

2012 RESNET[®] Annual Report

January 2013

Published by:

Residential Energy Services Network, Inc.
P.O. Box 4561
Oceanside, CA 92052-4561
www.resnet.us

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Setting the Standards for
Home Energy Efficiency

Message from the RESNET Executive Director



I am pleased to present the 2012 RESNET Annual Report.

The year 2012 witnessed the achievement of a number of significant accomplishments for RESNET.

In 2012 RESNET celebrated the one millionth home that was rated and issued a HERS Index Score. During the year the RESNET Board of Directors adopted a new strategic plan that maps RESNET's path into the future. We also amended RESNET's By-Laws to allow our organization to be more inclusive and include our key strategic allies as formal members of RESNET.

Here are a few of the other key highlights from 2012 that you helped us achieve:

- Over 40% of new homes sold in the U.S. were rated and received a HERS Index Score
- Congress extended the energy efficient homes federal tax credit. Our industry's voice was clearly heard in Washington.
- Seventeen of the nation's largest production builders and over 150 local and regional builders committed to have all of their homes energy rated and to market the HERS Index Score of the homes
- Strategic partnerships were formed with the leading trade associations and product manufacturers to promote the improvement of existing homes
- Our organization continued on a secure financial foundation due to sound financial management

RESNET hopes you are as proud as we are of all the amazing things we have accomplished together to improve the energy performance of our nation's housing stock.

RESNET has a lot planned for our members in 2013. With the guidance of our knowledgeable and dedicated Board of Directors, we have adopted an aggressive set of priorities for the year. RESNET will continue to expand its outreach to consumers, contractors and builders and will be active in Washington pressing for building performance initiatives to ensure our industry continues to grow.

Sincerely,

A handwritten signature in blue ink that reads "Steve Baden". The signature is written in a cursive, flowing style.

Steve Baden



Setting the Standards for
Home Energy Efficiency

RESNET 2012 RESNET® Annual Report

I. Introduction

About RESNET

The Residential Energy Services Network (RESNET) was founded in 1995 as an independent, not-for-profit organization to help homeowners reduce the cost of their utility bills by making their homes more energy efficient.

RESNET has created the HERS Index. The RESNET HERS Index is the industry standard by which a home's energy efficiency is measured. The HERS or Home Energy Rating System was developed by RESNET and is the nationally recognized system for inspecting, calculating and rating a home's energy performance. As well as developing the HERS Index, RESNET is also responsible for the national training and certification standards for Raters, Energy Auditors and Energy Smart Contractors.

RESNET Board of Directors

RESNET is guided by a Board of Directors elected by RESNET's membership. .

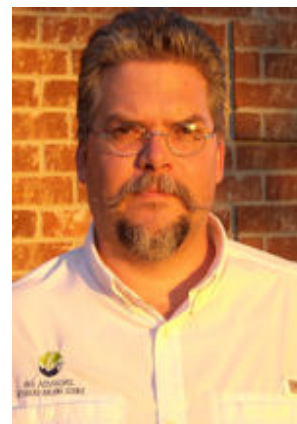
2012 RESNET Board Officers



President
Mark Jansen
Indiana



Vice President
Daran Wastchak
Arizona



Secretary
Brett Dillon
Texas



Treasurer
Lee O'Neal
Virginia



Immediate Past President
David Goldstein
California

2012 Members of the RESNET Board of Directors



Ben Adams
New Jersey



Dave Bell
Florida



Steve Byers
Colorado



Dennis Creech
Georgia



Charles Eley
California



Philip Fairey
Florida



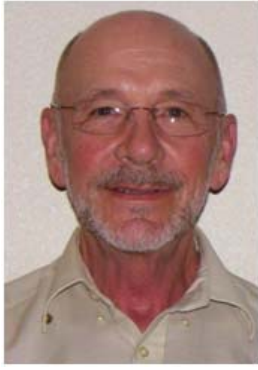
Andy Gordon
Washington



Jim Petersen
Michigan



Eurihea Speciale
New York



Dennis Stroer
Florida



Greg Thomas
New York



Barb Yankie
Ohio

RESNET Standing Committees

To better achieve its goal of setting the standards for home energy efficiency, the RESNET Board of Directors has established standing committees. Each committee's purpose is to provide the RESNET Board with policy implementation and technical guidance. The committees are:

Accreditation Committee

The RESNET Accreditation Committee is responsible for the oversight of RESNET's accreditation application review process and accreditation procedures. Committee members are:

Chairman: Dave Bell, Environments for Living

Other Members:

Kyle Compton, CertainTeed Insulation Group

Wally Conway, GoHomePro

Roy Honican, Blue Grass Energy

D'Wayne Pryor, Lennar Homes

Susan Recken, Arkansas Economic Development Commission

Jerry Thatcher, Energy Diagnostics, Inc.

COMNET Committee

The COMNET Committee is responsible for the policy oversight of the Commercial Energy Services Network (COMNET). COMENT is a partnership of non-profit organizations that sets the quality assurance standards for the rating of a commercial building's energy performance. Committee members are:

Chairman: Charles Eley, Charles Eley Associates

Other Members:

Martha Brook, California Energy Commission
Philip Fairey, Florida Solar Energy Center
David Goldstein, Natural Resources Defense Council
Michael Holtz, Lightlouver
Jean Lupinacci, Environmental Protection Agency
Cliff Majersik, Institute for Market Transformation
Colin McCormick, U.S. Department of Energy
Mike Opitz, U.S. Green Building Council
Bill Prindle, ICF International
Steve Taylor, ASHRAE

Ethics and Appeals Committee

The RESNET Ethics and Appeals Committee is responsible for review and determination of quality assurance appeals and ethics violations. Committee members are:

Chairman: Lee O'Neal, MABTEC

Members:

Dondi Atwell, ATS Engineering
David Bell, Masco Home Services
Chip Henderson, Contact - Consultants & Architects
Richard Lensis, Energy Masters of Virginia, LLC
Joe Triolo, Progress Energy

Quality Assurance Committee

The RESNET Quality Assurance Committee is responsible for issuing interpretations on Chapter Nine of the Mortgage Industry National Home Energy Rating Standards and oversight of RESNET's rating quality assurance program. Committee members are:

Chairman: Daran Wastchak, D.R. Wastchak

Other Members:

Ben Adams, MaGrann Associates
Allison Bailes III, Energy Vanguard Energy Ratings
John Hensley, Patuxent Environmental Group
Ethan MacCormick, TREAT Ratings
Greg Nahn, Wisconsin Energy Conservation Corporation
Eric Powell, Cornerstone Energy Conservation Services
Robby Schwarz, Energy Logic

Zachary Shadid, Environmental Protection Agency
Eurihea Speciale, Building Efficiency Resources
Donald Swift, Conservation Services Group

Standards Management Board

The RESNET ANSI Standard Management Board purpose is to oversee the maintenance of the RESNET ANSI standards and amending the standard. Committee members are:

Chairman: Philip Fairey, Florida Solar Energy Center

Other Members:

Wes Davis, Air Conditioning Contractors of America
Brett Dillon, IBS Advisors
David Goldstein, Natural Resources Defense Council
Jim Petersen, Pulte Group

Technical Committee

The RESNET Technical Committee will be responsible for interpretation of technical standards, procedures and guidelines; technical evaluation of issues and programs; and continuing maintenance of technical standards. Committee members are:

Chairman: Brett Dillon, IBS Advisors

Members:

Michael Blasnik, M Blasnik & Associates
Terry Clausing, Drysdale & Associates, Inc
Wes Davis, Air Conditioning Contractors of America
Philip Fairey, Florida Solar Energy Center
Rebecca Farrell, Frontier Associates LLC
Dean Gamble, Environmental Protection Agency
Bruce Harley, Conservation Services Group
Kristof Irwin, Blue Heron Homes
Abraham Kruger, Kruger Sustainability Group
Bill Lilly, California Living and Energy
Michael Lubliner, Washington State University Energy Program
Warren Lupson, Air-Conditioning, Heating, and Refrigeration Institute
Jerry Lyle, Home Energy Concepts Corporation
Patrick Murphy, North American Technician Excellence
Gary Nelson, Energy Conservatory
Dave Roberts, National Renewable Energy Laboratory
Robert Salcido, Architectural Energy Corporation

Dennis Stroer, Energy Calcs
Michael Stuart, Fluke Corporation
Todd Taylor, Pacific Northwest National Laboratory
Iain Walker, Lawrence Berkeley National Laboratory

Training and Education Committee

The RESNET Training and Education Committee will be responsible for issuing interpretations on Chapter Two of the national rating standards, maintenance of the national rater test, approval of all RESNET education programs, and maintenance of RESNET rater certification categories. Committee members are:

Chairman: Andy Gordon, Washington State University Energy Program

Other Members:

John Beldock, EcoBroker International
Scott Doyle, EnergyLogic, Inc.
Ray Ivy, Southface Energy Institute
Mark Jansen, Energy Efficient Homes Midwest
Dallas Jones, Green Training USA, LLC
Tei Kucharski, Energy Gauge USA
C.T. Loyd, Texas Home Energy Rating Organization
Rob Moody, Organic Think, Inc.
Amy Musser, Vandemusser Design, LLC
Kelly Parker, Guaranteed Watt Saver Systems
Bernadette Rivera, LIUNA Training and Education Fund
Nancy St. Hilaire, Home Energy Group
Dan Tempas, Dow Building Solutions CTSC
Darrel Tenter, Saturn Resource Management

II. RESNET's® Priorities for 2012 Adopted by the RESNET Board of Directors

The RESNET Board of Directors adopted the following set of priorities of the organization for 2012:

- **Tap the Retrofit Market**
- **Continue to Mainstream the RESNET HERS Index in the Housing Market**
- **Maintain Quality Assurance of Rating a Building's Energy Performance and the Improvement of the Energy Performance of a Home**
- **Advocate for Federal Action on Tax Credits and Financing the Improvements of Building Energy Performance**
- **Foster Strategic Alliances with the Private Sector**
- **Support the COMNET Partnership**
- **Position RESNET Members to Take Advantage of the New Emerging Business Opportunities**
- **Begin the Process of Adopting RESNET ANSI Standards**
- **Maintain RESNET's Financial Sustainability**

III. Report on RESNET's Accomplishments in 2012

This report is divided into two parts:

- Report on achieving 2012 RESNET Board priorities
- Report on other accomplishments in 2012

Report on 2012 RESNET® Priorities

In 2011 the RESNET Board of Directors adopted a set of very ambitious priorities for the organization. Over the year great progress was achieved in meeting the priorities. Chief accomplishments include:

Tap the Retrofit Market



In 2012 RESNET laid the foundation for a robust retrofit market by setting the standards that will create the infrastructure needed for inspecting, testing, and calculating of energy savings of improved performance and the installing of the energy improvements.

A significant accomplishment was the adoption of Chapter Ten of the RESNET Standards, "RESNET Standard for Energy Smart Projects and Energy Smart Contractors". The new standard sets the procedures for the certification of RESNET Energy Smart Contractors, defines Energy Smart Home Performance Teams and sets the protocols for comprehensive upgrades of home, "Energy Smart Projects". The new standard creates the foundation for a market-based option for retrofit program sponsors to broaden the coverage of their programs and an avenue for the traditional trades to enter the home performance market.

Another infrastructure accomplishment in 2012 was the adoption of an amendment to the RESNET standards for the calculation of retrofit savings. For quite some time, it has been the contention of many that the RESNET standards apply only to new homes and that they do not address existing home. While this has never been the actual case, it has also been true that the RESNET standards did not contain a specific methodology for the calculation of standardized energy savings (asset savings) resulting from existing home retrofits. The amendment to RESNET's standards provided a specific methodology that fills this gap. Such a standard methodology is sorely needed by the Rating industry and by others, including Congress, in the development of policies and programs aimed at reducing energy use in existing housing stock. The amendment defines the baseline home and the improved home for calculating the projected energy

savings, the standard operating conditions used for modeling the projected energy savings and how air distribution systems should be addressed if not tested.

Another major step taken to create an infrastructure for retrofits was the adoption of the first ANSI consensus standard on home performance, the Air Conditioning Contractors of America's (ACCA) "Existing Homes Evaluation and Performance Improvement Standard" (ACCA 12 QH-2011). It sets the performance requirements for energy audits and home energy performance improvements. The standard was developed in cooperation with RESNET. The RESNET Energy Smart Contractor Task Force led RESNET's participation in the development of the ANSI building performance standard. The ACCA ANSI standard incorporates the following RESNET standards:

- "RESNET National Home Energy Audit Standard" (Chapter 7)
- "RESNET Standard for Performance Testing and Work Scope Enclosure and Air Distribution Leakage Testing" (Chapter 8)

Another accomplishment in 2012 was the creation of the RESNET Utility Modeling Software Calibration Test Method Task Force. Software users often "true-up" or "calibrate" simulation models for existing homes to historical utility billing data with the goal of increasing the accuracy of retrofit savings predictions. This is typically achieved by adjusting input parameters within their ranges of uncertainty until a desired level of agreement is seen between pre-retrofit energy use and historical energy use.

In 2012 RESNET entered into a process to develop a standard that would provide guidance and a method of testing to evaluate calibration methods. This effort will be based upon some of the "self-test" concepts developed within the National Renewable Energy Laboratory's Building Energy Simulation Test for Existing Buildings (BESTEST-EX).

The goal of this effort is to improve the accuracy and consistency of residential retrofit analysis by giving software developers a means to test how well various calibration methods work. The chairman of the working group is Ron Judkoff of the National Renewable Energy Laboratory. Members of the task force include representatives of the following organizations:

- U.S. Department of Energy
- Environmental Protection Agency
- California Energy Commission
- Lawrence Berkley National Laboratory
- National Renewable Energy Laboratory
- Oak Ridge National Laboratory
- Southern California Edison
- Florida Solar Energy Center
- Colorado School of Mines
- Texas A&M University
- ICF International
- Architectural Energy Corporation

- Blasnik Associates
- Performance Systems Development
- Conservation Services Group
- Apogee Interactive
- Optimiser Energy
- Earth Advantage Institute

Despite the adoption of this infrastructure the progress of tapping the retrofit market has been slow. There are a number of barriers that hinder the creation of a broad market for home performance. A key barrier to consumers making comprehensive improvements to their existing homes is the lack of affordable and sustainable financing. In 2012 RESNET made a priority to advocate for such financing. This effort has taken on two fronts – federal policy advocacy and working with the private sector.

In 2012 RESNET's advocacy on financing and incentives for the retrofit of homes focused on:

- Introduction of the SAVE Act which was introduced in the Senate by Senators Bennett (D-CO) and Isaacson (R-GA).
- Introduction of legislation that would create on-bill financing for members of rural electric cooperatives
- Introduction of legislation to create a performance based tax credit for homeowners to improve the energy efficiency of their homes
- Introduction of legislation in the U.S. House of Representatives of a federal rebate program for homeowners to retrofit their homes.

Despite enjoying bi-partisan support, none of the bills were enacted due to the current partisan gridlock in Washington. This gridlock demonstrated the importance of securing private sector financing.

To address the barrier of the lack of private affordable and sustainable financing, RESNET has entered into a Memorandum of Understanding (MOU) with Renewable Funding, LLC. Renewable Funding has developed a direct consumer retrofit loan product and recruited the initial capital to launch the product. RESNET will work with the company to explore its applicability to Energy Smart Contractors. The goal of the MOU is for Renewable Funding and RESNET to work together to leverage Renewable Funding's financial tools with RESNET's Energy Smart Contractors and trade association allies in the refinement and delivery of affordable financing for homeowners to finance energy improvements.

Continue to Mainstream the RESNET HERS Index in the Housing Market



There is growing momentum of the HERS Index Score in the nation's housing market. To date there have been over 1 million homes in the U.S. that have been energy rated and issued a HERS Index Score. In 2012 forty percent of all new homes sold in the nation received a HERS Index Score.

The leading production builders in the nation have entered into formal agreements with RESNET in which they

committed to having all of their homes energy rated and to marketing the HERS Index Score of the home.

A sign of the penetration of the HERS Index into local housing markets is the Gainesville, Florida Multiple Listing Service (MLS) containing the HERS Index Score of a home. The MLS is an important tool for the real estate industry in the marketing and selling of homes. Real estate agents use the MLS to locate properties in the market that meet the homebuyers needs and appraisers use the service to find comparables to developing the appraised market value of the home. If a feature does not appear in the MLS it is pretty much hidden from the real estate market. The MLS is owned and operated by the market's Realtor Association. The Gainesville, Florida MLS now includes a listing for a home's HERS Index Score prominently in its report.

Another development that is picking up momentum is state and local code jurisdictions adopting a HERS Index Score as a performance code compliance option. To date code jurisdictions in the following states have incorporated a HERS Index Score into their residential energy codes:

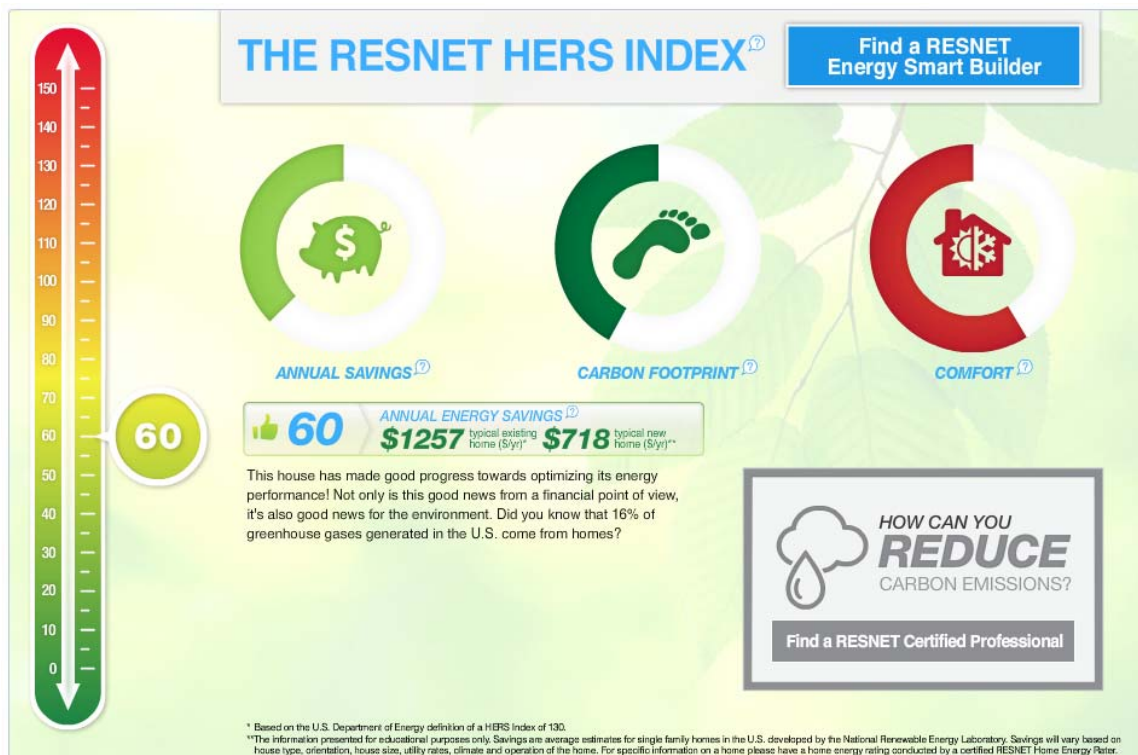
- Arkansas
- Colorado
- Idaho
- Kansas
- New Mexico
- New York
- Massachusetts

RESNET has posted a page on its web site dedicated to the HERS Index Score and residential energy codes "The HERS Index as a Performance Path to Building Energy Codes". The site not only explains the reasons why code jurisdiction across the nation has adopted a HERS Index Score option to their code but also lists the jurisdictions that

have adopted it and links to the code reference to the HERS Index Score (http://www.resnet.us/professional/main/Hers_index_and_energy_codes)

To spur the momentum of the HERS Index in the housing market, RESNET has undertaken a consumer education campaign. The campaign aims to educate consumers on what the HERS Index Score is and to “Know the Score” when buying a home by asking for the HERS Index Score. This effort has included RESNET Energy Smart Builders marketing their homes’ HERS Index Score, public relations campaign to the leading newspapers and publications in the nation and a web and social media campaign.

In an effort to provide consumers a fun way to learn about how the HERS Index works and what the HERS Index Scores mean, RESNET has posted an interactive HERS Index tool as the home page of its consumer site. As one moves the HERS Index Score the tool will graphically indicate the estimated energy savings, reduction of carbon emissions and increased comfort of the home. The estimated average cost savings from the changing the HERS Index score was developed by Dave Roberts of the National Renewable Energy Laboratory. The site states that the savings numbers are for educational purposes only and that for specific information on a particular home the consumer should have a home energy rating conducted by a certified RESNET Home Energy Rater.

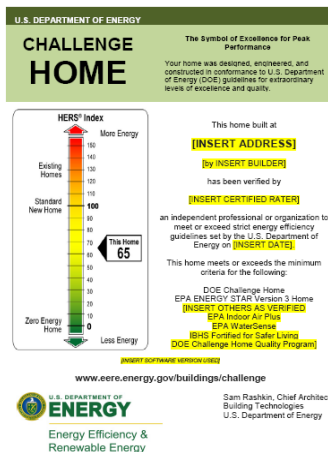


Nationally, the media has picked up on the emerging trend of HERS Index Scores. The following stories on the HERS Index were published in 2012:

- “Is HERS Home Building’s New Standard?” - Builder Magazine
- “Index Aims to be Housing’s ‘MPG’” – USA Today
- "Testing Today's Efficient Homes - Index Aims to be Housing's MPG" – Arizona Republic
- "Building In Energy Efficiency" - Aurora, Illinois The Courier News
- “Homebuilders Offering Self-Sufficient, Sustainable Homes” – Arizona Republic
- "Pushing the HERS Standard" - GreenBuilder Magazine
- “Lexington Home Builders First in US to Support Home Energy Rating” – Green Homebuilder Magazine
- “A Whole Home Energy Standard” – American Gas Magazine
- “The Home Energy Rating System (HERS) Index” - Tech Surveillance Magazine
- “Kentucky Company First in U.S. to Earn RESNET EnergySmart Program Title” - Reuters New Service, The Wall Street Journal, MSNBC, CBS News and Yahoo Finance

In addition the following national syndicated columns covered the HERS Index Score in the housing market:

- “Energy Audit Can Alert Home Buyer to Problems that Could be Costly in the Long Run” The Nation’s Housing (This column was covered nationally including the Washington Post, Los Angeles Times, Boston Herald, Seattle Times, Miami Herald, Charlotte Observer, Richmond Times Dispatch, Sarasota Herald Tribune and the Tampa Bay Times)
- “To Go Green, Look for the Blue Label” – The Housing Scene (This column was covered nationally including the Los Angeles Times, Chicago Tribune, Houston Chronicle, San Diego Union-Tribune, and San Francisco Chronicle)



Reflecting the market force of the HERS Index, the federal Environmental Protection Agency issues the HERS Index of a home in the ENERGY STAR Homes program certificate. The U.S. Department of Energy also includes the HERS Index Score on the certificate of homes qualifying for the DOE Challenge Home.

Another move that is increasing the HERS Index position in the housing market is utilities adopting a HERS Index Score requirement for their builder programs. In 2012 the following utilities incorporated a HERS Index Score requirement for their new homes program:

- Associated Electric Cooperative
- Blues Grass Energy
- Hoosier Energy
- Kentucky Utilities

- Louisville Gas and Electric

In 2012 the first home builder association, the Home Builders Association of Lexington, entered into an agreement with RESNET in which they recruited their builder members to have all of their homes energy rated and market the HERS Index Score of their homes.



Following this trend, green building programs in North Carolina, EcoSmart Homes and GreenBuilt NC, incorporated a HERS Index Score requirement for their programs and became the nation's first RESNET Energy Smart Green Building Program.

A boost to the HERS Index penetration into the Texas housing market was the Texas Veteran Home Loan Program recognizing the RESNET HERS Index. The State of Texas has a loan program that assists veterans to qualify to purchase a home. The program, the Texas Veterans Land Board Home Loan Program, offers veterans zero down on home loans with a low interest rate. In order to qualify for the program, all new homes must be verified as energy efficient by a certified RESNET Home Energy Rater. The Texas Veterans Land Board adopted rules on July 26, 2012 requiring a HERS Index of 75 or less to qualify for the program.

Maintain Quality Assurance of Rating a Building's Energy Performance and the Improvement of the Energy Performance of a Home



In 2012 RESNET undertook an innovative approach to the quality assurance monitoring of accredited rating providers. RESNET staff now covers an increasing number of accredited Rating Providers while reducing travel and administrative costs at a time when revenues are uncertain due to the continuing housing depression. This efficiency will also allow RESNET staff to concentrate on the new quality assurance demands that

will be generated with raters' involvement with Energy Smart Home Performance Teams that will address existing homes.

This new approach involves:

- In 2011 RESNET adopted significant changes to the quality assurance requirements. In light of this a key facet of RESNET's quality assurance, activity in 2012 included a complete and thorough review of every providers' renewal application.

- RESNET staff continued to conduct an annual file review of every quality assurance documentation that each provider submitted in 2012.
- By shifting from on-site quality assurance file monitoring to online monitoring of rating providers, RESNET will increase its review from 25% of rating providers to 50% of rating providers.
- RESNET reserved onsite monitoring to be in response to investigation of compliance complaints, problems discovered in online monitoring and as a term of disciplinary action. This allows more aggressive follow-up to such instances.
- RESNET developed procedures to utilize the RESNET Buildings Registry and other technology to further make the review of rating providers more efficient.

Rating providers are the foundation of the quality assurance oversight of home energy ratings. This oversight depends on Quality Assurance Designees. To ensure that Quality Assurance Designees remain up-to-date on developments in the field, RESNET adopted continuing education requirements that must be met each year.

Advocate for Federal Action on Tax Credits and Financing the Improvements of Building Energy Performance



In 2012 RESNET was effective in making its voice heard in Washington. RESNET's top legislative priority, the extension of the federal tax credit for builders to build energy efficient homes was extended by Congress. The extension was included in the compromise legislation that addressed the federal "fiscal cliff". The legislation changed the base for calculating the credit from the 2004 version of the International Conservation Code to the

2006 version.

There were also a number of legislative bills introduced in Congress to provide financial incentives for improving a home's energy performance.

RESNET has created an alliance of trade associations and manufacturer and product suppliers to coordinate advocacy activities in Washington.

For 2012 RESNET adopted the following Congressional priorities:

- Extension of the federal residential energy efficiency tax credits
- Introduction of a performance based tax credit for homeowners to improve the energy performance of their homes

- Introduction of legislation to reform the mortgage finance industry to properly account for the energy performance of a home (the Sensible Accounting To Value Energy Act – SAVE Act)
- Introduction of legislation to allow for the financing of comprehensive upgrades of the energy performance of rural electric cooperative member homes through on-bill financing.

RESNET and its strategic allies achieved the following progress in 2012 in achieving these priorities.

- Senators Michael Bennet (D-CO) and Johnny Isakson (R-GA) introduced the SAVE Act (S. 1737). The legislation was referred to the Senate Committee on Banking, Housing, and Urban Affairs.
- Senators Olympia Snowe (R-ME), Jeff Bingaman (D-NM), and Diane Feinstein (D-CA) introduced the "Cut Energy Bills at Home Act". This bill creates a new performance-based existing homes tax credit (25E). RESNET was involved in the crafting of the legislation. On December 12, 2012 the Senate Committee on Finance's Subcommittee on Energy, Natural Resources, and Infrastructure held a hearing on the legislation
- On March 21, 2012, Congressmen David McKinley (R-WV) and Peter Welch (D-VT) introduced the "Home Owner Managing Energy Savings Act of 2012" (HOMES Act). This bill creates a new performance-based existing homes rebate program for homeowners to improve the energy performance of their homes. RESNET was involved in the crafting of the bill. There has not been a hearing on the legislation.
- Momentum has been growing for electric cooperatives providing affordable financing to their members to make whole house energy upgrades to their homes and the loan being repaid through the member's monthly electric bill. Pioneered by the electric cooperatives in South Carolina there is now a movement to open the initiative nationally. The U.S. Senate has included a provision for electric cooperatives "Rural Energy Savings Program" in its version of the Farm Bill. The House, however, has taken no action on the Farm Bill.

While progress was achieved in the introduction and movement of RESNET backed legislation in Congress, due to the current political gridlock in Washington, no legislation was enacted.

RESNET will relaunch its advocacy activities when the new Congress goes into session in 2013.

Foster Strategic Alliances with the Private Sector

In 2012 RESNET was very successful in striking alliances with the private sector to promote improving a home's energy performance. These alliances are divided into two sectors – home builders and contractors and product manufacturers.

Homebuilders



RESNET has created a designation for energy efficient home builders, RESNET Energy Smart Builder. To be designated by RESNET as a RESNET Energy Smart Builder a builder must enter into a Memorandum of Understanding (MOU) with RESNET in which they commit to have a HERS Index score on all of their homes and market the HERS Index to their buyers.

In 2012 the following additional large production builders entered into an agreement with RESNET to have all of their homes energy rated and market their homes HERS Index Score:

- David Weekley Homes (19th largest builder in US)
- Drees Homes (22nd largest builder in US)
- K. Hovnanian Homes (6th largest builder in US)
- M/I Homes (21st largest builder in US)
- Perry Homes (23rd Largest builder in US)

The national production builders that have been designated as RESNET Smart Builders constructed a total of 67,018 homes in 2012.

Following this national leadership, the following regional builders have been designated as RESNET Energy Smart Builders:

- Alan Jarvis Contractor (Connecticut and Massachusetts)
- Ball Homes (Kentucky and Tennessee)
- Brookfield Homes (Delaware, District of Columbia and Virginia)
- Bunting Construction Company (Delaware and Virginia)
- Eastwood Construction (North Carolina and South Carolina)
- Essex Builders (North Carolina and South Carolina)
- Freedom Homes (Indiana, Kentucky and Ohio)
- Holiday Homes (Kentucky and Ohio)
- Nexus EnergyHomes, Inc. (Maryland, North Carolina, Pennsylvania, South Carolina and Virginia)
- O'Donovan Construction LLC (Alabama, Florida, Georgia, North Carolina, New York, Oklahoma)

- Palo Duro Homes (Colorado and New Mexico)
- Potterhill Homes (Kentucky and Ohio)
- Stanley Martin Homes (District of Columbia, Maryland and Virginia)
- Taylor Homes (Illinois, Indiana, Kentucky and Ohio)
- The Avenue Builders (Virginia and Washington, DC)
- Thompson Homes (Indiana and Kentucky)

The following local builders were designated as RESNET Energy Smart Builders in 2012:

- A Needles Construction (Florida)
- Armstrong Custom Homes (North Carolina)
- Ashford Homes (Ohio)
- Ashlar Homes LLC (Missouri)
- Ayers Custom Homes (Kentucky)
- Bright Built Homes (Kentucky)
- Capestone Homes (Delaware)
- Captiva Luxury Homes (Kentucky)
- Carr Homes (Virginia)
- Carrington Homes (Indiana)
- Celebrity Homes (Oklahoma)
- Century Structures (Florida)
- Chandler Design-Build Creative Construction (North Carolina)
- Chris Ryan Homes (Texas)
- Churchill Group (Maryland)
- Cobblestone Homes (Michigan)
- Crescent Homes SC (South Carolina)
- Cristo Homes, Inc. (Oklahoma)
- Eagle Construction (Indiana)
- EcoBuild Construction (Idaho)
- Elite Homes (Kentucky)
- Executive Homes (Oklahoma)
- Gale Property Management (Kentucky)
- Genesis Custom Home Builders (Florida)
- Guess Homes (Texas)
- H & H Homes (North Carolina)
- H&M Homebuilders (Kentucky)
- Harbor Homes, Inc. (Oklahoma)
- HealthyHomes4U (California)
- Highland Company of Eastern North Carolina (North Carolina)
- Hodges, Heathman and Conrad (Kentucky)
- Innovation Homes (Florida)
- Jack Brand Builder, Inc. (Kentucky)
- James Monroe Homes (Kentucky)

- Jim French Builder (Kentucky)
- Jim Peterson Architect Builder (Kentucky)
- John Henry Homes (Kentucky)
- Jimmy Nash Homes (Kentucky)
- John Karlovich Building Consultants (North Carolina)
- John Robb Custom Homes (Virginia)
- John Silvers Construction (Florida)
- Josh Wynne Construction (Florida)
- K & B Homes (Kentucky)
- K and R Builders (Kentucky)
- K. Hovnanian Windward Homes (Florida)
- Larry Driskill Homes (Texas)
- Larson Communities (Florida)
- Lee Wetherington Homes (Florida)
- Legacy Premier Homes (Alabama)
- Liberty Homes Custom Builders (Pennsylvania)
- Manhattan Builders (Texas)
- Maplewood Homes (Michigan)
- Mike Kerwin Homes (Kentucky)
- Mongold Homes (Indiana)
- Padgett Construction, Inc. (Kentucky)
- Perry Hood Properties (Oklahoma)
- Pinnacle Properties of Louisville, LLC (Kentucky)
- Preferred Builders (Connecticut)
- Premiere Developers (Iowa)
- Priority Homes (Kentucky)
- ProBuilt Homes (Ohio)
- RSB Homebuilder, Inc. (North Carolina)
- Ruch Builders (Tennessee)
- Sanctuary Homes (Kentucky)
- Sarasota Properties (Kentucky)
- Shail Homes (North Carolina)
- Silvercrest Homes (Oklahoma)
- Southern Homebuilders (North Carolina)
- Sterling Homes (Oklahoma)
- Stone Martin Builders (Alabama)
- Superior Realty (Kentucky)
- Terramore Homes (North Carolina)
- Thermal Shell Homes (Texas)
- Tranquility Homes (Texas)
- Tranquility Homes (Oklahoma)
- Trigon Homes LLC (Virginia)
- T.W. Lewis (Arizona)
- US Construction Corp. (Florida)

- Verdigris Group (Illinois)
- Walter Pate's Classic Texas Homes (Texas)
- Warner Custom Homes (Virginia)
- Wathen Castanos Hybrid Homes, Inc. (California)
- Westmoreland Construction Company (North Carolina)
- Westport Homes (Indiana)
- Westport Homes (Ohio)

The intent of these agreements is to raise consumers' knowledge of new home energy performance by using the RESNET HERS Index. This will clearly differentiate homes built by these leading builders and put competitive pressure on the new home industry to follow suit. It is expected that these agreements will serve as a model to other local, regional and national builders that will have positive outcomes for consumers, RESNET and the new home industry.

Contractors and Product Manufacturers



A key to tapping the market for upgrading the energy performance of existing homes is to engage the traditional contractor trades into being certified and teaming with certified raters to offer whole house energy improvements. To achieve this, RESNET has reached out to the leading contractor associations and manufacturers.

A number of contractor trade groups and product manufacturers have teamed up with RESNET to encourage homeowners to improve the energy performance of their homes. These partners have committed to educate their contractor members and clients to work with certified RESNET raters and to become certified as RESNET Energy Smart Contractors.

In 2012 the following manufacturers have entered into alliances with RESNET:

- Bayer Material Science
- Rinnai

In 2012 RESNET representatives were invited to exhibit and present RESNET's Energy Smart Contractor program to the following industry conferences:

- Air Conditioning Contractors of America (Las Vegas, NV)
- Blow-In-Blanket Contractors Association (Phoenix, AZ)
- Insulate America (Sea Island, GA)
- Insulation Contractors Association of America (Orlando, FL)
- Reflective Insulation Manufacturers Association International (Fort Lauderdale, FL)
- Spray Polyurethane Foam Alliance (Dallas, TX)
- Structural Insulated Panel Association (San Antonio, TX)

Support the COMNET Partnership



The Commercial Energy Services Network (COMNET) began as a program of RESNET. In an effort to better draw in the support and engagement of the commercial building sector, the RESNET Board of Directors voted to re-structure COMNET as a partnership of non-profit organizations involved with the energy performance of commercial buildings. The New Buildings Institute has agreed to serve as the secretariat of the partnership. The

New Buildings Institute focus is to partner with ASHRAE for the oversight of COMNET and the launch of the COMNET Energy Modeling Portal for LEED Online.

In 2012 RESNET transferred the copyright of COMNET to the New Buildings Institute. With the New Buildings Institute taking over COMNET the RESNET COMNET Committee will disband on January 1, 2013.

Position RESNET Members to Take Advantage of the New Emerging Business Opportunities



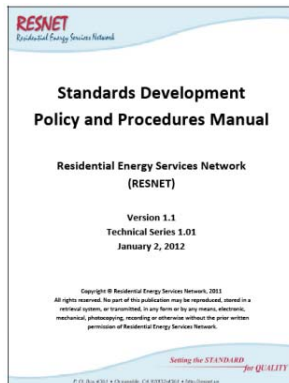
In 2012 RESNET made a concerted effort to provide its members with opportunities to grow their businesses. The key to this effort was to increase the RESNET web site search optimization so that an increasing number of consumers can learn of the benefits of hiring certified RESNET professionals and can find one in their community.

The greatest new opportunity for RESNET members is the movement of state and local code jurisdictions adopting a HERS Index Score as a compliance option to their building energy codes. Another opportunity is the requirement in the 2013 International Energy Conservation Code for envelope and duct leakage testing.

In January of 2013, the Illinois state energy code will be updated to a state-specific version of the 2012 International Energy Conservation Code (IECC). The testing provision in the new code (Section R402.4.1.2) requires that a blower door test be conducted to make sure the home reaches the acceptable level of 5ACH50 as modified by the state of Illinois. In addition, ducts must also be tested when partially outside of conditioned space. The State of Illinois will recognize certified RESNET Home Energy Raters to conduct the required performance testing. In an effort to make this transition easier for builders and raters, the Midwest Energy Efficiency Alliance, on behalf of Illinois Home Performance and Illinois Department of Commerce and Economic Opportunity, is posting a web site of individuals trained and certified to conduct the

testing. RESNET has been working with the Midwest Energy Efficiency Alliance in recruiting certified raters to be listed on the state web site. RESNET's recruitment of builders to commit to having all of their homes energy rated and marketing the HERS Index of their homes also presents a great opportunity for raters to retain builder clients or recruit new clients.

Begin the Process of Adopting RESNET ANSI Standards



RESNET has a goal to have its standards recognized in building energy codes. Recent updates of the International Energy Conservation Code require that homes be tested for air tightness and duct leakage. RESNET's standards for performance testing and certification of home energy raters offer an opportunity to be referenced in building energy codes. In order to achieve this recognition, RESNET needs to have its standards recognized by ANSI.

The first step to achieve this goal was RESNET being accredited by the American National Standards Institute as a Standard Development Organization on January 3, 2012. Upon being accredited as an ANSI Standard Development Organization, the RESNET Board of Directors appointed a RESNET Standards Management Board (SMB) to oversee RESNET's standard development process.

To support RESNET's standards development process Rick Dixon was hired as the RESNET Standards Manager. Rick brings considerable skills and experience to this new position with RESNET. He has twelve years experience as Executive Director of the Florida Building Commission.

In July 2012 RESNET released its first draft ANSI standard, "Standard for the Calculation and Labeling of the Energy Performance of Low-Rise Residential Buildings using the HERS Index (PDS 301-01)". The public review and comment process has been completed and RESNET is considering the comments submitted. The standard is expected to be adopted in the first quarter of 2013.

On August 10, 2012 RESNET served notice that it intended to develop an ANSI standard on Standard for Testing Enclosure and Air Distribution Leakage. This will create the first national standard on the testing procedures for measuring the envelope and duct leakage.

Maintain RESNET's Financial Sustainability

RESNET continued to be in sound financial shape in 2012 due to prudent financial management. As of December 31, 2012, RESNET had \$1.4 million in assets. RESNET revenues exceeded its expenditures by more than \$124,000 in 2012. This will allow RESNET to expand its consumer marketing efforts and make needed investments

for updating the RESNET National Building Registry and the RESNET National Rater Test in 2013.

Other Accomplishments Achieved in 2012

In addition to meeting the goals established for 2012, RESNET staff achieved a number of other key accomplishments. The following is a summary of these achievements.

Adoption of the 2012 RESNET Strategic Plan



RESNET has witnessed a dynamic growth in terms of accomplishments, financial stability, staffing, and credibility. To reflect the new opportunities and challenges that the organization is facing, the RESNET Board of Directors in 2012 adopted a revised strategic plan for RESNET.

To guide the organization in developing its strategic plan the RESNET Board created a RESNET Strategic Positioning Task Force. The task force's responsibilities included:

- Define the long term strengths, weaknesses, opportunities, and threats to the organization and industry
- Recommend a new vision and mission statement for the organization
- Recommend the restructuring of the organization's membership and board

The task force was composed of representative experts from the rating industry and its stakeholders

The task force was chaired by Daran Wastchak of D.R. Wastchak. Its members were:

- Dave Bell, Masco Home Services
- Steve Byers, Energy Logic
- Dennis Creech, Southface Energy Institute
- Wes Davis, Air Conditioning Contractors of America
- Brett Dillon, IBS Advisors
- Charles Eley, Charles Eley Associates
- Philip Fairey, Florida Solar Energy Center
- David Goldstein, Natural Resources Defense Council
- Jeff Harris, Northwest Energy Efficiency Alliance
- CR Herro, Meritage Homes
- Mark Jansen, Energy Efficient Homes Midwest
- Dallas Jones, Home Energy Team Institute
- David Kaiserman, Lennar Homes
- Michael Kwart, Insulation Contractors Association of America
- Jim Larson, Cardinal Glass

- Lee O'Neal, MABTEC
- Bill Prindle, ICF International
- Barb Yankie, Homes +

The task force recommended and the RESNET Board adopted the following revised vision and mission statements for the organization:

Vision Statement

RESNET's vision is that all buildings are designed, constructed/upgraded and commissioned to maximize their long-term energy performance in accordance with RESNET's consensus-based standards.

Mission Statement

RESNET's mission is to build and maintain, in collaboration with industry partners, a credible and reliable marketplace infrastructure that significantly improves the energy performance of all buildings.

The RESNET Strategic Plan defines the services provided by the organization, the strategic opportunities available to the organization and the goals for the organization.

The framework will serve as the foundation for the organization's:

- Priorities
- Budget
- Evaluation

The 2012 RESNET Strategic Plan is posted at www.resnet.us/about/planning_framework.pdf

Amended RESNET By-Laws

With the growth of the scope and reach of RESNET and the number of strategic partners in the private sector that have allied with the organization, it was critical that RESNET restructure the organization.

Guided by the RESNET Strategic Positioning Task Force and the advice of a leading corporate governing law firm, RESNET undertook a complete review of the organization and proposed a new set of By-Laws. In February an overwhelming majority of the RESNET membership approved the new By-Laws.

A key element of the amended governing procedures was the addition of membership classes to the organization and their representation on the RESNET Board of Directors.

In October 2012 the RESNET Board approved the following classes of RESNET membership:

- RESNET Accredited Providers
- RESNET Member Rating Companies
- RESNET Energy Smart Builders
- RESNET Energy Smart Contractors
- Product Manufacturers/Suppliers
- Associate Members

The new By-Laws and the RESNET Board's action have made RESNET a more inclusive organization that is poised to take the advantage of the emerging opportunities and address the challenges facing the organization.

Reaching Out to Consumers

RESNET is undertaking an aggressive campaign to educate consumers on the importance of improving the energy performance of their homes and why they should use certified RESNET professionals.

The screenshot shows the RESNET website landing page with the following elements:

- Navigation:** Three dropdown menus: "Learn about ENERGY EFFICIENCY", "What are energy RATINGS AND ASSESSMENTS", and "Why choose a RESNET PROFESSIONAL".
- Hero Section:** A large image of a family in front of a house. On the left, a "RESNET SmartHome Newsletter" sign-up form with a "SIGN UP NOW!" button. On the right, a "Know your HERS Index Score!" promotion with a "WHAT'S THE HERS INDEX?" button.
- Content Tiles:**
 - The HERS Index:** "Find out what it is, how it works and why it's important to you!" with a paperclip icon.
 - RESNET SmartHome:** "Get good advice on making your home more energy efficient!" with a kitchen range image.
 - Energy Saving Tips:** "Our energy saving tips could help you save BIG money!" with a pencil icon.
 - Find a RESNET Professional:** "Add value to your home, reduce energy costs and improve your home comfort!" with a technician image.
 - Library:** "You'll find lots of tips, articles and facts on energy efficiency here, so come on in and browse the RESNET Library!" with a bookshelf icon.
 - Get RESNET Certified:** "Home Energy Professionals: be affiliated with America's leading home energy efficiency network!" with a RESNET logo icon.
- Facebook:** A "Find us on Facebook" section showing the "RESNET SmartHome" page with a "Like" button and a snippet of a post about weekend dinner prep.

A critical step taken in 2012 was to put a more consumer friendly face on the RESNET web site. RESNET has launched a new landing page that actively engages a consumer

who is seeking solutions to improve his or her home's energy performance. The improved web site includes.

- A cleaner and more consumer oriented look
- An interactive house that presents tips to improve a home's energy performance. The interactive house divides the house into the attic, basement, bathroom, bedroom, dining room, kitchen, living room and office
- Prominent links to information on the HERS Index, how to find a RESNET professional, how to get certified as a RESNET professional, consumer energy saving tips, and case studies

The improvements to the RESNET web site have had an immediate effect. The analytics of the RESNET web site reports that RESNET's web site is drawing in more visits and engaging them. The web site is drawing over 21,000 monthly unique visits in which 63.7% are new visitors. While drawing in more visitors, the web site is also actively engaging them. The number of visitors who land on the RESNET home page and then leave (bounce rate) has decreased by 26.6% since April. This means that a visitor will visit more than one page after landing on our site. The RESNET web site's ranking of domain authority (measurement of how a website will perform in search engine rankings) has increased dramatically. The index is a 100 point scale. The RESNET score was 80. For comparison, the federal government's ENERGY STAR web site is 98 and BPI's is 37.

The success of the new RESNET web site was demonstrated by the action of Google. In 2012 RESNET was awarded a Google Grant that provides to RESNET \$10,000 a month (\$120,000 a year) in online advertising to help enhance the RESNET brand and promote the HERS Index Score to consumers. This provides RESNET a unique opportunity to reach out and get in front of millions of viewers in efforts to educate and create awareness of RESNET and its offerings.



A key element in communications today is social media. Such avenues as Facebook and Twitter are relied upon by members of a community to keep up-to-date.

There are 2,237 building performance professionals linked in with RESNET on its LinkedIn page. As many as 1,185 members of the home performance industry follow RESNET on Twitter and 1,316 members of the community "like" RESNET on Facebook.



RESNET has also launched an electronic monthly homeowner newsletter, the “ RESNET SmartHome Newsletter”. In each issue, Subscribers are kept updated on the latest home energy news, provided an energy saving Tip-of-the-Month and informed about energy saving solutions that can help you improve the comfort of your home. The newsletter is sent to consumers who have signed up on the RESNET web site.

Expanded Base of Accredited RESNET Providers



As demand has grown for home energy ratings the number of organizations that have been accredited as providers has as increased. In 2012 RESNET accredited the following new providers:

Rating Providers

- **American Green Residential Energy Efficiency Specialist** (Nevada)
- **Bluegill Energy Management** (Arizona, Arkansas, Hawaii, Louisiana, Minnesota, Mississippi, Nevada, North Carolina, Oklahoma, South Carolina and Texas)
- **Building Energy, Inc.** (Idaho)
- **Building Energy Rating System** (Alabama, Arkansas, Kansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee and Texas)
- **Building Knowledge** (Minnesota)
- **Certified Efficiency Services, Inc.** (Texas)
- **Comfort Systems USA Energy Services** (Connecticut)
- **Go Green NM** (New Mexico)
- **Green Building Consulting** (Indiana, Kentucky, Michigan, New Jersey, New York, Ohio, Pennsylvania, Tennessee and West Virginia)
- **SkyeTec Energy Rating Services** (Alabama, Colorado, Delaware, Georgia, Indiana, Louisiana, Maryland, Mississippi, North Carolina, New jersey, New York, Pennsylvania, South Carolina, Tennessee, Texas, Virginia and West Virginia)

Rating Sampling Providers

- Advanced Energy
- TRA Certification International

Rater Training Providers

- Active Energies, Inc.

- Certified Efficiency Services
- Onodaga Community College
- Performance Point, LLC
- Pulaski Technical College

The demand for energy audits has also resulted in the following new accreditations in 2012:

Home Energy Audit Providers

- International Association of Certified Home Inspectors (InterNACHI)

Online Energy Survey Tool

- Guaranteed Watt Savers I-NET

Energy Smart Contractor Education and Qualification Provider

- Accurate Rater Network

Enhancement of RESNET Standards

In 2012 RESNET adopted the following updates to the RESNET standards:

- Adjustment of Instantaneous Water Heater Efficiency
- Correcting the Calculation of Specific Leakage Area (SLA)
- Definition of “Shall”
- Revision of the Definition of Confirmed and Projected Ratings
- Revision of the Interim Guidelines for Thermographic Inspections of Buildings

The following amendments were submitted to the RESNET public review and comment process:

- Amendment of the On-Site Inspection Procedures for Minimum Rated Features (Appendix A)
- Revision of the RESNET Rater Training and Certification Standard (Chapter 2)
- Revision of the Gas Leakage Test Portion of Chapter 8 of RESNET Standards

In a sign of the credibility of RESNET's technical standards, in 2012, the California Energy Commission (CEC) revised its building energy standard, Title 24. As part of the revision of the energy code the CEC incorporated the air tightness testing protocols established in RESNET's Chapter 8, “RESNET Standard for Performance Testing and Work Scope”.

Successful 2012 RESNET Building Performance Conference



The 2012 RESNET Building Performance Conference was a huge success. The conference featured more sessions and exhibitors than any previous session. The conference also attracted 951 attendees. The conference was also a financial success, drawing in more income than any previous conference. RESNET conducted an online evaluation of the conference. A significant 84.3% of the respondents rated the conference as good or excellent

Implemented the RESNET National Building Registry

After years of development, the RESNET National Building Registry is up and running. Beginning on June 15, 2012 all ratings had to be entered into the registry in order to print the rating reports.

RESNET is currently working with the federal programs partners, ENERGYS TAR Homes, DOE Building Challenge, Indoor AirPlus and WaterSense New Homes on having their data bases access the RESNET registry. This will relieve the burden of RESNET Accredited Rating Providers have to complete the quarterly reports for each of the programs.

Streamlining RESNET Board of Directors Responsibilities

In 2011 the RESNET Board had 62 votes on issues ranging from approving RESNET Energy Smart Builder MOUs to members of the RESNET committees. With RESNET's growth, such activity began to take the Board's focus off of the central policy and fiduciary responsibilities of the board. A RESNET Board Decision Making Task Force composed of the members of the RESNET Executive Committee and the chairs of the RESNET Standing Committees was formed to recommend streamlining of the Board's decision making. The task force made a set of recommendations that redirected the RESNET Boards' focus to its responsibilities as defined in the RESNET By-Laws. The Board adopted the recommendations in January 2012. These recommendations allow the RESNET Board to focus on central policy issues and fiduciary responsibilities of the organization.