

# **Evaluation of Southern California Edison's PY2003 Local Government Initiative Program**

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# **Executive Summary**

## ***Introduction***

The Local Government Initiatives is an energy efficiency promotion effort of Southern California Edison (SCE). Within Local Government Initiatives (LGI), three distinct programs are promoted:

- The Community Energy Efficiency Program (CEEP)
- Express Efficiency and
- Checkpoint

This evaluation examined responses to the LGI effort in 2003 and the current program activities as happening at the time of this evaluation in 2004, gathering feedback both on current program offerings as well as soliciting input for future directions SCE might pursue. The approach used in this research consisted primarily of gathering data from officials of target jurisdictions, supplemented with information from program staff, program advisors, local builders, and local small businesses.

The research included:

- In-depth interviews with program implementation staff
- Interviews with 12 participating jurisdictions, enrolled for the first time during PY2003
- Follow-up interviews with two jurisdictions enrolled in PY2002,
- Interviews with 3 persons from ConSol the program implementer
- Interviews with 12 local builders

Topics addressed in the research included experiences with the program, ongoing operations and market response, satisfaction levels and drivers of satisfaction, program-specific recommendations, and general recommendations for collaboration between SCE and the jurisdictions on energy efficiency issues.

Wirtshafter Associates performed a similar evaluation for SCE for the 2002 LGI program. Since much of that work was conducted in 2003, the 2003 evaluation was planned to include an assessment of how well recommendations were adopted for the 2004 program in response to the 2002 evaluation report. Due to some delays to the 2004 program, this report instead focuses on what the 2003 program year accomplishments were and what program changes were made between the release of the 2002 evaluation in November of 2003, and July of 2004.

## ***Conclusions and Recommendations***

The direction of the Local Government Initiatives Program at its broadest level – outreach and coordination with municipal and county governments - is worthwhile, and an important adjunct to programs which directly target end users. In its current form, LGI has room to take better advantage of the important

leveraging opportunities that exist in this sector which can be significant if approached more effectively. These opportunities are unevenly distributed throughout the market, and need to be addressed on a more targeted, opportunistic basis rather than relying so heavily on a generalized, portfolio marketing approach. The efforts of the LGI in PY2003 and early PY2004 appeared to be yielding declining marginal returns for the efforts expended, while opportunities for leadership partnerships went under-utilized. We suggest that Edison look at redirecting program efforts and resources in the future years to working closely with those jurisdictions where there is interest in a joint venture into developing new efficiency programs.

Having made the above-mentioned recommendations, it should be said that the portfolio marketing approach to LGI can be maintained at the same time that a more opportunistic approach is implemented. It is certainly worthwhile to make program offerings available on an equitable and widespread basis. Outreach efforts should continue to all the enrolled jurisdictions to disseminate information about current program offerings.

Further attention should be given to support jurisdictions that have already been enrolled, ensuring that all are made aware of the program offerings and have the brochures and internet support they desire.

We also recommend that Edison consider devoting significant additional resources to this program, particularly human resources to staff LGI with its own personnel. To better promote programs for commercial sector facilities or programs addressing municipal buildings, Edison could consider utilizing representatives already focused on and responsible for these programs.

There was a common feeling in many jurisdictions that their staffs were stretched thin in responding to state mandates. Chief among these are the evolving new energy efficiency codes. The LGI program could be provide useful assistance to communities transitioning to the new codes. Training was often mentioned as an area where jurisdictions appreciated Edison's past services.

### **Strengthen SCE's Role in Support of LGI**

The LGI program in 2003, other than CEEP, was understaffed at Edison. As recommended in the 2002 evaluation, the LGI program needs more supervision and support.

As for the other LGI components, SCE needs to provide more staff support to LGI. The evidence points to a market of heterogeneous opportunities, linked to local variations in building intensity and political directives. Edison's support of a richer mix of programs directed at new as well as existing buildings, residential as well as non-residential stock, would better meet the expressed needs of those municipalities with an interest in energy efficiency.

## **Shift CEEP Goals from Jurisdiction Recruitment to Increasing Number of Units Built to CEEP Standard**

CEEP needs to stop identifying program success as the continued recruitment of new jurisdictions. The parties interviewed in this evaluation suggested that jurisdictions not already recruited for the program represent areas with little new residential construction. At the same time, staff turnover and inactivity have led many of the previously recruited jurisdictions to believe they were not part of the LGI program. The true measure of activity may need to shift from number of jurisdictions recruited to number of jurisdictions where active CEEP-standard construction is taking place. To accomplish this change in priorities, LGI needs to concentrate much greater effort in supporting existing jurisdictions that are experiencing continued levels of new residential construction. An important component of a successful program will require significant increases in the recruitment and support of builders. LGI needs a better tracking system to support builders in ensuring this benefit is received and correctly attributed to CEEP.

## **SCE and ConSol Both Need to Significantly Increase the Promotion of LGI to All Parties**

A larger benefit would be realized by builders if the CEEP label expedited home sales. For this to happen there would need to be a significant increase in the awareness of builders, realtors, and homebuyers. CEEP does offer significant energy efficiency benefits over EnergyStar; however, the materials available at the time of this evaluation did not adequately explain the advantages. Builders' perceptions are that a CEEP designation does not significantly help sell homes.

The brochures developed in 2003 by SCE were a vast improvement in describing the range of programs. SCE needs to develop a better means of displaying these at the jurisdictions, and more importantly keeping the displays full. The SCE Web site is still an untapped opportunity. For 2003, LGI was unable to get a link from the SCE energy efficiency homepage to LGI. Hence instead, LGI might want to consider developing its own LGI homepage. This page could then be directly linked to each jurisdiction's site.

## **Section 1: Background and Approach**

### **1.1 Overview**

The Local Government Initiatives is an energy efficiency effort of Southern California Edison (SCE). Within Local Government Initiatives (LGI), three distinct programs were promoted in 2003 program year:

- The Community Energy Efficiency Program (CEEP)
- Express Efficiency
- Checkpoint

The CEEP program, initially launched by the Building Industry Institute, is targeted at residential new construction. The LGI effort has built upon the foundation established by the CEEP program, which developed a relationship with local jurisdictions, by broadening the array of efficiency programs directed to jurisdiction officials by including the two commercial sector programs.

The SCE's effort in the 2003 Local Government Initiatives Program consisted of support to the local jurisdictions in the form of training and implementation support. SCE had contracted with ConSol to operate the CEEP program, including support to the jurisdictions in the field.

### **1.2 The Community Energy Efficiency Program**

The Community Energy Efficiency Program (CEEP) is a voluntary program designed to encourage energy efficiency in the residential new construction market. Established in 1999, CEEP was designed to have local governments promote energy efficiency within residential new construction projects by providing certain benefits and incentives to builders at the point-of-permit in return for meeting specific CEEP standards. The principal benefit came in the form of an expedited plan approval and recognition of the home as energy efficient. Some jurisdictions offered small monetary incentives, expedited inspections, and other benefits.

A CEEP standard home is built to exceed the Title 24 minimum standards by at least 15 percent. The 15 percent above Title 24 level is also the level required to meet EnergyStar requirements. This similarity in performance level led us, in the 2002 evaluation, to question the value of continuing the CEEP standard in face of the better promoted EnergyStar designation. In subsequent talks with The Building Industry Institute (BII), the differences between the EnergyStar and CEEP requirements were explained more fully. While both standards have similar performance levels on paper, CEEP emphasizes and inspects the quality of the insulation and duct work installation. This emphasis on quality of installation, rather than just quantity of material, mirrors the emphasis being placed within the building performance industry on targeting the quality of installation as the key to energy efficiency.

CEEP was developed and managed by BII. During the 2003 program-year, ConSol managed the program for LGI and concentrated on attracting builders into the program, and providing the certification inspections. The Colorado Energy Group, Inc. was the subcontractor responsible for enrolling, training, and supporting the participating local jurisdictions. Funds from SCE were not used to support builder training or promotion to builders, all of the SCE funds were used to support promotion of CEEP to local communities.

Builders pay for additional services to participate in CEEP. Builders pay around \$440 per home for ComfortWise compliance, mechanical design, inspection and marketing services. By participating in ComfortWise, builders also qualify for CEEP. Technically builders could qualify for CEEP using another inspection/certification provider other than ConSol, but to date no one has taken this approach. The program is really designed to appeal to large volume builders. The \$440 per unit fee quoted above is based on a certain volume of homes being inspected. The cost for CEEP certification of an individual home would be closer to \$2000.

An Advisory Council consisting of representatives from environmental agencies, local government officials, and building industry groups advises BII on the CEEP Program. Advisory Council members have included representatives of the following organizations: the California Energy Commission, Natural Resources Defense Council, California Integrated Waste Management Board, Local Government Commission of California, California Local Building Officials (CALBO), as well as state and local offices of the Building Industry Association.

### **1.3 The Express Efficiency and CheckPoint Programs**

In an effort to expand the role of the local jurisdictions in promoting energy efficiency, SCE added the CheckPoint program and promotion of the Express Efficiency (EE) program to the LGI portfolio. EE is a well-established statewide program that offers rebates for energy efficiency in existing non-residential structures. LGI promoted EE by providing and stocking promotional materials at each jurisdiction.

The CheckPoint program was a new effort in PY2003, designed specifically to be promoted through LGI. Checkpoint targets commercial new construction. SCE already offered Savings By Design (SBD), a statewide program to promote energy efficiency in non-residential new construction. SBD is a holistic design approach that requires that developers' participation at the earliest stages of development. CheckPoint was designed to give a second opportunity for energy efficiency for those developers not able or willing to participate in SBD. CheckPoint allows developers to apply for rebates on a small number of qualifying measures, at the time of final code approval. The program provides cash incentives to upgrade HVAC systems (e.g., install variable-frequency drives (VFDs) for fans and cooling tower pumps, carbon dioxide demand ventilation



controls, high efficiency packaged units, carbon monoxide garage ventilation controls, premium efficiency motors) and lighting equipment (e.g., metal halide fixtures, occupancy sensors, LED exit signs, skylighting controls).

Local governments were given marketing materials in order to promote CheckPoint at the point of permit. In 2004, the Non-residential New Construction (NNC) Program included CheckPoint performance as one of their measurable goals. As a result, much of the control and responsibility for CheckPoint has shifted from LGI to the NNC.

## **1.4 Research Objectives and Approach**

This evaluation examined responses to the LGI effort in 2003 and the current program activities as happening at the time of this evaluation in 2004, gathering feedback both on current program offerings as well as soliciting input for future directions SCE might pursue. The approach used in this research consisted primarily of gathering data from officials of target jurisdictions, supplemented with information from program staff, program advisors, local builders, and local small businesses.

The research included:

- In-depth interviews with program implementation staff,
- Interviews with 12 participating jurisdictions, enrolled for the first time during PY2003
- Follow-up interviews with two jurisdictions enrolled in PY2002,
- Interviews with 3 persons from ConSol the program implementer, and
- Interviews with 12 local builders

Topics addressed in the research included experiences with the program operations and market response, satisfaction levels and drivers of satisfaction, program-specific recommendations, and general recommendations for collaboration between SCE and the jurisdictions on energy efficiency activities. Copies of all research instruments appear in the appendices of this report.

### **1.4.1 Interviews with Participant Jurisdictions**

Interviews were conducted with a majority of the jurisdictions that participated in the LGI program in 2003. These jurisdictions were asked about their experiences with the LGI programs, their views of program strengths and weaknesses, recommendations for future program implementation as well as suggestions for new ways in which SCE might partner with them on energy efficiency endeavors. A total of 12 interviews were completed with newly enrolled jurisdictions, representing two-thirds of the jurisdictions newly enrolled in 2003.

Supplementing this, we also conducted telephone interviews with 2 officials in cities enrolled in the 2002 year. This limited sample of 2002 participants focused

on cities where the program had yet to take off at the time of the research last year; these interviews were undertaken to examine performance in these jurisdictions over the course of the subsequent months.

#### **1.4.2 Advisor and Staff Interviews**

Three members of ConSol's team were interviewed. ConSol implements the program in the field. Program personnel were asked to describe program operations, review program performance, characterize feedback from the marketplace, and to provide input on appropriate program directions for the future.

#### **1.4.3 Interviews with Participant Builders**

Twelve interviews were conducted with builders who have participated at least once in CEEP. These in-depth interviews sought to understand builders' perception of program benefits and issues.

## **Section 2: Summary of Findings from Jurisdictions**

### **2.1 Background/Approach**

To examine the effectiveness and performance of the Local Government Initiatives program, telephone interviews were completed with municipal officials in cities enrolled in LGI in 2003. Topics addressed in the research included experiences with the program, ongoing operations and market response, satisfaction levels and drivers of satisfaction, program-specific recommendations, and general recommendations for collaboration between SCE and the jurisdictions on energy efficiency issues.

A copy of the interview guide appears in Appendix A.

This evaluation builds upon a similar evaluation of the 2002 Local Government Initiatives program. As relevant, this discussion references the findings of the 2003 evaluation in the context of findings from the 2002 evaluation. Unless specifically noted, all reported findings are for new recruits in the 2003 program.

### **2.2 Findings**

#### **2.2.1 Lack of Program Awareness of Express Efficiency and CheckPoint**

As was true in the 2002 evaluation, the majority of respondents were not aware of Edison programs other than CEEP. There were some exceptions found, but, for the most part, participation in LGI in 2003 was equivalent to participation in CEEP.

Out of 12 respondents contacted from PY2003 recruits, only 4 indicated any level of awareness of any of the other programs. In nearly every case it was clear that this awareness was of the most superficial kind: an awareness that a program exists, without any detailed understanding of program elements. This was further reflected in an unwillingness to offer opinions about the other programs, due to the lack of information they had at their disposal. All respondents viewed their recruitment and participation in LGI as having been focused on CEEP, regardless of awareness of the other programs.

Among the respondents from the 2002 evaluation, there was contact regarding the other programs in the LGI portfolio. One of these respondents was clearly supportive of programs of this type (i.e., direct rebate programs), indicating that his city was very energy conscious, and was willing to support these programs.

In light of the widespread lack of knowledge of the other programs found in these interviews, the discussion herein assumes a focus on CEEP unless otherwise noted.

### **2.2.2 Enrollment Tracking**

One finding of some concern relates to jurisdictions being listed in program records as participating in CEEP or LGI when they do not consider themselves to be participating. Evidence of this was found in both the PY2002 evaluation and in this year's evaluation. What makes this finding of special concern this year was the clarity with which respondents communicated that they were not, in their opinion, enrolled in the program, the reasons why they had chosen not to be involved, and the view that they could not participate because of the workload that they already face in their day-to-day operations. In at least two interviews, the respondents made a point of describing how they had tried to communicate their inability to participate effectively in the program at the time they were being recruited.

Jurisdictions which did not consider themselves to be participants did report ongoing contacts and program updates throughout the year. Even though the contractor was expending effort on these jurisdictions as on others, and even though it was useful to send program information and ongoing communication to these jurisdictions (in fact, a desire for continuing updates was expressed in this segment), it is questionable whether these jurisdictions should be counted as program participants.

### **2.2.3 Opinion of Programs**

Respondents were asked to rate each of four LGI programs on a scale of 1 to 10 where 1 was "of no value" to their municipality and 10 was "of great value." These programs were CEEP, Checkpoint, Express Efficiency, and the Multifamily Rebate Program. As noted above, no respondents were willing to rate any of the programs other than CEEP, due to their lack of awareness and/or experience with those programs. Three of twelve respondents were unwilling to rate CEEP, for the same reasons.

The average rating for CEEP was 6.9, ranging from a high of 10 to a low of 3. Higher ratings tended to focus on program designs and objectives; lower ratings tended to focus on performance and/or a feeling that the program isn't entirely applicable to their residential market. Illustrative comments of building officials included:

"It is good for developers to spend more money on energy efficiency."

"Energy conservation is critical to every community in California."

"I'm not sure it's suitable for us; we have little tract work. It's mostly tear-downs and re-builds."

'No-one has asked about it.'

“I don’t see why the builders don’t do it, it is a marketing tool for them.”

“CEEP is of great value but no-one is using it.”

A couple respondents expressed opinions that monetary incentives and recognition programs would be a preferable approach, but most respondents did not offer opinions about program design.

Express Efficiency had been used by one jurisdiction. The Building Official there gave the program a rating of 8 or 9, and stated:

“It’s a good idea. We used it one time. Edison helped. It really worked out.”

Promoting energy efficiency through these programs was viewed as worthwhile, as a means of avoiding blackouts, as providing residents benefits in the form of reduced energy bills, and as being consistent with policymaking at the state level. Perceived shortcomings included, as before, the underutilization of the program by builders and developers and eligible businesses in the participating jurisdictions. There was also a perceived need for more marketing to the builder community. In contrast, indications were given that marketing to the jurisdictions themselves had been too aggressive. A new theme emerged this year among some respondents that they felt pressured to enroll in the CEEP program.

#### **2.2.4 Level of Local Government Support for Programs**

It appears from our interviews that the CEEP program may have saturated its effective marketplace in the Edison service area in 2003. Fewer gung-ho respondents were found among the 2003 recruits as compared to the 2002 participants. Some of the jurisdictions enrolled in the 2003 program were lukewarm if not reluctant to actively participate. One respondent indicated that he agreed to allow the city to be enrolled after being approached repeatedly about the program, but viewed the program as offering limited benefits to his department or to his community. The most succinct statement from this group of respondents was “We have no spare time and the opportunities just aren’t here” (because the community is built out).

“We are busy with other programs and we are pretty built out. We have no staff time [for this program].”

“We don’t have the staff to handle one extra thing.”

Other building officials liked the program, its objectives and its focus, and would like to see more achievements through CEEP. The comments from these respondents included:

“We offer benefits to them [builders] but no plans have come in.”

“Absolutely, send us more brochures. We are trying to do CEEP.”

Even this last respondent brought up the difficulties he was facing with staffing shortages impinging on his ability to follow through on activities he values. “Staffing is bad as a result of the state cuts.”

In contrast, the two earlier participants who were re-interviewed both indicated their cities’ commitment to energy efficiency and/or green building principles. Both indicated an ability to address energy efficiency programs, if the programs were of interest to them.

As mentioned before, utility energy efficiency efforts were broadly viewed as appropriate and a number of jurisdictions were glad to have something to offer their communities in this regard. However, we found a lack of jurisdictions among the 2003 participants who were champions of taking energy efficiency to their community. Among the early adopters of the program interviewed last year, there was a striking subset of cities where the support for both the program and for creating additional energy efficiency initiatives was very strong. This market segment was notably absent from PY2003 recruits we interviewed.

It seems likely that the attitudinal differences found were linked in part to a shift in program targeting from high growth jurisdictions to a focus on HTR districts. This push into jurisdictions with low development was also being driven by the program goal to continue to enroll new jurisdictions, even though most of the jurisdictions with high development rates had been previously recruited. With this shift, the program was trying to engage a group of cities with less of a perceived need for the program, and consequently less motivation. A number of respondents expressed doubts that the program applied to areas like theirs because of the built out nature of their communities. As we noted in the 2002 evaluation, it is time that the program goal for recruiting new jurisdictions be dropped and all attention be paid to servicing the high development jurisdictions already in the program.

### **2.2.5 Ability to Offer Builder Incentives**

Some of the building officials recruited in PY2003 indicated that their city was unable to offer reduced fees to participating builders, as doing so would require approval of the city council. When this barrier was brought up, no interest was expressed in initiating a process to bring about this change by means of influencing city council. If Edison is interested in seeing this program component more widely implemented, it appears to require a push from program staff to top

city officials. Given the nature of politics, especially where decisions regarding increased fees are concerned, this would appear to be a barrier of real significance.

### **2.2.6 Ongoing Support**

Respondents were asked about several areas of ongoing support activities. The majority reported that they had had contact over time with the program representative from Colorado Energy Group, getting calls and receiving update information by fax or by mail (ten and nine respondents, respectively). Half reported receiving program brochures for distribution to the public. Only one reported that there had been contact with city officials and two reported program-related training at a local site. The two respondents whose staff had received such training were very well satisfied with the caliber of the training received.

While few respondents appeared to have an interest in the idea of Edison meeting with their city officials to explain the benefits of the program, and some definitely do not want to pursue this avenue, there were the occasional pockets of opportunity for this outreach. One comment: “[This] would be helpful to create a top-down press to do it. We are ready to do it. This can go hand-in-hand with the state standards.”

Only one respondent indicated making requests to Colorado Energy Group. This Building Official was very satisfied with the responsiveness of the support received.

“[the Colorado Energy Group principal] is handling this. He sends us whatever we need: plan review, code, whatever I ask for he sends it. Training on plan review, plan calculation, was needed. He arranged it.”

Only two respondents reported attending the Advisory Group meeting held in 2003 although several others were aware of a meeting but had scheduling problems that prevented their attendance. The meeting was felt to be worthwhile and informative and, unfortunately, underutilized.

### **2.2.7 Market Response to Programs**

Respondents were asked to rate the level of interest they had seen from eligible builders or businesses on a scale of 1 to 10 where 1 was “no interest from the marketplace” and 10 was “extremely strong interest from the market.” The average of the ratings given to CEEP was a rather weak 3.4, ranging from a low of 1 to a high of 6.5. However, it should be noted that three respondents did not rate the program because there was no activity in their area.

“I have tried to market it [CEEP]. They’re not that interested. They’re just interested in Title 24 compliance.”

Of the other programs, only Express Efficiency received any ratings at all. Three respondents rated Express Efficiency, giving the program an average rating of 2 in terms of level of market interest, ranging from low of 1 to a high of 3.5. One respondent indicated having heard feedback that the commercial programs needed to provide greater benefits to participants.

### **2.2.8 Barriers to Program Performance**

As alluded to elsewhere, a number of respondents mentioned a lack of staff time and a lack of opportunities due to the nature of the community. However, much of the feedback on barriers focused on builder and contractor attitudes. Among the several comments provided characterizing builder reaction were the following:

“There is very little interest from builders. They build to code and then they’re done.”

“With respect to CEEP most builders right now are just worrying about adoption of the new energy code. The program itself is not on their mind.”

“We talk to the builders. Their standard response is that they are trying to hold down construction costs.”

“We deal mainly with builders and contractors who are not so interested in how the building will work ten years hence. It is sometimes hard to convince them that it [CEEP] is a benefit. It takes some training of builders and developers.”

“The residential market is more difficult than the commercial market, the market is less used to the options.”

A smaller number of respondents (2) indicated that they were seeing interest from the market. One characterized builders in their locale as catering to an upscale market. This respondent indicated that in their area builders “definitely are interested in all features of code compliance.”

While there may have been market resistance, it was also true that there were missed opportunities which were the product of not having had effective strategies for earlier intervention with the builders. As was discussed in the 2002 evaluation, closer collaboration with the city planning departments could be emphasized. The building code departments may be too far downstream in the process to serve as the sole point of program influence.

“One problem is finding the right person at the right time. Sometimes the program gets to the developers too late; they



have already developed their design. The CEEP program also needs to reach out to architects and designers and get in earlier in the process. By the time the building department hears of it it's too late."

Any strategy for affecting the design phase should work with local planning divisions which review and approve the conceptual designs of the builders.

### **2.2.9 Need for Program Marketing**

As was true in the 2002 report, the key area where improvements were recommended was in marketing of the CEEP program to builders and developers, increasing their awareness of and participation in the program. Generally speaking, the cities expected Edison or the building industry to take the lead in this area and would like to see a greater emphasis given to this aspect of CEEP.

"They need more vigorous marketing. The effort has not been committed."

"My recommendation is to get the word out – this is the issue. There are lots of builders, small and large."

"Communication is the key hurdle."

Specific suggestions which were offered included: contact local builders about the program *and* inform the local building officer when such outreach is taking place, work with local chapters of the building officials, including the Inland Empire chapter of the ICC. BII, etc.

### **2.2.10 Inability of Local Governments to Support Program Marketing**

Many jurisdictions were feeling pinched in terms of having adequate staff and other resources to carry out various mandates from the state. This exacerbated a pre-existing condition found in the 2002 evaluation that many jurisdictions did not have staff time to spare for marketing energy efficiency programs. In light of the increased pressure now on city staffs, it seems unrealistic to expect that more assertive marketing of the program could be carried out at the jurisdiction level. A recurring theme in interviews from the 2003 participants was "we have no spare time" and /or "we have no staff to work on this." To wit:

"We are not interested in anything that involves any staff time at all."

"We are stretched thin."

Other jurisdictions were more supportive of promoting CEEP, but few of these had demonstrable success in participation.

To ensure improvements in builder and developer awareness of program features would require that marketing resources be applied by BII and the utilities. There are some jurisdictions that were willing and able to support this future marketing effort, but local support should be viewed as supplemental efforts, and not the core means of marketing the program.

### **2.2.11 Promotional Brochures**

While most respondents balked at the idea of promoting programs themselves, many city building officials reported that they would, in fact, like more brochures to distribute to the public. This does appear to be a marketing avenue that the jurisdictions are comfortable with and interested in utilizing.

“We would take more brochures. Contractors and builders are in here all the time.”

“We need the program literature here. We could speak to the public with the literature here.”

A large percentage of the Building Officials we spoke with were in need of additional brochures. In the future, it might be worthwhile for Edison to follow up on a more frequent basis to determine need for brochure replenishment.

The kiosk developed for the display of program brochures was not being used by most of the jurisdictions we interviewed. The majority had refused the offer of a kiosk. Many had their own place for displaying materials and were using that in lieu of an Edison-supplied kiosk.

It is our impression that in many jurisdictions the location selected for brochure displays was not at or adjacent to the counters where builders and developers go to submit plans. Clearly, a display at the counter where builders have to spend some time waiting would be preferable to a display in a lobby area where the traffic moves quickly past the display. It is suggested that future visits to participating jurisdiction offices could be used to examine placement and display of materials. If it is not possible to get more optimal display space for materials, consideration should be given to whether any steps could be taken to make sure the displays are attention-getting.

### **2.2.12 Internet Marketing**

The idea of a website linkage from jurisdiction sites to Edison’s website also was well accepted in principle although only a couple of the interviewed cities were currently using such a linkage. One drawback in this area at the time of this evaluation was the fact that the design of the link was not very user-friendly. That is to say, when leaving a jurisdiction site to seek out information on the Edison programs, the first page seen of the Edison site was not specific to the

programs. One improvement would be to modify the linkage so that users seeking program information can access the relevant program information more directly.

One respondent from the 2002 evaluation indicated that they have since started offering links to incentive programs for the benefit of their community, but only did so when the linkage is designed to link directly to program-specific information. They would not be willing to establish links to a generic home page for Edison.

## **2.3 Respondent Recommendations**

### **2.3.1 Options that Are Easy on Staff**

A key theme developed in this research was the importance of providing options that do not require the time of the local staff. Few seemed to identify that the CEEP program could ease their workload by generating better plans for their review. It might be worthwhile to examine what could be done to more effectively convince the jurisdictions that the program is consistent with their need for something that is easy to support.

### **2.3.2 Continued Communications**

Edison was urged to continue to provide additional information on its programs to city officials, even by those not actively engaged with the programs:

“Keep us informed of program changes. We don’t want to be left behind, but we don’t have time [to implement programs].”

One respondent also mentioned a need for materials that would explain programs to their staff. He indicated that CEEP was better known, but that they would also have an interest in other programs had they been aware of those programs.

### **2.3.3 Training**

Continued training offerings were suggested by multiple respondents. This was one of the most frequent recommendations offered as to how Edison might best work with local governments. Multiple respondents commented on the value of various Edison training sessions they had utilized at one time or another. It is clear that Edison has demonstrated value to the local governments in this arena in the past. Two comments suggested that future training would also help alleviate some of the strain the jurisdictions are now facing:

“We are facing unfunded mandates. We can’t get the proper training to carry out these requirements.”

“The state is going ahead with new energy requirements. We’ll need training on those new energy codes.”

Based on this recognized need and on the favorability of opinions toward past training experiences, training appears to offer a clear area of opportunity for solidifying working relationships with local governments.

Key to the success of future training offerings would be making arrangements to provide training in more convenient locations.

“To take time out from work to attend training classes – we must weigh the costs and the benefits. To travel a long distance for a course is out of the question. The value in terms of enhanced knowledge must be worth it. It just *can't* take a half day to drive there.”

“I can't make it to meetings.”

It was also recommended that training content be targeted to building departments. “Something focused and specific to inspectors.” This respondent had been disappointed with a prior experience with off-site training which he felt was not suitably targeted to the inspector community.

### **2.3.4 Marketing**

Throughout the interviews it was repeatedly suggested that more marketing to builders, developers, contractors, architects, and designers was needed for the CEEP program. Discussion of this critique is provided earlier in this chapter. One additional marketing avenue suggested was to do program presentations at meetings of the local Chambers of Commerce. In the opinion of the respondent who made this suggestion, these meetings are heavily attended and would provide a “perfect” opportunity to market the programs. This approach would appear to be beneficial, especially in promoting programs targeted to the commercial sector. This would also appear to be a venue suited to discussing programs for existing buildings as well as programs targeting new construction.

It was felt that Edison should offer more marketing and different marketing. One respondent suggested a need for marketing directed at remodels. Also, multilingual marketing materials printed in Korean and Mandarin as well as English and Spanish would be of value in some jurisdictions.

### **2.3.5 Other Programs**

Multiple respondents suggested that Edison consider program options other than CEEP. A couple thought a focus on existing buildings would be beneficial. In some discussions, this stemmed from a perception that the new construction market was already advancing, in others the focus was more on the difficulty of influencing decision makers:

“The energy codes have been revised. I’m not sure there is much more to be gained in new construction.”

This respondent suggested an increased focus on existing buildings using rebates programs as a means of addressing the market. Another respondent also expressed a desire for assistance addressing existing building stock:

“Existing buildings are kind of tough for us to address. I would like more help here. We have some control over new construction when the plans come in, but we don’t have the control over existing buildings.”

Clearly, given the availability of programs addressing existing commercial buildings, there is a need to undertake better outreach to take advantage of this market readiness for these programs.

Others had commented on a desire for technical assistance from Edison, often with little detail provided on what would meet their needs. As one respondent put it, “I have no specific suggestions, but I’m happy to talk to Edison in this regard.” Interest in technical assistance was evenly split between interest in assistance on the residential and commercial sides: two respondents expressed interest in technical assistance on the residential side, two expressed interest in technical assistance on the commercial side.

One respondent requested some materials to be used by their staff, giving them talking points to use in promoting efficiency changes to new construction actors. This was brought up in the context of trying to engage the planning department in influencing construction plans, but it was not clear whether the talking points were only needed by planning or whether the inspections office also would benefit.

More than one respondent expressed a desire to have Edison assist their municipality in improving the efficiency of their own public buildings. “We are building ... and we want to use Edison programs.”

One respondent from last year’s population indicated that the Energy Star Awards program offered ten to fifteen years ago was a better approach, in his opinion. He felt that program was very effective and easy to promote. He feels that CEEP is difficult for local governments to promote and has not taken off as a result. He felt the building community was more receptive to award recognitions.

### **2.3.6 “Keep Up the Good Work”**

A couple of Building Officials simply offered encouragement to Edison to continue promoting energy efficiency as it has been doing:

“Just plug away. Keep talking about the program and it will take hold.”

“Keep doing what you’re doing. Keep asking us for feedback.”

“I have nothing specific to suggest, but they [Edison] are a good group to work with and I am always happy to speak to them.”

## Section 3. Interviews with Builders

### 3.1 Research Objectives and Approach

This phase of research was intended to determine the effectiveness of CEEP outreach and CEEP messages in reaching the building industry. A broader objective is to determine how effective the program is in encouraging greater investment in energy efficiency in the new residential construction market.

In order to address these research issues, in-depth interviews were conducted with a number of commercial builders active in new residential construction. Generally, these interviews sought to explore a builder's overall approach to energy efficiency in new home construction and, more specifically, what their experiences, attitudes and awareness of CEEP were. An interview guide was designed around the following four categories of inquiry:

- **Understanding Current Market Conditions** – The first line of questions sought to determine geographically where these builders are concentrating their activity. Builders were also asked about their overall orientation toward energy efficiency in new home construction, and to what degree energy efficiency is a market niche that they actively pursue.
- **Exploring CEEP** – This series of questions was designed to explore how the program was being received by builders and to understand their attitudes and awareness of the CEEP program.
- **Meeting CEEP Standards** – The next series of questions asked what specific measures builders take to meet CEEP standards of 15 percent above Title 24 minimums.
- **Recommendations** – The final segment of the interview was to ask builders how CEEP could better reach and influence its intended market and stakeholders.

A total of 10 in-depth interviews were completed with representatives from builders and an additional two interviews conducted with industry observers.

### 3.2 Research Methodology

Using these four categories of research as an outline, a draft survey instrument was designed and submitted for approval by the SCE project manager. The final instrument is attached in Appendix B.

The scope of work specified a small number of interviews with builders (n=10). The earlier series of interviews conducted with participant LGI jurisdictions

generated an initial sample list of builders for this task. The list included builders that are (1) active in the Southern California market, and (2) have participated in CEEP within the past three years. The initial sample identified 27 construction firms and/or contacts representing more than 50 residential construction sites (subdivisions) that had been through the CEEP permitting pipeline. Using this contact list as the starting point, a series of interviews was conducted with representatives from these firms.

The interviews with builders included project managers, marketing and purchasing executives, and regional executives. Extensive interviews were also conducted with two market observers that were able to provide valuable insight into overall market trends.

**Table 3-1: CEEP Builder Interview Sample**

<b>Interview</b>	<b>Number</b>
Builder Executives	10
Market Observers	2
<b>Total</b>	<b>12</b>

Because of the limited number of interviews, the intent of this effort was not to determine differences in outreach or effectiveness between participating CEEP jurisdictions, or quantify specific CEEP activities and accomplishments. By focusing on a number of intended users of CEEP, the research was able to gain insight into the program delivery process and, by extension, the effectiveness of the market outreach.

### **3.3 Review of Research**

#### **3.3.1 Market Conditions**

The first area of inquiry was to determine where the developers were active, how many homes they were building per year in California, and if they market energy efficiency as a feature in the homes they build. The demographic of 10 representatives from the seven companies that were interviewed can be categorized as follows:

- One hundred percent of firms interviewed were actively engaged in new residential construction in multiple LGI jurisdictions in Southern California in 2002, 2003 and 2004.
- The least active developer cited 50 new residential homes in 2003 and 50 in 2004.
- The most active developer cited 2,500 new residential homes in 2003 and estimated approximately 2,000 in 2004.
- All builders were primarily involved in single family, new construction.



- The builders interviewed were active in 22 CEEP jurisdictions.

After determining the builders' approximate sizes and areas of activity, the research sought to determine their perspective on the new residential construction market. By all accounts the market continues to be strong, though somewhat less strong than in recent years. There was agreement among builders that the current demand for new single-family homes exceeds supply, although in contrast to years past when builders were able to sell whatever they built as soon as they built it, buyers seem to be taking more time to purchase new homes and inventories last somewhat longer on the market. There was also unanimous agreement that market indicators suggest that, barring some unforeseen and significant spike in interest rates or downturn in the economy, the new housing market will remain strong well into the future.

The next questions asked if the builders market energy efficiency as a feature in the homes they build and if this is a market niche that they pursue. The responses to these questions provided decidedly mixed opinions. All those surveyed indicated that Title 24 minimum standards have had a significant impact in changing construction practices.

One builder has made a commitment to build every home that is Energy Star certified and perceives this commitment as a valuable marketing tool. A number of other builders indicated that, in general, they view the Title 24 minimums as adequate and that, unless the market demands more of them, they would not be compelled to invest resources to exceed these standards.

One market observer provided some interesting perspective on the overall market and industry trends. He estimated that in 2003, eight percent of the new homes constructed in Southern California were built to exceed Title 24 minimums by 15 percent and that figure would increase to 10 percent in 2004. The reason for the increase was attributed to the following:

- Broader acceptance of CEEP/Comfort Wise/Energy Star standards as good business practice.
- More successful marketing of Comfort Wise/CEEP.
- Because "good, build-able land" is at a premium and resource management has become more and more important to local governments, (the more sophisticated) builders have more incentive to initiate developments that are resource efficient. He indicated that energy efficiency can be leveraged as a bargaining chip with municipalities and referenced five projects where builders are bringing plans to the city/county and committing to build over code. Given limitations on land, he expected this trend to continue.

It was reported that there are a number of subdivision plans (already submitted) that are committed to be 20 percent above code.

As for consumer demand for energy efficient homes, no one interviewed suggested that energy efficiency was a significant consideration of most buyers. One subject provided the following anecdote, “price, location and schools are all that matter. As long as we have a housing shortage, energy efficiency will not be a significant influence on our construction (practices) ... granite countertops are more important to most buyers.”

### **CEEP Program**

The next sequence of questions addressed builders’ familiarity and experiences with, and perception of CEEP. It should be noted that the sample provided the names and contact information for companies that have participated in the CEEP. This would suggest they would or should have some specific familiarity with the program. There was, however, little direct, immediate awareness of the program from many of the interview subjects. As was the case with the 2002 LGI evaluation builder interviews, six of the executives interviewed for the 2003 evaluation needed to have CEEP described to them in order to refresh their memory about the program.

One industry observer suggested that a majority of builders were not aware of CEEP and that only a select few employees within a builder’s organization would know of CEEP. Conversely, a vast majority of builders were aware of Comfort Wise and Energy Star and the majority of employees within the builders’ organizations know of Comfort Wise and Energy Star. While this is an anecdotal data point, it merits serious consideration for program managers as they consider how to best brand and market CEEP in the future.

This industry observer also said that there has been more participation in CEEP in the past year and that more municipalities are offering a “more useable and successful” program. One builder suggested that jurisdictions need to take more ownership of CEEP as something of value to them. “If CEEP is just a utility program, maybe they won’t promote it so much. If they really value it, and take ownership of it, they will make more of an effort to promote it to us.”

### **3.3.2 Benefit to Builders**

One goal of this phase of the interview was to try to determine what CEEP benefits were most valuable to the builder. After providing a clear description about the CEEP program to builders, it became clear that there is only general, limited awareness of CEEP and its specific benefits to builders. The majority of those interviewed were not aware of specific CEEP benefits their organization had received, nor were they specifically familiar with the jurisdictions that provided these benefits. Therefore, rather than acquire information on what CEEP benefits *were* most valuable to their organization, the research was able to determine what CEEP benefits *would be* most valuable to their organization. The interviews revealed the following:

- Participating builders considered all of the benefits provided by CEEP as *potentially* valuable.
- There was unanimous agreement that expedited plan checks and inspections would be most valuable to a builder.
- No builder was able to identify or recall examples of trainings that a CEEP jurisdiction had provided them/their staff.
- Only two builders were able to provide specific examples of how CEEP was valuable to their business.
- No builder was able to provide specific examples of how CEEP services or administration or support varied from one jurisdiction to another.

As with the 2002 interviews, builders consistently repeated a “time is money refrain” and the generally approved of anything that could save time or money and, conversely, were opposed to anything that would cost time or money. Therefore, the expedited plan reviews and the expedited inspections represented the most compelling benefits. Rebates and/or fee reductions were not viewed as favorably. Builders suggested that, in general, fees were a fixed, manageable cost and not considered a problem area.

Builders did not voice concern about existing inspection processes nor did they provide stories of plan checks or inspections that caused problems. One builder said, “we build to Title 24 standards well and don’t see much need to go beyond that. Financing works, permitting works, inspections work. Houses sell. We don’t have much incentive (to participate).” Another said, “our homes qualify for Energy Star certification but we don’t want to deal with additional inspections. We don’t want to pay for them and we don’t want to be held up.” The implication from this was that “business as usual” is okay for them, as long as it was predictable from a scheduling and financial standpoint.

The lack of familiarity with CEEP that was reflected in these interviews represents an important issue for SCE program managers. These interviews, coupled with various anecdotal conversations with builders, revealed that both Comfort Wise and Energy Star were much more recognizable name associations for builders. Because Comfort Wise was often the “driver” that introduces CEEP to builders, builders continued to have stronger associations with Comfort Wise than with CEEP.

### **3.3.3 Methods Builders Use to Meet CEEP Standards**

Through these interviews, the research sought to determine what specific measures builders are taking to achieve CEEP compliance. The responses revealed that there is no great mystery on how to address energy efficiency in new home construction. There were a few standard methods builders used to reach CEEP standards using systems and materials that addressed space heating, water heating, and water cooling efficiency. Typically builders used some combination of Low E glass, insulation and duct testing. The only

reference to a new trend was an increased demand for Radiant Barrier that was proving popular in desert climates.

### 3.3.4 Builder Recommendations

The last sequence of questions provided an opportunity for builders to make recommendations on how CEEP could be improved to better serve their business. Many provided general recommendations about marketing the program more effectively. There were also a number of specific suggestions about how their organizations could best be served that mirrored those provided with the 2002 research. Most of the recommendations involved ways in which CEEP could be more effectively promoted to, and accessed by, the relevant employees. These recommendations can be classified in the following categories:

- **Marketing and Communication** – For many of these builders, there was a significant organizational gap in awareness about the CEEP. As mentioned, both Comfort Wise and Energy Star have much more familiarity or name recognition. It was suggested that there be a clear means of communicating the basic information about the CEEP, how it works, and what the benefits are. One builder summarized the opinion of many in saying, “we are a big organization and it would be helpful to have something that *all of us* could refer to that would tell us what this (program) is and how it differs from the others (e.g., Energy Star).” The feedback provided suggested the need for general information for everyone, and more specific information for those decision-makers that need it. As with the 2002 interviews, these revealed a receptivity on the part of builders to learn more from, and work with, CEEP.
- **Focus on Land Acquisition/Planning Departments** – Throughout the development process of residential subdivisions, builders have had different levels of management performing different tasks at different times. One interview subject said, “Comfort Wise is best marketed/sold to the construction people. CEEP should target the land acquisition folks. Those that are doing the initial reconnaissance and in the earliest discussions with jurisdictions.” For CEEP to be most effective, it would need to be more surgically targeted at key people at key points in the earliest phases of planning.
- **Maturity of CEEP** – A few builders expressed the belief that, now that CEEP was older and more mature, jurisdictions would have more familiarity with CEEP and will be in a better position to promote and administer the program. Further, an industry observer noted that “the initial recruitment and sign-up of jurisdictions was important. But the more important thing is having their staff own (the program). It seems like they are making progress and it should get better over time.” With more

mature CEEP jurisdictions comes the ability of CEEP staff to more efficiently reach out to, and work with, developers.

### **3.4 Summary of Significant Findings**

The interviews conducted provided some insight into the current market of new residential construction, the issues and challenges that confront these builders, and their orientation toward energy efficient construction practices, and how CEEP helps their business. Based upon analysis of the feedback from builders, the following significant themes emerge:

- **A strong housing market puts energy efficiency on the back burner.** As with the 2002 survey, this proved to be a most significant market issue. As long as the housing market is strong, energy efficiency will be a feature (and not a significant one) not a driver for both consumers and builders. Title 24 minimum standards had increased the energy efficiency of new home construction, but the market was not demanding much beyond that. Given this reality in the marketplace, CEEP would need to be much more pro-active in clearly articulating the benefits of CEEP to the builder.
- **Indifferent builders.** One estimate suggested that only 10 percent of new homes in Southern California are being built to CEEP standards. This represents clear evidence that the majority of the residential building community were not sold on the *business case* for energy efficiency new home construction. It is incumbent upon CEEP to change the viewpoint of the builder that suggested, “We build to title 24 standards well and don’t see much need to go beyond that.”
- **Resource limits create an opportunity.** One builder suggested that, because land resources are increasingly scarce, and because new residential construction can put such stress on community resources (e.g., water, power, roads, police, fire, schools), local governments are in a better position to put more demands for resource efficiency on developers. He said, “the smart ones (developers) are already approaching municipalities with this in mind. It is only a matter of time before cities and towns use resource scarcity as a hammer to get developers to build smarter.”
- **One year later, there was little clear awareness of CEEP.** The majority of those interviewed in 2003 and 2004 knew of CEEP but were only vaguely aware of specific program benefits and, as importantly, where and how they would participate in the program.
- **Significant lost opportunities.** One builder involved in construction of an estimated 5000 new homes in 2003 suggested that “less than five

percent” of their homes would meet CEEP standards. The executive interviewed suggested they would be receptive to understanding the business case for more energy efficient construction practices but it could not practically be provided on the local level. He described a complex organization that would warrant intervention on the management level (as opposed to the regional level.) Further, a few of the builders interviewed expressed a significant commitment to energy efficiency in new home construction *and* a lack of awareness of CEEP.

## Section 4. Interviews with Program Staff

### 4.1 Background and Approach

An extended interview was conducted with Edison program staff. The focus of this interview was the implemented and proposed changes to be made to LGI, largely in response to the 2002 program results and the evaluation.

### 4.2 Findings

#### 4.2.1 Program Staffing

The 2003 program staff consisted of two persons both of whom also have major responsibilities in other energy efficiency programs. The LGI team had proposed a significant increase in the staffing for LGI in order to address the program changes suggested in the 2002 Evaluation. Unfortunately, the program only was allocated one-half of the requested funds for 2004-05. This eliminated the opportunity to add the full-time staff position. Consequently, many of the program changes envisioned by the program team were left unaddressed.

#### 4.2.2 Key Staff Responsibilities

There are number of important functions that the SCE staff must perform in administering the LGI program. We have grouped these into four categories:

- Oversee the work performed by ConSol,
- Provide support to jurisdictions, especially for non-CEEP components,
- Coordinate efforts of other SCE staff in support of the jurisdictions, builders, and C&I customers, and
- Provide vision and guidance to the LGI program

**Oversee work by ConSol.** CEEP was run independently by ConSol in other jurisdictions, so they had the capability of running CEEP without direct SCE support. ConSol staff took the majority of the responsibility in seeing that the CEEP component of the program operated as planned. ConSol recruited and supported jurisdictions, providing training, and answering issues as they arise. However, this support was primarily focused on the CEEP program. ConSol did try to give the jurisdictions information on the other SCE programs that were part of LGI, but the support was mostly just handing out information packets.

**Provide support to jurisdictions, especially for non-CEEP components.**

One of the real obstacles to getting greater involvement in other SCE energy efficiency programs was the lack of a presence of SCE personnel. The ConSol contacts were generally made with code officials, yet these were not necessarily the right persons to contact to develop interest in C&I programs. Previously, Edison staff would occasionally visit jurisdictions and provide them with

brochures, but coverage was not as frequent as it could have been. The proposed new position was intended to strengthen the SCE presence. Without it, there is less chance that the jurisdictions will be a major player in promoting and supporting SCE programs.

There is good justification for SCE strengthening its contacts at the jurisdictions. Having good relations with jurisdiction planners, engineers, and politicians can ease issues regarding facility expansion needs, transmission bottlenecks, and system growth. SCE could use the jurisdictions to help address transmission issues or ensure that jurisdictions include SCE in future long-term development plans. The field representation office handled these functions, but support of the energy efficiency programs was not one of the priorities of this group.

**Coordinate efforts of other SCE staff in support of the jurisdictions, builders, and C&I customers.** Using SCE field representatives to support the energy efficiency programs would give the programs a more solid representation in the jurisdictions. However, the LGI program cannot expect this to happen without a concerted effort by LGI to gain a foothold with the field representatives and support their involvement in LGI and the energy efficiency programs. It is not clear to us as evaluators whether it will be more fruitful to use LGI staff to nurture a relationship with field representatives and let the field representatives sell the program to the jurisdictions; or to use LGI staff to directly sell the program to the jurisdictions. What is clear is that increased levels of funding and commitment are necessary to yield greater success.

**Provide vision and guidance to the LGI program.** LGI was expanded to include more than CEEP because SCE recognized that the jurisdictions played a critical role in the specifying of buildings and the level of energy efficiency included in new and renovated structures. The program managers reasoned that it made sense to educate the code officials and planners about SCE programs, because these officials had access to the developers and builders normally at the point where projects were still in the planning stage. Our evaluation has determined that this vision is reality in some jurisdictions. There, officials would be supportive of coordinated efforts with SCE. However, these officials, especially in areas where building growth is substantial, were already overworked. If the relationship is to prosper, it would be SCE's responsibility to support it in a sustainable manner.

#### **4.2.3 Program Staff's Responses to 2002 Evaluation Recommendations**

We asked the LGI staff to discuss their actions and plans with respect to the recommendations that were part of the 2002 evaluation. The most important plan with respect to the recommendations was to add an additional staff person to the team. As we have noted above, the budget for that person was not approved for the 2004-05 program. Accordingly, some of the plans that were intended needed to be postponed until more funds could be allocated.



**Commitment to non-CEEP components of LGI.** These components of LGI suffered from lack of attention to the point that 2003 program productivity was impaired. The additional SCE staff person was intended to promote the non-CEEP interests of LGI to the jurisdictions. Without this person, the burden rests with ConSol. Up until the 2004 program year, ConSol had been focusing on CEEP. With the additional staff person hired by ConSol for the 2004 program year, there is the opportunity for ConSol to fill this void. However, SCE would still need to devote some attention to directing ConSol in this area.

**Increase commitment to signing up builders not new communities.** The major goal for ConSol has continued to be to enroll new jurisdictions. ConSol has continued to meet this goal, however, each subsequent year would require a greater effort and marginal returns as the remaining jurisdictions have fewer new construction projects. At the same time, the attention given to the holdover jurisdictions was necessarily less as the subcontracting Colorado Energy Group's time is shared among a growing participating jurisdiction list. A large number of jurisdictions we called did not consider themselves active in CEEP. This was the result of staff turnover at the jurisdictions and builder inactivity.

The real measure of activity needs to be shifted from jurisdictions to active builders and number of homes built under CEEP. One way to do this is to redefine 'active' to include only those builders and jurisdictions with actual CEEP activity in a year. Goals could then focus on maintaining and then increasing number of active jurisdictions and builders.

**Increased program promotion.** The builder interviews in the 2002 evaluation indicated that many builders, developers, and commercial customers were unaware of the CEEP or the other components to the LGI program. We recommended broader promotion of the programs. SCE did develop a set of brochures, including a summary brochure describing all programs related to builders, developers, and commercial owners/property managers. These were given to the jurisdictions, and according to the recent interviews quickly distributed. SCE also created advertisements for builder trade magazines, and ran these ads once with no direct evidence of their effectiveness. SCE also discussed with three jurisdictions the idea of creating a kiosk for displaying the various SCE pamphlets. When interest was voiced by the jurisdictions, SCE had the kiosks made. However, the jurisdictions balked at installing them when they saw the size. SCE is considering a smaller more user-friendly display for the 2004 program.

The 2002 evaluation report recommended building web links between local jurisdiction web sites and LGI. There continued to be issues involved in creating links to the SCE programs from jurisdiction web pages. Links from the jurisdictions directed browsers on to the SCE home page with no obvious link to the LGI program or local jurisdiction issues. To get around the scarce SCE home

page real estate problem, SCE needs to consider creating an LGI home page and provide that link to local jurisdictions.

**LGI needs to strengthen its ties to jurisdictions.** The 2002 evaluation spoke to the need for SCE to strengthen its ties to the jurisdictions. This was the justification for adding an additional staff position. Without that position, it is doubtful that this recommendation can be achieved.

**Promote new technologies.** It was recommended in 2002 that CEEP begin to expand its coverage to include some emerging technologies, particularly photovoltaics. SCE was not ready to include PVs in this program, but they are conducting a zero peak building project with the Sacramento Municipal Utility District.

## **Section 5: Interviews with ConSol**

Interviews were conducted with three key ConSol staffers responsible for implementation of the CEEP portion of LGI. These staffer's responsibilities have been and continue to be recruitment and support of the jurisdictions. The third staffer is a newly hired manager for the 2004 CEEP program, and will assume much of the support responsibility to the jurisdictions once they have been enrolled.

For this evaluation of the 2003 program, the interviews concentrated on addressing issues that were raised in the 2002 evaluation, and determining whether ConSol is addressing them in the operation of the 2004-05 program.

### ***5.1 The CEEP Program's Change in Focus for 2004-05***

A big focus of LGI's 2004-2005 plans for the CEEP component is to shift much of the resources from recruiting new jurisdictions to supporting the existing group of jurisdictions. SCE and ConSol determined that the 2004-2005 goal is to only enlist 10 new jurisdictions, and instead to concentrate on reregistering 32 jurisdictions previously enrolled. It was also agreed that ConSol will commit to providing better service to the jurisdictions, including support to other jurisdiction officials besides the code officials, especially those supporting planning and strategic development.

As the 2002 evaluation suggested, CEEP needs to recognize the importance in recruiting builders committed to building CEEP homes. As part of the plan worked out between SCE and ConSol, ConSol will concentrate on promoting the program to the 20 largest builders in California. To do this, they will identify the real decision makers at these companies and work with them to embrace the program.

ConSol's third-party program in northern California now includes an explicit goal of 7000 units built to CEEP standards in 2004-05. It would be a good idea to include a similar unit goal in the SCE program goals. ConSol is committed to promoting the program and tracking the number of homes built to the CEEP standard.

The new energy codes set to come into effect in 2005 present an opportunity to promote the LGI program to builders and code officials seeking information on code compliance. Most builders and code officials have identified SCE as a good source for training, and LGI would be an effective avenue to alert these parties to available training opportunities, or for LGI to initiate its own training.

The evaluation questioned ConSol regarding the materials it uses to describe the CEEP standard. Our 2002 evaluation had suggested that CEEP might want to

consider merging their standard into EnergyStar, given the similarity of the standards and the greater brand recognition of the EnergyStar label. However, this suggestion was made not fully comprehending the significant differences between CEEP and EnergyStar standards. While CEEP and EnergyStar require similar amounts of energy efficiency measures and equipment, the CEEP standard requires buildings to pass insulation and duct sealing quality installation standards that are not part of EnergyStar. This distinction is not well described in the current promotional materials. LGI needs to create new promotional materials that explain these distinctions and the likely energy and comfort benefits resulting from these measures.

## 6.0 Recommendations

The direction of the Local Government Initiatives Program at its broadest level – outreach and coordination with municipal and county governments - is worthwhile, an important adjunct to programs which directly target end users. In its current form, LGI has room to take better advantage of the important leveraging opportunities that exist in this sector which can be significant if approached more effectively. These opportunities are unevenly distributed throughout the market, and need to be addressed on a more targeted, opportunistic basis rather than relying so heavily on a generalized, portfolio marketing approach. The efforts of LGI during the PY2003 period appear to be yielding declining marginal returns for the efforts expended, while opportunities for leadership partnerships went under-utilized. We suggest that Edison look at redirecting program efforts and resources in the future years to working closely with those jurisdictions where there is interest in a joint venture into developing new efficiency programs.

Having made the above-mentioned recommendations, it should be said that the portfolio marketing approach to LGI can be maintained at the same time that a more opportunistic approach is implemented. It is certainly worthwhile to make program offerings available on an equitable and widespread basis. Outreach efforts should continue to numerous jurisdictions to disseminate information about current program offerings. However, the 2003 program approach that focused mainly on providing marketing brochures could be improved in a variety of ways. Additional steps for assisting jurisdictions in communicating to their communities are needed. These steps could take a variety of forms. For example, one approach which may be useful would involve creating press releases for city governments to use with their local papers in publicizing the programs.

Further attention should be given to support jurisdictions that have already been enrolled, ensuring that all are made aware of the program offerings and have the brochures and internet support they desire. There were missed opportunities in the 2003 program with jurisdictions not having information about the full portfolio of programs, not having enough brochures to distribute when they were willing to do so, and not having timely contact from Edison regarding web links that could have been established.

We also recommend that Edison consider devoting significant additional resources to this program, particularly human resources to staff LGI with its own personnel. At the time of this evaluation, there seems to be an uneven promotion of the portfolio of programs which were to be promoted to the jurisdictions, with awareness building and recruitment into the CEEP program far outstripping that of other programs. To better promote programs for commercial sector facilities or programs addressing municipal buildings, Edison could consider utilizing representatives already focused on and responsible for these programs.

In this vein, we would again recommend, as was recommended in the 2002 evaluation report, that jurisdictions might be addressed with dedicated staff responsible for identifying and meeting the unique needs of these accounts.

There was a common feeling in many jurisdictions that their staffs were stretched thin in responding to state mandates. To whatever extent possible, Edison could identify ways to work with jurisdictions to have LGI help them meet their current demands thus creating greater opportunities to partner with local governments in advancing energy efficiency.

Another issue affecting the 2003 LGI program was that, with the evolution in the state building codes, a great deal of energy efficiency market change was already occurring. This created a perception of a lessened need for municipalities to be proactive in this area. Edison could consider developing an approach suited to this market condition, something which is consistent with and clearly in support of the new changes, and which does not assume a push at the local level.

Training was welcomed by the jurisdictions and provided Edison with an extremely promising entrée for coordinating with and influencing local governments. More attention could be given to how to make best use of the training sessions for creating stronger working partnerships with city officials.

### **6.1 Strengthen SCE's Role in Support of LGI**

The LGI program in 2003, other than CEEP, was understaffed at Edison. It was recommended that additional staff be added. Not only was this staff not added in 2004, but LGI also suffered temporarily from a transition in program management during the program year. The LGI program needs more supervision and support. Because CEEP was being run independently of SCE's direct supervision, it was not impacted as much, though more supervision and staff assistance from SCE would also enhance CEEP.

As for the other LGI components, SCE needs to provide more staff support to LGI. The evidence points to a market of heterogeneous opportunities, linked to local variations in building intensity and political directives. Edison's support of a richer mix of programs directed at new as well as existing buildings, residential as well as non-residential stock, would better meet the expressed needs of those municipalities with an interest in energy efficiency.

It seems clear from the findings of this evaluation that the initiative for advancing energy efficiency would be unlikely to arise from the jurisdiction offices. The realities of the market are that day-to-day responsibilities prevent the municipal offices from taking a lead role. SCE and/or its agents will need to take the leadership role in forging an effective relationship with the jurisdictions.

## **6.2 Shift CEEP Goals from Jurisdiction Recruitment to Increasing Number of Units Built to CEEP Standard**

CEEP needs to stop identifying program success as the continued recruitment of new jurisdictions. The parties interviewed in this evaluation suggested that jurisdictions not already recruited for the program represent areas with little new construction. At the same time, staff turnover and inactivity have led many of the previously recruited jurisdictions to believe they were not part of the LGI program. The true measure of activity may need to shift from number of jurisdictions recruited to number of jurisdictions where active CEEP-standard construction is taking place.

To accomplish this change in priorities, LGI needs to concentrate much greater effort in supporting existing jurisdictions that are experiencing continued levels of new residential construction. ConSol could be encouraged to work primarily in these jurisdictions.

An important component of a successful program will require significant increases in the recruitment and support of builders. Builders need to be convinced that building to CEEP is both technically and economically worthwhile. The current incentive of a quick turn-around in plan approval is important. However, CEEP did not have clear documentation that builders actually would receive this expedited planning review, and that when they did it was directly the result of participation in CEEP. LGI needs a better tracking system to support builders in ensuring this benefit is received and correctly attributed to CEEP.

## **6.3 SCE and ConSol Both Need to Significantly Increase the Promotion of LGI to All Parties**

A larger benefit would be realized by builders if the CEEP label expedited home sales. For this to happen there would need to be a significant increase in the awareness of builders, realtors, and homebuyers. Builders' perceptions are that right now in the current market, a CEEP designation does not help sell a home. CEEP does offer significant energy efficiency benefits over EnergyStar; however, the materials available at the time of this evaluation did not adequately explain the advantages. LGI needs to develop better materials to fully explain the program.

SCE could play a greater role in improving program awareness, especially with respect to linking jurisdictions to CEEP and the commercial energy efficiency programs. The brochures developed in 2003 were a vast improvement in describing the range of programs. SCE needs to develop a better means of displaying these at the jurisdictions, and more importantly keeping the displays full.

The SCE Web site is still an untapped opportunity. For 2003, LGI was unable to get a link from the SCE energy efficiency homepage to LGI. Hence instead, LGI might want to consider developing its own LGI homepage. This page could then be directly linked to each jurisdiction's site.



**Appendix A: SURVEY OF LOCAL JURISDICTIONS REGARDING SOUTHERN CALIFORNIA EDISON EFFICIENCY PROGRAMS FOR LOCAL GOVERNMENTS**

July 1, 2004

**Southern California Edison is helping local governments promote energy efficiency in their communities through a number of programs, including:**

**Community Energy Efficiency Program (CEEP)** – rewards homebuilders who build to program standards with expedited plan processing, reduced fees, or recognition awards

**Express Efficiency** – promotes efficiency in existing commercial establishments by offering cash rebates for qualifying equipment such as lighting and fixtures

**Checkpoint** – promotes efficiency in commercial new construction through equipment rebates

1. How would you assess these programs on a scale of 1 to 10, where 1 is “of no value” and 10 is “of great value” to your municipality.

Program	Rating *										
<b>CEEP</b>	1	2	3	4	5	6	7	8	9	10	NA
<b>Express Efficiency</b>	1	2	3	4	5	6	7	8	9	10	NA
<b>Checkpoint</b>	1	2	3	4	5	6	7	8	9	10	NA
<b>Other</b>	1	2	3	4	5	6	7	8	9	10	NA

\* where NA means “not applicable”, indicating you are not promoting this program within your community.

If another program is discussed, note program here:

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2. Please explain why you rated each program as you did:

CEEP \_\_\_\_\_

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Express Efficiency \_\_\_\_\_

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Checkpoint \_\_\_\_\_

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Other \_\_\_\_\_

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3. (If participating for more than one year) Has this changed over the course of last year as compared to your earlier experiences with this program?

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4. Characterize the level of interest you have seen in these programs from the eligible builders or businesses on a scale from 1 to 10 where 1 is “no interest from the marketplace” and 10 is “extremely strong interest from the market”.

Program	Rating *										
<b>CEEP</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>NA</b>
<b>Express Efficiency</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>NA</b>
<b>Checkpoint</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>NA</b>
<b>Other</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>NA</b>

\* where NA means “not applicable”, indicating you are not promoting

this program within your community.

**(probe for details. )**

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5. What are the key hurdles you have to overcome in order to get a prospective builder or business interested in participating in these programs? **(probe on awareness, procedures, incentives, external factors)**

**Residential builder**

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**Commercial builder**

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**Commercial establishment**

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6. What level of success are you having in overcoming these barriers when promoting energy efficiency to builders and businesses? Have you gotten any feedback which helps explain why the response has been as it has?

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**7. What recommendations do you have for ways in which each of these programs could be improved?**

CEEP \_\_\_\_\_

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Express Efficiency \_\_\_\_\_

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Checkpoint \_\_\_\_\_

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Other \_\_\_\_\_

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8. Does your municipality have an ongoing need for additional support from Edison to continue to promote energy efficiency to builders and businesses?

1. **Yes**
2. **No**
3. **Don't know**

9. (If "yes" to preceding question) Which of the following would be of the most value to you?

1. **Meetings with other officials of our township to explain programs**
2. **Technical assistance – residential**
3. **Technical assistance – commercial**
4. **Marketing support**
5. **Other (please describe) \_\_\_\_\_**

(probe for details. )

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10. Are there other ways that Edison could better assist you in promoting energy efficiency to builders and businesses in your area? Do you have any suggestions for new services that Edison could offer to municipal or county governments to promote energy efficiency locally?

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Would you want a representative to follow up with you about anything that we have discussed today?

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Thank and close.

## **Appendix B: Interview Guide For Local Government Initiative: Local Residential Builders**

*August 12, 2004*

### ***Introduction***

My name is \_\_\_\_\_ and I am calling on behalf of Southern California Edison that is implementing a region-wide Local Government Initiative program. We are contacting a sample of participating builders such as yourself that have participated in the Community Energy Efficiency Program (CEEP) in order to assess the effectiveness of this program, and to identify ways in which the program may be improved.

Any information you provide will be kept anonymous and confidential. We are interested in your candid input.

This interview will take approximately 15 minutes. Is this a good time to talk?

If no, schedule callback time: \_\_\_\_\_

### ***Program Summary/Background Information***

Southern California Edison has designed a Local Government Initiative to promote EE in new construction by working through local municipalities to promote energy efficient new construction.

Community Energy Efficiency Program (CEEP): CEEP is a voluntary residential new construction program designed to result in significant long-term energy savings to local governments that chose to implement the program.

#### **2.1 Are you aware of CEEP? (if yes, skip explanation)**

Builders who chose to participate in CEEP commit to building homes that exceed California's stringent 2001 Residential Building Energy Efficiency Standards (Title 24) by at least 15 percent. In return for building more energy efficient housing, participating local governments provide special recognition and other enticements (which could expedite plan check and reduce permit fees) to the participating builders.

### ***Market Conditions***

First, I'd like to quickly get a little background on your firm and the areas in which you build homes:

- 3.1 What is your primary geographic area of activity for new residential construction?
- 3.2 Approximately how many homes, overall, does your company build per year in California? Please break this out by type of homes: SF production, SF Custom
- 3.3 Do you market energy efficiency as a feature in the homes that you build?
- 3.4 Is this a market niche you pursue? Please describe:

**CEEP Program**

- 4.1 How did you hear about CEEP? (*probe for local government promotion vs. BII; involvement of Edison*)
- 4.2 What attracted you to participate in CEEP?
- 4.3 Does CEEP benefit you in marketing your homes as either energy efficient or as green homes? In what way?
- 4.4 Are you participating in CEEP in more than one municipality? (*try to identify areas*) (If yes) How did you come to participate in these communities? – was it a matter of the governments approaching you about the program or did you inquire about its **availability**?
- 4.5 Which if any of the following benefits have you received as part of building CEEP homes?
  - a. expedited plan review
  - b. expedited inspections
  - c. rebate or fee reduction, specify amount\_\_\_\_\_
  - d. recognition as efficient builder by community
  - e. other
- 4.6 Of these how valuable are these benefits to your business? (rank 1 to 5 with 5 being extremely valuable and 1 being not valuable at all.

	Have received	Value of Benefit to your firm (1 is no value to 5 is extremely valuable)
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		1	2	3	4	5
expedited plan review						
expedited inspections						
rebate or fee reduction, specify amount						
recognition as efficient builder by community						
Other, specify						

4.7 Have you experienced any variations in how CEEP is administered from one jurisdiction to another? (If yes) Do these differences create problems for your company?  
Do you find that one or another approach is better from your perspective?

4.8 Do local governments provide training in energy efficient new home construction? Have you attended any of these trainings? *[Probe for reaction to quality of training, availability of training, need for additional training]*

4.9 In what way is CEEP valuable to your business?

4.10 Do you perceive that the LGI-CEEP program is having any effect upon the demand for energy efficient housing in Southern California?

4.11 What incentives would be most useful to you in development energy efficient homes?

**Meeting CEEP Standards**

The LGI/CEEP program requires that new construction must be at least 15% above code standards for EE. I am interested in getting your feedback on the how you go about meeting these requirements of the program, and how these requirements compare with the homes your used to build (or builds outside of CEEP territory)



- 5.1 What specific measures are you taking to achieve the 15% improvement in energy efficiency to comply with CEEP standards? (i.e. insulation, windows, duct sealing/mechanical systems, appliances, lighting??)

***Recommendations***

- 6.1 Do you have any recommendations for how CEEP could be improved to better serve your business?
- 6.2 Do you have any recommendations for how CEEP might be more effectively promoted?
- 6.3 Do you have any other comments or recommendations?

Thank you for taking the time to answer these questions. Your answers will help the SCE refine their program and service offerings to better serve you in the future.