# PROCESS EVALUATION OF ENERGY TRUST OF OREGON'S ENERGY STAR® NEW HOMES PROGRAM

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# EXECUTIVE SUMMARY

Energy Trust of Oregon (Energy Trust) promotes the construction of ENERGY STAR® Homes through a four-pronged, program approach aimed at targeting single family home builders, trade allies, manufactured home retailers and builders and home buyers. Through the ENERGY STAR New Homes Program, Energy Trust offers builders, manufactured home retailers and trade allies' financial incentives and technical assistance to encourage the construction ENERGY STAR homes. Dually, the program works to educate home buyers about the benefits of energy efficient homes and to encourage prospective buyers to seek out ENERGY STAR homes using rebate programs.

Energy Trust enlisted the help of Opinion Dynamics Corporation (ODC) to conduct a process evaluation of the ENERGY STAR New Homes program. The ODC evaluation assessed the efficacy of the ENERGY STAR New Homes Program through in-depth interviews of program staff and strategic partners and through telephone interviews conducted with recent ENERGY STAR home buyers. The evaluation focused on the ENH program from January 2006-March 2007. The new manufactured home buyer survey was conducted between December 21, 2006 and February 12, 2007 and the new home buyer survey was conducted between December 21, 2006 and April 2, 2007. All Program Management Contractor staff (PMC)and strategic partner interviews were conducted between May and September 2007. This process evaluation is intended to be forward-looking and to provide actionable recommendations in order to guide Energy Trust's future program efforts.

## Overall Recommendations

When considering the future of the ENERGY STAR New Homes (ESH) program, ODC believes that the program's continued success lies in its ability to disseminate education-based ESH messaging, enhance consumer and market actor's knowledge of ENERGY STAR's benefits, and re-align the ESH program goals to promote intrinsic program value by moving away from an incentive-based system.

To assist Energy Trust in this forward-looking, education-based approach, ODC has provided four key recommendations: Revive Marketing and Target Strategies; Simplify Program Delivery and Structure; Refocus on Quality Assurance and Satisfaction; Move Away from an Incentive-Based System.

### *Revive Marketing and Target Strategies*

Many market actors reported that customers do not actively seek out ENERGY STAR homes. Moreover, less than two-thirds (67%) of current ENERGY STAR home owners are even aware that they have purchased an ENERGY STAR home. From this information, it is clear that growth opportunities exist for ENERGY STAR homes. However, Energy Trust faces intrinsic marketplace barriers evinced through home buyers' lack of program awareness, and builder and market actors' reported confusion between the program messaging, specifications, and requirements of other programs in the marketplace (NEEA, LEED, Earth Advantage) and ENERGY STAR. In order to maximize ENERGY STAR homes market potential, ODC recommends that Energy Trust:

- *Capitalize on program synergies, and where possible align ESH program specifications, messaging and promotion with other Programs:* Revisit current

program offerings and determine key synergistic areas. For example, review Earth Advantage's requirement for their builders to build homes to ENERGY STAR specifications.

- *Increase Marketing Efforts through Consumer Education Initiatives:* Focus marketing efforts on educating home buyers about the benefits of ENERGY STAR homes by demonstrating clear, quantified differences between ENERGY STAR homes and others on the market. This effort will not only increase demand but also counteract potential disincentives builders may have in participating in the program if builders perceive an increase in consumer awareness. Increased training and support of real estate agents is key in getting the word out to consumers.

- *Provide Marketing Materials to Collaborating Market Actors:* Energy Trust currently has market actors eager and willing to disseminate awareness-raising materials to consumers. Realtors and builders want additional marketing materials to provide to their customers. Energy Trust should continue to take advantage of these pre-existing channels to communicate the benefits of the ESH program to prospective home owners.

## *Simplify Program Structure and Delivery*

- *Reassess Program Structure:* Under the current program structure, the program's savings goals are determined by the quantity of ENERGY STAR homes built, rendering goals unobtainable in a slow housing market. In order to combat this problem, Energy Trust should consider new goals independent of market trends through redefining success in terms of market share (i.e. - number of ENERGY STAR homes built as a percent of all homes built). This revised approach allows for fluctuation in the marketplace without creating intrinsic implementation disincentives.

- *Align Programs:* Currently, the differences between Energy Trust, Earth Advantage and NEEA creates marketplace confusion and the perception of duplication. In order to remedy this problem, Energy Trust should attempt, where possible, to align itself to other program specifications.

- *Clarify and Streamline the Participation Process:* While the interviewed builders reported high levels of satisfaction with the ESH program, there is still room for improvement. The ESH participation process appears to be a source of confusion for some market actors. Paperwork is sometimes perceived as duplicative and cumbersome, often having to be filled out multiple times for different programs. Where practical and possible, ESH should align and streamline forms. Dually, the respective roles of and channels of communication between PMCs and builders and verifiers is obscure. One suggestion is to create a specific website for builders to simplify, illuminate, and clearly delineate the participation process and how to get in touch with a Building Outreach Specialist.

## *Refocus on Quality Assurance and Customer Satisfaction*

ODC's research has revealed that quality assurance is a growing concern for consumers. Several single-family home buyers do not feel that their home meets the ENERGY STAR construction standards citing high utility bills, air coming through the windows, and the presence of non-ENERGY STAR appliances in their homes. To remedy these concerns, ODC recommends that the ESH program:

- *Require Builder Training:* Under the current system, builder training is optional. Energy Trust should address quality control concerns by requiring builders to take part in ESH trainings
- *Provide Purchasers with a Better Understanding of the Program Benefits:* Currently ENERGY STAR homes do not require appliances in the home to be ENERGY STAR. This is confusing for purchasers. It is recommended that Energy Trust considers offering ESH purchasers a total ENERGY STAR package (BOP). Also, with or without the inclusion of this package, consumers should be made aware of the fact that while the house is being certified as ENERGY STAR, the appliances in the home are not necessarily ENERGY STAR.

## *Move Away From Incentive-Based System*

ODC believes that Energy Trust needs to cast a wider net and move away from an incentive-based system in order to maintain and increase market presence.

- *Cast a Wider Net:* Currently the ESH program works with a fraction of its potential collaborators. ENERGY STAR should work with market actors whose business interests align with its goals and objectives, including, but not limited to, real estate agents, builders or any other entity that sells or markets homes.
- *Consider Moving Away From an Incentive Based System:* ODC's research revealed that many ENERGY STAR manufactured home buyers are not submitting their rebate forms. This finding may demonstrate that the rebate itself may not be the primary incentive for purchasing an ENERGY STAR manufactured home. ODC believes that Energy Trust should move away from providing incentives to market actors, builder, and home buyers and focus instead on developing materials to educate builders and consumers on the benefits of ENERGY STAR.