

Minutes
RESNET Board of Directors Teleconference
March 13, 2007

Members Attending

Eric Borsting
Philip Fairey
David Goldstein
Tom Hamilton
Bruce Harley
Michael Holtz
Mark Jansen
Galo LeBron
Lee O'Neal
Kelly Parker
Douglas Walter
Barb Yankie

Members Absent

Ben Adams
Steve Byers
Richard Faesy
Ken Fonorow
C.T. Loyd
Greg Nahn
Joseph Lstiburek
Daran Wastchak
David Wilson

Staff Attending

Steve Baden
Claudia Brovick

The meeting commenced at 3:00 p.m. eastern time, however there were not enough members present to achieve a quorum. While the Board members waited for more members to join the meeting, Steve Baden presented a Powerpoint presentation titled - *Facilitate the Monetizing of High Performance Buildings*. This presentation was to have been presented at the annual Board meeting in San Diego, but had been postponed due to time constraints.

Request for Leave of Absence by Richard Faesy

Once a quorum was reached, Kelly Parker called the meeting in order and the Board proceeded to discuss a request by Board member Richard Faesy that he be granted a six (6) month leave of absence from the Board. Mark Jansen made a motion to grant Richard Faesy a six (6) month leave of absence, Philip Fairey seconded the motion. The motion passed. Richard Faesy's name will be removed from the Board's roll until he returns from his leave.

Approval of Agenda

Philip Fairey moved that the proposed agenda be accepted, Bruce Harley seconded the motion. The motion passed.

Approval of the February 20, 2007 Board Meeting Minutes

Philip Fairey made a motion to approve the minutes of the February 20, 2007 Board meeting. Mark Jansen seconded the motion. The motion passed.

Revision of RESNET Strategic Planning Framework

Mark Jansen made a motion to adopt staff's January 26, 2007 recommendation to revise RESNET's Strategic Planning Framework (Attachment A) to reflect a new priority for environmental, capacity value and energy efficiency certificate trading. Philip Fairey seconded the motion.

Bruce Harley offered a friendly amendment that the proposal be amended under II. C., adding the following underlined language:

"Existing Homes – Existing homes represent the largest market opportunity for rating services. Today for every new home sold there are 10 existing homes that are sold. The American housing stock is aging – 75% of today's homes were built before 1980 – and there are great opportunities for cost-effective improvements that preserve or improve occupant health and safety and building durability. RESNET needs to tap this market opportunity.

Mark Jansen and Philip Fairey accepted the friendly amendment. The motion passed. Galo LeBron abstained. Eric Borsting voted no.

Due to time constraints, the Board decided to schedule another meeting within the next two weeks to consider the remaining items.

Adjournment

Mark Jansen made a motion to adjourn. Eric Borsting seconded the motion. The motion passed.

Respectfully Submitted
Bruce Harley, Secretary

Attachment A

To: RESNET Board of Directors

From: Steve Baden
Executive Director

Re: Proposed Revision of RESNET Strategic Planning Framework to Reflect
New Priority for Environmental, Capacity Value and Energy Efficiency
Certificate Trading

Date: January 26, 2007

The Strategic Planning Framework adopted by the RESNET Board of Directors in 2006, identified “Residential Pollution Reduction Verification Protocol” as a strategic opportunity for the organization. Because of the importance of the opportunity, the RESNET Board of Directors tasked the RESNET Executive Committee to develop a plan of action for the initiative.

On October 31, 2006, the RESNET Executive Committee presented a RESNET work plan on environmental, capacity value and energy efficiency certificate trading. Staff was directed to amend the RESNET Strategic Planning Framework to reflect the new priority and present it to the board at its annual meeting in San Diego in 2007.

Below are staff recommendations for modifications of the RESNET Strategic Planning Framework:

I. Changes in Services Provided

Revise “Recognition of Value of High Performance Homes in the Mortgage Process” to read:

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

Justification:

Expands scope to full potential of monetizing energy efficiency.

II. Changes in Strategic Opportunities

The following changes are being proposed:

A. Add the following:

Environmental, Capacity Value and Energy Efficiency Certificate

With the softening of the new housing market there is a clear need to expand the range of business opportunities for the building performance rating industry. A dynamic opportunity to diversify the industry is to monetize a building's energy savings through environmental and energy efficiency trading. 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. These developments incorporate the same concept of monetizing the improved performance of building and selling that improved performance to achieve the objectives of energy and environmental markets. These developments offer the following opportunities:

- *The ability of certified raters to expand the value proposition of their services to include the calculation and verification of the environmental savings from improving a building's energy performance and to trade the value in the emissions markets (NOx, Carbon, Mercury, etc.)*
- *The ability of certified raters to use the emerging capacity markets that will pay for reductions in peak electricity use*
- *The potential for energy efficiency to create certificates that can be included in Renewable Portfolio Standards (compliance markets) or voluntary clean power markets*

Justification:

Incorporates new priority into organization's strategic opportunities.

B. Add the following:

Expand the Demand for High Performance New Homes

Currently ENERGY STAR Homes are the foundation for the demand for rating services. The EPA ENERGY STAR Homes Program has laid a solid foundation for the transformation of the new homes market. In 2005 over 10% of homes built in the U.S. were rated as ENERGY STAR. However, changes in the ENERGY STAR Program and the softening of the new homes market threaten the expansion of this market as builders seek to reduce their costs. What is

needed is to expand the base for the demand of rating services by builders. The clearest opportunity is to make the RESNET HERS Index the metric for building performance. The HERS Index should be incorporated into other federal new homes programs such as Building America and become the performance metric for new federal, state and utility new homes initiatives. In addition, the housing industry needs to become educated on the value that the rating infrastructure can add to their business.

Justification:

Highlights the necessity to expand new homes market.

C. Add the following:

Existing Homes

Existing homes represent the largest market opportunity for rating services. Today for every new home sold there are 10 existing homes that are sold. The American housing stock is aging – 75% of today's homes were built before 1980 – and there are great opportunities for cost-effective energy improvements. RESNET needs to tap this market opportunity.

Justification:

Reflects board's priority.

D. Delete the following:

Business Development

Justification:

Opportunity is rolled into above changes.

E. Reorder listing of opportunities as follows:

- I. RESNET Financial Sustainability
- II. Environmental, Capacity Value and Energy Efficiency Certificate
- III. Expand the Demand for High Performance New Homes
- IV. Existing Homes
- V. Multifamily and Commercial Buildings
- VI. Federal Tax Credit Verification
- VII. Building Performance Diagnostics and Remediation
- VIII. Energy Codes
- IX. Sustainable/Green Building
- X. Affordable Housing

Justification:

Reflects new priorities.

III. Changes in Process Objectives

2007

A. Remove “To develop action plans for the prioritized potential new services and markets.”

B. Replace:

“To adopt RESNET standards for multifamily and commercial buildings”
with:

“To begin developing RESNET standards for multi-family and commercial buildings.”

C. Remove “To have the International Energy Agency acknowledge the RESNET standard as complementary to its G-8 building efficiency effort for building performance verification.”

D. Remove “To begin working with the pollution savings trading market to recognize the RESNET standard as a verification mechanism for measuring building pollution savings.”

E. Add the following:

- Develop suite of verification tests for calculating emission savings
- Develop series of audio rater roundtables on the opportunities and business development benefits of environmental, capacity value and energy efficiencies certificate trading.
- Conduct series of sessions on the opportunities and business development benefits of environmental, capacity value and energy efficiencies certificate trading at the 2007 RESNET Building Performance Conference.
- Develop briefing materials, talking points and PowerPoint presentations for the RESNET network to advocate at state regulatory hearings.
- Create a standing committee of RESNET members who are participating in environmental, capacity value and energy efficiencies certificate trading to provide support and guidance.

- Educate environmental organizations on the contributions that building energy performance can make on environmental, capacity value and energy efficiencies certificate trading and the existence of RESNET standards.
- Develop plan of action to educate the investment community on the contributions that building energy performance can make on environmental, capacity value and energy efficiencies certificate trading and the existence of RESNET standards.
- Develop plan of action to regulated industries on the contributions that building energy performance can make on environmental, capacity value and energy efficiencies certificate trading and the existence of RESNET standards.
- Develop plan of action for state energy offices on the contributions that building energy performance can make on environmental, capacity value and energy efficiencies certificate trading and the existence of RESNET standards.
- Develop plan of action for state regulatory agencies on the contributions that building energy performance can make on environmental, capacity value and energy efficiencies certificate trading and the existence of RESNET standards.
- To continue dialogue with the European Union and the International Energy Agency on an international protocol for an energy rating for buildings
- Implement sampling provider accreditation application process
- Advocate for extension of new homes and commercial building energy efficiency tax incentives and for performance based existing homes credit.

2008

- A. Replace: “To assist Fannie Mae in adopting new energy mortgage products that will include manufactured homes, multi-family builds, and energy improvement mortgages that can go into effect after closing based upon RESNET standards.”

With:

“To advocate that Fannie Mae and Freddie Mac adopt new energy mortgage products that will calculate housing affordability by principle, interest, taxes and insurance minus energy savings.”

B. Remove:

“To expand partnerships with organizations, companies, and agencies to facilitate expansion of rating services and markets.”

“To develop business models for raters to provide verification of building pollution savings as a service.”

C. Add the following:

- Develop RESNET commercial building rating standard
- Develop direct financing package for upgrades to existing homes
- To revise RESNET standards to meet ANSI standards
- Launch special RESNET web page on environmental, capacity value and energy efficiency certificate trading.
- Begin the implementation of the plan of action for investment community on the contributions that building energy performance can make on environmental, capacity value and energy efficiencies certificate trading and the existence of RESNET standards
- Begin the implementation of the plan of action for regulated industries on the contributions that building energy performance can make on environmental, capacity value and energy efficiencies certificate trading and the existence of RESNET standards
- Begin the implementation of the plan of action for state energy offices on the contributions that building energy performance can make on environmental, capacity value and energy efficiencies certificate trading and the existence of RESNET standards
- Begin the implementation of the plan of action for state regulatory agencies on the contributions that building energy performance can make on environmental, capacity value and energy efficiencies certificate trading and the existence of RESNET standards
- Develop joint plan of action with the European Union and the International Energy Agency to advocate to United Nations to include building energy performance as a tradable commodity as part of the international carbon cap and trade protocol

Justification:

To bring the Process Objectives in line with the new Strategic Opportunities.