

"TEXAS VISION" FOR HIGH PERFORMANCE HOMES

USDOE Climate Vision Roundtable For Energy Efficient Homes Washington, DC August 5, 2004

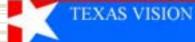


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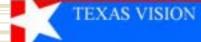
Texas Clean Air & Energy Efficiency Policies

TEXAS EMISSIONS REDUCTION PLAN LEGISLATION - 2001

- ✓ <u>Updated Codes</u> -- Mandated statewide adoption of most recent residential/commercial Energy Codes
- ✓ <u>Local Govt. Goals</u> -- Mandated 5% energy savings goal annually for public facilities in affected counties through 2007
- ✓ <u>SIP Credits for Efficiency</u> --Created framework for SIP credits from Energy Efficiency & Renewable Energy (EE/RE) - 1st in nation
- ✓ <u>Cash Incentives</u> -- 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.



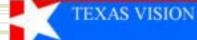


RESIDENTIAL ENERGY STANDARDS & RETAIL ELECTRIC COMPETITION CREATED NEW DEMAND

- ✓ <u>Market Transformation</u> Driven by public benefit utility programs (Energy Star homes in Dallas/Houston increased from 600 – 13,000 in 3 years)
- ✓ <u>Utility Savings</u> Consumers saved \$22 M in 2003 compared to 1999 (1)
- ✓ <u>Clean Electric Generation</u> -- 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 NOx 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





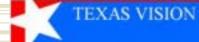
OBSTACLES TO INCREASED MARKET PENETRATION OF HIGH PERFORMANCE HOMES

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)

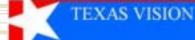
VISION: REDUCE RESIDENTIAL ENERGY CONSUMPTION THROUGH HIGH
PERFORMANCE HOUSING TO REDUCE GREENHOUSE GAS EMISSIONS & INCREASE
AFFORDABILITY THROUGH SUSTAINABLE MARKET TRANSFORMATION ACTIVITIES.

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)

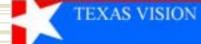
APPROACH

- > 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





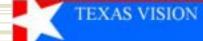
NEW TOOLS REQUIRED FOR SUSTAINABLE MARKET TRANSFORMATION (We've identified the gaps)

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 PERFROMANCE 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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