

# RESNET Board Briefing Paper on the RESNET Organization

## RESNET Mission

RESNET's vision and mission statements are established in its Strategic Planning Framework adopted by the RESNET Board of Directors and are posted on the RESNET web site.

### RESNET Vision Statement

*“RESNET’s vision is of a world that encourages and rewards minimum building energy use through independent, performance-based building certification.”*

### RESNET Mission Statement

*“RESNET’s mission is to ensure the success of the building energy performance certification industry, set the standards of quality and increase the opportunity for ownership of high performance buildings.”*

## Strategic Goals

The strategic goals of RESNET are established in its Strategic Planning Framework adopted by the RESNET Board of Directors and posted on the RESNET web site at [http://www.resnet.us/about/planning\\_framework.pdf](http://www.resnet.us/about/planning_framework.pdf):

1. By 2010, the RESNET uniform standard for measuring and comparing a building's energy performance will become the accepted national standard for measuring the energy performance of buildings.

A key priority of RESNET is to maintain the uniform method of measuring comparing and certifying a building's energy performance. This is the essence of RESNET's mission as an organization. The creation of a uniform definition of a reference building by which all buildings can be compared creates a national platform by which programs, the housing industry, lending institutions, and consumers can quantify the energy performance of buildings and calculate energy and pollution savings.

2. By 2015, the RESNET standards will be internationally acknowledged as standards for quality in the verification of building performance and the certification of pollution savings.

RESNET sets the standards for quality in rating services. We have created the standards for training and certification of raters, the procedures for rating providers to ensure the quality of rating services, and the technical specifications for rating software programs. The RESNET standards are recognized by the

mortgage industry; state energy codes; public utility benefit programs; EPA; DOE; HUD; and the U.S. Department of the Treasury, for tax credits.

As part of its plan to comply with the Kyoto Protocol on global climate change, the European Union (EU) has passed a law that mandates all member nations to enact a building energy performance rating program that requires all buildings be energy performance rated at the time of sale or change of occupancy. The U.S. and the European Union should adopt complementary rating standards, such that energy ratings are an internationally recognized tool for verifying carbon savings. RESNET should actively work to develop international (ISO) standards that support this objective. The number of buildings in Europe that will be rated because of the EU directive will result in a much larger market for interested parties to invest in energy efficiency and renewable energy.

3. By 2010, rater services will be valued by the national marketplace without regard to subsidies and will be expanded to include the other features of a building's performance.

Since rating and building performance services are voluntary and private sector based, they must be profitable in the market place. Currently many rating providers are successful because of program subsidies. Many raters do not have the business skills necessary to branch out into other sectors. RESNET needs to provide raters with the tools for success in new markets by defining market differentiation, various business models and value propositions.

Through the expansion and diversification of rating services, not only, will existing partnerships be strengthened, but also, new partnerships will be forged. With the tools provided by RESNET, raters will be able to take advantage of strategic opportunities that will expand their services beyond energy features. They will become vital partners in maintaining a building's performance in the areas of comfort, durability, health and safety, and environmental impact.

The RESNET Board has also adopted the goal to expanding to the ratings of high rise residential buildings and then to commercial.

Program Scope – A definition and description of both organization's programs will be collected and evaluated to determine their compatibility. The program scope of RESNET is established in its Strategic Planning Framework adopted by the RESNET Board of Directors and posted on the RESNET web site.

#### I. The Uniform National Standard of Measuring and Comparing a Building's Energy Performance

The creation of a uniform definition of a reference building, by which all buildings can be compared, creates a platform in which programs, the housing industry, lending institutions, and consumers can measure the energy performance of buildings and calculate energy and pollution savings. This allows programs such

as ENERGY STAR, energy efficient mortgages, tax credits, state energy codes, and utility programs to set a marker on the rating scale for a building's energy performance. The rating method does not pre-select which measures should be applied but rather gives the rater and the builder the option of selecting what makes the most sense for their market.

## II. National Standards and Infrastructure for Accreditation, Certification, and Quality Assurance

RESNET sets the standard for quality for performance based building certification. RESNET has created standards for the training and certification of raters and other building performance professionals, the procedures for ensuring the quality of rating services, and the technical specifications of rating software programs. The RESNET standards are recognized by the mortgage industry; state energy codes; utility public benefit programs; the U.S. Environmental Protection Agency (EPA); the U.S. Department of Energy (DOE); the U.S. Department of the Treasury and Congress, for proposed federal tax credits.

## III. Recognition in the Market Place of the Added Value of Building Performance and Rating Certification Services

Since rating and building performance certification services are voluntary and private sector based, they must be profitable in the market place. RESNET provides the national market differentiation and business development framework for raters to market their building performance certification and consulting services to the national building industry.

## IV. The National Information Source for Building Performance

A key service of RESNET is to provide reliable information on the value of high performing buildings to building performance professionals, the housing industry, government agencies, and consumers. RESNET employs a highly sophisticated combination of communication channels including a web site, an Internet Blog, e-mail communications, periodic news letters, and an annual conference to provide this service.

## V. Facilitate the Monetizing of High Energy Performance in Buildings

There are market developments that can expand the value proposition for enhanced energy efficiency in buildings. These are the recognition of energy efficiency in the environmental emissions and the capacity and reliability markets as a tradable commodity. RESNET rating infrastructure should serve as the performance metric for this economic activity

## **Core Constituencies**

As a membership based not-for-profit organization RESNET's key constituency is its members.

RESNET has five categories of membership:

- Accredited Rating Providers
- Accredited Rater Training Providers
- Accredited Software Developers
- Certified Home Energy Raters
- Associate Members

Each category of membership elect their representatives to the RESNET Board.

In addition the RESNET Board has established several formal strategic alliances with building performance oriented organizations with the goal of increasing the business opportunities and knowledge base of the rating industry.

These include:

- Canadian Residential Energy Services Network (CRESNET) – CRESNET is RESNET' first international affiliate.
- Building Performance Institute – Agreement to work together and use raters as a quality assurance resource
- U.S. Green Buildings Council – The USGBC LEED Homes Program uses ratings for certification and RESNET accredited providers to deliver program
- Electric & Gas Industries Association – Allows rater's clients access to affordable direct financing to improve the efficiency of existing homes
- Energy Efficient Green Building Institute – Formal agreement to create post-secondary education program to educate the next generation of building performance professionals
- Affordable Comfort, Inc. – Formal agreement to coordinate building performance education and training including a Home Performance with ENERGY STAR track at the annual RESNET Conference
- Energy and Environmental Building Association – Formal agreement to coordinate building science education and training including recruiting raters to participate in Houses That Work builder training
- Lockton Affinity – Formal agreement to provide RESNET rater members with affordable professional and general liability coverage
- Home Energy Magazine – Formal agreement to coordinate home performance education including a subscription to the publication for RESNET rater members

## **Key Stakeholders**

RESNET relies on working with industry and other groups that have common interests to further its mission and goals. The relationships with these organizations are critical in creating a market for rating services. These relationships are not based upon funding but rather opening up markets for rating services.

These groups include:

Home Building Industry – Not only is the home building industry a key end user of ratings but it also provides a critical role in advocacy and educating its members of the benefits of home performance.

Utility Industry – Utilities across the national rely upon RESNET's standards for the testing and verification of a home's energy performance for residential public benefit programs.

State Energy Offices – State energy offices rely upon RESNET's standards as a performance option for their energy codes. Currently 19 states have adopted home energy ratings as a compliance option for their building energy codes.

Environmental Protection Agency – EPA relies upon the RESNET Standard for verification of ENERGY STAR labeled homes. ENERGY STAR currently represents a significant portion of rating business activity.

U.S. Department of Energy – DOE's Building America Program is the key "proving ground" for the design and construction of high performance homes. DOE uses the RESNET HERS Index in measuring the performance and marketing of the homes built under their program.

Internal Revenue Service - The IRS relies upon the RESNET procedures and the rating industry for the certification of homes for the energy efficient homes tax credit established by the Energy Policy Act of 2005.

Environmental/Consumer Organizations – are a key supporting network in advocating for energy policy initiatives that will increase the demand for improved residential energy performance.

National Mortgage Industry – RESNET was created through a partnership with the national mortgage industry. The industry relies upon home energy ratings to capitalize the energy savings of an energy efficient home in the mortgage loan.

### **Defined End Users of Services**

RESNET's primary end user is the rating industry. The industry relies upon the organization's standards and accreditation for credibility in the market place. The industry supports RESNET financially to receive the voluntary recognition.

Secondary end users include:

- Raters' Clients – Raters' clients rely upon the RESNET standards for ensuring the quality of rating services.
- *Program Sponsors* – Program sponsors rely upon the RESNET standards and infrastructure to measure and verify the performance of homes enrolled in their programs.
- National Media – The popular press uses RESNET standards and member directory on its web site to direct its readers to finding a specialist to rate their homes.

## **Organizational Structure**

RESNET is a member-based 501 [c][3] not-for-profit educational organization.

The organization is governed by a membership elected Board of Directors. The Board annually elects its officers which serve for a term of one year. The board president is term-limited for two years. The RESNET Board meets monthly as an average.

RESNET's By-Laws defines the decision making authority of the board to include the supervision of the affairs of the organization, its standards, its committees and publications.

RESNET's By-Laws are posted at <http://www.resnet.us/about/bylaws/bylaws.pdf>

Other duties includes hiring and evaluation of the executive director, approval of annual budget, maintaining strategic plan, setting annual priorities of the organization, approving the annual staff work plan, approving memorandum of agreements with other organizations, and approving amendments to RESNET's standards.

The board has established formal committees (Technical, Training and Education, Quality Assurance and Ethics, and Membership Services). Each committee's purpose is to provide the RESNET Board with policy. The committee's has sole decision making authority on interpretations and implementation issues. The committee must forward to the board for decision making overall policy issues and the amending of the standards.

The committee's is where the major work of the organization takes place.

The chair of each committee must be a board member and is appointed by the board. Members of the committees must be formally approved by the board.

The RESNET executive director is responsible for the day-to-day activities in areas not covered by the RESNET standing committees. RESNET staff provides support to the committees.

RESNET also relies upon task forces aimed at specific subjects designated by the RESNET Board (such as the development of RESNET national standards for energy audits of existing homes). Membership on task forces include a broad representation of industry stakeholders is open to anyone interested in participating, and is not limited to RESNET members. A task force's main responsibility to develop new standards and forward to RESNET Board for adoption.

This structure allows RESNET to complete its tasks with a minimum level of staffing.

### **Organizational Culture**

The basic foundation of RESNET's culture is that it is a membership organization representing the rating industry through growing an ongoing market for rating services.

The key values of the organization are:

Transparency in Decision Making Process – All of RESNET's decision making is transparent with postings on its web site, a policy of open Board and committee meetings and the opportunity for anyone to participate on a RESNET task force. All amendments to the standards must undergo a public review and comment process. Any one is able to nominate amendments to the standards.

Consensus Based Decision Making – The operating philosophy of the organization is to represent all facets of the industry and stakeholders in the development of standards, policies and programs.

An Active, Working Board of Directors, Standing Committee and Task Forces – The key to RESNET's success to date is that the board, standing committees and task forces drive the organization, not staff. Staff's role is to support this leadership. In particular, in its role as a standards-setting organization, the Board is the decision-making authority. This model allows for a lean staff.

Market Based – It is a fundamental philosophy of RESNET that to be ongoing, the rating industry must be dependent upon the market and not government funding.

### **Business Plan**

The foundation of RESNET's business plan is the Strategic Planning Framework that was adopted by the RESNET Board and is updated annually. The strategic planning framework is posted on RESNET's web site at [www.resnet.us/about/planning\\_framework.pdf](http://www.resnet.us/about/planning_framework.pdf)

In 2004 the RESNET Board of Directors adopted a policy of being self-sufficient on an ongoing basis outside of government grants or contracts. Through this effort RESNET is able to meet 100% of its operation through accreditation/membership fees, testing fees, and the income from its annual conference. RESNET is able to operate at its present level without any government or utility funding.

Currently there are over 5000 raters in all 50 states that have been certified through the RESNET Standards. In 2006 over 200,000 homes were rated.

In addition to its core services RESNET's services have been expanded through professional services contracts for such activities as developing a suite of tests for software programs to calculate a home's performance in meeting the International Energy Conservation Code.

RESNET's economic success is based upon the business success of the rating industry. RESNET's income flow is based upon the number of homes a rating provider rates. The more ratings conducted the more income RESNET receives. Hence, RESNET's fundamental business plan is to grow the rating industry through the delivery of an expanding number of new services.

In an effort to provide business development tools for raters, RESNET has posted a web page on rating business development that addresses such issues as developing a business plan, defining services and developing a marketing plan. ([www.resnet.us/rater/business](http://www.resnet.us/rater/business))

In addition, in 2006 the RESNET Board of Directors adopted a prioritized listing of potential new services for home energy raters. The goal is to provide the industry new insights on expanding their business opportunities.

These services includes:

- Tapping the Existing Homes Market
- Energy Code Compliance
- Documentation of the Environmental Savings (NO<sub>x</sub>,SO<sub>x</sub> carbon, mercury, etc.) from Improving a Buildings Energy Performance
- Documentation of the Savings from Improving a Buildings Energy Performance in the Emerging Utility Capacity Markets
- Documentation of Building Energy Savings for Tradable White Certificates
- Builder Warranty Mitigation Service
- House Doctor

- Assisting Builders in Working with Designers to Incorporate Building Performance in Homes Design

### **Funding**

2007 Total \$659,700

#### Accreditation/Membership

Fees -	\$317,000
RESNET Conference	\$127,000
Testing Fees	\$ 54,000
Contracts	\$161,700
Grants	\$ 0

2006 \$636,000

#### Accreditation/Membership

Fees -	\$281,000
RESNET Conference	\$125,000
Testing Fees	\$ 41,000
Contracts	\$189,000
Grants	\$ 0

### **Budget**

RESNET Budget 2007 \$629,000

Professional Services	\$322,000
Accounting	\$ 15,000
Travel	\$ 70,000
Supplies	\$ 5,000
Other (Conference expenses, phones, Postage, etc.)	\$217,000

RESNET Budget 2006 \$593,000

Professional Services	\$300,000
Accounting	\$ 13,000
Travel	\$ 65,000
Supplies	\$ 3,000
Other (Conference expenses, phones, Postage, etc.)	\$210,000

RESNET Budget 2005 \$460,000

Professional Services	\$275,000
Accounting	\$ 13,000
Travel	\$ 53,000
Supplies	\$ 2,000
Other (Conference expenses, phones, Postage, etc.)	\$117,000

RESNET Budget 2004      \$376,000

Professional Services	\$245,000
Accounting	\$ 13,000
Travel	\$ 48,000
Supplies	\$ 4,000
Other (Conference expenses, phones, Postage, etc.)	\$,66,000

### **Board of Directors**

RESNET has a 21 member Board of Directors. RESNET board members are elected by each of the organization's membership category that they represent. Board members are elected to two year staggered terms.

RESNET's By-Laws defines the responsibilities of the board to include the supervision of the affairs of the organization, its standards, its committees and publications.

Other duties includes hiring and evaluation of the executive director, approval of annual budget, maintaining strategic plan, setting annual priorities of the organization, approving the annual staff work plan, approving memorandum of agreements with other organizations, and approving amendments to RESNET's standards.

RESNET maintains officers and directors insurance for the indemnification of board members.

### **Staffing**

RESNET has no employees. All support is through professional services contracts.

**Steve Baden**, Executive Director – The RESNET Executive Director responsibilities are defined in the organization's by-laws. These include conducting the day-to-day business of the corporation under the direction of the

Board of Directors. The RESNET Executive Director also serves as an ex-officio member of the Board. This position is full time.

**Claudia Brovick, Public Affairs Director** – Responsibilities includes media contact, writing articles, providing support to the Executive Director, quality assurance of accredited providers, and providing staff support to the RESNET Technical and Quality Assurance and Ethics Committees. This position is full time.

**Kathy Spigarelli, Education Coordinator** – Responsibilities includes coordinating annual RESNET Conference and providing staff support to RESNET Training and Education Committee. This position is one quarter time.

**Randy Martin, Web Master** – Responsibilities includes maintenance of the RESNET web site, RESNET data base, and other computer support. This position is 10% FTE.