

May 15, 2018

Attention: SNARSCA Members and C21 Contractors

LETTER FROM THE SNARSCA BOARD OF DIRECTORS

We have been following the reactions to the proposed NV Energy program as outlined by NV Energy's 2018 Energy Partner, ICF. By design, SNARSCA is an organization dedicated to the support of local contractors, with a mission to foster positive initiatives within our HVACR community. At this time, we are concerned that the proposed program design and implementation forces contractors and their associated distributors away from the open, efficient, and accountable manner in which they are accustomed to doing business. We are opposed to the program format, specifically the rebate counter-transparency initiative which allows contractors and distributors to tack 'administrative fees' against the consumer's rebate at their own discretion. The program roll out has serious design flaws which potentially harm all parties within the transaction: the contractor, the distributor, and the consumer.

As a sounding board for the HVACR community, our chief concern is for the contractor and how this program structure is designed to malign and besmudge the rapport of both 'contractor and distributor' and 'contractor and consumer'.

The proposed rebate channel skips over the contractor and is funded mid-stream, to the equipment distributor. This means the funds are set to funnel directly to the participating distributors - of which, only 4 of 13 (less than 25% of distributors) have currently opted in to this program. The program funding is also portioned in capped distributor allotments. This means when Distributor A has depleted their rebate funds, it will force the contractor to do business with Distributor B in order to gain access and participation to the program. The program structure also employs the distributor to select high-quality installers, cherry-picking contractors they feel will perform 'quality installations'. This process is counter-intuitive to a distributor's business goals - *to sell equipment*. Since when have energy performance standards and quality control measures been set by a distributor? Based on the lackluster participation of our distributors, it seems they have little interest in selecting or governing contractors - a popularity contest that can never be won.

The program design also provides no transparent rebate to the customer. There are no set dollar amounts to the program rebates because NV Energy is allowing the distributor - and the contractor - the gluttonous opportunity to tack open ended 'administrative fees' to the rebate structure at their own discretion. The administrative fees are intended to offset the costs the distributor must now incur to hire competent staff to complete paperwork and streamline program funding. Distributors can likely poach these new hires from the local unemployment lines as **contractors who performed these same administrative functions at no cost since the inception of the program** are now forced to lay off their own capable staff. These administrative fees are unnecessary costs which are essentially being ripped from the consumer's wallet, and the added loopholes will cause strain and damage to the contractor/distributor relationship.

This 'free style of fees' agenda wreaks of corrupt politics and greedy business deals gone wrong. The framework of this program forces contractors to offer customers a virtual sliding scale of rebate dollars. This program design is neither fair or equitable to the consumer. Imagine when Consumer A and Consumer B replace their heating & cooling systems at the same time and discuss their differing rebate amounts? We are certain it will be the contractor on the ugly side of that phone call, attempting to explain how the multi-party pipeline of various administrative fees chipped away at their dwindled rebate. Who will be responsible for the impending 1-star reviews that follow? BBB complaints? Class action lawsuits?

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The program design has extreme fallout potential. In an industry already plagued with reputation management issues, our contractors are achieving customer satisfaction through optimized communication and guarantees steeped in high standard of ethics and morals. Information related to utility programs and rebate funding should be centralized, easy to access and manage, and fully transparent to the consumer. Anything less than total transparency sends the wrong message to the consumer, and aligns the contractor with potentially damaging accusations of bait and switch, over-pricing complaints, scamming, or worse - allegations of abuse to senior citizens and/or exploitation of the disabled community.

We feel the average consumer is slighted within the confines of this proposed program - many NV Energy customers will be surprised to know that while they continue to pay into this fund, the majority of dollars are earmarked to subsidize new construction heating and cooling equipment. The average NV Energy consumer opting to stay in their home is not realizing the full benefit of these rebate dollars. Additionally, the rebate dollars for new HVAC equipment is weighted heavily on if you decide to 'retire' a working system, as opposed to 'replacing' failed equipment. This means a consumer has much less financial assistance in the form of rebates if their system breaks down and is inoperable, and more funding if they opt to 'retire' their working system. This rebate disparity will certainly be met with considerable opposition from a consumers who want to debate the nuances of 'retire' vs. 'replace'.

SNARSCA has encouraged NV Energy to craft a fair and transparent program that most positively affects consumers and involves best practices to protect the relationships of the contractor and the distributor; and the contractor and the consumer. We recently invited NV Energy and ICF to attend a Q&A meeting on April 17th which went into over-time, proving our members had a significant amount of interest in the program design and goals. We subsequently invited NV Energy to join us for a follow-up meeting on May 15th to further the communication and allow all of our members the opportunity to continue the dialogue on the structure of the rebate program. NV Energy declined our invitation to attend the May 15th meeting and discuss this matter further.

We regret that NV Energy implemented such significant changes to the program without soliciting or considering input from our membership. SNARSCA will use all resources available to oppose this program structure, and to uphold the rights of our members.

In addition to soliciting guidance and suggestions from members, local contractors and distributors, we are holding conversations with a variety of experts in the coming weeks and are also engaging consumer advocacy groups such as the Bureau of Consumer Protection, The Public Utility Commission of Southern Nevada, Aging and the Nevada Advocates for Elders. In order to ensure that your feedback is considered, we respectfully ask that you submit your comments and letters to snarsca@amnevada.com.

Sincerely,

SNARSCA Board of Directors