

Southern California Edison, Nevada Power Company and Tennessee Valley Authority to Provide EnergyStar® Rebates

Although the high efficiency of EnergyStar® homes improves comfort, lowers monthly energy bills and total homeownership costs and results in lower carbon emissions that are good for the environment, EnergyStar® has been slow to gain wide spread acceptance in the factory built housing industry. Higher first cost remains the single



Energy efficiency presents real savings to homeowners and can be a strong marketing point.

The Newsletter of the Manufactured Housing Research Alliance
MANUFACTURED HOUSING
TECHNOLOGIES

The Manufactured Housing Research Alliance (MHRA), the research arm of the manufactured housing industry, provides content for *Technologies*.

- *Technologies* highlights the research of MHRA and examines other research and development activities throughout the industry.
- For more in-depth information about research in the factory-built housing industry, or to find resources mentioned in *Technologies*, visit the MHRA Web site.



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greatest market barrier for EnergyStar® manufactured homes.

In 2005, Congress passed legislation that provided for a \$1,000 tax credit for each manufactured home built to EnergyStar® requirements. Partly as a result of the tax credit, the number of EnergyStar® labeled manufactured homes increased to well over 4,000 compared with the 2005 total of fewer than 1,000 homes. While the increase is impressive, the figure is a small percentage of total home sales and far shy of the real program potential.

The main drag on program growth continues to be the incremental first cost of building and buying an EnergyStar® home. Recognizing the need to buy down the cost of EnergyStar® in most markets, MHRA, in cooperation with state associations in a few key states, approached electric utilities in several areas proposing a rebate program for EnergyStar® manufactured home construction.

Utilities have a vested interest in improved efficiency for two compelling reasons. First, efficiency can be a cost-effective strategy for reducing electric demand and system peaks, factors that

reduce the need to build additional generating capacity. Second, public utility commissions around the nation are adopting policies requiring power companies to fund efficiency programs. For many utilities, underwriting a portion of the costs of EnergyStar® construction through a rebate program is a good fit with their overall efficiency portfolio and reaches a segment of their customer base that has been difficult to reach in the past.

The rebate programs are intended to bring the cost of an EnergyStar® home roughly in line with the cost of a home built to the HUD standards, reducing the first cost barrier and jump starting the demand for EnergyStar® homes. Thus far, three utilities have signed up for the rebate program designed and to be administered by MHRA: Southern California Edison, Nevada Power Company and Tennessee Valley Authority (TVA) (details about each of the programs are included in Table 1). About 15 other utilities are currently considering funding the program. The programs all provide for an additional \$750 in incentives, on top of the \$1,000 tax credit that runs through 2008.

TVA in particular is a long time proponent of efficiency programs and a pioneer in using rebates to encourage the construction of more efficient manufactured homes. TVA program manager, Terry McIntosh, who runs a highly successful heat pump promotion program, recognized the value of expanding their incentive programs to include EnergyStar® construction. According to McIntosh, “Not only does EnergyStar® provide for energy efficient heat pumps to be installed, it also provides for much improved energy efficiency features in the envelope that will be there for the life of the home.” ■

TABLE 1 Summary of Energy Star Rebate Programs

| Utility Sponsor | Southern California Edison | Nevada Power Company | Tennessee Valley Authority |
|---------------------------|---|---|--|
| State Association Partner | California Manufactured Housing Institute | Nevada Manufactured Housing Association | Tennessee Manufactured Housing Association |
| Eligible Homes | Gas-heated homes and electrically-heated homes equipped with heat pumps | Electrically-heated homes equipped with heat pumps and CFLs | Electrically-heated homes equipped with heat pumps |
| Rebate Period* | Jan. 1, 2007 through Oct. 31, 2008 | Jan. 1, 2007 through Dec. 31, 2007 | Feb. 1, 2007 through Jan. 31, 2009 |
| Rebate Amount | \$400 per gas-heated home \$750 per electrically-heated home | \$750 per electrically-heated home | \$700 per electrically-heated home |

* All programs are subject to extension based on success in the first year.



The EnergyStar® rebate program offers a win-win situation for home manufacturers, retailers, homebuyers and utility companies. A few of the key benefits are listed below.

Manufacturers

- Part or all of the utility rebates is paid to the home manufacturer following completion of the EnergyStar® requirements.
- The manufacturer is also the recipient of the \$1,000 EnergyStar® tax credit.
- The program will help companies interested in expanding their EnergyStar® sales reach production volumes that make the investment in EnergyStar® process more economical.

Retailers

- EnergyStar® is a powerful sales tool. It is a widely recognized brand that con-

sumers associate with efficiency, lower home operating cost and protecting the environment.

- Participating retailers will be provided with EnergyStar® sales and marketing materials at no cost, including a program DVD, posters, brochures, window decals and other promotional materials.
- The state associations together with MHRA will hold free educational workshops in conjunction with industry meetings, providing tips for effectively marketing EnergyStar® features to homebuyers.
- EnergyStar® homes provide buyers with tangible benefits, such as improved comfort, lower monthly energy costs and higher resale value, which can result in improved customer satisfaction.

Homebuyers

- Homebuyers will begin saving money the day they move into their new home. The energy savings associated

with EnergyStar® are a significant contributor to home affordability.

- EnergyStar® homes offer improved comfort and durability, lower monthly energy bills and higher resale values.

Utility companies

- The rebate program rounds out their portfolio of demand side management and energy efficiency programs, providing an opportunity to impact the construction of new manufactured homes, an often hard-to-reach customer segment.
- EnergyStar® homes place a smaller demand on generating capacity, reducing the need to build additional power plants. ■

For more information about the EnergyStar® rebate program, contact Gwynne Koch, Manufactured Housing Research Alliance (gkoch@research-alliance.org).