

RESNET

Energy Efficiency Certificates

What Are Energy Efficiency Certificates?

Utility regulators are increasingly seeing energy efficiency as a solution to meeting the increasing demand for electricity and reducing pollution from the generation of electricity.

States and the federal government are exploring establishing mandatory energy efficiency portfolio standards that require regulated utilities to meet a certain percentage of their projected power needs through energy efficiency. Under these regulations, a utility has the option of reducing consumer energy usage or buying energy efficiency certificates from a third party as an offset.

These energy efficiency certificate standards and trading is similar to the green energy portfolio standards that have been adopted in 21 states and generates over \$700 million a year in trading.

An energy efficiency certificate ("White Tag") generally represents one MWH of energy saved. The certificate can then be used to meet voluntary emission reductions commitments or traded to another company.

Already, Connecticut, Pennsylvania, and Nevada have Energy Efficiency Portfolio Standards and Energy Efficiency Credit trading. More states are expected to follow and national legislation is being proposed.

There is also emerging a voluntary energy efficiency credit market where large corporations such as Nike and Staples are purchasing energy efficiency credits as a way of meeting their corporate commitments to reduce their carbon footprints.



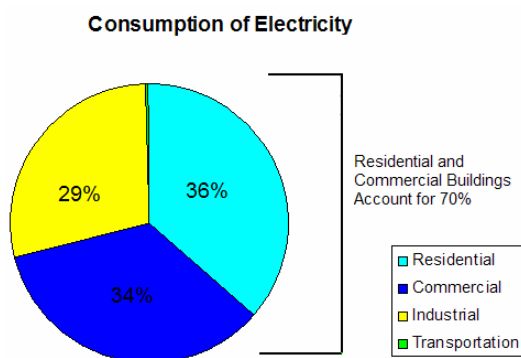
Opportunities for Financing Building Energy Performance and Rater Business Opportunities

- **The demand for measurement and verification of building energy performance by raters will be substantially higher. Raters will be needed to calculate and verify environmental savings from a building's improvements so that value can be traded in emissions markets.**
- **The potential for residential energy efficiency to be incorporated in a state SIP (State Implementation Plan)**
- **New source for funds to invest in building improvements and for third parties to aggregate and sell the value of savings**

*Setting the STANDARD
for QUALITY*

Why Focus on Residential Efficiency?

Traditionally, utilities look to construct new power plants in meeting the increased demand for power. There is now a new realization that energy efficiency is a cost-effective option to meet the demand for electrical services. Energy use from residential buildings accounts for 36.5% of electricity consumed in the U.S. High performance buildings can play a significant role in meeting utility energy efficiency targets.



Source: U.S. Energy Information Agency

A More Business Friendly Way to Decrease Emissions

A number of major corporations and institutions are creating a market for voluntary energy efficiency targets by purchasing to meet their voluntary environmental commitments.

How RESNET fits into Energy Efficiency Certificate Trading

When an efficiency portfolio standard is adopted, it will be necessary for utilities to meet a certain percentage of their power needs through energy efficiency. Clearly residential energy savings should be a key strategy in meeting utility energy efficiency requirements. Residential energy savings verified through a home energy rating is an

ideal medium that can both certify energy savings and be traded to utilities who wish to buy them.

Energy efficiency credits offer a new market for raters, but will not require them to learn a new skill or set of standards. By applying the existing RESNET standards for energy efficiency to energy efficiency credit trading, utilities will be offered a cost-effective method of cutting both green house gas emissions and meeting their energy efficiency targets. The modeling and inspection procedures developed by RESNET can be used for energy efficiency credits. There is no need for additional inspections or software modeling.

What Raters Should Do

It is vital that raters advocate that the residential sector be included in upcoming plans for energy efficiency portfolio standards. Raters can begin by forming partnerships with environmental advocacy groups, and testifying at state regulatory meetings. Advocacy on the local level will be an important step in ensuring that buildings are included in a Energy Efficiency Certificate programs. Raters should coordinate their efforts with environmental advocacy groups who are natural allies, because of their concerns over climate change. Raters also should educate regulators that there is a national standard to measure and verify the energy performance of homes.