



August 17, 2010

Office of the General Counsel
Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585-0121

Memorandum for the Record
Ex Parte Communication
Department of Energy
Meeting- Wednesday, July 14, 2010 3:00 – 4:00 p.m.

The purpose of the meeting was to provide information to DOE staff on the Advanced Notice of Proposed Rulemaking on Section 414 of the Energy Independence and Security Act (EISA) of 2007 to establish energy standards for manufactured housing.

In attendance at the meeting were:
Lois Starkey, Manufactured Housing Institute
Emanuel Levy, Systems Building Research Alliance
David A. Tompos, NTA Inc.
Mark Ezzo, Clayton Homes, Inc.
Michael Wade, Cavalier Homes, Inc.
Michael Jensen, Sara Lynn Bunch, Harry Indig, Dave Conover, Kate Gehringer and Christopher Calamita, Department of Energy

A copy of the agenda, prepared by Michael Jensen, is attached

The meeting started a little late so we dispensed with the Introduction and Background, and started with the Issues for Discussion: (Please refer to the meeting agenda).

DOE staff wanted to specific incremental cost information for various energy efficient measures such as insulation levels and techniques, fenestration, envelope and duct air sealing, and space heating and air condition, etc. utilized to meet energy requirements above the current minimum required in the HUD Code? For example, can manufacturers measure what the cost increases be to meet EnergyStar requirements. MHI representatives were glad to get clarification on what DOE was requesting with respect to cost information, as they had been hesitant to provide cost data not really knowing what the new standards would be. DOE staff suggested that manufacturers just stipulate the criteria used or set forth caveats for providing such cost estimates.

DOE staff asked if costs were difference between large and small manufacturers, and asked for specific information. MHI representatives suggested that there would be cost differentials.

MHI representatives pointed out that the new energy standards will put manufactured homebuilders at a competitive disadvantage over site builders because the new, more stringent standards will be required for all new manufactured homes, and site built homes will continue to meet the lower, less stringent standards mandated by states and local jurisdictions.

MHI members also pointed out current appraisal standards, lending products and loan underwriting standards do not consider energy efficiency, and the new energy standards will keep many qualified buyers from purchasing a new home.

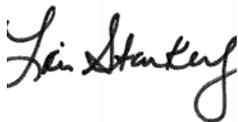
MHI members also said that because of transportation restrictions, it might be difficult to meet standards that require greater amounts of insulation in the roofs. MHI members also pointed out that the new standards would have a significant impact on the current code with respect thermal protection and condensation control. DOE needs to consider this when developing the new standards.

The DOE also needs to consider that HUD is currently in the process of updating significant portions of the HUD code, as three major proposals have been published in the Federal Register within the last month. These changes will have a cost impact and the DOE standard must be established taking into consideration these changes.

MHI members strongly supported provision for HUD to enforce compliance with the new standards rather than have HUD undertake enforcement. It was pointed out that this option would result in little or no additional costs to the manufacturer.

The meeting adjourned at a few minutes after 4:00 pm.

Respectfully Submitted,



Lois Starkey, Vice President
Regulatory Affairs
Manufactured Housing Institute

To: Lois Starkey, Vice President of Regulatory Affairs, Manufactured Housing Institute
From: Michael Jensen
Cc: Harry Indig
Re: Agenda for Meeting on July 14, 2010

Purpose: To provide an agenda for the July 14, 2010, meeting between the U.S. Department of Energy (DOE) and the Manufactured Housing Institute (MHI) for the purpose of gathering information on issues central to DOE's preparation of a Notice of Proposed Rulemaking under Section 413 of the Energy Independence and Security Act of 2007 (EISA) (Energy Code Improvements Applicable to Manufactured Housing).

Expected outcome: To gather information and access MHI's knowledge of the manufactured housing industry prior to developing standards for energy efficiency in manufactured housing and a system to ensure compliance with these standards.

Introduction and Background: EISA was signed into law on December 19, 2007. Section 413 of EISA directs the Secretary of Energy (Secretary) to issue regulations that establish standards for energy efficiency in manufactured housing. On February 22, 2010, DOE initiated the rulemaking process by publishing in the *Federal Register* an advance notice of proposed rulemaking (ANOPR) to solicit public comments and information relating to the design, construction, financing, operating costs, and other areas of relevance to establishing energy efficiency standards for manufactured housing. DOE currently is reviewing the public comments received from the ANOPR and meeting with members of the manufactured housing industry in order to issue a Notice of Proposed Rulemaking (NOPR) by early 2011. The NOPR consists of three separate areas of analysis: (1) generating energy efficiency standards, (2) ensuring compliance with the standards, and (3) ensuring compliance with other regulatory review requirements.

Issues for discussion: If DOE is to generate an informed, reasonable, and defensible analysis for inclusion in and to support the standards proposed pursuant to the NOPR, both DOE and the manufactured housing industry will benefit from the assistance of MHI in providing relevant statistical and financial information.¹ DOE is interested in securing additional information from MHI related to the following issue areas:

I. Technical criteria

DOE currently is collecting data and information relevant to the energy and economic analyses associated with potential energy efficiency measures for inclusion in the NOPR. Energy efficiency measures include:

¹ Information provided will be subject to DOE's guidance on ex parte communications (http://www.gc.energy.gov/documents/FRN_Ex_Parte_Guidance_Final_2_For_Website_.pdf) and will require MHI to prepare a memorandum memorializing the meeting to be placed in the public docket. Generally, information provided will become part of the public record; however, MHI may submit information under a request for confidential treatment.

- Insulation levels and techniques, including associated construction impacts
- Fenestration (windows, skylights, doors)
- Envelope and duct air sealing
- Space heating, air conditioning, and water heating equipment, including ducts and water piping
- Lighting

DOE also is interested in gathering information related to how construction may vary by geographical region, climate, home type (for example, single- vs. double-wide), or other characteristics, especially those that MHI believes are unique to manufactured homes in comparison to site-built housing.

II. Compliance verification

DOE currently is collecting data and information relevant to verification of compliance (e.g. conformity assessment) for inclusion in the NOPR.

- DOE seeks MHI's input on how the U.S. Department of Housing and Urban Development's (HUD) system of enforcing its regulations (the HUD Code) via third-party design and inspection agencies impacts the manufactured housing industry; specifically, DOE is seeking information on the cost impacts of compliance verification to the industry and the additional rate of compliance enjoyed as an account of the current conformity assessment program.
- How could DOE ensure that its energy efficiency standards were satisfied if DOE were to rely on HUD's system of verifying compliance through third-party primary inspection agencies?
- If DOE were to establish its own program to verify compliance separate from HUD's system (e.g., via random inspections), what are the likely activities DOE would need to carry out, the costs associated with these activities, and the potential impacts on the industry?
- If DOE were to establish its own program to verify compliance separate from HUD's system, what additional benefits (e.g., increased levels of compliance) would be secured over and above reliance on the current HUD system (noting the DOE standards could be more rigorous than the current HUD Code and/or contain additional criteria that may require field testing to verify)?

Further Information: As MHI may be able to direct us to members of the manufactured housing industry that can provide additional information regarding the aforementioned questions, please provide DOE with contact information of individuals or groups that would further inform DOE during the rulemaking process, including, but not limited to:

- Manufacturers,
- Dealers,
- Part suppliers (windows, furnaces, etc.),
- Financing personnel that specialize in manufactured housing loans, and
- HUD-code enforcement personnel.

DOE welcomes your response to the following issue areas that DOE presented in the ANOPR and encourages you to provide more detailed data wherever possible.

- (1) Differences between site-built and factory-built construction techniques that may justify creating unique energy efficiency requirements for manufactured housing that are different from the requirements in the 2009 IECC.
- (2) Specific construction cost data on manufactured home measures affecting energy efficiency such as insulation levels including associated construction impacts, fenestration (windows, skylights and doors), duct design and insulation, and permanent lighting; specifically any information on an increase or decrease in first cost to the home purchaser of designing and constructing manufactured homes consistent with the current IECC.
- (3) Other economic parameters such as lending scenarios, interest rates, loan duration, energy costs, and recommended values and approaches for addressing financial considerations and life cycle costs.
- (4) Statistics associated with HVAC system and equipment type, window type, and insulation levels, provided in recently built new manufactured homes by state or region.
- (5) Energy and/or operational cost savings estimates and/or metered data associated with different energy options for manufactured housing design and construction.
- (6) The range of design specifications available for products, systems, equipment, and materials used in the construction of manufactured homes, and statistics on their frequency of use in manufactured homes.
- (7) The manner in which applicable climatic differences should be addressed through a singular energy standard addressing manufactured homes.
- (8) Areas in the current HUD code that are directly or indirectly related to energy or affect energy use of which DOE should be aware in establishing energy standards for manufactured housing (e.g., structural requirements that could affect the ability of a wall assembly to meet certain energy efficiency criteria or the relationship of wind loads and fenestration design).
- (9) Relationship, if any, DOE energy standards for manufactured housing should have with other existing energy programs for manufactured housing (e.g., ENERGY STAR) and/or the analysis that DOE should conduct in assessing such programs.
- (10) Relationship, if any, that DOE energy conservation standards for manufactured housing should have with HUD's manufactured home construction and safety standards.
- (11) Whether DOE's system of enforcement should compliment and/or be compatible with HUD's existing system of enforcement of the HUD Code for manufactured homes.
- (12) What characteristics should DOE's system of enforcement have?
- (13) Suggested sources, studies, and research results of other information considered relevant to DOE's effort to establish energy standards for manufactured housing.

Conclusion: Thank you for meeting with DOE and for providing information necessary to a fully-informed rulemaking process. DOE will consider MHI's input and we welcome MHI's continued assistance throughout DOE's rulemaking process.