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Arizona Corporation Commission
Commissioners Wing
1200 West Washington
Phoenix, AZ 85007-2996

RE: Tucson Electric and Power Energy Efficiency Implementation Plan E-01933A-11-0055

Dear Commissioner:

Meritage Homes is one of the ten largest homebuilders in the US, and is headquartered in Scottsdale, Arizona. Meritage is the leader in home building through collaborations with the EPA, DOE, local utilities, and building science experts to create comprehensive energy efficiency, sustainability, and quality into every home we build. In 2011, the EPA named Meritage Homes the Energy Star Partner of the Year, and we were awarded the 2011 Crescordia Award by Valley Forward, and named 2011 Green Pioneer by the Phoenix Business Journal.

We have been proud to partner with Arizona utility providers and the ACC in adopting advanced energy efficiency programs. Specifically, APS and TEP's tiered energy efficiency plans have been a model Meritage adopted and promoted throughout the US as an example for proper prioritization and builder/utility partnership to fundamentally reduce the cost of operating utilities the US. As you are aware, proper energy efficiency reduces waste and flattens utility load shapes, resulting in a potential 1.2 trillion dollar in energy savings in the US¹. By establishing performance tiers, the stretch goals in the advanced tiers have promoted innovation in building science and move innovations toward common practice as the economies of scale and consumer awareness set new expectations in the marketplace.

It is not difficult to demonstrate that Meritage has set an entire new standard for home construction, and is moving the home building industry towards our example. The TEP program has been a key enabler of our strategy, and we have significantly invested in aligning our construction practices with the program. Through this partnership, Meritage has been able to offer cost competitive homes that not only reduce utility cost to each of our home owners, but represent a model so that every new home, and a significant retrofit market, could achieve similar results. The impact of this program spans the lifetime of every new and retrofitted home, and positively impacts utility infrastructure, allowing both a more efficient and profitable utility, as well as the potential for significant savings to the average Arizona resident.

Without the tiered performance goals to inspire advanced building practices, Meritage and other builders could not have developed a viable business plan that has advanced homebuilding practices more in the past two years that has been experiences in the last 30 years. I urge you to maintain our investment in improving the functioning of buildings and utilities. As has been established by APS, the tiered energy efficiency programs are cost effective in a conservative model, and as expounded in the referenced McKinsey report, offer a tool to fundamentally improve utility operating cost and consumer affordability in Arizona for years to come

Thank you for your consideration.

Sincerely,

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1. ([http://www.mckinsey.com/Client Service/Electric Power and Natural Gas/Latest thinking/Unlocking energy efficiency in the US economy](http://www.mckinsey.com/Client_Service/Electric_Power_and_Natural_Gas/Latest_thinking/Unlocking_energy_efficiency_in_the_US_economy))