

**FSL Home Improvements and Arizona Public Service  
2011 ENERGY STAR® Awards Submission**

**Submission Category:**

**Partner of the Year - Program Delivery:**

**Home Performance with ENERGY STAR® - Emerging Market**



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## Introduction

The Arizona Home Performance with ENERGY STAR<sup>®</sup> program is a joint effort between FSL Home Improvements (FSL) and Arizona Public Service (APS); Arizona's largest and longest serving electric utility. Starting in 2007, FSL became the Arizona sponsor for Home Performance with ENERGY STAR. In the early years, the program struggled to gain traction in the Arizona market due to a lack of formal funding or incentive structure. Then in January of 2010, APS received approval from the Arizona Corporation Commission to introduce a new Home Performance with ENERGY STAR incentive program. Launching in March, the new APS program led to an explosion in participation from contractors and homeowners alike.

In one short year, the Arizona Home Performance with ENERGY STAR program quickly expanded to over 76 participating contractors, offering services in all 15 of Arizona's counties. On top of a developing a successful contractor network, the program grew from zero reported jobs in 2009 to retrofitting 873 homes to date in 2010. It is for this reason that we believe Arizona to be one of the fastest emerging Home Performance markets in the country with an exciting potential for future growth.

## Program Design

### Market Background

The new APS Home Performance with ENERGY STAR program is available to 769,781 single family residences throughout the State of Arizona. Prior to 2010, Arizona has worked aggressively to advance building science and energy efficiency through an award winning ENERGY STAR Homes program and a successful low-income weatherization effort. However, the existing homes market remained largely untapped, with energy efficiency activities being limited to HVAC installations, window installers, single product vendors, and energy auditors of mixed credentials. With the downturn in the new construction market, many contractors throughout Arizona began to look to the existing homes market as a new frontier. This provided Home Performance with ENERGY STAR an opportunity to build on the success of the ENERGY STAR Homes and establish a whole house energy retrofitting effort based on sound building science and standardized auditing processes refined by years of weatherization success.

### Incentive Structure

The APS Home Performance with ENERGY STAR program offers customers a \$99 energy audit that includes the direct install of ten CFLs, three low-flow aerators, and one low-flow shower head. Participating contractors receive a \$200 incentive from APS for every successful audit completed under the program.

APS customers who participate in the Home Performance with ENERGY STAR program are also eligible to receive rebates for energy efficient home improvements, including: \$250 for duct sealing (per system), up to \$525 for energy efficient HVAC installations, up to \$250 for Air Sealing, up to \$250 for attic insulation and up to \$250 for shade screens.

In addition, APS is developing a low interest financing product for the Home Performance with ENERGY STAR program. With the inclusion of financing, we can take the next steps towards deeper energy savings.

Beginning in November 2010, FSL partnered with Salt River Project (SRP) to expand the Home Performance with ENERGY STAR program to the SRP service territory. The SRP incentive program is

designed to match the APS design and allow contractors to work in both programs more easily and offer homeowners a similar experience. With SRP, the Arizona Home Performance with ENERGY STAR program can reach an additional 615,486 homes in the SRP service territory.

### Contractor Recruiting

Initial contractor recruiting activities for Home Performance with ENERGY STAR relied on outreach through the existing weatherization contractor network, APS trade allies, and local trade associations. In addition, FSL Home Improvements maintains the Southwest Building Science Training Center, Arizona’s premier BPI affiliate and weatherization training facility. This connection allows FSL to facilitate contractor training as well as recruit new contractors through their training efforts. As a result, the program has grown to 76 active contractors in 2010, which far exceeded expectations.

### Contractor Training and Mentorship

Participating contractors in the Arizona Home Performance with ENERGY STAR program must meet three critical training steps to become active in the APS program. This approach allows us to standardize the audit process, improve quality, and identify knowledge gaps for future training activities.

#### Step 1: BPI Certification

At launch of the program, participating contractors were required to maintain one BPI Building Analyst per store front. To facilitate this, APS provided a \$500 training rebate for contractors who receive a BPI certificate. We learned quickly that one BPI Building Analyst per store front was not sufficient and have begun the transition to require all audits to be conducted by a BPI Building Analyst.

#### Step 2: Software Training

APS requires that all homes audited under the program must be modeled and submitted via the Real Home Analyzer Software provided by Conservation Services Group (CSG). Participating contractors receive the software a no cost and must undergo a software training course. In addition, CSG maintains one full-time field representative who can go onsite with contractors to provide additional training and technical assistance.

#### Step 3: Mentorship

The single most important training feature of the Arizona program is mandatory onsite mentorship. FSL provides up to three onsite mentorship sessions to all new contractors participating in the program. For contractors requesting additional assistance, fee for service mentorship is also available. Since March 2010, FSL has provided a total of 445 mentorship hours to help develop the contractor base.

Finally, we have hosted several special training sessions in 2010 including: the EPA’s *Home Performance with ENERGY STAR Sales Training*, EEBA’s *Houses that Work Retrofit Training*, as well as courses available through the Southwest Building Science Training Center at FSL.

### Community Leveraging

The program has focused heavily on leveraging other community activities to help integrate Home Performance with ENERGY STAR into the State’s energy policy. This effort has included partnerships between APS and the City of Phoenix, the City of Avondale, and the City of Cave Creek to use Home Performance as a mechanism for spending ARRA funds. Likewise, the Arizona Department of Housing passed guidance for 2011, with input from FSL, to require that all tax credit rehabilitation projects



*FSL field staff conducting a quality assurance inspection.*

undergo a Home Performance evaluation. This type of effort will not only help increase program participation, but further advance the Home Performance with ENERGY STAR methodology throughout the State.

## How the Program Supports the ENERGY STAR Platform

The Arizona program is starting to transform the existing homes market by further building on the ENERGY STAR brand and seeking to make home energy retrofitting synonymous with the Home Performance with ENERGY STAR. To achieve this, APS conducts extensive marketing, education, and outreach throughout Arizona where the Home Performance with ENERGY STAR brand is featured prominently.

### Marketing and Customer Education

In the first year of the program, APS’ marketing approach was designed to generate large scale exposure for the Home Performance with ENERGY STAR program and create a new identity for the energy auditing process. An important feature of the marketing effort was using the term “checkup” in the place of “audit.” This allowed us to separate ourselves from the substandard “energy audit” claims that existed in the market and place a new positive spin on Home Performance process. This effort includes:

- Radio and TV ads featuring Steve Nash of the Phoenix Suns
- Extensive web development at [azhomeperformance.com](http://azhomeperformance.com) and [aps.com](http://aps.com)
- Media: local news, print media, local radio shows, and 30 minute “Sustaining Arizona” TV special on Cox cable
- Home Performance web videos on YouTube and [aps.com](http://aps.com)
- Event marketing: home shows, community events, and sponsorships with the Arizona Diamondbacks, Phoenix Suns, and Phoenix Coyotes
- Utility bill inserts and utility newsletters
- Customer brochures made available to all participating contractors



*In this “Sustaining Arizona” video segment on Cox Cable, APS Program Manager Gavin Hastings educates a homeowner on insulation performance.*

## Results

The first year results for the Arizona Home Performance with ENERGY STAR program have met and exceeded original expectations. APS’ goal for 2010 was to complete 1000 audits with at least 30% of homes having measures installed. As of December 1<sup>st</sup>, the APS program completed 2212 audits and maintained a 39% conversion rate with the average home installing 2 or more measures. This resulted in 873 completed jobs in 2010, of which 165 received onsite quality assurance evaluation. APS estimates that lifetime electric savings for measures installed in 2010 will total 47,356,000 kWh. Building off this success, we anticipate that the program will continue to grow exponentially in the years to come.

### Conclusion

It is for these reasons we believe that the Arizona Home Performance with ENERGY STAR program should be considered for the EPA’s Partner of the Year award for Program Delivery – Home Performance with ENERGY STAR Emerging Markets.