

Energy Efficiency Task Force Draft Summary of Discussions on Framework

This document is intended to be a summation and distillation of various comments and suggestions made by Task Force members regarding the proposed framework that has been distributed at each of the last two Task Force meetings. It should not be viewed as a proposal from staff, the Chair, Austin Energy, or the City. The Task Force's discussions have been very active and many good points have been raised.

THE TASK FORCE HAS NOT MADE ANY FINAL DECISIONS OR
RECOMMENDATIONS.

Definitions: For the sake of clarity in Task Force discussions the following definitions will be used:

Energy Audit or Audit. A process of evaluating the energy efficiency and/or condition of energy systems in a home or building that includes a visual inspection of certain elements (weather stripping, insulation R-value, etc.) and the testing of the mechanical or air conditioning system air leakage and air balancing using methods and standards approved by the City of Austin Energy Code (duct blaster test, blower door subtraction test, etc.). This inspection must be conducted by a person certified by the Building Performance Institute as a Building Performance Analyst or equivalent.

Checklist Protocol: The menu of energy efficiency upgrades tentatively approved by the Task Force on May 7, 2008.

Phase 1: Energy Audit Disclosure, Voluntary Participation Targets and Performance Measurement

The initial phase will require an Energy Audit and disclosure of the results of that Audit as part of the existing seller's disclosure process. Homes that meet the checklist protocol requirements, as verified by the Audit, or that are upgraded to meet the requirements within one year following the closing will be designated as an Energy Saver Home. The Task Force will make recommendations regarding verification of program requirements for those homes that implement upgrades after closing.

A mechanism will be established to measure voluntary participation in the Energy Saver Home program. Targets for voluntary participation in the Energy Saver Home program will be established. If the targets are not met in any two consecutive years, energy upgrades would automatically become mandatory.

Targets:

Year 1: 25% of non-exempt sales receive an Energy Saver Home designation

Year 2: 45% of non-exempt sales receive an Energy Saver Home designation
Year 3: 65% of non-exempt sales receive an Energy Saver Home designation
Year 4 and thereafter: 85% of non-exempt sales receive an Energy Saver Home designation

Possible Phase 2: Mandatory Energy Efficiency Upgrades if Voluntary Targets Not Met

If the targets of the Phase 1 voluntary participation phase are not met in any two consecutive years, Phase 2 would automatically begin in the next year. Phase 2 would require performance and disclosure of the Energy Audit, as in Phase 1, but would also require compliance with the Checklist Protocol, subject to the expenditure limits included in the Checklist Protocol.

If upgrades become mandatory, they could be performed either before, or up to one year after, the date of closing. Sellers would not be required to perform the upgrades before closing but would be free to do so. If the parties negotiate for the buyer to be responsible for the upgrades, then the buyer must perform the upgrades within one year of the closing.

The Task Force will make recommendations regarding verification and enforcement of program requirements.

Limits of Responsibility:

If Phase 2 is implemented and mandatory energy efficiency upgrades are required, the maximum expenditure limits for required upgrades would be lower in initial years in order to incentivise early participation.

In the first three years of Phase 2, the maximum expenditure limit would be 0.5% of the sales price. Within and subject to this maximum expenditure limit, the responsible party would be required to complete three items from Group A and one item from Group B of the Checklist Protocol. The cost of the Energy Audit would not apply to the maximum expenditure.

After the first three years of Phase 2, the expenditure limit would be 1% of the sales price. Within and subject to this maximum expenditure limit, the responsible party would be required to complete 3 items from Group A and three items from Group B. The cost of the Energy Audit would not apply to the maximum expenditure.

Incentives:

Austin Energy has provided financial incentives including cash rebates or low interest loans for the installation of energy efficient equipment and systems for more than 25 years. It can be assumed that these incentives will continue and will reduce the cost of many, and possibly most, of the measures covered by the Checklist.

An Energy Saver Home designation will be valid for the longer of the time: the current owner owns the home, or ten years. This allows homeowners to perform the energy efficiency upgrades at any time, reap the financial and comfort benefits of having an energy efficient home and to know that they will be exempt from further requirements of the program when they decide to sell their home.

Exemptions:

Home sales falling under any of the following categories will be exempt from program requirements:

1. Homes built within the 10 years prior to the date of the option contract.
2. All homes having participated in the Austin Energy Home Performance with Energy Star Program within the previous 10 years.
3. Homes with a sales price below \$75,000.
4. Other types of transfers to be determined by the Task Force, such as transfers (i) due to: court order, probate proceedings, or foreclosure, (ii) as a result of a default, (iii) to a spouse or certain relatives, (iv) that are testamentary transfers (but not sales by an independent executor of an estate).
5. Manufactured housing built on a permanent chassis and designed to be used as a dwelling without a permanent foundation.

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