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California Energy Commission

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RE: Docket # 12-EBP-1

“Comprehensive Energy Efficiency Program for Existing Buildings Draft
Action Plan Staff Workshop”

To Whom It May Concern:

The Institute of Heating and Air Conditioning Industries, (IHACI) thanks California Energy Commission (CEC) staff and Commissioners for affording heating and air conditioning industry representatives the opportunity to participate in recent AB 758 Workshops held throughout California. IHACI was fortunate to participate in all three of the workshops presented.

IHACI has been actively involved with CEC, California Public Utilities Commission (CPUC), Western HVAC Performance Alliance (WHPA), Compliance Improvement Advisory Group (CIAG) and industry stakeholders to address issues directly related to AB 758. Much of this involvement goes back long before the enactment of AB 758 in 2009. We commend CEC staff and the commissioners for their hard work and dedication throughout this process.

IHACI, formally incorporated in 1948, is a Southern California based nonprofit trade organization representing all facets of the heating and air conditioning industry. As early participants in the numerous proceedings relating to the transformation of the HVAC industry, we are mindful of the existing and ongoing challenges the State and industry must undertake.

Throughout this process, IHACI remains consistent in imploring the State to build a solid foundation for the energy codes; the foundation is Compliance and Enforcement. Until compliance with regulations by HVAC contractors ceases to be the exception, and instead becomes the rule, IHACI asserts that there is little chance that any of the goals and objectives established in the Long Term Energy Efficiency Strategic Plan will be reached.

Although there is much speculation, industry continues to profess that energy code compliance is less than ten percent. Unfortunately, regulations and demands on compliant contractors continue to escalate making it more and more difficult to comply and compete. HVAC contractors are the driving force in ensuring that California meets its energy savings goals. The cumbersome permitting and verification process along with the challenges of fixing issues of noncompliance is adversely affecting legitimate HVAC contractors. There is no question that enforcement agencies, such as the Contractors State License Board (CSLB) and CEC to name a few, valiantly

attempt to make headway in this area. Despite all efforts, these agencies have neither the financial resources nor the manpower to deal with the degree of noncompliance that exists today. We urge the commission to recognize Compliance and Enforcement as its number one priority. There are frequent references to the "carrot" and the "stick." As things stand today, the stick is non-existent and the only carrot is the ability of noncompliant contractors to freely perform business with complete disregard of the code requirements and with little fear of reprisal.

A perfect analogy of the situation is to imagine the Energy Codes as a large dam. This dam is very sophisticated and expensive to maintain. A lot of very talented people have invested a huge amount of time and effort into designing and building it taller and stronger. The problem is that the canyon walls around the dam are full of caves, tunnels and holes that allow water to leak all around the dam. Because of this, the dam is only able to retain less than 10% of its storage capacity. Unless we fix these leaks, it is a complete waste to invest any more time or resources into strengthening the dam.

As an organization that represents the contractors who *want* to follow the rules, we feel that the following actions are critical to meeting our common goals:

1. Improve enforcement by tracking HVAC equipment from point of sale through installation.

- Local code enforcement agencies are overworked and underfunded. They are unable to stop the underground installation market that consists of unlicensed contractors and unpermitted work. Enforcement therefore must happen at a more concentrated point in the process: at the point of sale.
- The CEC should further research options for requiring uniform reporting of serial numbers of HVAC equipment, permit numbers and the associated license numbers of purchasing contractors at the point of sale. These could then be compared to actual data reported for installation and field verification activities. This will instantly improve enforcement and provide invaluable data for measuring compliance rates on a jurisdiction by jurisdiction basis.
- The CEC should determine if there is existing authority in Title 24, Part 6 or within the Appliance Efficiency Standards in Title 20 to require the reporting of HVAC equipment sales.
- The CEC should evaluate if other agencies, such as the Department of Consumer Affairs/CSLB or Franchise Tax Board may have such authority.
- IHACI strongly believes that the technical and economic restrictions to this process are minor and that the major hurdles are political and can be overcome with our concerted efforts.

2. Streamline the verification process for contractors who have demonstrated a track record of voluntary compliance.

- The CEC should consider approving alternative compliance paths for a relatively small number of HVAC contractors who adhere to specific testing protocol training, data reporting and quality assurance requirements, similar to that employed by Third Party Quality Control Programs as specified in Section RA2.7 of the 2013 Residential Appendices. This would ensure "quality installation" as the central focus in the compliance process. The data generated by approved alternative methods could be evaluated for the effectiveness and comparison to those already included in the Standards. Under the current system, HVAC contractors have few ways to differentiate themselves and by allowing alternate approaches, the CEC can more fully engage the installing community.

3. Simplify the compliance process at the permit application level and the compliance documentation level.

- Simplicity is key to understanding energy efficiency standards. The more complicated the energy codes become, the more complicated enforcement becomes.
- IHACI supports compliance document “registration” as a means of ensuring that parties representing their part in achieving compliance take formal responsibility. This measure of transparency, when implemented consistently, can be one of the most important tools in helping the State meet its energy efficiency goals.
- Even if the compliance documentation process was super simple, the permitting and inspection process also needs to be simplified.
- The CEC should work with CALBO and contractors to develop a limited permit self-verification program. There are a number of jurisdictions that already allow this for selected purposes that meet specific requirements. Self-verification by properly trained, certified and verified contractors is imperative. Homeowners have no desire to wait at home for a city inspector to arrive at their house. This is a major obstacle to compliance, and will become critical if any enforcement issues are successful.
- The CEC and the CSLB should work with CALBO to develop some of the ideas presented by the CIAG and other stakeholder groups related to bulk permitting and on-line permitting.

4. Provide training and education through seminars, workshops, forums, hotlines, etc.

- CEC staff should hold regular workshops and webinars throughout the state demonstrating how to complete the required compliance documentation.
- Contractors are primarily concerned with the design and installation of equipment and this would not only provide a means of conveying the expectations of the CEC, but would provide valuable feedback on the practical use in the field.
- These workshops should also provide detail on the signature and registration requirements.
- As regulatory demands escalate, a trained workforce becomes crucial to achieving the State’s energy savings goals. IHACI suggests that CEC, CPUC, and Investor Owned Utilities (IOU’s) fully engage the counsel of HVAC contractors to properly assess technical training needs.

Should you have any questions, please don't hesitate to call (818) 551-1555. Thank you.

Respectfully submitted,



Susie Evans

Executive Vice President