

# RESNET Notes

June 2006

## RESNET Proposes Amendments to National Home Energy Ratings Standards

On July 1, 2006, significant changes to the national home energy rating standards will take place. The most significant of these changes will be:

	HERS Index	HERS Score
Reference code/standard	2006 International Energy Conservation Code	1993 Model Energy Code
Reference air conditioner efficiency	13 SEER	10 SEER
Total Energy Consumption in the rating system	<ul style="list-style-type: none"> <li>• Heating</li> <li>• Cooling</li> <li>• Water heater</li> <li>• Lighting</li> <li>• Appliances</li> <li>• Onsite energy production</li> </ul>	<ul style="list-style-type: none"> <li>• Heating</li> <li>• Cooling</li> <li>• Water heater</li> </ul>
Comparison to the "code" home	For every 1% reduction in total energy consumption, -1 point.	For every 5% reduction in total energy consumption, +1 point.
"Code" home score	100	80
Zero energy home score	0	100
ENERGY STAR® home	Climate zone 6-8: < =80 Climate zone 1-5: < =85	>=86
Effective date	July 1, 2006	

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Setting the **STANDARD**  
for **QUALITY**

## Amendments continued...

When RESNET adopted the changes to the national home energy rating standards it also established a grandfather clause. This provision governs homes that were evaluated prior to the effective date of the changes to the amendments. The grandfather clause was adopted so that builders would have an opportunity to complete the homes that had received a design analysis and preliminary rating before having to comply with the new procedures.

The grandfather clause is contained in Section 108.1.8.3 of the ***Mortgage Industry National Home Energy Rating Standards***. The clause states, ***“Once a projected rating has been made on a property, the version of the rating software that was used initially may be used for the final rating of that property.”***

To assist raters in educating their clients on the changes, RESNET has posted a fact sheet and PowerPoint presentation on the changes. Raters are encouraged to modify both documents and to include the fact sheet in both mailings to builder clients and with PowerPoint presentations to clients and builder groups. The education tools are posted at [http://www.resnet.us/hotnews/technical\\_changes/default.htm](http://www.resnet.us/hotnews/technical_changes/default.htm)

## ***IRS Releases Rules for Commercial Buildings Energy Efficiency Tax Deduction***

As part of the 2005 Energy Policy Act Congress created a tax deduction for improving the energy efficiency of commercial buildings.

A tax deduction of up to \$1.80 per square foot is available to owners or tenants (or designers, in the case of government-owned buildings) of new or existing commercial buildings that are constructed or retrofitted to save at least 50% of the heating, cooling, ventilation, water heating, and interior lighting energy cost of a commercial building that meets ASHRAE Standard 90.1-2001. Partial deductions of \$.60 per square foot can be taken for improvements to one of three building systems—the building envelope, lighting, or heating and cooling system—that reduces total heating, cooling, ventilation, water heating and interior lighting energy use by 16 2/3% (16 2/3% is the 50% goal for the three systems spread equally over the three systems). An interim system-specific goal for lighting is provided directly in the legislation and allows prorated deductions from 30 cents to 60 cents per square foot for lighting systems.

The Internal Revenue Service (IRS) has released the rule set for implementing the commercial builders tax deduction. The rule, IRS Notice 2006-52, states that the building energy performance must be verified by "an engineer or contractor in a jurisdiction in which a building is located". The rule also specifies the requirements of software programs used to calculate compliance to the deduction. The IRS' rule set for commercial buildings is posted at [www.resnet.us/taxcredits](http://www.resnet.us/taxcredits)

## **Minnesota Home Builders Association Launches Innovative Program to Assist Builders in Meeting Federal Tax Credit**



A concern that the building industry has expressed is the availability of an infrastructure of certified home energy raters to certify a home's compliance to the tax credit. The **Builders Association of Minnesota** (BAM) has taken a leadership role in ensuring their members have access to certified raters to certify their homes.

The program, **Energy Payback Incentive**, involves a team of Minnesota certified raters recruited by the builder association and a simple three step system. The first step involves a builder calling BAM to determine the likelihood of their current construction practices achieving the tax credit's energy performance requirements. If it appears that the homes could be cost-effectively modified to meet the goals, then BAM will arrange with one of their rater team members to review the home's plan with the tax compliant software program and make recommendations on improving their home's energy performance to meet the tax credit. If after this analysis the builder wants to pursue the credit, BAM will arrange for a certified rater to complete the necessary inspection and testing.

To make the process as seamless as possible, the Minnesota builder association has posted a web page which allows a builder to complete a do-it-yourself, on-line survey to determine how close their homes are to meeting the tax credit requirements.

The Builders Association of Minnesota can serve as a national model for local builder associations initiatives to assist their members in becoming aware of the tax credits and meeting the credit's requirements. For information on the Minnesota Energy Payback Incentive program click on [www.bamn.org/epi.cfm](http://www.bamn.org/epi.cfm)

## **RESNET Posts Web Pages on Frequently Asked Questions on New Federal Tax Credit**

There is increasing interest by builders and home energy raters in the new federal tax credit for energy efficient homes. To provide a 24/7 consistent answer to questions on the tax credit, RESNET has posted two web pages on frequently asked questions regarding the tax credit. The first is aimed for home builders and is posted at <http://www.resnet.us/taxcredits/faq-builders.htm> The second is directed at home energy raters and is posted at [www.resnet.us/taxcredits/faq-raters.htm](http://www.resnet.us/taxcredits/faq-raters.htm)

If you have questions that are not contained on the tax credit pages please submit them to RESNET at [info@resnet.us](mailto:info@resnet.us)

## **RESNET Board of Directors Adopts Policy on Rating Quality Assurance**



One of the most critical roles of accredited rating providers is undertaking quality assurance review of their certified raters' ratings. RESNET is striving to create greater national consistency among accredited rating providers in meeting the rating quality assurance procedures. To achieve this goal the **RESNET Board of Directors** has adopted a policy statement on

rating quality assurance.

The policy statement adopted by RESNET is:

*"It is the policy of RESNET that each rating provider shall institute a systematic approach to field inspections. This approach shall ensure that in new construction ratings, complete information regarding all the rated features, as projected from plans and specifications, flows from the plan evaluators to the field inspection and testing personnel, to ensure that the home as-built completely corresponds to the projected rating. This approach shall also ensure the flow of information from the field back to the plan evaluators (and ultimately to the responsible certified rater) whenever a discrepancy or anomaly is found.*

*Further, it is the policy of RESNET that each rating provider's quality assurance process shall include a review of this process, and documentation that this information exchange takes place.*

*Finally, it is the policy of RESNET that the field component of the Quality Assurance process shall include a complete review of all the rated features in a home, including verification of surface areas and dimensions as well as all the rated features, as documented by an independent inspection."*

## **RESNET July 19 Rater Audio Roundtable to Focus on Completing the New EPA Thermal By-Pass Checklist**

RESNET Board of Directors President **Kelly Parker** has initiated a monthly home energy rater audio roundtable to alert raters of the most significant changes coming up and allow raters to ask questions and provide comments. The teleconferences last one hour.

The July teleconference will take place on July 19, 2006 at 3:00 p.m. (EDT) and will address the new EPA Thermal By-Pass Checklist. Hope that you will make plans to attend this important audio rater "town hall" meeting. To participate in the teleconference call 218-936-6660 at the time of the teleconference, press "2", then enter 515327 followed by the # key.

For those not able to participate in the roundtable on July 19, it will be repeated on August 8, 2006, at the same time with the same phone number.

## **RESNET Forms Task Force to Investigate National Standard for Home Energy Audits**

Home energy audits have been around for decades. Traditionally a home energy audit has been a survey of the energy uses of a home, recommendations of no/low cost improvements that can be made to the home, and referral to a home performance professional if the home can benefit from more extensive upgrades. Currently audits are conducted by home inspectors, utility personnel, and product distributors with no uniform procedures or national qualifications. Most often there is no cost to consumers for the service being that it is a part of an effort to sell a product or service, is part of a home inspection, or is part of a utility's demand management effort.

While there are many uses for the energy audit, there has never been a national standard that defines an energy audit and describes the skills an energy auditor must have.

With the spiraling costs of home heating and cooling, there has been a renewed interest in energy audits and in developing a national standard. RESNET has recruited a task force to provide guidance on this issue. The mandate of the task force is limited to making recommendations of a national definition of what constitutes a home energy audit and what should be the minimum qualifications to be an energy auditor.

It is not the intent of this effort to supplant or compete with other existing programs such as home energy ratings, Home Performance with ENERGY STAR, home energy ratings, Building Performance Institute or HUD. It is a simple realization that energy audits are currently taking place with no national uniformity and that the media is increasingly urging homeowners to get an energy audit.

The scope of this task force is focused on developing recommendations on the following questions:

- Is there a need for a national standard?
- How should an audit differ from a home energy rating or BPI analysis?
- What primary elements should a home energy audit include?
- What elements should not be included in a home energy audit?
- What additional items could be included in an audit?
- Is there market share for a basic audit and an advanced audit?
- What is the experience/knowledge that an energy auditor would need?
- How would the public find a qualified energy auditor?

RESNET has posted the members of the energy audit task force at [www.resnet.us/hotnews/taskforce/Energy Audit Task Force Members.pdf](http://www.resnet.us/hotnews/taskforce/Energy%20Audit%20Task%20Force%20Members.pdf)

***Make Plans to Attend the 2007 RESNET Building Performance Conference - February 19 - 21, 2005 - San Diego***

# RESNET Notes

## **RESNET Adopts Amendments to National Home Energy Rating Standards to Create Categories of Rater Certification and Revise Rating Provider Discipline Procedures**

After a public review and comment process RESNET has recently amended the **Mortgage Industry National Home Energy Rating Standards** to incorporate categories of rater certification and revise the discipline procedures for rating providers.

The new categories of rater certification are a result of a two year development process in which a task force proposed a set of rater certification categories that will achieve the following:

1. Create a career path in the rating field
2. Formally recognize a rater's additional experience and certifications
3. Provide an opportunity for clients and sponsoring programs to easily identify raters who have achieved additional experience and certification
4. Provide a means to access the certifications required for the senior rater designation

The new categories of certification will go into effect as of January 1, 2007. The adopted amendment is posted at: [www.resnet.us/standards/amendments2006/categories](http://www.resnet.us/standards/amendments2006/categories)

RESNET is committed to a fair and transparent process for handling failures by accredited rating providers in adhering to the national home energy rating accreditation standards. It is inappropriate to have the **RESNET Board of Directors** initiate disciplinary action on accredited home energy rating providers. It is more appropriate for the board to be the final arbitrator of such action by the organization. The newly adopted amendment charges RESNET staff as being responsible for initiating probation or suspension of rating providers. For these actions the **RESNET Quality Assurance and Ethics Committee's Appeals and Ethics Subcommittee** will serve as the first level of appeal. The ruling of the subcommittee then can be appealed to the full committee.

For serious violations that can not be remedied, the Appeals and Ethics Subcommittee would review and approve accreditation revocation based on information provided by staff. For these actions the RESNET Quality Assurance and Ethics Committee would also serve as the first level of appeal based on the petition of the appellant provider. If the provider is not satisfied with the committee's ruling, the party can appeal to the RESNET Board of Directors.

This layering of appeals ensures a fair opportunity for due diligence and appropriate recourse at each level, while maintaining corresponding levels of confidentiality or disclosure.

## **U.S. Department of Energy's Proposed Changes to the International Conservation Code**

The **U.S. Department of Energy** has released its proposed changes for this cycle of the **International Energy Conservation Code** and **International Residential Code**. They can be viewed at:

[www.energycodes.gov/iecc\\_irc\\_codechange\\_0306.stm](http://www.energycodes.gov/iecc_irc_codechange_0306.stm) Of greatest interest is the proposal to explicitly permit trading off duct insulation via the performance path. The 2006 IECC requires a mandatory R8 duct insulation. The proposed change offers a way to trade down to R4 via the performance path.

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## **Public Review and Comment Process Opened on Modifying the Home Energy Rating Stars Scoring**

The **RESNET Board of Directors** has proposed an amendment to the national home energy rating technical standard to modify the scoring criteria for star ratings of homes. The board is proposing to modify the star rating as follows:

<u>Stars</u>	<u>HERS Index</u>	<u>Stars</u>	<u>HERS Index</u>
One	500 - 401	Four	100 - 91
One +	400 -301	Four +	90 - 86
Two	300 - 251	Five	85 - 71
Two +	250 - 201	Five +	70 - 0
Three	200 - 151		
Three +	150 - 101		

RESNET is conducting an on-line public comment process on the proposed amendments through July 15, 2006. Your comments will be posted in real-time to RESNET and will be posted on the web site for others to view. To review and comment on the proposed amendment click on [www.resnet.us](http://www.resnet.us)

## **Reminder: Raters Must Have Professional Liability Coverage and Send Declaration to RESNET Before Certifying Homes for Tax Credit for Energy Efficient Homes**

There is increasing interest in the new \$2,000 federal tax for energy efficient homes. Builders from Minnesota to California are discovering that they can meet the 50% energy performance threshold above the IECC required for the credit. Certified home energy raters now can certify homes for qualifying for the new tax credit.

**It *must be remembered, however, that before a rater can certify a home for the tax credit the rater must have a minimum of \$500,000 in professional liability coverage.*** The rater also must sign a declaration of such coverage and send it to RESNET. The declaration is posted at

Fortunately for raters there is affordable professional liability insurance for RESNET rater members. Developed with RESNET members in mind, the RESNET Insurance Program is designed to help simplify the insurance buying process for RESNET members and offers the Professional Liability (PL), General Liability (GL) and property coverage you need to protect your business. The program is only available to RESNET Raters and Home Inspectors and offers competitive rates that may not be available anywhere else. Take a few minutes now to check out this all new member benefit. Call toll-free (800) 806-0263 or click on [www.locktonaffinity.com/resnet](http://www.locktonaffinity.com/resnet) .

## **RESNET/International Energy Agency Paper on Monetizing Building Energy Savings**

A paper submitted by **RESNET**, the **International Energy Agency** and the **Florida Solar Energy Center** was accepted for the prestigious **American Council for an Energy Efficient Economy**'s 2006 Summer Study on Energy Efficiency in Buildings. The paper was selected through a jury review process and will be presented by **Paul Waide** of the International Energy Agency, **Philip Fairey** of the Florida Solar Energy Center, and **Steve Baden** of RESNET at the summer study in August in California.

The paper is entitled, "Hurdling Financial Barriers to Low Energy Buildings: Experiences from the USA and Europe on Financial Incentives and Monetizing Building Energy Savings in Private Investment Decisions." The abstract of the paper is:

*"There is a growing awareness by policy makers, the news media and consumers on both sides of the Atlantic that private investment decisions concerning the energy performance of the building stock do not reflect the cradle to grave value of potential building energy saving investments. Not only is a large part of the building stock leased to tenants, thereby taking away the owners direct interest in investments to lower energy bills, but the vast majority of owner-occupied buildings undergo multiple changes in ownership during their lifetimes and thus each individual owner has a limited financial interest in undertaking investments to minimize the buildings long-term energy costs.*

*If low or zero energy buildings are to be achieved beyond a niche market for "early adopters" and the wealthy, it is necessary to adopt market forces that will enhance the demand for such buildings. Financing practices that monetize long-term energy costs in near-term investment decisions can make a major contribution to this effort. This paper reports on a number of such initiatives that have been implemented in the European Union and the United States. It also examines complementary policies in both regions that are creating a more favorable environment for such investments. The paper will also explore new options to financing and identify areas where the European Union and the United States can cooperate."*

In addition to presenting the paper at the summer study, RESNET and the International Energy Agency will be hosting a roundtable on international efforts to improve the energy efficiency of existing buildings and the opportunities for cooperation. The RESNET/International Energy Agency's round table will take place on Wednesday, August 16, 2006.

For more information on the ACEEE 2006 Summer Study on Energy Efficiency in Buildings go to [www.aceee.org/conf/06ss/06ssindex.htm](http://www.aceee.org/conf/06ss/06ssindex.htm)