



# Resident Energy Conservation Program Frequently Asked Questions



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## Purpose

The purpose of this frequently asked questions (FAQ) document is to provide answers to questions as privatized housing (PH) project locations prepare for and implement Resident Energy Conservation Programs (RECPs) across the Department of the Air Force (DAF) privatized housing portfolio.

## References

1. Deputy Assistant Secretary of the Air Force (Installations) letter, 4 Mar 21, *Air Force Utility Allowance Program Guidance for Project Owners*
2. Principal Deputy Assistant Secretary of Defense for Sustainment (Logistics) (DASD(Housing)) memo, 16 Dec 21, *Service Member Utility Allowances and Resident Energy Conservation Programs in Privatized Housing*

## RECP Background

### 1. What is the Resident Energy Conservation Program (RECP)?

- a. RECP is part of a Department of Defense initiative to promote energy conservation in military housing. The program seeks to empower residents to manage their energy consumption and incentivizes conservation through billing and rebates based on usage compared to established baselines.

### 2. Why was the RECP established?

- a. RECP was established in response to a 1994 Presidential Executive Order to encourage energy conservation. The goal is to generate savings through reduced energy consumption, which can be used to fund operations, sustainment, and future renovations in privatized housing communities.

### 3. How does the RECP work?

- a. Prior to establishing the RECP at an installation, the Project Owner (PO) must receive AFCEC/CI approval for (1) PO's Utility Allowance (UA) Implementation Plan and (2) PO's verification and certification of the utilities meters that meet OSD's requirements. The UA Implementation Plan contains the proposed Like-Type Groups (LTGs) where housing units are divided based on characteristics such as size, age, and construction style along with the utility/commodity rates. A baseline utility allowance rate is established for each LTG. Upon receiving both approvals, the PO will coordinate with the installation on resident communication to implement the RECP and provide a start date for live billing. Once live billing, residents will start receiving monthly bills that show they are billed or credited based on their actual energy consumption compared to the baseline allowance. Those who consume less than the baseline receive a rebate, while those who exceed it pay the difference.

**4. How are the utility rates set in the RECP?**

- a. Utility allowances (UA) are set using the same rates charged to residents, which may follow a month-to-month rate attached to utility pricing or a 12-month average. These rates should include equivalent fees or taxes the resident is accountable for, excluding penalties such as late payment fees.

**5. Are all Project Owners implementing the RECP?**

- a. No, projects have the opportunity but not the obligation to implement RECPs. As of January 2024, Hunt, Mayroad, and Lendlease have decided to implement RECPs. The remaining POs either do not plan on implementing RECPs or have not yet decided if they will implement.

**6. Is the RECP fair to all residents?**

- a. Yes, residents will be accountable for their actual consumption. In all cases, a resident's rent plus utility allowance shall be less than or equal to a resident's Basic Allowance for Housing (BAH). Residents who conserve utilities will keep the difference between the UA and the actual cost of utilities consumed, whereas those who consume more than the average will pay out-of-pocket for their above-average usage. The UA credit residents receive will be based on the average electric and/or gas usage of houses in the resident's like-type group (LTG). The RECP program encourages energy conservation and financially rewards those who conserve. Savings generated from reduced consumption are shared between residents and to pay for future renovations and improvements to housing and ancillary facilities.

**7. Are RECPs the same across all DAF MHPI projects?**

- a. No, refer to each projects UA Implementation Plan for specifics. Differences will occur from location to location due to issues/variations such as infrastructure, installed equipment, legal agreements, state and local government regulations regarding utility rates and billing, and project-specific implementation.

**8. Did all DAF privatized housing (PH) sites suspend their RECPs in January 2020?**

- a. The DAF did not suspend RECPs at six DAF PH locations: Moody AFB (Hunt), Patrick SFB, Dyess AFB (Hunt), Buckley AFB, Dover AFB, and Wright-Patterson AFB. Residents at those locations have a direct relationship with the utility company or a third-party billing agent. Those residents do not pay their full BAH to the project, rather they retain the UA in their paycheck and pay the utility company or third-party billing agent directly. To suspend the RECPs at those locations would have required every resident to sign a new lease setting their rental amount as their full BAH instead of the existing rental amount that does not include utilities. This FAQ document describes the situations at PH project locations that were not impacted by this situation. As such, some of the answers in this FAQ document do not apply to the six locations listed above.

## RECP Components

### **1. What steps are involved in the development of the Installation UA Implementation Plan?**

- a. POs must devise an Installation UA Implementation Plan detailing the implementation strategy, including meter reading and consumption documentation, commodity rate setting, fees and taxes included in the UA, LTG calculations, and any other unique details necessary for the location. The Military Housing Office (MHO) and installation leadership review the plan and upon concurrence, route the plan to AFCEC/CI for approval.

### **2. What is a Like-Type Grouping (LTG)?**

- a. LTG consists of groups of 10 or more housing units grouped together based on similar characteristics to ensure fairness in comparing energy usage. Factors include the number of floors, bedrooms, square footage, construction style, and thermal characteristics. LTGs ensure that residents are compared to neighbors living in similar accommodations.
  - i. Small Groups or Unique Homes- Groups of fewer than 10 units (Small Groups) require additional deliberation to create equitable models for UA application. Most installations have unique units or like-type units consisting of fewer than ten units (e.g., Installation Commander's home, General Officer Quarters, or ADA homes). Projects will collaborate with the MHO to create appropriate small groupings to allow these units to participate in UA programs with these small groupings evaluated and approved by AFCEC.

### **3. Why are families of varying sizes in the same LTG?**

- a. Family size is not a criterion used in establishing LTGs. Residents' rent and UA is based on BAH and does not increase based on family size. Residents living in private sector rentals do not receive additional utility allowances for family size.

### **4. Are the meters used in RECP reliable?**

- a. Yes, the meters are subject to a validation and certification process as per the Secretary of Defense's procedures to ensure they accurately measure energy usage for each housing unit. This includes ensuring 100 percent of the privatized military housing included in the program is individually metered.

During the meter verification process, POs provide verification documentation (meter testing, utility infrastructure testing, as-built documentation, and certification statements from utility suppliers, meter owners, meter manufacturers, and infrastructure owners) and sample testing of the meters.

The sample testing must meet the following minimum sampling criteria:

- (1) The meter is appropriately connected to the utility infrastructure and measures only the energy utilized by the housing unit the meter serves, validating that the usage measured is solely for that housing unit:
  - i. For MHPI-built housing units, a random sample of 5 percent of units in each LTG will be tested. If the 5 percent sample fails the test, then a random sample of 40 percent of units in the specific LTG that failed will be tested. If the 40 percent sample also fails the test, then 100 percent of units in the specific LTG that failed will be tested.
  - ii. For historic housing units and legacy/DoD-built housing units, a random sample of 40 percent of units in each LTG will be tested, and if the 40 percent sample fails the test, 100 percent of units in the specific LTG that failed will be tested.
- (2) The meter accurately measures the energy usage of that housing unit, with an explanation of the tolerance by which the meter accuracy was measured and a comparison to industry and/or state standards, as applicable.
  - i. For each like-type meter groups (LTMG), a random sample of 5 percent of meters will be tested. If the 5 percent sample fails the test, then a random sample of 40 percent of meters in the specific LTMG that failed will be tested. If the 40 percent sample also fails the test, then 100 percent of meters in the specific LTMG that failed will be tested.

**5. How are renovations and equipment upgrades handled in the RECP?**

- a. Renovations and upgrades that could significantly impact energy consumption may necessitate reevaluation of the LTGs. The Project Owner must consider if a separate LTG should be created for the affected unit(s) after major system changes like an HVAC upgrade.

**6. What is the procedure for meter validation and certification?**

- a. In compliance with NDAA mandates, project owners must follow the Secretary of Defense's procedures to validate and certify that all privatized military housing meters accurately measure each unit's individual energy usage.

**7. Is there a requirement to have the meters certified before this program is put into effect?**

- a. Yes, Secretary of Defense's policy requires the project hire a third-party to inspect and certify the meters measure only the consumption of the respective unit and that the meters accurately measure usage of that unit prior to RECP implementation at an installation. Confirming the project complied with the Office of the Secretary of Defense's meter validation and certification policy is part of AFCEC/CI's review and approval process.



**8. If the AF is going to reinstate the RECP, can AFCEC develop a Communications Plan to help communicate how/when this plan will be implemented and how it may potentially impact the finances for Airmen living on base? This would be an important effort to help avoid potential misunderstandings and complaints among the affected housing residents.**

- a. Yes, the Deputy Assistant Secretary of the Air Force (Installations) (SAF/IEI) guidance “Air Force Utility Allowance Program Guidance for Project Owners” dated 4 Mar 21 and (DASD(Housing) policy “Service Member Utility Allowances and Resident Energy Conservation Programs in Privatized Housing” dated 16 Dec 21 detail DAF and DoD requirements and guidance for implementation of RECPs. AFCEC/CIM is distributing this frequently asked questions (FAQ) document to installations scheduled to implement an RECP. Since not all MHPI projects plan to implement RECPs at this time, AFCEC/CI wants to target the distribution of this FAQ to privatized housing projects that will be affected by RECP implementation.

**9. How does implementation take place and the estimated time frame?**

- a. Hunt’s goal is to complete the meter validation and certification process in CY24 and obtain AFCEC/CI approval of their RECPs at these locations for implementation in CY25. Mayroad and Lendlease are commencing meter validation and certification in mid-CY24, with planned implementation in late CY25 to CY26. After AFCEC/CI approval and before implementation, projects are required to complete a three-month mock billing period (can be waived if tenants have continued to receive mock invoices during the RECP suspension period). Projects are expected to coordinate with the installation to notify residents via available communication methods including town halls, mail, email, social media, and fliers before live billing commences.

**10. How is program oversight and compliance conducted?**

- a. After a UA Implementation is approved by the DAF and the mock billing is complete, MHOs will ensure utility billing accuracy by reviewing usage and bookkeeping for 10% of homes each month, including checking correct LTG assignment, inspecting commodity rates, and auditing meter readings. The PO must address any discrepancies impacting billing.

## Mock Billing and Actual Billing

**1. What is mock billing in RECP?**

- a. Mock billing is a period before actual implementation of billing where residents receive simulated bills showing their consumption about the LTG average. This period aims to raise awareness of energy consumption, familiarize residents with the billing format, and encourage conservation before residents become accountable for their above-average usage.

**2. How does the Project Owner calculate the LTG Consumption Average?**

- a. For groups of greater than 10 units, the consumption average is updated monthly based upon the preceding month's consumption (by approved LTG). The total consumption data from the preceding month is divided by the number of units that contribute to the LTG's consumption average.
  - i. The PO eliminates the following from the LTG's consumption average:
    1. Vacant homes or homes with extended absences (two weeks or more) where the resident has notified the project of such absence from the groups.
    2. The top and bottom 10% of users from the consumption data. These homes do not contribute to the LTG's consumption average.
  - ii. For groups of less than 10 units, the consumption average is updated annually based upon the preceding five year's average consumption.
  - iii. Alternatively, for groups of less than 10 units, the PO could propose to use the per square foot (PSF) methodology by calculating the PSF rate of a similar like-type unit and applying the PSF rate to the small LTG's square feet to determine the consumption average. The consumption average methodology for LTGs of less than 10 units is documented and approved as part of the Installation UA Implementation Plan.
- b. For projects where the allowance must be calculated in advance because the residents have direct relationships with the utility provider or third-party billing agent, the LTG consumption average is updated annually based upon the preceding five year's average consumption.

**3. What is the 'trigger amount' and how does it factor into actual billing?**

- a. 'Budget billing' involves a 'trigger amount', typically \$50, which is the minimum over- or under-use amount at which a bill or credit is issued to the resident. Monthly accrued amounts below this trigger will either be carried over to the next billing cycle or reconciled upon move-out.

**4. What happens if a resident's energy consumption is higher than the baseline?**

- a. If the resident's usage exceeds the baseline allowance for their LTG, they may receive a bill for the excess consumption. Often, there is a trigger amount set (commonly \$50), so residents would receive a bill only when their cumulative excess over multiple billing periods reaches this amount.

**5. What happens if a resident's meter readings need to be estimated?**

- a. If actual meter readings are not obtainable, estimations may be used temporarily and will be reconciled on future billing once actual readings are obtained. If an estimation results in an overcharge, the resident will be credited the overstated amount. Conversely, if an estimation results in an undercharge, the resident will be responsible for that underpayment during the billing period.



- 6. If a home has an extended absence or is vacant, how does that affect utility billing?**
  - a. Extended absences of more than two weeks and vacancies do not contribute to the LTG's consumption average for the period they occur. This is to ensure that consumption averages remain representative of occupied homes.
  
- 7. Who do residents contact for more information or if they have questions about their RECP charges?**
  - a. For questions regarding RECP or to dispute charges, residents should first contact their PO's housing office or property management staff. They can also be directed to the MHO, who can provide further assistance and explanation about the program.

## Residents – Unique Circumstances

- 1. Can a resident be exempted from participating in RECP?**
  - a. Special considerations are given to residents with unique circumstances, like those enrolled in the Exceptional Family Member Program (EFMP), Wounded Warriors, or those with medical waivers. In some cases, special equipment usage may be deducted from the household's energy consumption for RECP calculations, or a waiver from the program can be granted.
  
- 2. Are there special considerations for families with additional energy needs, such as those in the Exceptional Family Member Program (EFMP)?**
  - a. Families with unique energy needs, such as those enrolled in EFMP, Wounded Warriors, or those with medical waivers, may receive deductions for the usage of special equipment from their consumption to account for its effect on the LTG average. Additionally, these families can request a waiver from the UA Program.
  
- 3. How are electric vehicles charged at privatized housing units considered in the UA program?**
  - a. Residents charging electric vehicles at their homes should notify the PO's housing office, as energy used for vehicle charging must be deducted from the home's usage before calculating the UA Baseline for that LTG.

## Wing Commander Role

- 1. Does the Wing Commander have the ability/authority to “opt out” of the RECP?**
  - a. No, each Military Housing Privatization Initiative (MHPI) project's legal agreements include guidance on the Resident Energy Conservation Program (RECP), also known as the UA Program, granting the project company the opportunity, but not the obligation, to implement an RECP. Since it is part of the legal agreement of each project, the DAF cannot unilaterally opt out of implementation.

For background, DAF suspended the RECP across the portfolio on 31 Jan 20 due to tenants' concerns and complaints to Congress about the accuracy of utility meters and associated wiring infrastructure across DoD Housing. The suspension of the program allowed DAF time to identify and resolve any issues and certify meter accuracy. Following the 2020 suspension of the UA Program, the DAF issued guidance on 4 Mar 21 outlining actions required of MHPI project owners to implement new RECPs. OSD issued complementary guidance on 16 Dec 21 requiring the Military Departments to issue and maintain policies for establishing and managing RECPs in privatized housing, and to work with their respective MHPI POs to maximize RECP establishment and maintenance for MHPI housing at individual installations.

The RECP is a DoD and DAF Initiative, not something projects are implementing for the PO's benefit. The monthly cost of operating the RECP is paid directly from the MHPI project's operating budget. Hunt, Mayroad, and Lendlease have decided to implement RECPs, whereas other PO's either do not plan on implementing RECPs or have not yet decided if they will implement. POs who decide not to implement the RECP include residents' utilities costs as a part of the project's operating budget.

**2. If the Wing Commander cannot “opt out,” will this same policy be uniformly applied across all Air Force Housing?**

- a. No, projects have the opportunity but not the obligation to implement RECPs. Hunt, Mayroad, and Lendlease have decided to implement RECPs, whereas other POs either do not plan on implementing RECPs or have not yet decided if they will implement.

Projects must obtain AFCEC/CI approval before implementing a RECP at each project location. AFCEC/CI reviews and confirms the project's implementation plan and calculations are consistent with DAF and OSD policies and seeks Installation Commander concurrence with the project's proposed UA Implementation Plan, including the like-type groupings of homes, before it approves the RECP.