

The Xcel Energy New Homes Builder Incentive Program is currently based on qualification determined by a percentage above the International Energy Conservation Code (IECC). This is complicated in a home rule state by qualifying homes based on the code in the jurisdiction in which the home is built. The majority of jurisdictions within Xcel's territory have adopted the 2012 or more recent version of the energy code which is also making it more difficult to qualify for an incentive payment because it is not easy to demonstrate that a home is 10% more efficient. Lastly, the incentive payments are small which is not incentivizing builders to make specification changes that will increase their percentage above code and qualify for more of a payment. Currently Builders are taking advantage of the program when they can, but they are not receptive to actively investigating how to claim bigger incentives because specification changes cost much more than the recouped builder incentive. This dynamic leaves the program open to claims of free ridership.

Some regional and national utilities are using a Home Energy Rating Index based builder incentive program which has some advantages.

- First it is more understandable and transparent to the builder.
- As a byproduct of the Builder incentive program they have a built in means to market the performance of their home.
- Modeling has demonstrated that the 2012-2018 IECC minimum prescriptive requirements are approximately equivalent to a HERS Index score of 75. Demonstrating that your home is performing better than a 75 is straight forward and quantifiable.
- Since the IECC compliance percentage above code does not take into account gas or electric mechanical system the HERS Index can be used to incentivize the installation of more efficient furnaces and water heaters.
- Other energy efficiency measures can more easily be incentivized such as lighting, thermostats, insulation levels, etc. because their installation will directly impact the HERS index score.
- Building a home with a HERS Index below 75 is a quick and visible matrix to combated any notion of free ridership.

I have attached programmatic examples from three utilities that use a HERS based Builder Incentive Program for your consideration:

- Colorado Spring Utilities Builder Incentive Program begins at \$350 for a score of 70, with an additional \$25 per point below, up to a maximum of \$2,100 for HERS 0 (Zero), calculated before the inclusion of PV.
- Black Hill Energy in Cheyenne Builder Incentive Program also used the HERS Index. Their program has two tiers. Tier one requires that a builder achieve a HERS Index of  $\leq 70$  and install a furnace that is  $\geq 92\%$  AFUE, a water heater  $\geq .64$  UEF, and an air conditioner greater than  $\geq$  SEER 15. If this is done the builder receives \$1000. Tier two requires that a builder achieve a HERS Index of  $\leq 65$  and be certified EnergyStar, and install a furnace that is  $\geq 92\%$  AFUE, a water heater  $\geq .64$  UEF, and an air conditioner greater than  $\geq$  SEER 15. If this is done the builder receives \$3000.
- New Jersey links their builder incentive program to a HERS index score and qualification with EnergyStar or the DOE Zero Energy Ready Homes Program.