currently being used by Program staff to conduct audits, as well as what will be used in 2009. There is no explanation of what data will be collected in the streamlined audit, whether a report will be delivered to the homeowner or when/how it will be delivered. Previous versions of the plan have referred to "a simplified spreadsheet-based form". In industry parlance this is called a "clipboard audit", which does not include analysis or identify costs, savings and paybacks to allow homeowners to make informed decisions. If there is a need for analytical software, CMC would welcome the opportunity to discuss its Home Energy Tune-uP software as a possible solution.
 - The plan states that the proprietary CSG HomeCheck software will be improved in a variety of ways in 2009. Does the agreement between CSG and

Honeywell have a provision for the OCE/State of New Jersey to retain intellectual property rights to any revisions to CSG's software that New Jersey rate payers fund through the OCE budget?

The following comments pertain to the Marketing Plan.

- It is extraordinarily rare to achieve success when marketing to the entire category of something as broad and diverse as people who live in existing housing stock. The challenge is to find one relevant and impactful message for all, as well as the difficulty to achieve critical mass in marketing communication without nearly unlimited funds. Therefore, it's absolutely necessary to segment the market.

- The words of Babe Ruth apply to the marketing plan, "If you don't know where you're going, you might not get there". Put another way, without specificity you won't know what to track, and without a quantifiable goal, you won't know if you succeeded. Many goals, objectives, strategies, and tactics are too vague to be understood or evaluated. For example:

An objective should not simply be "Market Awareness". It should be "Achieve and then maintain a 50% unaided/70% aided awareness of HPwES among homeowners by the end of 3rd quarter".

A "Direct Mail" tactic should read "Deliver 40,000 modular mailers the first month of each quarter to the highest electricity consuming households in the PSEG service area".

CMC appreciates the opportunity to be part of the EE Committee and will provide whatever additional assistance it can to refine the Existing Homes Program filing. We would also welcome the opportunity to work with Honeywell in any way to implement the most effective plan possible in 2009.

Clif Payne
Executive Vice President

CMC Energy Services, Inc.
1301 Virginia Drive, Suite 250
Fort Washington, PA 19034
(O) 215.654.8388
(F) 215.542.2953
(C) 610.764.9444
Web: www.cmcenergy.com

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