

Energy Efficient Homes: Key Market Factors and Challenges

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Is There a Market Failure?

Answer is not clear cut.

- + Progress described by Peter, Joyce, Ed, and Sam.
- Energy Star market share = about 10% of new homes.
- Market share of energy efficient remodeling = small.
- After 35 years, DOE works with ~270 builders, EPA with ~700. We're working mainly with early adopters.
- Great concern that energy efficiency gains increase costs and builders cannot recoup them. Risk averse industry.
- Perception that buyers don't value energy efficiency.
- Supplier pricing doesn't reward energy efficiency.
- + Energy prices are trending up.

Need to Act is Growing

- High energy costs; expectation that they may stay high.
- Energy security issues.
- Electricity supply, reliability concerns.
- Real possibility of a carbon-constrained future.
- State and local growth limited by environmental constraints (e.g., air quality issues in TX).

Opportunity to Glean Value Is Ripe

- Significant advances in technology, practices from 35 years of buildings, materials, equipment R&D. Further advances forthcoming.
- ~20% of U.S. energy, ~70% of electricity used in buildings.
- Housing starts at high levels; industry robust.
- Public's concerns increased by high energy prices.
- Government Energy Star brand strong.
- Potential confluence of business interests.

**Best Motivator of Action: Because We
Want to...**

Climate VISION Enabling Initiative Model

- Based on public—private partnerships: *shared* goals, assessment of issues, strategies, identification of opportunities and actions, mutually reinforcing efforts.
- Voluntary process built on win-win solutions.
- Convene entire transaction chain.
- Explore market issues, develop solutions on shared basis.
- Share management of risks, as appropriate.

Challenge for Roundtable

- Entire transaction chain convened today.
- Challenge: How do we accelerate market adoption of cost-effective energy efficiency in new and existing homes?
- Multi-step process:
 - Evaluate the vision: real or not
 - Articulate issues (market failures) limiting market transformation
 - Identify which parts of transaction chain can take meaningful actions – and what the actions might be (some pieces are in place or are partly in place)
 - Evaluate what else needs to be done, which parts of transaction can best act, and what specific means are required.