

“TEXAS VISION” FOR HIGH PERFORMANCE HOMES

**USDOE Climate Vision Roundtable
For Energy Efficient Homes**
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Texas Clean Air & Energy Efficiency Policies

TEXAS EMISSIONS REDUCTION PLAN LEGISLATION - 2001

- ✓ **Updated Codes** -- Mandated statewide adoption of most recent residential/commercial Energy Codes
- ✓ **Local Govt. Goals** -- Mandated 5% energy savings goal annually for public facilities in affected counties through 2007
- ✓ **SIP Credits for Efficiency** --Created framework for SIP credits from Energy Efficiency & Renewable Energy (EE/RE) - 1st in nation
- ✓ **Cash Incentives** -- Provided ~ \$150 Mil/YR in incentives for clean diesel engine grants & emissions research

Policy driven by threat of Federal Clean Air Act sanctions in 41 counties.

RESIDENTIAL ENERGY STANDARDS & RETAIL ELECTRIC COMPETITION CREATED NEW DEMAND

- ✓ **Market Transformation** – Driven by public benefit utility programs
(Energy Star homes in Dallas/Houston increased from 600 – 13,000 in 3 years)
- ✓ **Utility Savings** - Consumers saved **\$22 M** in 2003 compared to 1999 ⁽¹⁾
- ✓ **Clean Electric Generation** -- Legislature mandated **10 %** of new generation from energy efficiency plus **2000 MW** of renewable energy by **2009**
- ✓ **New Jobs** --More than **\$50 M** invested in new glass and coating plants in Texas to supply the increased market & demand for more HERS raters
- ✓ **New Residential Emissions Reductions** – **473 tons/yr NO_x** in 2003 ⁽¹⁾
(1) Energy Systems Laboratory annual report to TCEQ in 2003

TEXANS ARE REDUCING EMISSIONS & SAVING MONEY FROM MORE EFFICIENT NEW HOMES (110,000 in 2003) BUT CAN SAVE MORE



OBSTACLES TO INCREASED MARKET PENETRATION OF HIGH PERFORMANCE HOMES

Four Major Market Failures/Barriers

- Value -- Market fails to recognize & assign permanent value
- Consumer Demand -- Lack of Consumer Awareness & Insufficient Incentives to Accelerate & Sustain Market Transformation
- Construction Practices -- Lack of knowledge of cost-effective strategies for high performance homes within housing industry
- Financing -- Failure of the EEMs promise [Hard to find & limited use]

FACTOID: The barriers are known and surmountable!



TEXAS APPROACH TO TRANSFORM ENERGY EFFICIENT HOUSING MARKET (We've been busy listening)

VISION: REDUCE RESIDENTIAL ENERGY CONSUMPTION THROUGH HIGH PERFORMANCE HOUSING TO REDUCE GREENHOUSE GAS EMISSIONS & INCREASE AFFORDABILITY THROUGH SUSTAINABLE MARKET TRANSFORMATION ACTIVITIES.

PARTNERS: CONTINUED COLLABORATION OF TWO GROUPS FROM AUSTIN AND SAN ANTONIO FOR PAST SEVEN MONTHS CONSISTING OF:

- **SAN ANTONIO - METROPOLITAN PARTNERSHIP FOR ENERGY, THE SAN ANTONIO BUILDERS ASSOCIATION, BOARD OF REALTORS, HERS INDUSTRY & FANNIE MAE COMMUNITY PARTNERSHIP OFFICE**
- **AUSTIN – AUSTIN ENERGY [MUNICIPAL UTILITY], TEXAS HOME BUILDERS ASSOCIATION, ASSOCIATION OF AIR CONDITIONING CONTRACTORS, STATE ENERGY OFFICE [SECO] & Energy Systems Laboratory (TAMUS)**

Local entities & State governments best positioned to transform market



TEXAS APPROACH TO TRANSFORM ENERGY EFFICIENT HOUSING MARKET (We've done our homework)

GOALS - SIGNIFICANTLY INCREASE TIER ONE & TIER TWO NEW HOMES IN 5 YRS*

- TIER ONE – 70% BUILT TO ENERGY CODE (IECC/IRC 2003) + 15% (ENERGY STAR)
- TIER TWO – 30 % BUILT TO ENERGY CODE (IECC/IRC 2003) + 30 %
- RESALE HOMES – 50 % ENERGY UPGRADE + 15 %

* (San Antonio goals are less aggressive since they're starting at 5% penetration in 2003)

APPROACH

- LEVERAGE EXISTING SUCCESSFUL PROGRAMS (Don't re-invent the wheel)
- FILL IN THE "GAPS" TO INSURE TOTAL MARKET TRANSFORMATION
- INTEGRATE APPROACH TO ADDRESS ALL BARRIERS AT ONE TIME (Gain critical mass)
- CREATE MAIN STREAM FINANCING SUCH AS INTEREST RATE REDUCTION W/O EEMs
(We have a major regional lender commitment to our proposed Texas Vision pilot)

"Texas Vision " Partners Committed to New Collaborative Approaches



NEW TOOLS REQUIRED FOR SUSTAINABLE MARKET TRANSFORMATION (We've identified the gaps)

WE NEED HELP WITH INCREASED MARKET INCENTIVES:

- ✓ **FEDERAL TAX CREDITS**
- ✓ **FEDERAL/PRIVATE LOAN INCENTIVES FOR HIGH PERFORMANCE HOUSING**
- ✓ **PUBLIC/PRIVATE/UTILITY FUNDED CONSUMER AWARENESS CAMPAIGNS**
- ✓ **TIERED INCENTIVES FOR CONSUMERS, BUILDERS & ENERGY RATERS TO BUILD, PURCHASE, & PERFORMANCE TEST HIGH PERFORMANCE HOMES**

New Tools Will Jump Start Sustainable Market Transformation



SUMMARY OF THE “TEXAS VISION”

TO CAPTURE MARKET FOR HIGH PERFORMANCE HOMES

- ✓ FILL IN THE GAPS ON INCENTIVES, AWARENESS & QUALITY ASSURANCE
- ✓ LEVERAGE EXISTING, SUCCESSFUL PROGRAMS (*Don't re-invent the wheel*)
- ✓ ADD MAINSTREAM FINANCING TO THE TOOL BOX FOR FIRST TIME
- ✓ CREATE INTEGRATED APPROACH (*To achieve critical mass*)
- ✓ SET REALISTIC, TIERED 5 YR GOALS TO TRANSFORM 100% OF MARKET

We're ready to join forces with DOE

For More Information

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