



Spotlight on Austin, Texas: Best Offer Ever Produces Upgrades in Record Time

Key Takeaways

- Use valuable, short-term promotion to jump-start program interest
- Build on existing energy efficiency efforts to launch quickly and learn for the next iteration
- Plan for contingencies and resolve your errors

“Getting on the landscape fast with some successes built positive momentum. There will be warts, so set reasonable expectations... but it is a great way to let people know you are on the scene.”

—Karl Rábago, Vice President,
Austin Energy

The Better Buildings Neighborhood Program is part of the national Better Buildings Initiative led by the U.S. Department of Energy.

To learn how the Better Buildings Neighborhood Program is making homes more comfortable and businesses more lucrative and to read more from this Spotlight series, visit betterbuildings.energy.gov/neighborhoods.

Launch With a Short-Term Promotional Offer to Jump-Start Participation

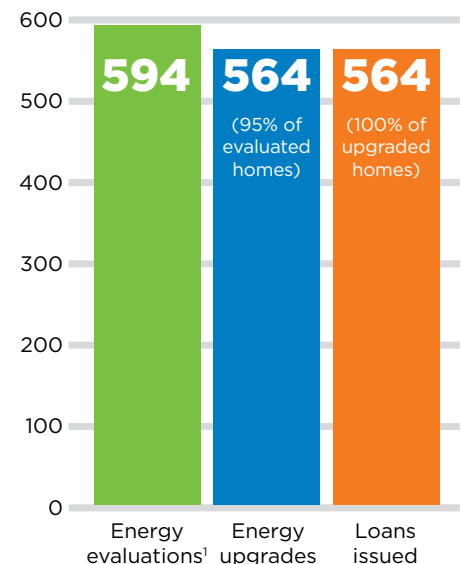
With its Best Offer Ever promotion, Austin Energy completed comprehensive energy upgrades in a record 564 homes in only six months—more than 10 times the utility’s typical participation rate. To quickly develop momentum for Better Buildings-Austin Energy’s Clean Energy Accelerator program with homeowners, Austin Energy leveraged its existing Home Performance with ENERGY STAR® infrastructure, experience, and contractor base but added a comprehensive rebate/financing offer for a finite launch period. Demand soared, and due to thoughtful planning, Austin Energy and its contractors were able to keep up with requests for energy evaluations, inspections, improvements, and loan origination, while learning valuable lessons along the way.

The Best Offer Ever

Austin Energy’s high-value promotion—the Best Offer Ever—presented customers who signed up for an energy upgrade between October 1 and December 31, 2010, with a significant financial incentive, resulting in 564 Home Performance with ENERGY STAR upgrades in six months. In the past, participants in Austin Energy’s Home Performance with ENERGY STAR program received a free energy evaluation,¹ but had to choose between a rebate or low-interest rate financing through a local credit union to complete the recommended upgrades.² By signing up during the promotion, participants could receive both the rebate and financing, for a combined value of approximately \$2,300 per household. Even with the sizable incentive, Austin Energy leveraged \$4.39 million in loans using \$700,000 of its Better Buildings seed funding to pay for the incentives and marketing to launch the promotion.

Figure 1. Best Offer Ever Promotion Results

Data reflect energy upgrades completed between October 1, 2010, and March 31, 2011, under the Best Offer Ever. The Best Offer Ever was only available to homeowners who signed up between October 1 and December 31, 2010.



¹ Most contractors perform a free visual assessment (without blower door or infrared testing).

² Austin Energy rebates of up to \$1,800 are based on depth of energy savings. Interest rates range from 0 to 8 percent for three- to 10-year loans depending on loan length, measures installed, and customer credit history. Program participants may also be eligible for up to a \$500 Texas Gas Service Rebate (typically averaging around \$300) and a \$500 or \$1,500 federal tax credit, depending on when the work was completed.

The Best Offer Ever is a unique combination of free energy evaluations, project financing, and rebates. This extra incentive spurred more than 560 Home Performance with ENERGY STAR upgrades in just six months.

Identify All Steps in the Process to Avert Bottlenecks

A detailed planning process was critical to the successful launch of the Clean Energy Accelerator program. Austin Energy thought through each step of the various work streams that would be needed to deliver the Best Offer Ever promotion and developed a comprehensive series of flowcharts to document the associated needs. The planning process and tools were instrumental in identifying program weaknesses and averting potential bottlenecks.

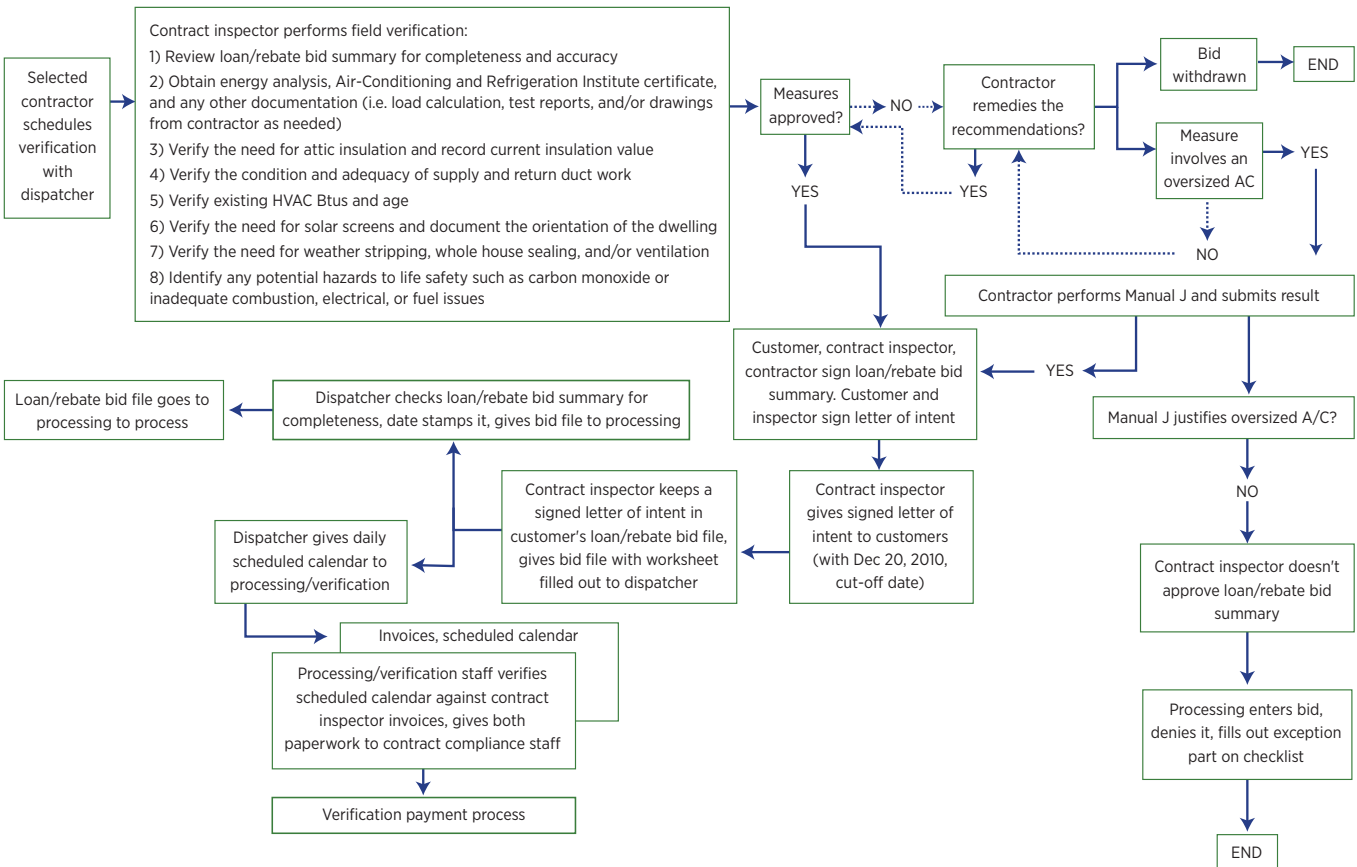
For example, Austin Energy anticipated exceeding its existing internal capacity to perform front-end inspections on participating residences during the Best Offer Ever promotion—avoiding what could have turned into a holdup in the process. The utility met this excess demand by making arrangements with several Building Performance Institute (BPI)-certified contractors to conduct overflow inspections. Because Austin Energy’s vendor procurement processes can be lengthy, inspections would have significantly slowed progress,

Figure 2. Sample Best Offer Ever Process Flowchart

Austin Energy carefully developed detailed process flowcharts for each work stream that would be part of delivering the Best Offer Ever promotion. The flowcharts identify who completes each step, what will be completed, and alternate potential outcomes.

Contract Inspectors' Flowchart

Austin Energy's contract inspectors ensure that energy assessments have been conducted properly and that contractors' proposed scopes of work are appropriate. *To view a full-size version of this flowchart, visit BetterBuildings.energy.gov/partners/Austin.*



had program managers not prepared for this scenario in advance. “You need to make sure people you want to use are available and ready to work,” Program Manager Jill Maness said.

Another approach that Austin Energy found particularly useful was pairing process flowcharts with workload management scheduling software, which helped program managers remain nimble in responding to customer demand and scheduling program elements.

Design the Program to Benefit Both Homeowners and Contractors

In keeping with Austin Energy’s desire to streamline the customer experience and reduce up-front costs for both homeowners and contractors, the Clean Energy Accelerator updated its rebate process. In the past, once a job was completed, Austin Energy would issue a rebate payment to the homeowner in approximately six weeks. For the Best Offer Ever, Austin Energy allowed customers to assign their rebates directly to contractors, who in turn reduced homeowners’ invoices by the rebate amount. In parallel, Austin Energy developed an expedient contractor payment system that delivers electronic rebate reimbursement directly to contractors within two weeks.

Additionally, Austin Energy purposefully scheduled the Best Offer Ever promotion during the fall and winter, which is typically a slow season for building contractors in otherwise sunny and hot Texas—increasing the likelihood of jobs being completed in a timely manner and helping contractors avoid seasonal layoffs.

Plan, Adjust, and Learn for the Next Time

Even with extensive pre-launch planning, the Best Offer Ever promotion has been a learning experience. “Planning for success is harder than planning for failure,” Austin Energy’s Karl Rábago said. “Take notes and learn, as this is a long run opportunity. Capturing and honoring your errors will help you identify what you need for next time and build incrementally as your program develops.”

Launching the Best Offer Ever in fall 2010 was a good way to take advantage of a time when contractor work was slow and professionals were available, as well as to beef up their business for the year.



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One unanticipated challenge that Austin Energy faced—and overcame—during its Best Offer Ever promotion was the expiration of loan preapprovals. Contractors were so overwhelmed with work that loan preapprovals were expiring before the energy upgrades were completed. This situation was costly for the lender and burdensome for program participants. Austin Energy responded by working with the lender to send out weekly notices to contractors to keep them informed of when their customers' loan prequalifications were due to expire so that they could prioritize those jobs in their work scheduling.

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—Karl Rábago, Vice President, Austin Energy

Although the Best Offer Ever was a one-time promotion, as the program matures, Austin Energy's Clean Energy Accelerator will work with financial institutions to test the effectiveness of a variety of financial products and incentive packages in driving demand for energy upgrades. As it builds its portfolio of program offerings, Austin Energy plans to also tackle the multi-family sector and develop a pilot with a nongovernmental organization partner.



Austin, Texas

Accomplishments

Within Six Months of Program Launch

- 564 residential energy upgrades completed
- \$4.39 million in loans originated
- 47 contractors performing work
- 10 times the typical program participation rate

Program Elements

Driving Demand

- Print advertising
- Contractor co-marketing
- Short-term promotional offer

Workforce

- Existing qualified contractor base
- Close collaboration on program design and delivery
- 100 percent quality inspection

Financing

- Low-interest, 3- to 10-year unsecured residential loans
- Credit enhancements with local credit union

Program Facts

- DOE Seed Funding: \$10 million
- Building Types: Residential (single-family and multi-family) and Commercial
- Building Upgrade Goal: 4,300 homes and apartments
- Energy Savings Goal: 20 percent per building

Better Buildings-Austin Energy's Clean Energy Accelerator

Austin Energy is a municipally owned utility that has been operating programs to catalyze energy efficiency investments in existing buildings for 27 years. Since Austin Energy launched its Home Performance with ENERGY STAR® program in 2006, more than 8,800 homeowners have completed comprehensive energy upgrades. The utility intends to use its Better Buildings grant funds to move beyond traditional rebate programs by implementing a suite of financial products aimed at increasing customer access to whole-house energy efficiency.

Learn More

www.austinenergy.com

Better Buildings-Austin Energy's Clean Energy Accelerator Contact

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