

Rating Industry Comments on Quality Improvement Task Force Recommendations to the RESNET Board

Laura Capps
Southface Energy Institute

III Quality Assurance Oversight

1. RESNET would centrally administer quality assurance review of homes in the Registry by RESNET staff using the XML data sent the Registry from the rating software. The file reviews by Quality Assurance Providers will still be maintained.

Maintain current infrastructure of "Direct Rating Providers" with the following changes:

- o QAD/QA Contractors are agents of RESNET
 - Are trained by RESNET
 - Are certified by RESNET
 - Can be have their certification revoked by RESNET for cause
- o Every provider must have independent Quality Assurance Designee "QA Contractor" with no financial ties to the Provider

2. Third Party Providers

Definition of Third Party Providers

Does not directly provide rating services is considered "Third Party Providers".

This process would go through a two year trial cycle.

1. There will be a transparent process for RESNET's cost for implementation Quality Assurance and credentialing. RESNET will report to the accredited Providers the cost of its carrying out the requirements of quality assurance oversight.

If Direct Rating Providers are selecting and paying the QADs, then how is the financial interest separated since the Direct Rating Provider is doing a portion (or all) of the rating they are paying the QAD to review?

It would be nice if we could maintain our ability to be the Third Party QA for our external HERS Raters, while also being the Direct Rating Provider for our internal Raters and contracting a separate Third Party QA for those ratings we do in-house. That way we maintain our HERS providership without losing the rating revenue that helps cover our costs, while setting up the structure RESNET is looking for and separating financial interest between the Ratings and QA.

For example, we would provide Third Party QA for our external rater, John's, ratings, but we would hire out a Third Party QA Contractor for our internal rater, Ray's, ratings. Based on your comments, I understand this is not the intent at this time but it would be nice if we were able to get that to work within the new system.

Comment [LC1]: Please provide more detailed information as to what this means. I think it is saying that RESNET will provide the official File QA for HERS Ratings, but I am not certain of that. Rating QA Providers will provide file reviews, but not the official File QA. Does the % of File QA stay the same? It could also be saying that RESNET will provide another layer of file QA above and beyond what the QA Provider does?

Comment [LC2]: Can a company be a Direct Rating Provider and also be a Third Party Provider by providing the third party service to all homes except those they directly provide rating services on? I no longer see the QAD/QA Contractor service area stipulations (i.e. not being allowed to provide rating services within the same geographic region as they are providing QA services), does that mean a QA Provider may also be a Rater so long as they are not QAing their own ratings?

Comment [LC3]: Please clarify communication between QA Contractor and Provider and Rater.

Comment [LC4]: How will the QAD/QA Contractor be selected by the Direct Rating Provider and how will they be paid? Who pays them and who determines the rate of pay? Who establishes customer service standards (i.e. rating turn around time, technical assistance time and fees, etc.)

Comment [LC5]: How are Third Party Providers paid for their QAD services? Directly by the Rater?

Comment [LC6]: Please restate when the new process will start. Is it still Jan 1, 2016?

Comment [LC7]: So are ALL QADs paid by RESNET? If so, please clarify?

Glenn Pease
EnergyLogic

III Quality Assurance Oversight

1. RESNET would administer quality assurance review centrally of homes in the Registry by RESNET staff using the XML data sent the Registry from the rating software. The file reviews by Quality Assurance Providers will still be maintained.

- o Every provider will be assigned one or more independent Quality Assurance Designees "QA Contractor" with no financial ties to the Provider

I think there needs to be even more distance between the Direct provider and the QA. RESNET should assign the Provider's QA to the QA contractor. The provider should not be able to choose who is doing the QA.

I agree with Robby that it makes the most sense to go all the way with this. So this is what it looks like completely decoupled.

What if we outlined something like the following:

- A) QADs are agents of RESNET (although independent orgs).
- B) RESNET will distribute File/Field QA work among its approved QADs -- (suggestion: QA assigned on a monthly basis, with 2 mos. to complete assigned file QA / field visits)
- C) RESNET will audit QADs via file / field QA of QADs.

I agree with Tom and I think having a clear outline of the process would be helpful. Tom's proposal is a good proposal that could work in either direction we head. Prescribed RESNET QA of QAD's is best practice that RESNET should strive for if they independently select contractors, but I believe it should be mandatory if QA (or staff in the 3rd Party Provider model) are selected/ paid by the Provider. This would help keep honest people honest and get RESNET involved in a more proactive approach and ultimately give the whole QA structure more teeth.

If we are looking for consistency in the HERS index, we need a centralized effort to drive all of this. You get what you inspect, not what you expect.

Field QA from a centralized body is the best way to assure this system is working towards consistency in how ratings are applied in the field. It would also help to have RESNET lead this effort by example and field QA from RESNET is an area where improvements in consistency would be addressed/verified.

- o RESNET will:
 - RESNET will continue the annual monitoring of providers and QA Contractors to ensure documentation of QA process.

Comment [TF8]: In this context, does "administer" mean "do" or "oversee" or "automate"? I'm thinking they mean "oversee" or "spot check"?

Comment [TF9]: Designees? Regardless of their business model?

Comment [RS10]: Quality Assurance Provider has not been defined in this document. It is different than a rating provider and should be explained

Comment [RS11]: The QA contractor will document the QA process, not the Direct Provider, so RESNET should monitor the QA contractor and the provider.

Third Party Providers are not exempted from the above and their QAD's will have to go through the process below:

- o RESNET will:

- RESNET will continue the annual monitoring of providers and QAD's to ensure documentation of QA process.

3. There will be a transparent process for RESNET's cost for implementation Quality Assurance and credentialing. RESNET will report to the accredited Providers the cost of its carrying out the requirements of quality assurance oversight.

RESNET appears to be taking over oversight of QA but not the actual QA. This does not fully address the separation of QA from providers of all types. It is good that RESNET will oversee QA and that QAD's are agents of RESNET but they should go the next step and work under only under the oversight, direction, and authority of RESNET.

Regional QA branches or a system of QA Contractors across the country working directly for RESNET would be a better approach that fully meets the needs of the industry. This approach is ignoring the need to change our paradigm.

Yes it will change the structure of the industry and make some business models irrelevant but the new system needs to work from the outset not be reviewed in two years just to find that further changes need to be made. Let's do this once and do it right.

Our industry is under a microscope and we may not get another chance to make this right.

Douglas McCleery
MaGrann Associates

III Quality Assurance Oversight

1. RESNET would administer quality assurance review centrally of homes in the Registry by RESNET staff using the XML data sent the Registry from the rating software. The file reviews by Quality Assurance Providers will still be maintained.

2. Direct Rating Providers (DRP)

Definition of Direct Rating Provider:

If the Provider either receives fees from recipient of the rating or provider's staff provides the inspection feeding the results into the Registry and producing the rating report then the provider is considered a "Direct Rating Provider" (DRP).

Under this model, RESNET will maintain current infrastructure of "Direct Accredited" Rating Providers with the following changes:

- o QAD/QA Contractors are agents of RESNET
 - Are trained by RESNET
 - Are certified by RESNET
 - Can be have their certification revoked by RESNET for cause

Comment [TF12]: Glenn Pease said: Why are we allowing rating companies to pay their QAD's in this 3rd Party model, but not in the other model? I don't see how this is an improvement in what is currently being done.

Robby and I agree.

Comment [RS13]: I think that many of the conflicts that are present between Direct providers and the QA process also exist for Third Party Providers. They too should not be able to do their own QA.

Comment [GP14]: Same as above: RESNET should have a defined amount of field and file QA of the work of QAD's, especially in this model where the QAD is being paid by the rating company.

Comment [RS15]: Same as above: The QA contractor documents the QA process not the Direct Provider so RESNET should monitor the QA contractor and the provider.

Comment [GP16]: Agreed!!!

Comment [DM17]: Does this apply to QA providers under both models covered by 2 and 3 below?

Comment [DM18]: Does this suggest that QA providers are only looking at supporting documents and disclosures or would they be responsible for the full scope that is currently included in a file review?

Comment [DM19]: We would like additional clarification and examples.

Comment [DM20]: This is how I interpret this sentence because there is not current infrastructure for Direct Rating Providers. Is this what is intended?

- o Every Direct Rating provider (DRP) must have independent Quality Assurance Designee “QA Contractor” with no financial ties to the Provider
- o RESNET will provide list of RESNET approved QADs/QA Contractors for the Provider to select
- o RESNET will:
 - Establish a rigorous credentialing process of vetting, approving, and validating QAD’s/QA Contractors;
 - Establish uniform QA processes that QAD’s/QA Contractors are responsible for and ensure comprehensive training of the QAD’s/QA Contractors;
 - RESNET will work to implement measures that address non-disclosure and conflicts of interest between QAD’s/QA Contractors and those receiving quality assurance.
 - RESNET will continue the annual monitoring of providers to ensure documentation of QA process.

Comment [DM21]: Switching the first two bullets may make this easier to understand.

Comment [DM22]: This seems to suggest that the fees paid for QA services will either be paid by RESNET directly (funded by rating fees) or, at the least, according to a fee schedule set by RESNET. However, this is not specified and will need to be made clear.

Comment [DM23]: Placing this in a bullet under the main paragraph above indicates that these are all changes. Although some of this is new, I am not sure that is the message that RESNET will want to convey.

Comment [DM24]: How does this category meet the Board Policy set on this

3. Third Party Providers Provider of what? Suggest: “Third Party Rating Provider” Definition of Third Party Rating Providers

*If the Provider does not either receive fees from the recipient of the rating or provide staffing to conduct the inspection feeding the results into the Registry and producing the rating report, then the provider is considered a “Third Party Rating Provider”(TPRP).
~~Does not directly provide rating services is considered “Third Party Providers”.~~*

Third Party Rating Providers (TPRPs) are exempted from the above except that their QAD’s ~~will have to go through~~ will follow the process below:

- o QAD’s are agents of RESNET
 - Are trained by RESNET
 - Are certified by RESNET
 - Can be have their certification revoked by RESNET for cause
 - RESNET will continue the annual monitoring of providers to ensure documentation of QA process.

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Comment [DM25]: Please explain how a QAD can be an employee of a TPRP, paid by the TPRP and be an agent of RESNET?

Comment [DM26]: It is not described how a hybrid company would fit into this model. I define a hybrid as a company who provides ratings for clients for a fee (with either employees or independent raters) AND who also serves as a provider for independent raters for whom they meet the description of a Third Party Provider (no fees for ratings, no inspections).

Frank Swol
EAM Associates

RE: Comments
Quality Improvement Taskforce Recommendations to the RESNET Board October 20th
2014

EAM Associates has reviewed the Taskforce recommendations to the RESNET Board, and have some comments we would like the Board to consider as they debate the issue. Having spoken about these topics with many of our industry colleagues we expect RESNET will be receiving a large volume of responses, and so we have endeavored to be as succinct as possible given the compressed timeframe that was allotted. If for the sake of clarity the Board requires any information please contact me, and additional language will be provided. Thank you

Section I:

- In agreement, no comment.

Section II:

- In agreement. We appreciate that the Taskforce absorbed our comments, along with those of our NEHERS colleagues that the “QA Oversight if Errors are Found in the QA Review” document needs to be reviewed by the QA professionals on the QA Working Group if it is to be worked into a set of guidelines that reflect what is actually needed to improve QA oversight, and what can be practically accomplished given the realities of the construction/rating industry. We would also note that the original document was drafted by RESNET Staff in place of the Working Group as the latter body “did not have enough time”. We know however that our QAD as well as those at many of our fellow NEHERS Providers offered time to work on these issues. That most were not taken up on this offer is fine, and was RESNET’s decision, but with such a surplus of volunteers we would expect the work to have been carried out by industry QA professionals. Providers are invested in the improvement of the RESNET system, but commenting on all these proposed changes to it is a significant time expense for us. Proposals should not reach us that do not represent RESNET’s best effort. It’s a time sink for Providers, and is detrimental to stakeholder opinion.

Section III:

- While we are in agreement with the Taskforce in terms of *intent*, we do have some issues with the proposed *implementation*, and further would like to point out that clarification is needed on certain points before this goes any farther; as it cannot just be assumed that all these complications can actually be addressed.

Comments:

1. Straight away we take issue with Providers being separated into two classes, especially given the disparate QA allowances that follow. We have to worry that this separation could imply to builders that the services of Raters represented by Third-Party Providers could be somehow superior or more trustworthy than those of Direct-Rating Providers. Why else would Direct- Rating Providers *not* be able to administer their own QA?
2. We understand than the Taskforce probably had no option but to allow Third- Party Providers to administer their own QA. After all if we were to take that away from them what would they have left to do? The problem we have though is that a case can certainly be made that there still exists a temptation to cut corners even for Third-Party Providers. If the worry is leniency brought about by financial entanglements then that exists for Third-Party Providers just as it does for Direct-Rating Providers; it is simply between the Provider and Independent Rater as opposed to the Provider and Builder. It’s not difficult to see that Independent Raters would tend to flock to Third-Party Providers who did not fully enforce the RESNET Standards. If the central RESNET QA Review is sufficient to police the Third-Party Providers, why is it *not* sufficient for the Direct-Rating Providers?
3. On the above issue it should be further noted that both Provider setups have their pros and cons in terms of cause and effect. We would stipulate that perhaps the Provider-Builder relationship is the more precarious of the two to be navigated; put another way it may be easier for a Third-Party Provider to take issue with deficiencies. However, we would then argue that Direct-Rating Providers have much more expedient pathways to actually *correcting* QA issues. Our Raters are our employees, they do their jobs correctly

or they don't work for EAM anymore. Our Builders are our clients, they build their homes correctly or we don't work with them anymore. Both cases have happened at EAM, and both will continue to happen because for right-minded business people financial relationships are not the root of QA problems. We should not forget that the ultimate goal of the HERS System is better *Homes* not better *Ratings*. The latter only serves to support the former. QA changes that focus on more QA review by more people miss the mark in our opinion. No one has as much at stake in regards to our Raters doing their jobs correctly as we do. Not RESNET and certainly not some QA Contractor.

4. For us at EAM a large part of our objection to the two-class proposal comes from the simple fact that we have been doing our jobs correctly. In the past 3 years we have had 2 in-depth reviews done by RESNET Staff. The first was done with Clinton at EAM's request after discussions we had with him during the 2011 RESNET Conference on the creation of on-line monitoring sessions. We even invited him to visit our offices should he want to. The second review was just completed by Laurel and Abe in September of this year. In both cases a couple minor items were uncovered and corrections were planned, but in general EAM received a glowing review of our Provider practices. Why then does our QA model have to change to suit the practices of sub-standard Providers? RESNET has of late been identifying and reprimanding out of compliance Providers. We would submit that the removal of a Direct-Rating Provider's allowance to do their own QA be one of those reprimands, not something forced on all of us. We say this because we honestly agree with the intent of the QA Contractor idea. Simply put we believe Providers who have been caught by RESNET for not complying with the QA Standards should not be allowed to continue policing themselves, but those of us who have a good track record should. Potential detriment to the HERS image is what we are trying to avoid with these changes, and we think the risk for a quality Direct-Rating Provider doing their own QA is the same as that of a Third-Party Provider; which is to say that either they both should be allowed to do it or neither of them should. We want a level playing field with our competitors, given the reduced margins for Rating services it's more important now than ever. We would simply like to see sub-standard Providers pulled up to our level without being subjected to the remedies they are in need of ourselves. If you're the manager of a soccer team, with a mix of stars and misfits; you don't bench the good players because they're making the poor ones look bad. People as a general rule improve in their undertakings when they are made to compete with others who are better at them. That, or they fail. Changing the rules to buoy Providers who cannot handle adhering to the Standards is a superficial fix. The truth is that the industry has Providers who probably should not be Providers, and those organizations should be allowed to fail or be forced by the market to alter their business models to one they can follow competently.

Clarifications:

- What does "financial ties" mean? Is it only employer/employee? Or does it include any payments? If that's the case then who is paying the QA contractors? RESNET? And if it is RESNET then we assume our Provider fees will be increasing, but will Direct-Rating Providers be the only ones paying the increased fees? Because while we can understand that Third-Party Providers who are still doing their own QA would not want to pay the increased fees; if we are making this change to better the image of the HERS system for everyone then everyone should bear the cost.
- Right now we are a hybrid Provider, working as a Rating Company, but also providing QA services for other Raters/Providers. Will Direct-Rating Providers be able to continue

this in the future? i.e. Can a Direct-Rating Provider also be certified by RESNET as one of these QA Contractors? Or would it be the QAD that is technically certified, and thus would have to incorporate a separate entity?

- Aren't QADs already really *Agents* of RESNET? Specifically how will this be different?
- Measures that address non-disclosure and conflicts of interest in regards to QA Contractors are very important issues. We need more information now about how this will be accomplished. To move forward with just an assurance that RESNET will figure this out is not acceptable to us. For instance we would want a requirement for QA Contractors to disclose which Providers they are working for as we would likely not choose to work with a QA Contractor who is already working for a direct competitor; the risk of proprietary information being disseminated would simply be too great.
- In places the language seems to intimate that Providers will be required to continue their own QA, even Direct-Rating Providers who would also be required to hire out to a QA Contractor. On the one hand we do not have a problem with this; most of what the management at EAM (or any Provider) does on a daily basis is quality assurance. Our jobs are mostly concerned with making sure our people are doing their Rating work correctly, and that our business practices are at or beyond the industry accepted standard. Where we take issue is that these efforts are not quantified and qualified for the purpose of submittal to RESNET. So while our internal QA would of course continue should this new system go into effect, if we have to now bear the cost of an outside QA contractor we would expect that their reporting to RESNET would fully satisfy our QA requirements for that year. Internal QAD staff should be free to work on actually improving homes, not writing up QA reports for RESNET which have now been made redundant by the work of the hired QA Contractor. Redundancy is nice, but in practice it's a synonym for luxury, and we can only afford so much. At some point we have to look at all these layers of review, and say enough is enough.

Chris McTaggart
Building Efficiency Resources

ALL COMMENTS BELOW IN BLUE

I Software Oversight Fixes

The task force recommends the RESNET Board adopts the recommendation of the Software Fixes Working Group with an amendment of moving "Stories above grade" on Table 5.1(1) a "Warning" from the recommended "Error"

Table 5.1(1) Rating date <= current date "Error" should be changed to "Warning". There is no current definition of "Rating Date" therefore, this should be left as a warning only. Many consider the "Rating Date" to be the date of the final inspection.

Also, we suggest that RESNET create a more formal definition of CFA to account for unfinished basements within the conditioned envelope, which very likely should not have their full floor area included within CFA. Along with this, we recommend protocols for flagging potentially inaccurate CFAs. CFA is the #1 driver of the HERS index, and thus it deserves to have its own special checks and bounds.

5.2.1. This section is confusing. The language and chart appears to suggest that you cannot exceed these values without a warning, yet these are all very low numbers. It would appear that what is intended is that you cannot enter values lower than these without triggering a warning. This section should be amended to clarify the intent.

This section only makes sense if you are using the air handler flow. This needs to be clarified. Does it mean ventilation air CFM or air handler CFM? If ventilation air CFM, these numbers are way too low.

Central Fan Integrated Supply (CFIS - fan cyclor or similar): PSC motor (SEER <= 13; AFUE <= 90%) => 0.48 W/cfm ECM motor (SEER => 15; AFUE => 92%) => 0.36 W/cfm

“accredited software tools shall store a warning flag in the building input file that is specific to the attribute and that can be transmitted to the RESNET National Building Registry when the building file is submitted for registration.”

What is the intent of this language being used over and over again. Does this mean that RESNET is planning to perform QA on all files with warnings, or is this for use by QA providers?

II Additional Quality Assurance Oversight if Errors are Found in the Quality Assurance Review

We are fine with this and look forward to seeing what the new Working Group comes up with.

III Quality Assurance Oversight

1. RESNET would administer quality assurance review centrally of homes in the Registry by RESNET staff using the XML data sent the Registry from the rating software. The file reviews by Quality Assurance Providers will still be maintained.

How much review, by who and what will be the cost?

Maintain current infrastructure of “Direct Rating Providers with the following changes:

- QAD/QA Contractors are agents of RESNET – if by “agent” the intent is simply to formalize the relationship that RESNET has with QADs via the additional new requirements bulleted below, this is fine. It would be preferable to have “agent” better defined.
- Every provider must have independent Quality Assurance Designee “QA Contractor” with no

financial ties to the Provider – It would be preferable to have this better defined. Does this mean that Direct Rating Providers do not pay the independent QAD? How do such people get paid?

- RESNET will provide list of RESNET approved QADs/QA Contractors for the Provider to select. – This is reasonable and allows Providers to select the QA contractor to work with.
- RESNET will:
This section will help raise the bar overall and finally add a uniform system for vetting and training QADs.

2. Third Party Providers

Definition of Third Party Providers

Does not directly provide rating services is considered “Third Party Providers”.

Point of question... can no employee or owner of a Third Party provider perform any ratings? Or, alternatively, if there are ratings performed under the same company as the Third Party provider, do those ratings need to be reviewed by an independent QA contractor?

Essentially, is the intent to eliminate Hybrid providers from operating? I understand that Rating Providers can no longer have in-house QA/QADs, and that Third Party providers will be permitted to continue operating.

However, if a current RESNET QA Provider is a Hybrid provider, can they maintain that business arrangement so long as the QA of their own internally generated ratings is performed by an independent QAD?

In summary, can a company be both a Direct Rating Provider and Third Party Provider, but have two separate branches that facilitate this, so long as the Third party side is not QAing the Direct side?

- RESNET will:
 - Establish a rigorous credentialing process of vetting, approving, and validating QAD's;
 - Establish uniform QA processes that QAD's/QA Contractors are responsible for and ensure comprehensive training of the QAD's/QA Contractors;
 - RESNET will continue the annual monitoring of providers to ensure documentation of QA process.

What about QADDs? If the intent is to keep QADDs, their definition will need to be clarified further.

3. This process would go through a two year trial cycle. After the second year RESNET will contract out to an independent third party to conduct a compliance audit of the effectiveness of the model. If the audit finds that components of the system is not working and does not meet the objectives of RESNET or the good of the industry, RESNET then can proceed to replacement or modification of this process.

This goes back to the question of what is the data to support this mission in the first place? Do we have empirical evidence or data that says what the problem is and what it is we need to do to fix it, or are we just basing decisions off of hearsay and conjecture?

Our concern is that without understanding specifically what the issues are today and having data to back up those problem statements, it will be difficult if not impossible for us to assess whether or not these changes are working in 2 years from now.

What is being proposed here is a fairly significant shake up in the QA infrastructure of the industry. Perhaps it is necessary and for the best, despite the lack of hard evidence to support that it is. However, suggesting that we're going to shake things up now, and then potentially try and shake things up again in a serious way in 2 years is not wise.

We fully support RESNET having third party audits of the QA system, which is the reason the BER's proposed Enhanced Quality Assurance Oversight system included such an audit by an organizational ombudsman. However, the point

4. The RESNET QI Task Force will oversee RESNET staff developing implementation plan and serve as the nucleus of the working group under the Standard Development Committee 900 – Quality Assurance in developing standard changes to implement decision.

As part of this process, BER recommends revising the current ethics and disciplinary committee appointments and provisions. Currently, members of the rating community are often jaded or fearful of making a formal complaint because they do not believe it will amount to anything.

Ultimately, if RESNET shakes up the QA infrastructure of the industry, there is a good chance there are going to be increased disciplinary action of raters/rating companies. This is going to result in disputes of QA findings between third party providers/QA contractors and raters.

Raters, providers, and QA contractors will need a professional, independent committee of stakeholders to properly arbitrate these kinds of disputes. People need to believe that when disputes go to the highest levels – issues of great significance to people's health, wealth and livelihood - that there needs to be a serious committee that is dedicated to resolving these issues... not just RESNET staff as is.

Emelie Cuppernell

Performance Systems Development

The NEHERS QAD Committee and other members of the Board met and reviewed the "Recommendations of RESNET Quality Improvement Task to the RESNET Board on Enhanced Quality Assurance" sent out on October 20th. We have attached the document with our comments. We are concerned with the lack of clarity in this document.

We support the recommendation for consistency and QAD training for all Providers.

As providers, it would be useful to have results or a feedback/data summary from the RESNET QA of providers. Are there common trends? It would be a great aid to consistency if this were more transparent. RESNET has made quite a few changes in the last few years, particularly with QA. Has there been a change in consistency? Is this information available? What is the base? In other words, how will we know when we have become more consistent as an industry?

The NEHERS QAD Committee is made up of QAD's representing providers in both "Direct" "Third Party" Providers in the Northeast. We are all very passionate about the industry and appreciate the opportunity to comment here.

Committee Members:
Emelie Cuppernell, Performance Systems Development (Chair)
Frank Swol, EAM Associates, Inc
Chris McTaggart, The BER
Peter Harding, Home Energy Technologies
Mark Newey, Center for Eco Technology
Li Ling Young, VEIC

I Software Oversight Fixes

II Additional Quality Assurance Oversight if Errors are Found in the Quality Assurance Review

Maintain current infrastructure of "Direct Rating Providers with the following changes:
It would be useful to have an example of the transition for each provider model

- QAD/QA Contractors are agents of RESNET
 - Are trained by RESNET
 - Are certified by RESNET Can be have their certification revoked by RESNET for cause
- Every provider must have independent Quality Assurance Designee "QA Contractor" with no financial ties to the Provider RESNET will provide list of RESNET approved QADs/QA Contractors for the Provider to select
- RESNET will:
 - Establish uniform QA processes that QAD's/QA Contractors are responsible for and ensure comprehensive training of the QAD's/QA Contractors;
 - RESNET will work to implement measures that address non-disclosure and conflicts of interest between QAD's/QA Contractors and those receiving quality assurance.
 - RESNET will continue the annual monitoring of providers to ensure documentation of QA process.

4. Third Party Providers

- QAD's are agents of RESNET
 - Are trained by RESNET

There will be a transparent process for RESNET's cost for implementation Quality Assurance and credentialing. RESNET will report to the accredited Providers the cost of its carrying out the requirements of quality assurance oversight

Comment [QAD Com27]: We are in agreement here

Comment [QAD Com28]: We appreciate with this recommendation

Comment [QAD Com29]: It would be useful for adoption of this idea and comfort level of all affected to have an example for each provider model of what this transition might look like.

Comment [QAD Com30]: Please define "agent". Is this the model in place now? Or does this mean that RESNET will be employing QAD's directly?

Comment [QAD Com31]: This is the situation now, correct?

Comment [QAD Com32]: Is this implying that current QAD's in direct provider groups will lose their job? Is this the understanding of the task force?

Comment [QAD Com33]: What is acceptable cash flow without being considered "no financial ties to the Provider". Who can pay the QAD? Can the Provider? Does financial ties indicate ownership?

Comment [QAD Com34]: We love this idea and see it in process with checklists and such

Comment [QAD Com35]: How would this be done? What is the thinking here? This is all very vague

Comment [QAD Com36]: What QA procedures are left for the provider if they are not in the role of QAD?

Comment [QAD Com37]: This setup could indicate that third party providers are more legit or have been adhering to the QA requirements better than direct providers. Does RESNET have any evidence of this?? Is there evidence that direct providers are more corrupt? What are the results of annual QA? We assume there is something backing up this idea

Comment [QAD Com38]: Is this what we have now or does this imply employee

Comment [QAD Com39]: We love the idea of QAD training!!

Comment [QAD Com40]: Would both provider types pay for this? Standard fee structure? How is this set up?

C.T. Loyd
Texas HERO

Texas HERO Member Response – QI Working Group –Options

Thank you for allowing Texas HERO to provide feedback regarding the recommendations on behalf of our membership. We would also like to thank all involved for their commitment and sacrifice of time in coming up with the recommendations.

Texas HRO members met on 10/23/2014 to discuss the recommendations from the “Quality Improvement QI Task Force” contained in their “Recommendations to the RESNET Board” document. The question to comment ratio was significantly weighted toward more questions than agreement on Option five (5).

General Overview of Discussion and Comments:

Texas HERO members agree that Quality Assurance is critical in sustaining the credibility of the brand, HERS Rating. We also agree, as managed currently, the QA system/process is not working as intended. However, they are not convinced that Option five (5) or any of the options to date will result in improving the current situation. In fact, members have concerns that pursuing any of the options option will increase costs to “Direct” providers, while providing a competitive advantage to “Third Party” providers.

QI Task Force Proposals:

The general sense from the discussion was that Option five (5) was the most tolerable of options presented to date. However, most still think this effort was undertaken without true transparency from the beginning.

Since the “mandate of the task force was to identify areas of inconsistency and recommend actions to improve consistency.”

The following questions have still not been answered to the satisfaction our members, many whom are “Direct Rating: Providers, who provide the majority of ratings in Texas.

1. Why has there not been a Cause and Effect study conducted by an unbiased, independent “Third Party”, with the results being made public prior to embarking on this effort? This seems reasonable, since Option 5 recommends a two (2) year trial period with an independent “Third Party” evaluation to determine if it is working or not.
2. Why was the original Task Force, weighted 2-1 toward “Third Party” providers.
 - i. FSEC – Third Party (FSEC was on the Taskforce as a software provider, but is also a “Third Party” Organization)
 - ii. IBS Advisers – Third Party
 - iii. MASCO Services – Direct
3. One of the “Third Party” providers released an opinion piece “Home Energy Rating System Industry Business Models”⁽¹⁾, immediately after the first Task Force

recommendations, which clearly gave the opinion that “Direct Providers” were an issue, and that the author’s business model was the only “legitimate” model. This clearly indicates a bias from the start.

(1) <http://www.ibsadvisorsllc.com/wp-content/uploads/2013/03/Home-Energy-Rating-System-Industry-Business-Models.pdf>

Excerpts from the opinion piece: Excerpt 1:

Very early on in the development of the HERS industry, it became obvious to Rating companies that incorporating a Quality Assurance Provider organization into their Rating company would dramatically reduce their overhead cost and increase their profitability. This produced what is arguably the most pervasive business “model” in the industry: the in-house Provider model. Currently, less than 6% of Quality Assurance Providers are identified who provide completely independent, third party quality assurance to Raters. Additionally, 30% of Quality Assurance Providers who perform ratings

It’s not difficult to see the bias in the excerpt. The author assumes that all of these “Direct” providers operate this way, in fact, we have identified at least two in Texas that use independent third parties to perform QA for them.

Additionally the author notes that less than 6% of “QA Providers are “Third Party”, has there been an analysis to determine the ratio of RESNET findings for this group is less than the others? If so, why was the data not provided publicly? If not, the author’s commentary is simply subjective opinion and frankly of no value.

Excerpt 2:

However, the market for HERS ratings is maturing and transitioning from small, regional builders and custom home builders to national production homebuilders. The national builders are, for the most part, publicly traded companies who are risk-averse and are relying on the integrity of the HERS industry to support their marketing efforts. If the quality assurance system breaks down, they have a lot to lose. Looking forward, ju-

Again the author eludes that if the system breaks down, rather than stating the system has broken down. This would be considered speculation in a court case, and would not be considered. Why did the author not state specific instances or the areas of concern? Especially since he was a member of the Task Force who was charged with determining the issues? He should have had clearly defined data.

But rather chose to use statistics which are skewed.

Excerpt 3:

In 2013, 53% of Quality Assurance Providers had a finding of violation and some form of disciplinary action taken against them by RESNET.

In conversations with many who had such findings, many were trivial and had no impact on the HERS index at all. In some cases, the staff findings were overturned when they petitioned RESNET, due to staff misinterpretation of the standards and or data.

Our members have expressed concern regarding RESNET's historical inability to consistently manage the current, less complex system, effectively. Leading to the question; how can they be expected to manage this more complex proposal? The consensus was that it is likely they will not be able to do so.

RESNET's continual changing and interpreting of standards at will, have led to the confusion in the industry. Unless this changes, we will continue to see the same issues reoccurring.

Excerpt 4:

low entry barriers make it relatively easy for new players to enter the game. This, along with the huge variations in training quality, has created a situation where Rating companies also become Training Providers in addition to Quality Assurance Providers. Now they are training their own employees, performing ratings, then performing the quality assurance work on their own employees they trained and supervise. There is a documented bias that happens when a person is asked to evaluate the performance of workers they supervise.¹¹ In addition to this documented bias, the Dunning-Kruger Effect may be at play which will exacerbate the quality assurance and training situation.¹²

The author eludes that the Dunning – Kruger Effect, “may be at play, which will exacerbate the quality assurance and training situation”. One would ask; what qualification does the author hold to make such a determination, beyond their subjective opinion? This opinion could clearly be assumed to be a “competitor bias”.

due to the incompetent person's poor metacognition skills. The solution to overcome Dunning-Kruger is to identify the incompetent people and provide training (which the incompetent person believes they do not need) to bring their competency level up. Once they have acquired more skills, their metacognition improves and they tend to realize what they do not know, or recognize their own incompetence.

The author also eludes that the training provided by this type of model is being provided by and to

“incompetent individuals, who do not know they are incompetent”. Leading one to believe the author is insinuating their model of providing third party training and QA is somehow exempt from this flaw in human nature.

Excerpt 5:

There is a strong likelihood that inconsistency is a problem since there exists a direct financial entanglement between the Quality Assurance Provider and the Rating company. The pressure to capitulate to a financially dominant client (internal or external) is extreme and is likely lead to a reduced level of oversight from Quality Assurance Providers who are subjected to that pressure. Looking around at other industries that have faced similar issues, I found the accounting profession has already faced this issue. Max Bazerman, a Harvard Business School Professor and one of the world's leading experts on decision-making, negotiations and ethics¹⁵, and George Loewenstein, a professor at Carnegie Mellon University, described the inherent conflict of interest and bias between auditors and clients in an opinion piece.

The author, unintentionally makes the case that whether a “Direct” or “Third Party” provider, the same potential bias to “capitulate to a financially dominate client (internal or External) is extreme is likely to lead to a reduced level of oversight from Quality Assurance Providers”.

This is even more obvious based on the following excerpt quoting Max Bazerman and George Lowenstein, which read from an objective mind set, could be used when considering the authors opinion piece.

Excerpt 6

“Research by psychologists and economists consistently shows that the human mind automatically discounts information that is inconsistent with what a person already believes or wants to believe and places disproportionate weight on information consistent with the person's beliefs and desires. Even the most professional and upright auditors will have an unconscious but nonetheless real bias. This bias is all the more pernicious because people seldom believe it applies to them personally- even when confronted with the research.

Since the bias is inherently unintentional and unconscious, attempts to deter people from its influence are doomed to failure. What's more, publicizing potential conflicts of interest to warn customers that information may be biased is unlikely to be effective because the public, like the auditors themselves, fails to recognize or underestimates the bias.

...Indeed, the debate about conflicts of interest in consulting actually obscures a far more important problem: auditors are hired and fired by the companies they audit. To use another trial metaphor, it is as if the defendant were responsible for recruiting and paying the judge and jury. This flaw virtually ensures violations of auditor independence. An unbiased judgment cannot occur when an auditor has such a strong motivation to please the client with a favorable report."¹⁶

How could one not see the potential for this to occur with "Third Party" providers who are reliant on the Raters selecting and paying them, unless suffering from Dunning – Kruger Effect? The following excerpt, if read from an objective view, makes this point salient.

Excerpt 7:

The HERS industry must not ignore this known bias and must recognize that it applies to all stakeholders. If Quality Assurance Providers are allowed to perform ratings while using an independent, contracted Quality Assurance Designee, the same opportunities and dangers exist but the bias will likely be even greater as the lone Quality Assurance Designee faces the issue without a network of ethical support that could be provided by an independent Quality Assurance Provider company that reinforces ethical behavior. A possible solution that was proposed by Bazerman and Loewenstein that

One could easily assume that if "Third Party" providers were allowed to use employee QADs to review rater work, which are under pressure by their employers to keep costs down and provide acceptable results, the effect would not occur? If the rater feels the "Third Party" is being overtly biased in their reviews, they could "shop for another provider"; this would put the same pressure on the relationship as the "Direct" provider, resulting in the same potential bias.

It is apparent the author, who has had direct influence on the process, is evaluating others based on their ethical abilities versus what quoted authorities in the opinion piece state. In other words; everyone else is subject to this effect, but not us. Note the following excerpt.

Excerpt 8:

Another interesting finding is the impact of the context of time on self-deception regarding one's own ethicality. Prior to an episode of unethical behavior, people are very likely to predict they will behave ethically; post-episode, they are likely to remember that they behaved ethically. This reflects the dichotomy of the "want/should" theory and explains why our behavior is different from what we both intend to do and interpret to have done.¹⁸

Using the author's own opinion from the next excerpt regarding what the RESNET Board should do, we will attempt to point out that the process to date has not been followed.

Excerpt 9:

Strategy is the process of inter-relating ends and means; ends are the the concrete objectives which define victory, means are the methods used to achieve the objectives. There are four steps to creating strategy. First, understand the nature of the problem. Second, identify potential solutions. Third, identify the objectives of stakeholders. Finally, identify implications of potential solutions based on likely reactions of stakeholders.

Recommendations:

1. **Understand the Problem:**
 - a. All minutes from the meetings held by the Task Force should be made public immediately to be transparent and allow all to see who said what during these discussions.
 - b. A clearly defined cause and effect analysis should be provided, which resulted in the original Task Force recommendations.
 - c. Texas HERO asks that a true third party evaluation be conducted, using non-biased evaluators, which do not have conflict of interest. This should be done before any further actions are taken. Since the author clearly has exhibited a biased opinion in the matter, the original Task Force's recommendations could have been unduly influenced.
2. **Identify Potential Solutions:**
 - a. Since no "Cause and Effect" analysis has been provided by the Task Force or RESNET, how can we be sure the best solution was chosen? The answer is we cannot. We are being asked to "trust us on this". The previous pages

of this document have proven at least one member of the Task Force was biased, causing questions as to the eventual outcome.

3. Identify Objectives of the Stakeholders;

- a. Since the Task Force had a limited subset of stakeholders and the results of their meetings were sent to the Board directly without being provided directly to the full group of stakeholders, the process was not transparent from the beginning. The Board made a determination based on a subject evaluation. The majority of stakeholders were not provided input prior to the Board's decision, therefore the objectives of all stakeholders were not considered.
- b. Texas HERO would ask that the minutes of that Board meeting be made public, so that all stakeholders can see who was influential in the decision.

4. Identify Implications of Potential Solutions based on Likely Reactions of Stakeholders

- a. Since the Board made a decision prior to stakeholder involvement to "make the QAD an Agent of RESNET, with no financial ties to the provider" in a non-transparent fashion, we have embarked on a huge waste of time and energy, which eventually led to only being allowed to choose from the least painful of five (5) options. None of which are for sure to bring a greater consistency to the HERS rating. But will insure a competitive advantage to the "Third Party" providers and possibly result in this being undertaken again in three years, if the "objectives are not met".
- b. The more appropriate path would have been to make the original task force recommendations public before the Board vote, in a transparent fashion.

Using the authors own questions to the Board, how have these been answered in a way that lead to this decision?

Excerpt 10:

- "Who should be brought into the network to enhance its value?"
- "Who should be removed from the network to enhance its value?"
- "Who are the good users of the network, and how can we encourage them to use the network more?"
- "How can we increase the clarity of the standards?"
- "How can we improve the consistency of the standards?"
- "How can we improve the enforcement of the standards?"
- "How can we increase the professionalism of our certified members?"
- "How can we increase access to the valuable data within the registry?"
- "How can we generate valuable data for our network members?"

Focusing on the second question, it could be conceived the intent was to remove competition and to encourage "good users". How are these achieved in a non-subjective manner? One could assume

the first step is to increase the “Third Party” Providers, while decreasing the “Direct” providers, through making exception for the “Third Party” Provider to use employee QAD’s and not allowing “Direct” providers to do the same.

It is apparent from the excerpt below; the author is in favor of this.

Excerpt 11:

Furthermore, the policies set in place by the Board of Directors regarding the independence of Quality Assurance must be implemented, and sooner rather than later. Extensive delays will likely cause an erosion of trust among the users of the HERS Index, which are primarily homebuilders and energy efficient programs.

The question has to be asked: did the author have undue bias in influencing the decision-making process, which could be for personal benefit? One cannot answer that question without the appropriate documentation being made public, as requested previously.

Texas HERO members expressed the opinion that the speed by which all of this is being pushed thru is suspicious in nature, especially without the previously requested documentation.

They are of the opinion that more effort should be spent on enforcing the current Quality Assurance provisions before adding additional layers and cost to the process. Complicating a process will not increase consistency, but will most likely result in increased confusion, cost, and continued lack of consistency.

Before abandoning the current system, the following summarizes the action our members believe should be taken that would provide a consistency, without causing increased cost:

Note: some of these have been implemented and for that we are grateful. They are highlighted in red font.

RESNET Staff:

1. RESNET Staff should include certified QADs who are knowledgeable, experienced and skilled at performing HERS Ratings and managing a Rating system, both projected and confirmed, to audit the QA assurance submissions.
2. RESNET Staff should be trained in both the standards and building science behind the rating process in order to be consistent in providing guidance and direction.
3. RESNET Staff should provide annual onsite visits to compare the QAD’s review of projected rated features to those found in the field.

These should include:

- a. Reviewing 10% of the QA submission Building Files against plans, photos, and manufacturer specifications as they relate to the RESNET Standards.
- b. Perform onsite field QA verification of a minimum of least two (2) homes, comparing

architectural drawings, specifications, and confirming they represent those rated features in the home for which they were used to create the rating file. One (1) at final and One (1) at pre-wall board. Additional homes could/should be included if findings from the first two (2) homes indicate potential issues.

RESNET:

1. Define in clear and precise terms what Consistency means, in relation to the HERS rating Industry and QA process.

Consistency - conformity in the application of something, typically that which is necessary for the sake of logic, accuracy, or fairness.

2. Roles and responsibilities should be clearly defined; including clearly written and detailed descriptions of the QA process in general and specific terms.
3. RESNET should limit the revisions to the Standards to every three years, similar to the International Energy Code revision cycle. This would eliminate most of the confusion.
4. Interpretations occurring between revision cycles, should be limited and have a minimum of a six (6) month period before interpretations are effective and accountable as part of the QA process.
5. Any QA interpretation request should be reviewed by the QA committee and consensus reached prior to the interpretation being provided to the requesting party and any action being taken. These interpretations should be provided to all Rating Organizations and QADs and compiled into QA Companion Guide which should be developed.
6. RESNET should develop a companion guide to the RESNET standards, specifically regarding the allowable input variables that would be used in the QA process. Staff should be trained and well versed in the guidance provided by the document.
7. RESNET should develop objective Quality Assurance processes and checklists coupled with adequate training, based on the Standards and Companion Guide, which should be followed by the QADs and RESNET staff during evaluation.
8. RESNET should enforce the current penalties on those providers and raters when egregious findings of the current standards are documented. Publicizing the QA results of Providers consistently found in violation, including the issues associated with the findings.

QAD / HERS Rater Training:

1. RESNET should provide quarterly QAD “process training”, beyond the current QAD “Round Tables”, to educate QADs and Providers based on a standardized process for conducting quality assurance. These should include:

- a. findings from the Quality Assurance process
 - b. interpretations occurring throughout the year
- 2. RESNET should create standardized training materials that all trainers are required to use, in order to have consistent and accurate materials that all rater candidates are trained with. This would go a long way in bring consistency to the HERS index.
- 3. The financial separation of HERS Providers and Training Providers should be considered. There are HERS providers, who are also HERS Rater Training Providers, who provide Training and Proctoring for their own employees. Additional consideration should be given to the models of BPI and NATE that do not allow training providers to proctor exams. The quality of in-house training in many cases is simply self-study, without actual classroom instruction.

Option (5) – “Quality Assurance Oversight”

Our members agreed this was the least painful of all options to date. However, there are many unresolved questions that should be answered prior to implementing any option as previously addressed.

Additionally:

1. **The “Additional Quality Assurance Oversight, if Errors are Found in the Quality Assurance Review”** document will have a huge impact on any approach and should be finalized before any decisions are made. Since it is not clear what RESNET’s role will be in:

“RESNET would administer quality assurance review centrally of homes in the Registry by RESNET staff using the XML data sent the Registry from the rating software. The file reviews by Quality Assurance Providers will still be maintained.”

Will these reviews result in additional onsite reviews being required by the QADs? Will these reviews be done in a timely manner, so as to minimize these occurrences? When and how will these be communicated to the responsible party? What is the additional cost for this?

2. **Definition of Direct Rating Provider:**

“If the Provider either receives fees from recipient of the rating or provider’s staff provides the inspection feeding the results into the Registry and producing the rating report then the provider is considered a “Direct Rating Provider”.

This definition is very confusing and poorly written. It should be as direct and simple as the definition for the “Third Party” Provider.

3. **Every provider must have independent Quality Assurance Designee “QA Contractor” with no financial ties to the Provider.**

Will they be paid by the provider or RESNET? If the provider, why is this not a conflict of interest? The same argument could be made of the “Third Party” provider relationship?

“Third Party” providers should not be exempted from this requirement. It creates an unfair advantage, without any empirical evidence that Third Parties are less susceptible to influence.

4. Establish a rigorous credentialing process of vetting, approving, and validating QADs/QA Contractors;

This should be defined and provided prior to making a decision on which option to implement.

5. RESNET will work to implement measures that address non-disclosure and conflicts of interest between QADs/QA Contractors and those receiving quality assurance.

This should not exclude Membership Organizations from being allowed to act as QA Contractors or “Third Party” providers.

6. Third Party Providers are exempted from the above

Will “Third Party” Providers be allowed to be QA Contractors also? The original options did not allow for this.

7. This process would go through a two year trial cycle. After the second year RESNET will contract out to an independent third party to conduct a compliance audit of the effectiveness of the model. If the audit finds that components of the system is not working and does not meet the objectives of RESNET or the good of the industry, RESNET then can proceed to replacement or modification of this process.

A clearly defined set of objective criteria for “is not working and does not meet the objectives” must be provided, prior to making any decision to move forward with Option 5. We are suspicious when trials are suggested. It causes one to question if it is being set up to fail. In government it is called “malicious obedience” we will give you what you request, but make every effort to insure it fails. We are concerned we will find ourselves at this same point again in 3 -5 years remaking the process all over, leading to disruptions and costly impacts on the industry.

8. The RESNET QI Task Force will oversee RESNET staff developing implementation plan and serve as the nucleus of the working group under the Standard Development Committee 900 – Quality Assurance in developing standard changes to implement decision.

A larger more diverse group of stakeholders should be included on the QI Taskforce to insure all parties are equally represented.

9. There will be a transparent process for RESNET’s cost for implementation Quality Assurance and credentialing. RESNET will report to the accredited Providers the cost of

its carrying out the requirements of quality assurance oversight.

It is not clear what this means? Will this cost impact be provided before a decision is made or after implementation, when it is “too late” to turn back? A detailed “cost/benefit” analysis should be performed prior to deciding an option, not after it has been decided and implemented. As the famous quip goes; “the devil is in the details”.

Conclusion

Membership has expressed concerns regarding the transparency of the original Task Force's process and analysis, which resulted in Board of Directors Policy to move all Quality Assurance Designee's to being agents of RESNET, with no employee/employer conflict.

It is the opinion of our members that the following should be considered and completed prior to moving forward with a Board decision:

1. Understand the Problem:

- a. All minutes from the meetings held by the Task Force should be made public immediately to be transparent and allow all to see who said what during these discussions.
- b. A clearly defined cause and effect analysis should be provided, which resulted in the original Task Force recommendations.
- c. Texas HERO asks that a true third party evaluation be conducted, using unbiased evaluators, which do not have conflict of interest. This should be done before any further actions are taken. Since the author clearly has exhibited a biased opinion in the matter, the original Task Force's recommendations could have been unduly influenced.

2. Identify Potential Solutions:

- a. Since no “Cause and Effect” analysis has been provided by the Task Force or RESNET, how can we be sure the best solution was chosen? The answer is we cannot. We are being asked to “trust us on this”. The previous pages of this document have proven at least one member of the Task Force was biased, causing questions as to the eventual outcome.

3. Identify Objectives of the Stakeholders;

- a. Since the Task Force had a limited subset of stakeholders and the results of their meetings were sent to the Board directly without being provided directly to the full group of stakeholders, the process was not transparent from the beginning. The Board made a determination based on a subject evaluation. The majority of stakeholders were not provided input prior to the Board's decision, therefore the objectives of all stakeholders were not considered.

- b. Texas HERO would ask that the minutes of that Board meeting be made public, so that all stakeholders can see who was influential in the decision.

4. Identify Implications of Potential Solutions based on Likely Reactions of Stakeholders

- a. Since the Board made a decision prior to stakeholder involvement to “make the QAD an Agent of RESNET, with no financial ties to the provider” in a non-transparent fashion, we have embarked on a huge waste of time and energy, which eventually led to only being allowed to choose from the least painful of five (5) options. None of the assure a greater consistency to the HERS rating. But Option five (5) will insure a competitive advantage to the “Third Party” providers and possibly result in this being undertaken again in three years if the “objectives are not met”.
- b. The more appropriate path would have been to make the original QI Task Force recommendations public before the Board vote, in a transparent fashion.

It is the opinion of Texas HERO that most Providers and Raters in Texas are attempting to follow the QA process currently established and more often than not, are exceeding the minimum standards.

However, our members are also aware of those who do not follow the standards, even at the minimum level. This has been confirmed by employee migration, e.g. hiring employees from other rating organizations, which has resulted in the disclosure of these practices by their previous employers.

These organizations should be identifiable, if RESNET conducted adequate QA oversight, using the current system, with the recommended improvements we have included.

Our members could support the idea of Third Party Quality Assurance provided by individuals with a level of separation from the Rater and/or Provider, if adequate protections were put in place and they were not potential competitors. However, they are not convinced the Option five (5) is the best approach.

Texas HERO members want to see true value for any increased regulatory requirement and cost. They feel that a more stringent effort of enforcement of the current requirements, with clearly defined obligations and expectations, will provide this without the increased costs to RESNET certification holders.

On behalf of our members, thank you for your consideration.

Mark Hutchins
CSG

III Quality Assurance Oversight

1. RESNET would administer quality assurance review centrally of homes in the Registry by RESNET staff using the XML data sent the Registry from the rating software. The file reviews by Quality Assurance Providers will still be maintained.

- 3 Third Party Providers
Definition of Third Party Providers

Does not directly provide rating services is considered “Third Party Providers”.

Comment [MH41]: Can you clarify what this sentence means. If this method is adopted I thought there wouldn't be any more QA providers, just rating providers and QA contractors. Does this mean rating providers still have to do their own electronic QA even though RESNET is doing it?

Comment [MH42]: Does this sentence here establish that an organization can be either a direct provider or a QA contractor but not both. CSG agrees that an organization should not be allowed to do both in the same market. But an organization should be allowed to do one or the other in a market. For example CSG would do ratings in New England but not be a QA contractor in New England but might be a QA contractor in Illinois but not be a direct provider in that state.

Michael A. Browne
Energy Raters of Massachusetts, Inc.

Last week, some of the Northeast HERS Alliances Provider members had a chance to meet and discuss these recommendations of the RESNET Quality Improvements Task Force. Thanks for giving the opportunity to comment.

We were all pleased that the RESNET Quality Improvement Task Force has adopted a more moderate recommendation regarding the previous changes proposed to the current QA Provider infrastructure.

We all want to allow the good and effective QA Providers to carry on with tried and true methods in which they have invested considerably. And of course we all agree that there should be effective consequences for QA Providers that fail to live up to RESNET Standards.

At Energy Raters of Massachusetts, we have always had all of these potential conflicts in mind. We have done our best to avoid all appearance of conflict of interest by only being a 3rd Party QA Provider, and this year we have also begun contracting a separate 3rd Party QAD.

That said, I must say I personally appreciated the suggestion from Franks Swol of EAM. He suggested that prohibition of Direct Providers performing QA on their own Raters should only be applied if the RESNET Review of such a Provider reveals significant problems with their Ratings leading to a Probationary Status of the Provider. To keep the playing field level, this could likewise be implemented for 3rd Party Providers and Hybrid providers as a Probationary measure only.

I think we should endeavor to ensure that consistent standards are being implemented throughout the industry by having good RESNET reviews of QA Providers and effective training of QADs. This should include automated checks of Ratings in the Registry which could reveal all sorts of inconsistencies or at least raise questions to be pursued. I think we should not disrupt the good and effective QA Provider business models whose development and investment has been the basis of the success of our industry so far.

After all, RESNET was built upon the idea that many different Provider models would be developed and implemented so best suit all sorts of markets. That diversity of approach has been very healthy for the development of the industry as it encourages innovation and competition.

A counter-example would be the Massachusetts appraisal system in which appraisers are now all required to give a precise minimum service (which doesn't include accounting for energy efficiency), and as long as an appraiser continues to give the minimum required service, they are assigned jobs on a random rotation. There is no incentive to any better than meet the minimum requirements under this system and it squashes individual initiative.

In HERS Rating on the other hand, we compete. And Providers and Raters compete not just on cost but – more importantly – on reliability and on quality of service.

In demanding that Providers all follow more limited business models, we will not just squash some effective existing effective business models, but we may also stifle development of future innovations from individual QA Providers.

Let's keep the industry healthy and growing by being very careful with how we regulate it. We all want to promote future progress and development of HERS Rating and not hinder it.