



## Thoughts on Building a Home Energy Rating Business

To provide some expectations about building a business based on energy ratings, the Alliance would like to provide some thoughts on the nature of opportunities for certified HERS raters.

There have been a few inflated claims about HERS business opportunities in the past. In reality, some particularly savvy raters have figured out how to make a good living and prosper by selling rating services. However, there are many raters who have taken a course, become certified, and have yet to issue more than a few ratings. They received their certificate and the phone did not start ringing. Why not?

In our view, the most successful raters are those with the following characteristics and circumstances:

- they are shrewd business people in the first place;
- they have a solid business plan in place
- they are technically proficient in the realm of building science;
- they are efficient in the field, behind a computer, at their desk, communicating to laypersons about home energy efficiency, and in all other aspects of their lives;
- they are fortunate enough to be in the proximity of a successful HERS program sponsored by an influential and/or well-financed organization (utility, governmental or non-profit, typically);
- they are generally in the vicinity of a strong new construction market; and
- they create and maintain relationships with local successful HERS-related programs and the professionals involved in their markets (builders, developers, lenders, EPA and/or the programs mentioned above).

Until such a time as tax credits and other incentives are well known by the public and therefore spur demand for ratings, you should be aware that the majority of ratings issued in the U.S. are "program-driven", i.e., connected with certification of ENERGY STAR homes.

In order to turn your HERS rater certification into a profitable business opportunity, you develop a solid plan for marketing your services to diverse target groups, find out who is sponsoring ratings in your area, or work with an organization to secure financing and support behind a ratings-based initiative.

### **New Rater Business Opportunities** *(From RESNET)*

A key service that RESNET provides to its rater members is to provide new business development opportunities. Currently the primary source of economic demand for rating services is verification of homes for the Environmental Protection Agency's (EPA) ENERGY STAR Homes Program. It is not healthy for any industry to be dependent upon a single federally sponsored program or a single facet of the housing market.

In the process of developing the RESNET strategic planning framework, RESNET convened the Building Performance Planning Focus Group composed of recognized leaders in the industry. The members were: Mike Baker, TXU Electric Delivery ; Steve Cowell, Conservation Services Group ; Megan Edmunds, E-Star Colorado ; Philip Fairey, Florida Solar Energy Center ; David Goldstein, Natural Resources Defense Council ; Thomas Hamilton, CHEERS ; Stephanie Harmon, Progress and Associates ; Michael Holtz, Architectural Energy Corporation ; David Lee, Environmental Protection Agency ; Joseph Lstiburek, Building Science Corporation ; Kelly Parker, Guaranteed

Watt Savers ; Edward Pollock, U.S. Department of Energy ; Bill Prindle, American Council for an Energy Efficient Economy

This group identified the need to develop new services for home energy raters outside of ENERGY STAR and the traditional home energy ratings. In 2006 the tasks submitted by the RESNET staff to the Board of Directors included developing a prioritized list of potential new services for home energy raters. The following is prioritized list of potential new services that was adopted by the RESNET Board:

1. **Tapping the Existing Homes Market.** Traditionally energy ratings of existing homes were focused on documentation for energy efficient mortgages. Clearly there is a far greater market potential than this niche. These new opportunities are defined in the new RESNET framework for energy audits for existing homes. An example of this potential is in the state of California where regulations require duct testing by a certified rater at the time of an air conditioner change out. Another example is the European Union's Energy Performance in Buildings directive that requires rating of buildings at time of sale or change of occupancy. Already legislation has been introduced in New Jersey to have such a requirement in the state. In addition, raters will need access to financing to offer clients to make the recommended improvements.
2. **Environmental and Energy Efficiency Certificate Trading.** Today, credits for environmental emission reduction and energy efficiency are being traded as a commodity in various environmental and utility markets. Through the introduction of environmental cap and trade systems, energy efficiency certificates, and utility capacity trading, credit for energy efficiency is being monetized into a tradable commodity. As programs such as cap and trade and energy efficiency certificates expand from state and regional programs into national and international programs, the demand for raters to measure and certify compliance to the emission or efficiency targets will dramatically increase.
3. **Energy Code Compliance.** The U.S. Department of Energy has recently predicted the emergence of performance based code compliance. An example of this potential opportunity is the state of California. The California building code requires builders to have their homes performance tested for air tightness and duct leakage by a certified home energy rater. A new business service for builders would be to provide code compliance documentation.
4. **Builder Warranty Mitigation Service.** The home building industry is facing an increasing rate of litigation from disgruntled home buyers. A new potential service is for senior raters to undertake a diagnosis of a home during litigation and provide a mitigation strategy to a builder.
5. **House Doctor.** More and more home owner are experiencing indoor air, health and structural problems created by building science failures. A profitable venture for senior raters could be to pinpoint the cause of housing failures and propose specific actions to remedy the problem. The senior rater could then provide a referral to a qualified contractor to carry out the required treatment. The senior rater then could verify that the contractor provided the treatment as prescribed.
6. **Assisting Builders in Working with Designers to Incorporate Building Performance in Homes Design.** Raters enter the picture of the home building process after the architectural design has been set. As builders strive for higher performing buildings a new opportunity arises to assist the builder by working with the designer to incorporate high performance in the home's design.

RESNET has adopted action plans for each of the initiatives and an education plan to inform RESNET raters of these opportunities and how to tap them. To view the plan click on [RESNET Action Plan for New Rater Business Opportunities](#).