



RESNET 2004 Annual Report

Background

The Residential Energy Services Network, Inc. (RESNET) is a membership driven, not-for-profit corporation. RESNET's mission is to improve the energy efficiency of the nation's housing stock and to qualify more families for homeownership by expanding the national availability of mortgage finance options and home energy ratings.

RESNET supports its mission through two principle goals:

- Setting the standards for quality of rating services thereby enhancing the credibility of ratings to consumers, lenders, the housing industry, government agencies, and utilities
- Providing the tools to help home energy raters succeed in becoming profitable businesses

RESNET is guided by a Board of Directors whose membership includes representatives from the entire home energy rating industry.

The 2004 RESNET Officers:

President – Philip Fairey, Florida Solar Energy Center
Vice President – David Goldstein, Natural Resources Defense Council
Treasurer – Thomas Hamilton, California Home Energy Efficiency Rating System
Secretary – Kelly Parker, Guaranteed Watt Saver Systems
Past President – David Wilson, Energy Rating Homes of Utah

The other members of the RESNET Board of Directors:

Ben Adams, MaGrann Associates
Eric Borsting, ConSol
Megan Edmunds, E-Star Colorado
Richard Faesy, Vermont Energy Investment Corporation
Tracy Fogelsong, EnerCal Nevada
Bruce Harley, Conservation Services Group

Michael Holtz, Architectural Energy Corporation
Kathy Howard, Energy Sense
Mark Jansen, Energy Efficient Homes Midwest
Joseph Lstiburek, Building Science Corporation
Greg Nahn, Wisconsin Energy Conservation Corporation
Lee O'Neal, NSpects
Gayle Sampson, Mid-West Building Diagnostics
Douglas Walter, Kansas Building Science Institute
Daran Wastchak, D.R. Wastchak, LLC
Eric Werling, ICF Consulting

RESNET's Priorities for 2004 Adopted by the RESNET Board of Directors

The RESNET Board of Directors adopted the following priorities for 2004 in rank order:

- I. **Monitor and Advocate for Federal Residential Energy Efficiency Tax Credits**
- II. **Develop Recommendations for DOE and the Department of Treasury on the Rule Making for the Implementation of the Residential Energy Tax Incentives**
- III. **Complete the Rating Standards Amendment Process**
- IV. **Develop and Implement a National Rater Core Test**
- V. **Develop a Software Verification Test Suite for Potential Federal Tax Credits for Residential Energy Efficiency**
- VI. **Develop Recommendations to the RESNET Board for an Industry Standard for Sampling Providers**
- VII. **Develop a Standards of Practice for the Rating Industry**
- VIII. **Continue to Serve as a Facilitator to EPA, DOE and HUD on Issues Affecting the Rating Industry**
- IX. **Complete the Minnesota and North Carolina Projects**
- X. **Successfully Host the 2004 RESNET Conference**

This report is divided into two parts:

- **RESNET's Accomplishments in 2004 – Adopted by the RESNET Board of Directors**
- **RESNET's Accomplishments in Addition to RESNET Board Priorities**

RESNET's Accomplishments in 2004 – Adopted by the RESNET Board of Directors

RESNET achieved incredible progress in 2004. Not only did RESNET accomplish all of the priorities established by the Board for 2004, we were also

able to make additional significant achievements. The following is a summary of RESNET's accomplishments for the year:

RESNET Board Priorities Accomplished:

- **Monitor and Advocate for Federal Residential Energy Efficiency Tax Credits** – RESNET was very effective in our efforts on this issue. All of the final versions for tax credits for energy efficient new homes proposed in Congress required independent third-party performance verification. RESNET's Mortgage Industry National Home Energy Rating Standards were cited as the basis for this verification. Although tax credits were not passed by Congress in 2004, it is expected that they will be introduced again in 2005. The work that RESNET completed in 2004 will serve as a starting point when Congress considers residential energy efficiency tax credits in 2005.
- **Develop Recommendations for DOE and the Department of Treasury on the Rule Making for the Implementation of the Residential Energy Tax Incentives** – Steve Baden represented RESNET on the steering committee of the Tax Incentives Assistance Project (TIAP) coordinated by the American Council for an Energy Efficient Economy (ACEEE). The TIAP is composed of the leading national energy efficiency advocacy organizations. Its mission is to develop recommendations on rule making. Mr. Baden also served as the co-chair of the Residential Subcommittee that developed the recommendations on rule making on the residential tax credits. In addition, RESNET developed a suite of tests that software programs must pass to be used to verify a home's eligibility to qualify for a tax credit. The completion of these tasks will ease implementation of tax credits by the Departments of Energy and Treasury if enacted by the next Congress.
- **Complete the Rating Standards Amendment Process** – The enhancements to RESNET's Mortgage Industry National Home Energy Rating Standards were endorsed by the RESNET Board of Directors and adopted by the Standards Revisions Committee on December 23, 2004. The Revisions Committee is composed of three representatives of State Energy Offices and three representatives of the rating industry.

The enhancements to the national home energy rating standards were developed through a three-year process that included:

- + A consensus process in which a drafting committee reviewed and developed the proposed amendments

- + An aggressive vetting and robust education effort to obtain input from the key stakeholders of rating services. Groups that were offered the opportunity to review and comment on early drafts of the amendments included:
 - o National Association of Home Builders
 - o RESNET Board of Directors
 - o RESNET Members
 - o U.S. Department of Energy
 - o U.S. Environmental Protection Agency
 - o National Association of State Energy Officials
 - o North American Insulation Manufacturers Association
 - o Building America Team

- + The education effort included presentations at the National Association of Home Builders Energy Subcommittee, the RESNET Conference, EEBA Conference, and Affordable Comfort Conference as well as numerous articles in RESNET Notes, Home Energy Magazine, and Energy Design Update.

- + An industry education effort took place after the amendments were drafted and before the public comment process. The proposed amendments and their justifications were posted on the RESNET web site 30 days prior to the public comment process.

- + A 75-day public comment period followed the education effort. The comment period was extended by 15 days upon the request of the National Association of Home Builders.

- + A seven month review period followed, where the drafting committee carefully reviewed every comment received and made changes to the amendments based upon the comments. This effort included consultation with key experts such as Gary Nelson of the Energy Conservatory, Hank Rutkowski with ACCA, and interest groups such as the North American Insulation Manufacturers Association and the National Association of Home Builders.

The result of this process is a set of enhancements to the national home energy rating standards that solve many known issues with the existing standard, are technically defensible, and do not present an undue burden on the rating industry or the clients of its services. The result increases the credibility of our industry by moving the industry into the 21st century and setting high standards of quality.

- **Develop and Implement a National Rater Core Test** – Development of the national rater core test has been completed and fully tested. Staff is

currently making the final adjustments necessary before the test can go on-line.

- **Develop Software Verification Test Suite for Potential Federal Tax Credits for Residential Energy Efficiency** – RESNET was funded by the Department of Energy through the National Renewable Energy Laboratory to develop a software test suite to be used as a means of verifying a home's energy efficiency performance level related to a the tax credit. The test suite was completed and presented to the Department of Energy. The Department was very pleased with RESNET's results.
- **Develop Recommendations to the RESNET Board for an Industry Standard for Sampling Providers** – The Environmental Protection Agency's (EPA) revised sampling protocol recognizes a RESNET accreditation standard for sampling providers. RESNET received funding from the EPA to convene a rating industry task force to make recommendations to the RESNET Board for a sampling provider accreditation standard. The recommendations and a framework for RESNET rating sampling was presented to the Board and forwarded to the EPA.
- **Develop Rating Standards of Practice** - In 2003 the RESNET Board adopted a Rating Code of Ethics and a Standard Rating Financial Interest Disclosure form. The remaining document needed was a "standards of practice". The standards of practice would delineate what a rating does and does not cover. The home inspection industry found a standard effective in reducing insurance costs for home inspectors. In 2004, a Rating Standards of Practice Task Force was formed and a RESNET Rating Standards of Practice was drafted. The Board adopted the Standards of Practice in October.
- **Continue to Serve as Facilitator to EPA, DOE and HUD on Issues Affecting the Rating Industry** – In 2004 RESNET staff continued to effectively coordinate with EPA, DOE and HUD. RESNET staff have participated in DOE's quarterly Building America Team Coordination meetings, met with EPA ENERGY STAR staff on a quarterly basis, and made a presentation to HUD's Energy Task Force on RESNET national home energy rating standards.
- **Complete Minnesota and North Carolina Projects** – In 2004 RESNET received funding from the Minnesota and North Carolina state energy offices to develop a dynamic partnership with Fannie Mae, the state's housing industry, and the state's raters to promote energy efficient mortgages. Both projects were highly successful in forging the partnerships and providing training on rater business development. The

efforts were so successful that both states have committed to renewing funding for the projects.

- **Successfully Host the 2004 RESNET Conference** – The 2004 RESNET Conference successfully took place on March 1 – 3, 2004 in San Diego. The 2004 conference drew 230 attendees (the largest for a RESNET Conference) and turned a profit. The greatest accomplishment of the conference was that it served as a catalyst for developing rating industry consensus on such key issues as the proposed amendments to the national home energy rating standards.

RESNET Accomplishments in Addition to Board Priorities

- **Formation of RESNET Standing Committees** - To better achieve its goal of setting the standards for quality, the RESNET Board of Directors established standing committees in October, 2004. Each committee's purpose is to provide the RESNET Board with policy, implementation, and technical guidance. Three of the standing committees are based on the chapters of the national home energy rating standard. A fourth committee will focus on member services. The standing committees are:
 - + Quality Assurance Committee - The committee will be responsible for issuing interpretations on Chapter One of the Mortgage Industry's National Home Energy Rating Standards, oversight of RESNET's rating quality assurance program, and investigating and making recommendations on the code of ethics. Ben Adams was selected to chair the committee.
 - + Training and Certification Committee - The committee will be responsible for issuing interpretations on Chapter Two of the National Home Energy Rating Standards, maintenance of the national rater test, approval of all RESNET education programs, and maintenance of RESNET rater certification categories. Kelly Parker was selected as chair of the committee.
 - + Technical Committee - The committee will be responsible for interpretation of technical standards, procedures and guidelines, technical evaluation of issues and programs, and continuing maintenance of technical standards. Bruce Harley was selected as the chair of the committee.
 - + Membership Committee - The committee will develop plans for recruitment of members of RESNET as well as members of the Board of Directors, serve as the nominations committee for the Board of Directors, and provide policy oversight for the annual RESNET Conference. Gayle Sampson was selected as the chair of the committee
- **Secured Affordable Business and Professional Liability Insurance Coverage for RESNET Rater Members** – Due to the leadership of

RESNET board member, Mark Jansen, RESNET negotiated affordable business and professional liability insurance coverage for RESNET rater members. This is a first in the rating industry. RESNET has posted a web page about this coverage at www.natresnet.org/insurance/default.htm. A series of articles featuring the coverage was published in several issues of RESNET Notes. Since the program became available in April 2004, 50 RESNET members applied for the business coverage and 41 members applied for professional liability. As of December 31, 2004, 11 business coverage policies and 9 professional liability policies have been underwritten.

- **Adopt and Begin Implementation of Outreach Plan on Enhancements to the RESNET National Home Energy Rating Standards** - Due to the importance of the enhancements to the rating industry and its clients, in October, 2004, the RESNET Board of Directors adopted a RESNET National Home Energy Ratings Standards Amendment Outreach Plan, drafted by the RESNET Standards Outreach Task Force, chaired by Richard Faesy. Activities in 2004 focused on the program administration enhancements that will go into effect on April 1, 2005. The following tools for rating providers have been developed to assist in educating raters about the program administration enhancements:
 - + Fact sheet on the overview of the enhancements to the national home energy rating standards
 - + PowerPoint presentation on administrative enhancements to the National Standard
 - + PowerPoint presentation - Standards Administrative Amendments Training Manual for Rating Providers
 - + Postings on RESBlog
 - + Rating Standards Amendment Tool Kit on the RESNET website

In addition, the following outreach activities took place in 2004:

- + Booth at the American Insulation Contractors Association, October 2004
- + Meeting with the North American Insulation Manufacturers Association, September 2004
- + Presentation at the NAHB Energy Committee meeting, September 2004
- + Presentation at the National Energy Raters Association Conference, October 2004
- + Presentation to the Texas Home Energy Raters Organization, October 2004
- + Booth and presentation at the 2004 EEBA Conference, October 2004
- + Presentation at the California Association of Building Energy Consultants, October 2004

- + Articles on the amendments in Home Energy Magazine and Energy Design Update publications
- + Conducted a series of three rating provider audio training sessions on the administrative enhancements (two additional sessions scheduled for January 2005)
- **Enhanced Rater Membership Services** – RESNET has developed a new definition of what being a rater member of RESNET means. By being a member of RESNET, a rater subscribes to high standards of quality and ethics and will be recognized as such. In return for this commitment, RESNET will provide these additional services to rater members:
 - + Post the rater on the RESNET web page directory of raters - Beginning on January 15, 2005, only rater members will be listed on RESNET's web site
 - + A special RESNET rater member seal that shows the rater's commitment to quality
 - + Eligibility for the RESNET affordable business and professional liability insurance
 - + Free subscription to Home Energy Magazine

These efforts are already bringing in new members. At the close of 2004, 73 raters became new members of RESNET.

- **Launching RESBlog, Residential Energy Efficiency Industry's First "Blog"** - RESBlog is a real time, interactive, on-line information source on residential energy efficiency. RESBlog will empower individuals to share the latest information about their profession and may ultimately impact their bottom line as a residential energy professional. In addition, it is a goal of RESNET to create a community of residential energy professionals through the Internet. Since being launched in November, RESBlog has received 51 postings. RESBlog can be viewed at www.natresnet.org/resblog.
- **Formation of RESNET Task Force on Categories of Rater Certification** - An outcome of the 2004 RESNET Conference was an interest in developing a designation of raters' skills, knowledge, and experience above and beyond the basic rater certification. The goal was to create a career path for raters as exists for many other trades in the housing industry. RESNET appointed a RESNET Categories of Rater Certification Task Force to develop recommendations on the subject. Ken Fonorow, of Florida H.E.R.O. is the chair of the task force. The task force has developed the following categories of rater certification:
 - + Rating Data Collector - Entry level rater certification.
 - + Certified Rater - Current certification level
 - + Senior Rater - A "senior" category of certification

- + Building Performance Specialist - The top category certification that requires expertise in building commissioning and diagnostics.
- **Establish RESNET Rating Industry Leadership Awards** – In September 2004 the RESNET Board established the RESNET Rating Industry Leadership Awards. There are three categories of awards:
 - + RESNET Market Transformation Award
 - + RESNET Innovation Leadership Award
 - + RESNET Program Leadership Award

A solicitation for these awards was sent in September 2004. The RESNET Board will select the recipients of the awards for presentation at the 2005 RESNET Conference.

- **Strengthen Partnerships Between Affordable Comfort, Building Performance Institute, EBBA, Home Energy Magazine and RESNET** – Coordination among the four premier organizations in the building performance industry has continued. The executive directors and presidents of the boards of each organization had two coordination meetings in 2004. As a result of this effort a special building performance issue of Home Energy Magazine that will focus on these four organizations.