

FEEDBACK FROM ENERGY UPGRADE CALIFORNIA™ CONTRACTORS FOR THE SEPTEMBER 9, 2011 STEERING COMMITTEE STAKEHOLDERS MEETING










Best Practices

- Limited time, additional rebates.** Matching rebates or additional rebates for energy upgrades resulting in at least 20-percent energy savings work. These additional rebates are available in certain areas around the state (e.g., Chula Vista, Hayward, Berkeley, San Bruno). A time-limited offer draws attention and drives urgency. LA County has really stepped up things with the \$2000 Summer bonus. The fear of loss has motivated many customers. The recent news that LA County after Sept 6 is going to do matching dollars for the rest of the program is going to motivate even more customers to participate.
- Low-interest Loans.** CRHMFA Homebuyers Fund or CHF loans available in many counties throughout the state. Now that CHF is streamlining the process, these have been enthusiastically received by customers. Low interest financing has made many of the larger projects viable and was key in closing the deal. Again, CHF loans draw attention and drive urgency because they are being positioned as a limited time offer (while funding lasts). Currently in effect in pockets of PG&E territory.
- 72-hour pre-approval.** Recommended turnaround time for QAQC to respond with all required corrections on Job Reporting Template (JRT) and Energy Model specified in detail. Currently three-business-day rule in effect in SDGE. In PG&E territory BIG is working to achieve this time frame. Edison is currently using a five day approval process pilot has been fantastic compared to the past and is helping avoid any barrier to participation from client due to far off scheduling. We hope they can move to a three-business-day process as well.
- 24-hour QAQC onsite decision.** Recommended turnaround time for QAQC to respond with a decision to perform a Pre-Audit Inspection or Post-Audit Inspection onsite at the customer's home. Currently in effect in SDG&E territory.
- Immediate pre-approval on emergency HVAC/Water Heater replacement.** Allow contractors to replace heating and cooling equipment without pre-approval when systems are not operating. Homeowners will not wait for approval, even if it's three days. Contractors should be able to take photos and detailed notes on the pre-existing equipment for QA purposes, replace the equipment, and then move into the 72-hour approval process for the envelope and other energy upgrades. This policy is currently in effect in PG&E territory. In SDGE territory, the program is effective in resolving customer's immediate concerns and allowing them to fully benefit from the Energy Upgrade California™ rebates, but the contractor must get permission directly from the program for emergency replacements.
- Energy Model Adjustments.** If changes to an energy model are identified during QAQC that would not affect the incentive tier of the project, waiving the requirement to change the model before confirming preapproval is extremely helpful to contractors. Requiring detailed fixes that don't amount to any quantifiable change in the incentive only delays and complicates the process, especially in light of the fact that energy modeling software is known to have issues with accuracy and consistency. Although changes cited here do not affect the incentive tier determination, nor will they halt production, it is recommended that the QAQC staff send detailed notes on recommended Energy Model changes for learning purposes as program resources allow.

Issues Impacting Contractors – Update

Project Delays Leading to Customer Dissatisfaction

It must be kept in mind that challenges endured by Participating Contractors during the pilot phase of the Energy Upgrade California program are also affecting Energy Upgrade customers, which has resulted in customer dissatisfaction and a lack of referrals. In every successful whole-house program in the country, program success relied on to the testimony of enthusiastic homeowners who tell their friends, family, and colleagues. However, lengthy delays in pre-approvals and rebates, multiple visits by different entities (e.g., contractor test-in, QA test-in, contractor installation of upgrades, contractor test-out, QA test-out, HERS II raters for HVAC verification, etc.) and homeowner confusion with all the various forms and information they have to digest cause homeowners to be frustrated with the entire process. Currently, there are NOT a lot of homeowners singing the program's praises. They love the results of the energy upgrades, but they despise the process.

 +	 +	 +	 +	 +	 +	 +	 +	 =	Possibility of 9 days onsite. Customer days potentially off work.
Contractor Test In	Contract or 2 nd Call Closing	QAQC Test In	Contract or Installation Day 1	Contract or Installation Day 2	Contract or Installation Day 3	Contract or Test Out	QAQC Test Out	HERS II Rater Testing	Visits must be reduced or homeowners will be frustrated.

It is also important to keep in mind that Energy Upgrade California is trying hard to recruit HVAC and other residential contractors into the program but most are sitting on the sidelines. More and more of them are hearing about the issues cited in this document and they will not jump into the program if they feel they will lose money or it will negatively impact their customers. In addition, some Energy Upgrade California contractors are bypassing the program entirely because of process delays and paperwork. In fact, as the results of a recent EF Survey show, 44 percent of participating contractors have completed energy upgrades without using the program. Contractors will join the program if they know customers are happy with the program and they won't lose money.

Issues Impacting Contractors – We would like to have as Agenda Items

1. Jobs Processing

Slow pre-approval process

Issues:

- 1) According to the recent EF Survey results, 68-percent of all approvals are taking two or more weeks
- 2) According to the recent EF Survey, 37-percent of all approvals are taking three or more weeks
- 3) According to the recent EF Survey, close rates (sales) drop significantly when the customer has to wait more than three to four days before hearing whether their job has been approved for the rebates. How can we expect to get customers excited when they are waiting 10 to 30 days before they even find out if their project has been approved? Any number of things can

- happen to cause the customer to change his/her mind — their car needs a repair, their child needs braces, or they simply change their mind based on the huge delay
- 4) Often, the contractor receives a list of issues, corrects them and re-submits, then receives whole new set of different and unrelated issues. Sending initial comments to contractors and then adding additional comments after the contractor submits their initial responses causes huge inefficiencies for the contractor and is very costly. Contractors are visiting a lot of homes each week and to raise new issues two to three weeks after the initial test-in will not work. It must be done while the information is fresh in the mind of the Auditor. For example, in SDGE territory we currently have a three-business-day window for QAQC to respond to initial required changes on the Energy Model and Job Reporting Template. QAQC states that if, in their inspection process, they find errors in the first section of the JRT or Energy Model, the memo is sent to the contractor within the three-business-days for correction without specific details on what's wrong. They send a memo with six to seven generalized categories that they may state you have four of them wrong. We have to deep dive into all of our paperwork and energy model and this halts our approval process until we fix all errors. QAQC then continues to the next set of errors on the same customer files and then sends it back to the contractor for the next set of fixes. Some contractors have personally experienced this exchange up to four times over the course of two months. This process will fail if it isn't streamlined.
 - 5) Many contractors have complained that the sentiment seems to be that the contractor is guilty until proven innocent. This needs to be changed and a team mentality taken. Ignorance should not be taken as contractors are trying to cheat the system. In addition, if QAQC does not know the answer and is seeking guidance from Energy Soft, that should be stated. We are all learning and this program is in its infancy stages. Unfortunately, we have several accounts of QAQC halting work stating we have modeled incorrectly, only to be told later by Energy Soft that we were correct and to proceed.
 - 6) Unfortunately, contractors have found that contacts at both PG&E and SDG&E are either not prepared to train or answer contractor's questions regarding specific program modeling requirements. Some of these program contacts have even been corrected by experienced contractors in training sessions. In territories not covered by CBPCA, contractors have been directed to watch CBPCA's Energy Pro videos online. Though useful, these do not provide enough detail for all territories. We propose all training be located on a statewide Energy Upgrade California contractor training site.

Possible Solutions:

- 1) Set a maximum of 72-hour pre-approval across the state.
- 2) Require no longer than a 24 hour window for QAQC to decide if they will perform onsite QA pre-audit inspection or post audit inspection. This will improve turn-around time to to speed installation scheduling. The contractor will know if a QA visit will be required and can plan for it accordingly.
- 3) Require that all modeling and JRT issues be identified in one concise inspection and detailed line-item report within the 72-hour pre-approval window. We propose having one full inspection and detailed line item response by QAQC of changes required of the contractor for the entire JRT and Energy Model.
- 4) Institute a "Fast Track" approval process for qualified contractors (see Sales Process document)
- 5) Implement a key-account program and identify a contractor "advocate or advocates". Each IOU territory needs a live person who can answer contractor questions or help resolve QAQC disputes.
- 6) Take a team approach and assume the contractor is innocent until proven guilty.

- 7) Acknowledge when the QAQC doesn't have the answer to a modeling question and is seeking guidance from EnergySoft.
- 8) Fund mentoring to support training, best practices, and consultation for contractors who are new to the pre-approval and post-approval process
- 9) Fund consultants or entities to provide training, best practices, and consultation to contractors for EnergyPro.
- 10) Provide a \$300 to \$500 incentive to contractors after the test-out is completed to help them compensate an internal office staff person to manage the paperwork required for Energy Upgrade California

Slow post-approval process

Issues:

- 1) **Post Job QA Visit Delays.** Currently our customers are waiting up to 2 ½ weeks for their QAQC post inspection appointment. This is unacceptable. We must streamline this process. Unforeseen delays with homeowners on vacation or availability because of homeowners work schedule is understandable. Saturdays are not currently available to schedule QAQC visits. This is an inconvenience and turnoff to the homeowner, because it is simply another day they must take off work.
- 2) **Energy Pro Model and Job Reporting Template process delays** due to multiple communications to fix minor issues as directed by QAQC. This process has delayed job processing from a week up to a month.

Solutions:

- 1) Book QA visits to coincide with test-out whenever possible, but no longer than within 72 hours of job completion. Post Job QA visits should not be delayed and must be scheduled at the earliest possible convenience to the customer. We suggest a process where once production is booked, the contractor communicates to the QAQC team the date of the last day of production so the QAQC team can immediately call to schedule a Post Job QA visit well in advance. The Post Job QA appointment ideally would be the same day as the last day of installation for the sake of saving the customer an additional day they must take off of work. We understand that ideal case can't be met 100-percent of the time, therefore we propose a maximum of 72-hour Post Job QA appointment window. If QAQC can't meet this window, they forfeit the chance to perform the Post Job QA on this job submission with no penalty to the contractor. Also, it would be in everyone's best interests if QAQC appointments were available on Saturdays to ensure speedy and convenient QAQC appointments for both pre and post purposes.

2. QAQC Guidelines Needed for Contractors and QA Testers

Issues

- 1) Contractors are unclear on what is being evaluated during the pre-approval and post-approval process. Contractors and verifiers need to be working from the same playbook.
- 2) There is frustration from Energy Upgrade California Participating Contractors Participating Contractors that jobs are measured by different standards that cause differing results and therefore different recommendations.
- 3) QAQC gets between the contractor and the sale, and sometimes makes inappropriate comments to the customer, thereby damaging the contractor relationship with the client.

Possible Solutions

- 1) There is a national effort underway to formulate national QA/QC protocols. Prior to establishment of such protocols, the Energy Upgrade California program should consider defining the essential benchmarks necessary in California. At the same time, utilities are considering their own QA/QC protocols for whole-house retrofits. We do not know when the national effort will come to fruition and in an effort to produce technical consistency and clarity throughout Energy Upgrade California, we need a set of consistent guidelines now.
 - a. Create QA/QC guidelines that can be used by everyone in Energy Upgrade California program, regardless of territory. Even if an IOU requires a separate process, create an addendum that includes these proposed guidelines. This will help trainers who train in multiple IOU territories and contractors that have multiple locations. Plus, contractors can help each other since they will all be using the same or mostly the same guidelines.
 - b. In order to drive this project quickly, develop a task force. (See attached document QA/QC technical task force recommendation)
- 2) Provide better information and expectations in participating contractor trainings that include conversations with the QA/QC staff.
- 3) Allow for QA mentoring. This has begun but it must continue as new contractors come into the program. Contractors must know what is expected of them. Some programs are using a test house to bring individual contractors together with the program administrators and QAQC testers. Perform pre-and post-test audits, then allow for a brainstorm session between QAQC Testers at a neutral location, not at the customer's home, if serious issues are identified. Never engage in QAQC debates or discussions in front of the customer.
- 4) Allow contractors to maintain client communications and relationships.
- 5) Prohibit QAQC from informing the customer of issues or concerns--whether they are paperwork or methodology related--unless the issue is immediately life threatening and an evacuation is necessary and the contractor cannot be reached to immediately rectify the situation. QAQC personnel should never imply or make derogatory statements about the contractor to the homeowner or to the contractor in front of the homeowner. Saying things such as "we have a problem" or "this wasn't done correctly" can be misinterpreted by homeowners and erodes trust in the EUC program as a whole. If there are paperwork or procedural issues, the customers should be told we are having application issues not a job problem. When a customer hears "there is a problem," they think it has something to do with install quality. Even if there is a discrepancy with the method in which an upgrade was performed, QAQC should never inform the customer of the situation. This should be between the contractor and QAQC.
- 6) Acknowledge that customers will sometimes choose to not buy the whole job, regardless of the contractor's recommendation. They are the client and it is their money--they cannot be forced to take action on optional items not directly related to health and safety. For example, QAQC should never tell the customer, "the contractor should have recommended mechanical ventilation". It immediately causes concern for the homeowner. Contractors will often recommend upgrades that the customer simply won't pay for. We can recommend all day long that a customer should buy a 95% efficient furnace rather than windows, but if they won't pay the extra amount, we can't make them.