



America's Home Performance Workforce

[www.encyfirst.org](http://www.encyfirst.org)

BEFORE THE

VIRGINIA STATE CORPORATION COMMISSION

REQUEST FOR COMMENTS REGARDING  
Virginia Electric and Power Company - For  
approval to implement new demand-side  
management programs and for approval  
of two rate adjustment clauses pursuant to  
56-585.1 A 5 of the Code of Virginia.

CASE NO. PUE-2009-00081

TESTIMONY OF BRIAN TOLL AND PETER VAN BUREN SUBMITTED BY RESPONDENT ROBERT  
VANDERHYE January 13, 2009

Q. What are your names and titles.

A. Brian Toll and Peter Van Buren, co-chairs of the Mid-Atlantic Chapter of Efficiency  
First. I, Brian, am the Chief Executive of Ecobeco , LLC, and I, Peter, am the  
President of Terralogos Energy Group

Q. What does your testimony relate to?

A. As the Commission considers demand-side management programs that are  
achievable and cost-effective, the Commission should order that Virginia Electric and  
Power Company include funding for Home Performance with ENERGY STAR, which  
should include consumer incentives that co-fund energy efficiency improvements.

Q. What is Efficiency First?

A. Efficiency First (see Appendix A) is a national nonprofit trade association that unites “Home Performance Contractors” (defined as contractors and energy auditors who implement energy efficiency improvements in homes), building product manufacturers and related businesses and organizations in the escalating fight against global warming and rising energy costs. Efficiency First represents its members in public policy discussions at the state and national levels, to promote the benefits of efficiency retrofitting and to help our industry grow to meet unprecedented demand for quality residential energy improvements. Efficiency First has over 20 member companies located in Virginia, most located in the Virginia Power territory, and over 40 member companies that provide services in the Northern Virginia area served by Virginia Power. Through energy efficiency, we can create lower energy costs for consumers and green jobs throughout the Virginia economy.

Q. What are the goals of Energy First?

A. Home Performance with ENERGY STAR, a national program from the U.S. EPA and U.S. DOE, offers a comprehensive, whole-house approach to improving energy efficiency and comfort at home, while helping to protect the environment, which Energy First promotes. These programs include incentives for home owners who implement energy efficiency measures. Contractors participating in a Home Performance with ENERGY STAR program help home owners cost-effectively improve their home's energy efficiency. These specially-trained contractors evaluate the home using state-of-the-art equipment and recommend comprehensive improvements that yield the best results.

The State of Maryland offers an example of where the Public Service Commission has found that the Home Performance program, which includes both energy audits and consumer incentives, is cost-effective and has ordered all of its utilities to implement Home Performance with ENERGY STAR as part of the demand side management programs mandated by the EmPOWER Maryland initiative to reduce energy consumption by 15 percent by 2015. In Case 9154, Baltimore Gas & Electric estimated that the Total Resource Cost ratio for this program is 1.45<sup>1</sup>. In Case 9155, Potomac Electric Power Company (PEPCO) estimated that the Total Resource Cost ratio for this program is 1.34<sup>2</sup>. Home Performance with ENERGY STAR programs operate successfully in New York, New Jersey, Delaware, and 20+ more states.

Home Performance with ENERGY STAR should be part of Virginia Electric and Power Company's Demand Side Management ("DSM") Portfolio. It is conspicuously missing from the Petition filed by Virginia Power. We do not take issue with any of the programs mentioned in the petition. Rather, we point out a cost-effective program that has been implemented around the country with success that should be added to the list of permanent programs in the DSM Portfolio at Virginia Power.

Q. Is there any related program from the Federal Government to what you propose?

A. Yes. In late 2009, the U.S. Department of Energy announced a Home Performance with ENERGY STAR pilot program in Northern Virginia. This program includes marketing and training support for the emerging small businesses that make up the bulk of the Northern Virginia Home Performance contractors. Participating firms must have

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<sup>1</sup> See Commission Order No. 82384 on 12/31/2008

<sup>2</sup> See Potomac Electric Power Company - Updated Response to the Commission Order No. 82385, Approving the Design of the Company's Proposed EmPower MD Programs. Case No. 9155 on 6/5/2009.

certifications from the nationally-recognized Building Performance Institute. The Home Performance with ENERGY STAR marketing umbrella gives consumers the ability to pursue energy-efficiency retrofits with confidence - that their energy audits will be honest, science-based assessments performed by properly trained individuals and firms. This pilot program, however, does not provide any monetary incentives for consumers who partake in energy efficiency upgrades.

As business owners, it is difficult to make investments in equipping<sup>3</sup> and training new employees for opportunities with highly uncertain demand. The recession and uncertain recovery have held us back and there is no indication of when this will end. Ideally, the Commission could remove the uncertainty of the Pilot by ordering Virginia Power to create a permanent Home Performance with ENERGY STAR program. More realistically, given the committed federal dollars towards the Northern Virginia Pilot, the Commission should order Virginia Power to fund incentives for home owners who make energy efficiency upgrades during the Pilot phase, and then review the Pilot results at a later time. In terms of subsidy size, programs on the high-subsidy range such as New Jersey fund up to 50% of efficiency improvements. Programs on the low-end such as Maryland fund up to 15% of efficiency improvements. Some programs utilize grants and loans to provide a more complete and more affordable package. There are many models across the nation, and Efficiency First can help Virginia Power determine how to set their subsidy rates and we are happy to meet with Virginia Power to discuss best practices from around the country.

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<sup>3</sup> An Building Performance Institute certified energy auditor, for example, carries approximately \$10,000 worth of equipment to every job. BPI training and testing costs are in excess of \$1,500 plus time spent in apprenticeship and mentoring.

At this time, the Commission should order that Virginia Electric and Power Company include funding for Home Performance with ENERGY STAR in their Demand Side Management Programs, which should include consumer incentives that co-fund energy efficiency improvements.

Q. Does this Conclude your direct testimony?

A. Yes.



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## Appendix A – About Efficiency First

### Mission

Our mission is to be a voice for the Home Performance industry, and to advocate for policies that will create the foundation for a sustainable and scalable home retrofit market. We will accomplish these goals by promoting a combination of industry standards, financing and performance-based incentives, through collaborations with legislators, government agencies, public utilities and professional organizations. We believe that a public-private market must exist where programs drive demand to a well-regulated private sector that will compete on efficiency and innovation.

Residential efficiency improvements can reduce energy waste in most homes by 20 to 40 percent. A nationwide initiative to improve the efficiency of America's 128 million homes has the potential to unlock significant reductions in building-related greenhouse gas emissions, improve national security by reducing our dependence on foreign oil, and generate long-term energy savings for American consumers. Expansion of the Home Performance industry also represents a crucial path to economic growth in the face of historically high unemployment and unprecedented weakness in the construction and manufacturing sectors. Consumer demand for efficiency retrofits will create hundreds of thousands of high-paying local jobs that cannot be outsourced overseas, while stimulating a surge of manufacturing of building materials primarily made by American workers.

### Our Core Platform

Efficiency First's lobbying and advocacy efforts are focused on three key factors that will stimulate rapid growth and local job creation in the Home Performance industry:

- National Incentives  
As prescribed in the Retrofit for Energy and Environmental Performance (REEP) legislation now pending in Congress, Efficiency First believes that government incentives are the key to driving a surge in consumer demand for home energy retrofits. The REEP performance-based incentives – deployed as direct consumer rebates – reward modeled energy savings, not specific products or technologies, and leverage private investment to minimize the burden on public funding sources. These incentives are technology neutral, removing government from the

role of trying to pick winning technologies and freeing the market to innovate and reward performance.

- Financing

Access to capital is one of the keys to widespread adoption of home energy retrofits, allowing homeowners to amortize upfront investments over time, and often achieving positive cash flow when loan payments are offset by reductions in monthly energy bills. Efficiency First supports diverse lending programs that will make it easy for consumers to invest in cost-effective home energy improvements.

- Industry Standards

Efficiency First supports the Home Performance with ENERGY STAR program as a model for efficiency retrofitting, including third-party verification. We support strong contractor standards and certification based on Building Performance Institute ([www.bpi.org](http://www.bpi.org)) contractor accreditation.

## **State and Local Organizing**

To complement the association's national lobbying and advocacy efforts, Efficiency First supports a network of state and local chapters formed to address local policy issues and facilitate mutually beneficial business alliances. Chapter activities include lobbying state and local governments, advocating for appropriate industry standards, promoting financing programs, workforce development training, building working relationships with regional utility companies, and joint marketing campaigns.

## **Industry Best Practices**

As new programs and business models are tested in the emerging Home Performance market, analysis and dissemination of best practices data will facilitate rapid growth and successful nationwide implementation of residential energy retrofit measures. Efficiency First's Best Practices Committee manages separate working groups focused on business models, financing and incentives, workforce development and marketing. Each working group conducts detailed case studies of existing markets and energy retrofit programs, the results of which will be compiled into white papers produced for the benefit of Home Performance contractors, public policy experts and program managers.