

May 30, 2017

Lisa A. Skumatz, Ph.D.
Skumatz Economic Research Associates (SERA)
762 Eldorado Drive
Superior, CO 80027

RE: R1602 Residential New Construction Program – Process Evaluation

Dear Dr. Skumatz,

Eversource Energy (“Eversource”) is pleased to submit these written comments regarding the draft evaluation report: *1602 Residential New Construction Program – Process Evaluation, Review Draft* (“Draft Report”), submitted May 12, 2017 by NMR Group, Inc. (“Evaluator”). Eversource received the Draft Report on May 14, 2017 with a request to provide comments by May 30, 2017. Per the Energy Efficiency Board Evaluation Road Map Process, these comments will be considered for inclusion in the Final Report.

The purpose of the Draft Report was to evaluate the Connecticut Residential New Construction (RNC) program processes. The evaluation included in-depth interviews with utility company program staff, six participating builders, and four participating Home Energy Rating System (HERS) raters, as well as telephone surveys of 70 participating homebuyers. The evaluation covered six broad topic areas:

- Program design and implementation
- Awareness and communication
- Elements dictating participation levels (drivers, barriers, etc.)
- Attitudes toward and demand for energy efficiency
- Program influence and relevance
- Persistence of major measures

As the Draft Report states, builders, HERS raters, and homebuyers all reported high levels of satisfaction with the RNC program. Eversource is encouraged that builders view the program as providing them with a marketing edge and the financial support to learn new energy efficiency practices. Likewise, homebuyers’ view that program-certified homes are of higher value relative to similar non-certified homes, and HERS raters’ responses that the program drives their business both highlight the value that Eversource believes the RNC program provides.

The Draft Report also states that the program's incentives are among the highest in the nation. Eversource notes that these incentives are based on the experience of the utilities and represent a balancing of budgets, cost effectiveness, and amounts necessary to drive participation. For example, as the Draft Report notes (page 24), builders estimated that participating in the program usually adds about 6 percent to their total construction costs. The companies believe that the incentives are commensurate with the requirements of the program and are appropriately set.

Eversource also appreciates the Evaluator's efforts to identify opportunities for program improvements. Eversource is offering the following comments on the Draft Report conclusions and recommendations:

- **Recent program design changes.** The Draft Report states (page II) that the program began requiring renewable energy readiness for its higher tier participants, and that builders and HERS raters have mixed feelings about the new requirement, pointing to the burden of additional steps for a feature for which they do not see market demand. Eversource is aware of this concern, and will monitor it over time and make adjustments as necessary.
- **Participation in the multi-family market.** The Draft Report states that interviewees saw a need for the program to tailor its processes to accommodate the growing multi-family market. Specifically, program staff saw a need for targeted marketing, and trade ally interviewees thought that the amount of work required for multifamily participation might drive potential participants away, referencing the requirement for some HERS raters to conduct air-leakage testing on all housing units as opposed to a sample of housing units, and redundancies in paperwork for multi-family projects. Eversource notes the program is currently over-indexing on multi-family projects, which represent about three-quarters of units in the program. Insofar as the work involved, the standard modelling software used for single family homes does not accommodate large multifamily projects. Therefore, more sophisticated energy modelling must be conducted. As far as air-leakage testing, sampling is allowed under RESNET guidelines and is the norm for multifamily projects. Eversource is not aware that air leakage testing is taking place on all units. Eversource acknowledges that the paperwork and analysis for a multifamily project may be more extensive than for a single family project. However, multifamily projects may encompass 50 or more units, so the process for multifamily is actually far more streamlined on a per unit basis.
- **Application process.** The Draft Report indicates that the initial application process was among the highest rated aspects of the program, but interviews with builders and raters found opportunities for improving the final application process, such as fine-tuning communication, decreasing paperwork, and limiting redundancy. Eversource notes that program applications are typically electronically submitted by the HERS rater, and Eversource does not require

builders to submit any application materials. Energy Star and RESNET require that builders submit documentation to HERS raters, but Eversource does not have control over these requirements. Nevertheless, we appreciate the comments and suggestions from builders and HERS raters, and will consider them in future efforts to streamline the application process.

- **Program technical support.** The Draft Report states that the program support is adequate, but the program should provide builders with more air-sealing training, especially to help them meet 2012 International Energy Conservation Code (2012 IECC) guidelines that recently went into effect in Connecticut. Eversource notes that the program provides code compliance training to ensure builders know about the changing codes in the state. Eversource has emphasized air leakage as part of its code-related training curriculum, including holding several air leakage-specific training sessions in 2016, and will continue to do so. Also, the Draft Report should note that while Connecticut did adopt 2012 IECC, it included an amendment that significantly softened the requirements.
- **Program data tracking.** Eversource understands that some program data tracking practices are problematic for evaluation purposes, and we are in the initial stages of enhancing data tracking systems to address problems noted in the Draft Report. The Draft Report stated that participation data did not include the amount of energy PV systems generated. This is because the Evaluator did not request data on customer-sited generation. Eversource is willing to provide that data upon request.
- **Awareness and communication.** Eversource appreciates the Draft Report's recommendations for improved messaging and outreach to builders and homebuyers, and agrees that customer awareness can stimulate participation and increase the value of the program in the marketplace. Eversource notes that the program is currently fully subscribed, so additional spending on marketing and outreach would come at the expense of incentives. Nevertheless, Eversource will consider these recommendations in future marketing efforts related to the program.

Eversource appreciates the opportunity to provide comments. Please contact me with any questions you may have.

Sincerely,

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