



# **Incentives: What Gets Homeowners to Move, What Not So Much**

# Agenda

- 1) INTRO – 5 mins
- 2) PRESENTATIONS – 30 mins
- 3) Q&A – 15 mins
- 4) BEST/WORST LIGHTNING ROUND – 20 mins
- 5) SHARK TANK – 20 mins

# Panel

- **Jonathan Cohen**, DOE - Moderator
- **Mary Templeton**, Michigan Saves
- **Rob McCracken**, Greater Cincinnati Energy Alliance
- **Dana Fischer**, Efficiency Maine

# Introductions

**I. Name**

**II. Affiliation**

**III. Role**

# Polling Question

## What sector do you work in?

- Local government
- State government
- Federal government
- Nonprofit
- Utility
- Business

# Residential Network

**Better Buildings Residential Network**: Connects energy efficiency programs and partners to share best practices and learn from one another to increase the number of homes that are energy efficient.

**Membership**: Open to organizations committed to accelerating the pace of home energy upgrades.

## **Benefits**:

- Peer Exchange Calls
- Tools, templates, & resources
- Newsletter updates on trends
- Recognition: Media, materials
- Voluntary member initiatives
- Better Buildings Residential Program Solution Center

**Commitment**: Provide DOE with annual number of residential upgrades, and information about associated benefits.

# Residential Incentives

What works and what doesn't

Lessons learned from the DOE BetterBuildings program

Mary Templeton

Michigan Saves

May 2015



# Structure and Role

- Provide loss reserve for lenders
- Oversee authorized contractors
- Drive demand for energy efficiency through outreach and incentives
- Set program guidelines and provide quality control





# 58 sweeps

of varying size:

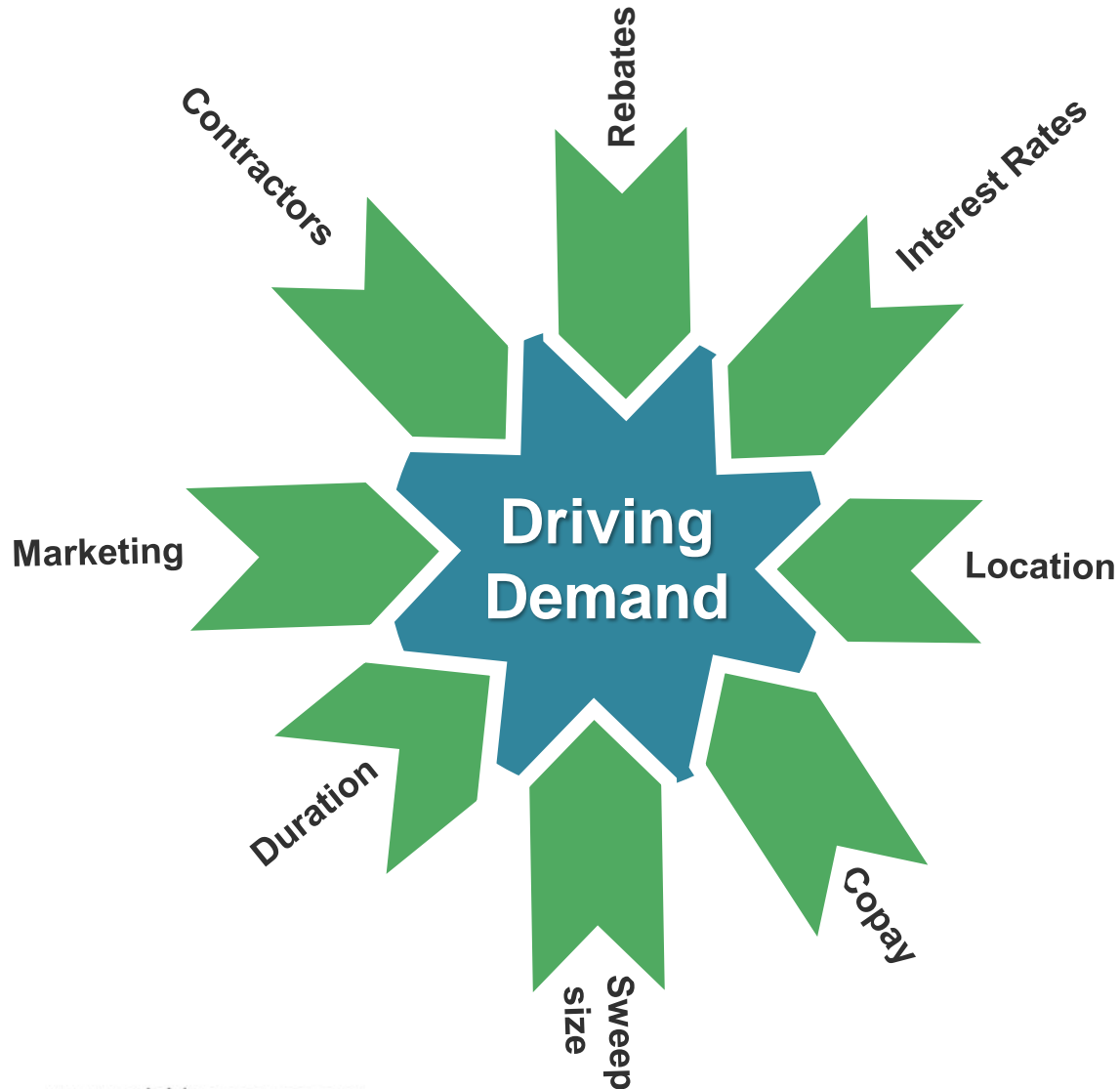


\$30M grant from DOE  
to support statewide residential &  
commercial energy efficiency  
improvements

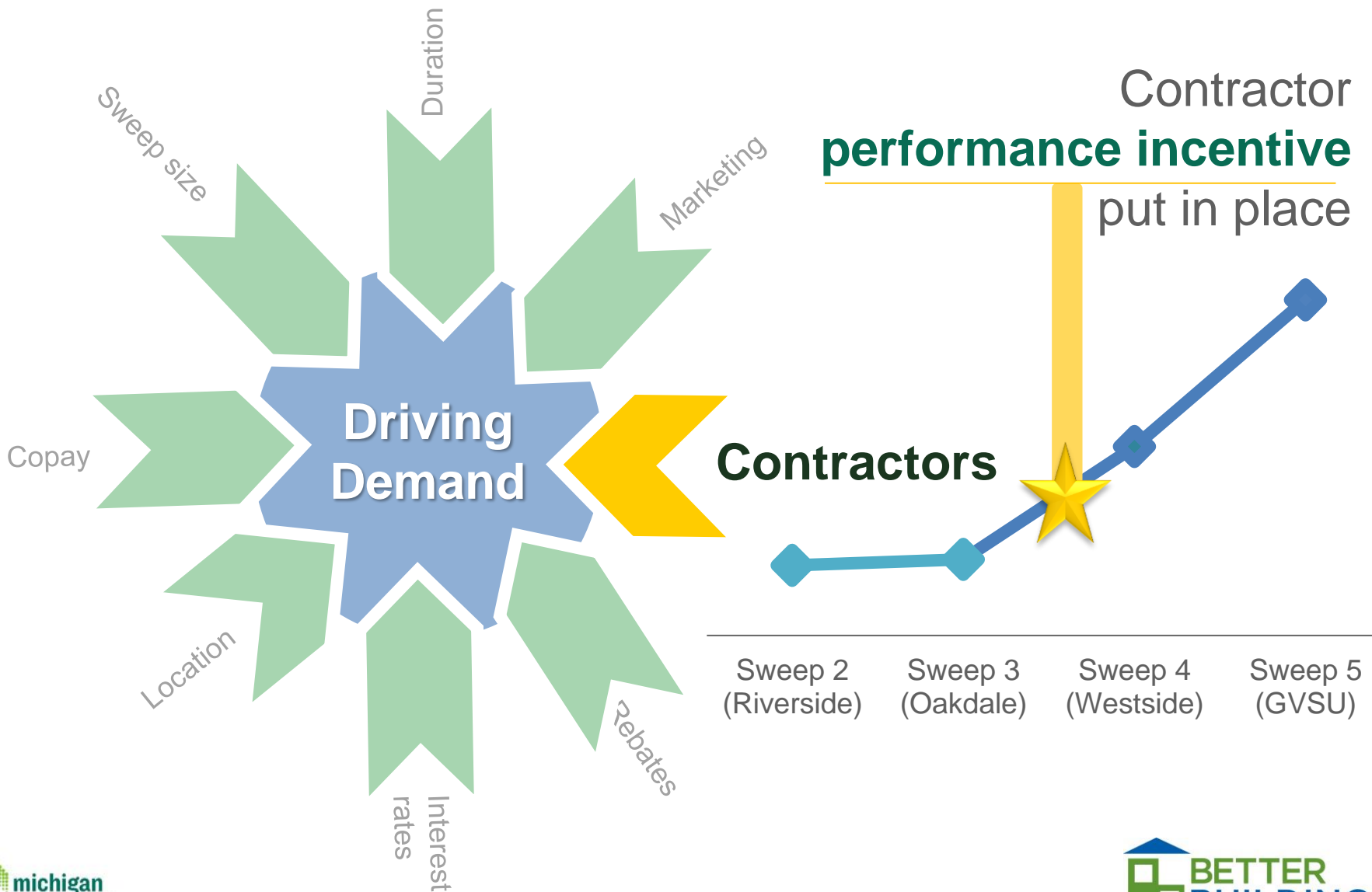
- 1-99
- 100-199
- 200-299
- 300+



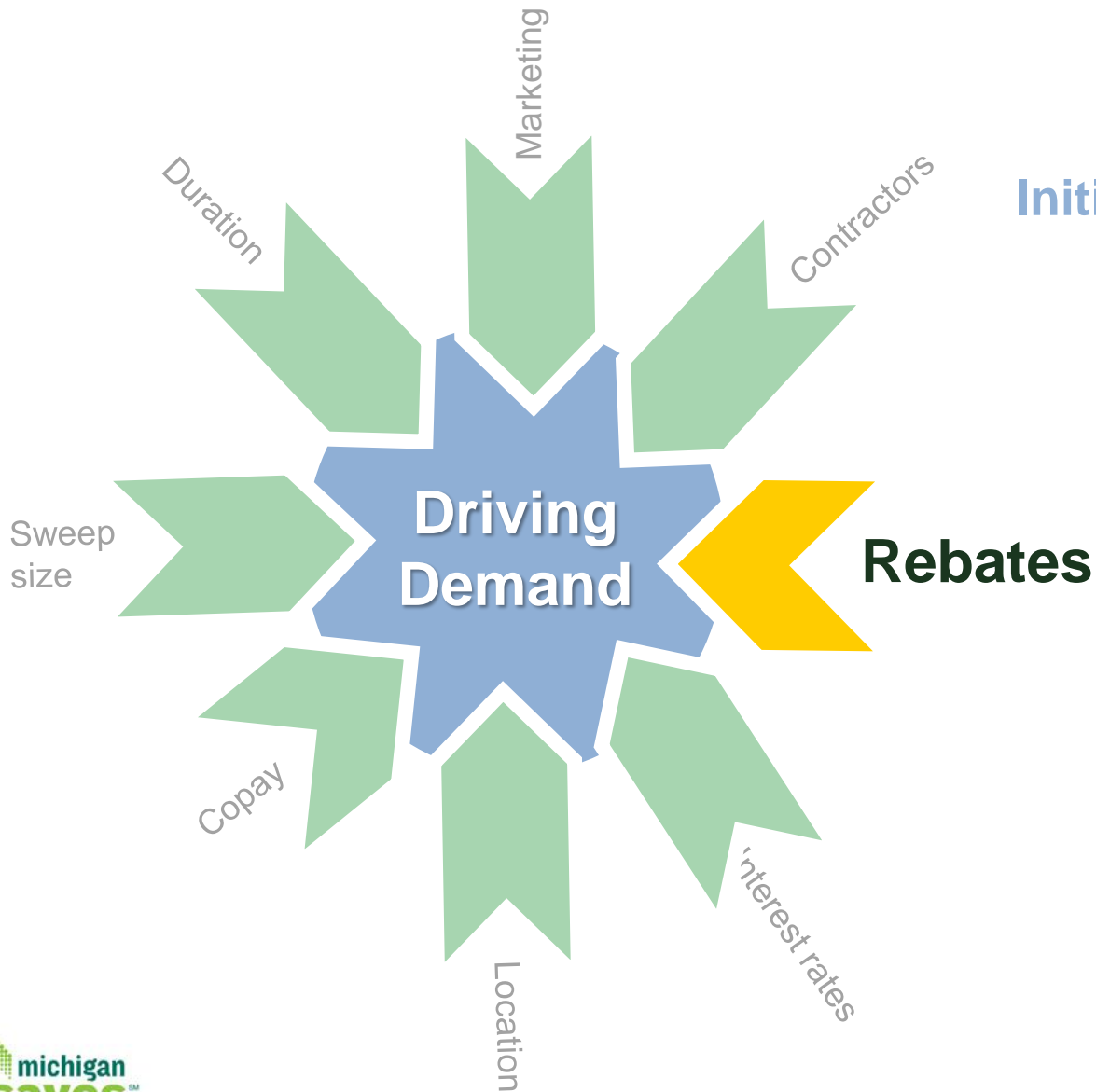
# Residential Sweeps: Test and Learn



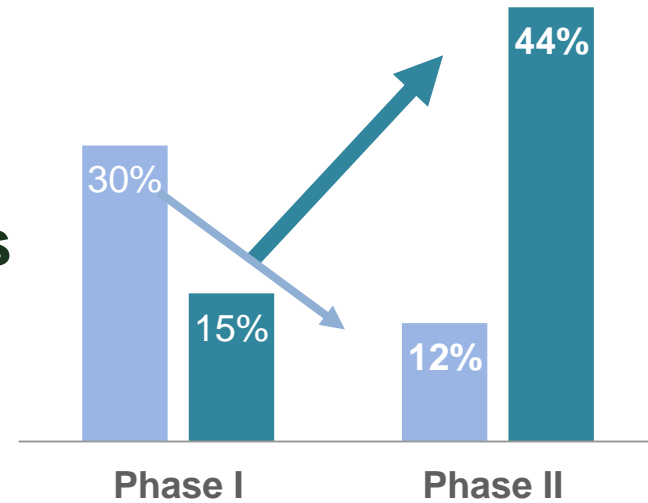
# Contractor performance incentives



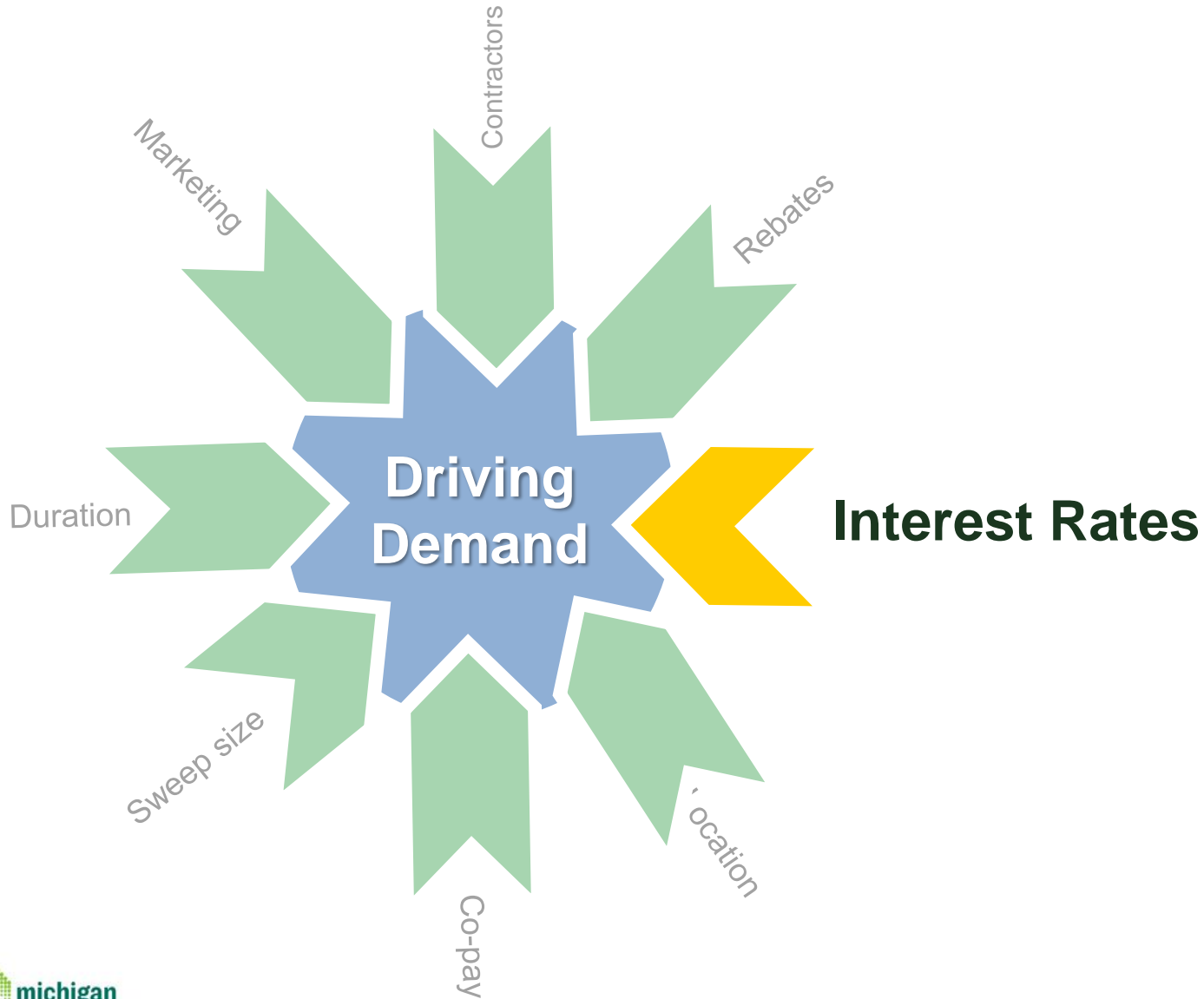
# Rebates



**Initial Uptake & Conversion**  
to Additional Measures

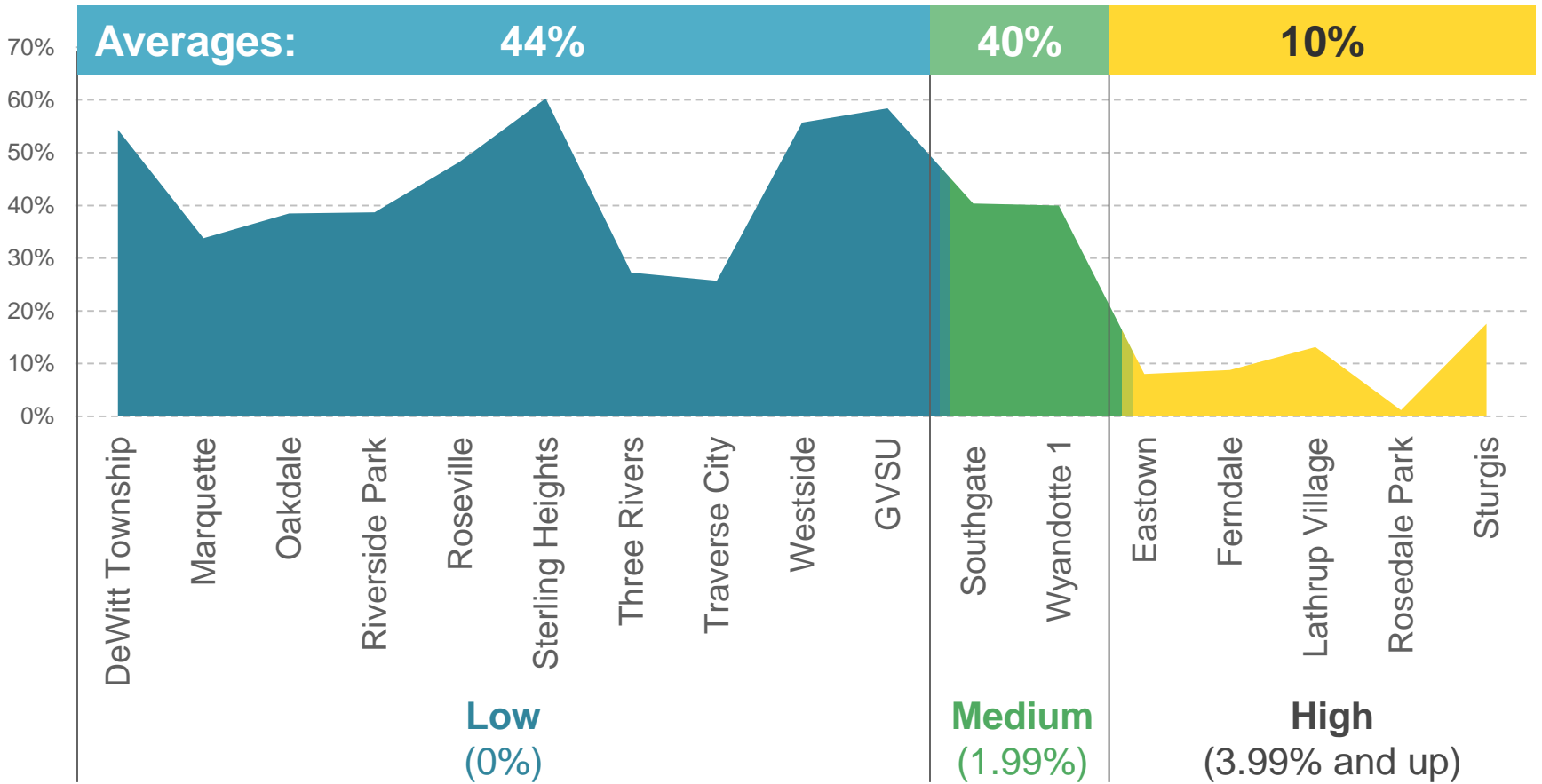


# Interest Rates



# Interest Rates

## Average Conversion Rates



# Sustaining the momentum

## Contractor Incentives

- Satisfaction survey results and # loans posted on contractor selection page of website
- Beer, Wings and Cash awards based on loan performance
- New in 2015: Elite programs with benefits that vary based on contractor loan performance

## Interest Rates and Rebates

- Lenders dropped rates to 4.25/4.99% APR for 10-year terms
- Utility-funded interest rate buydown programs available in some markets
- Utility rebates only

# Resources and Contacts

**Mary Templeton** [mtempleton@michigansaves.org](mailto:mtempleton@michigansaves.org)

Phone (517) 484-4954

Website [www.michigansaves.org](http://www.michigansaves.org)

Email [info@michigansaves.org](mailto:info@michigansaves.org)







Greater Cincinnati  
**Energy  
Alliance**

# Incentives: What Gets Homeowners to Move, What Not So Much

Better Buildings Summit  
May 27, 2015



# About Us

- Founded in 2009
- Public-Private Partnership
- Provide energy efficiency and renewable energy services
- DOE Better Buildings recipient
  - Energy Assessments: **3,255**
  - Upgrades: **1,805**



# Energy Alliance Market

- Aging housing stock
- No demand for energy efficiency services from homeowners
- Very few contractors operating in the energy efficiency space
- Low utility rates



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# Energy Alliance Incentive Programs

## Assessment Incentives

- \$100 incentive to the contractor for completion of a home energy assessment

## Upgrade Incentives

- Started at \$4,200 and decreased to \$500 over the course of the grant
- Payments made directly to contractor



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# What gets homeowners to move?

In our market, the best way to get homeowners to move was to successfully engage contractors.

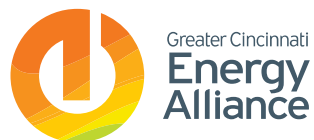
- Established reputation in the community
- Existing customer base



# Contractor Engagement

Benefits available to Energy Alliance contractors:

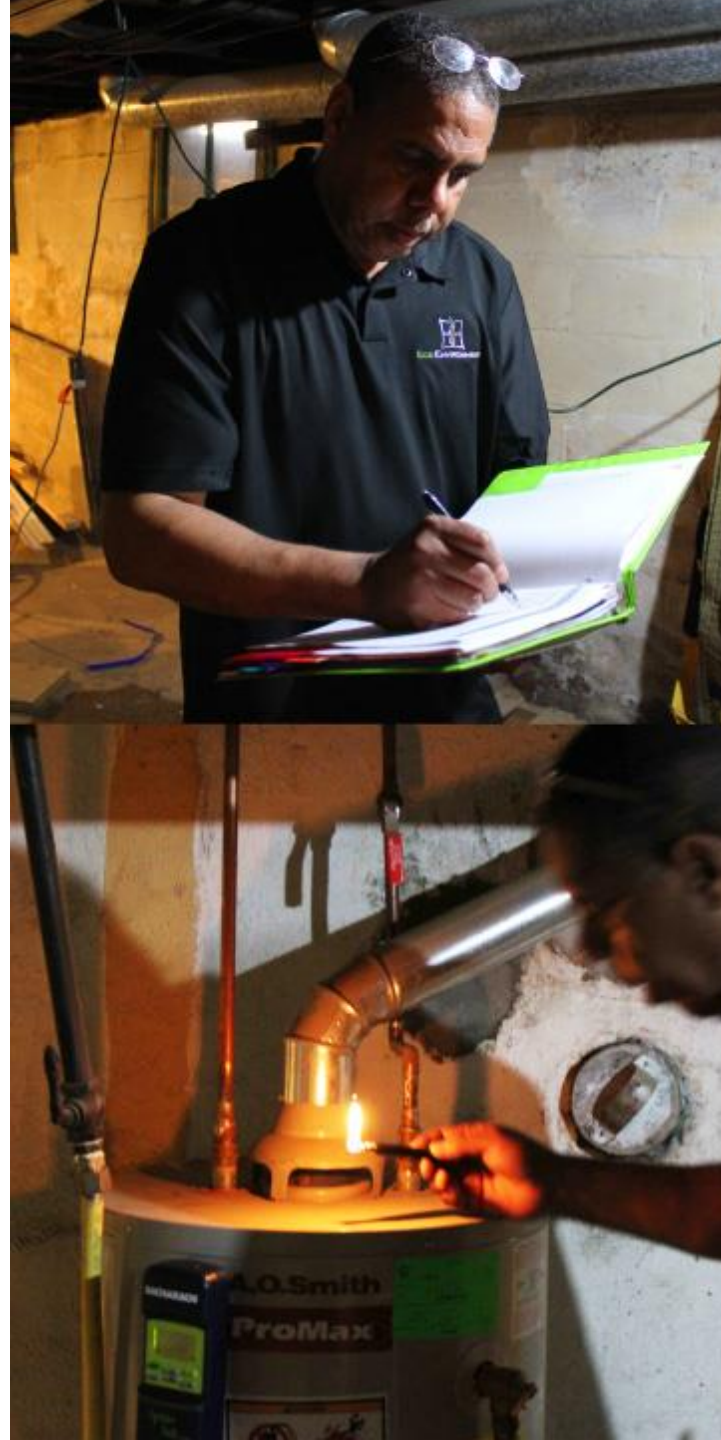
- Leads
- Marketing materials
- Tuition assistance
- Equipment lease program
- Assistance with incorporating home performance into their business model



# Contractor Engagement

## What we learned

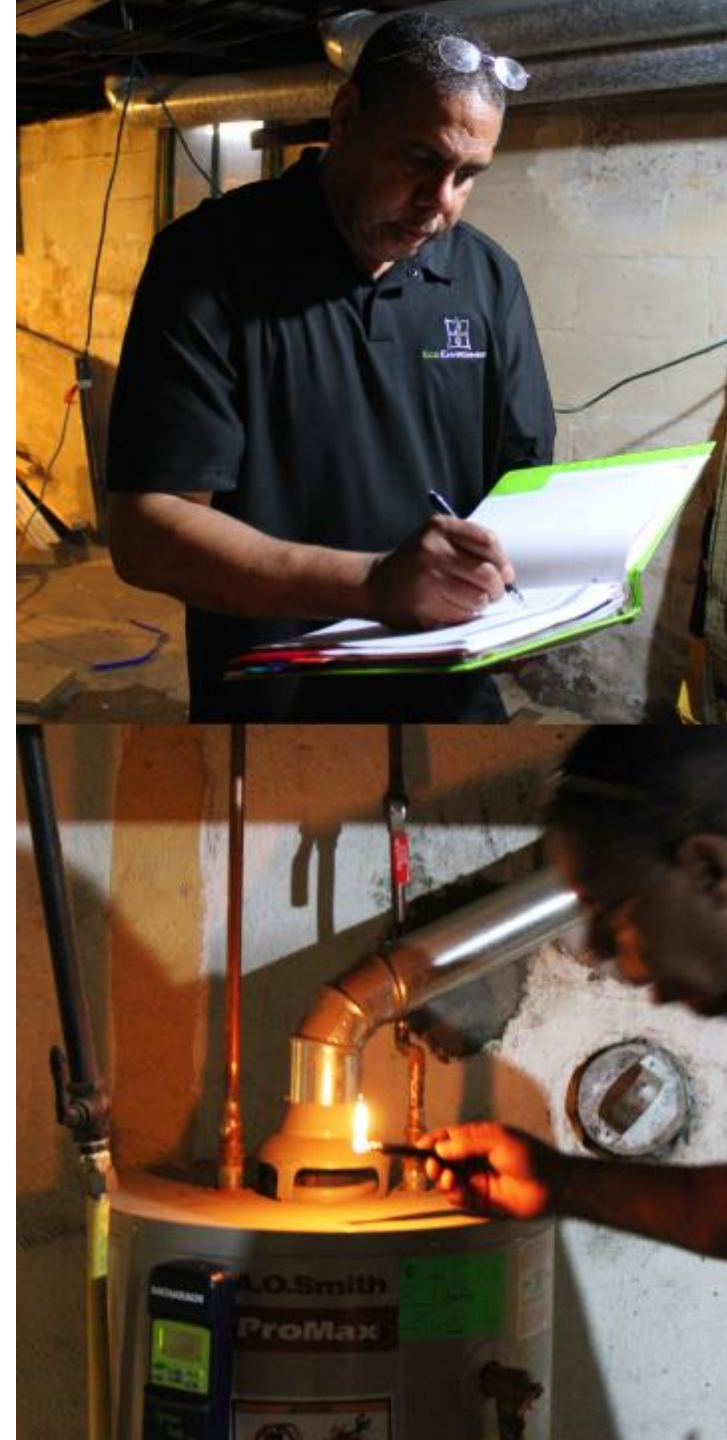
- Higher incentives encouraged contractors to sell the incentive rather than the benefits of home performance
- Lower incentives discouraged contractors from participating



# Contractor Engagement

## What we learned

- Contractor buy-in is essential to the success of any incentive program
- Limit programmatic change
- Sustained market transformation requires both homeowners (demand) and contractors (supply)





# Contractor Engagement

## What we do today

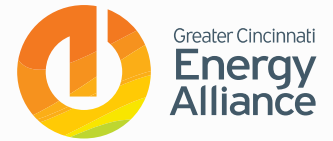
- Streamlined paperwork
- Allowed contractors to select their own modeling software
- Provided a bonus payment to contractors that complete a project



Greater Cincinnati  
**Energy  
Alliance**



# Contact



**Rob McCracken**

Project Development Manager

[rmccracken@greatercea.org](mailto:rmccracken@greatercea.org)

[greatercea.org](http://greatercea.org)

# Home Energy Savings Program

## Financing and Incentives in Maine

DOE Better Buildings Summit  
May 27<sup>th</sup>, 2015

Dana Fischer  
Residential Program Manager  
Efficiency Maine Trust



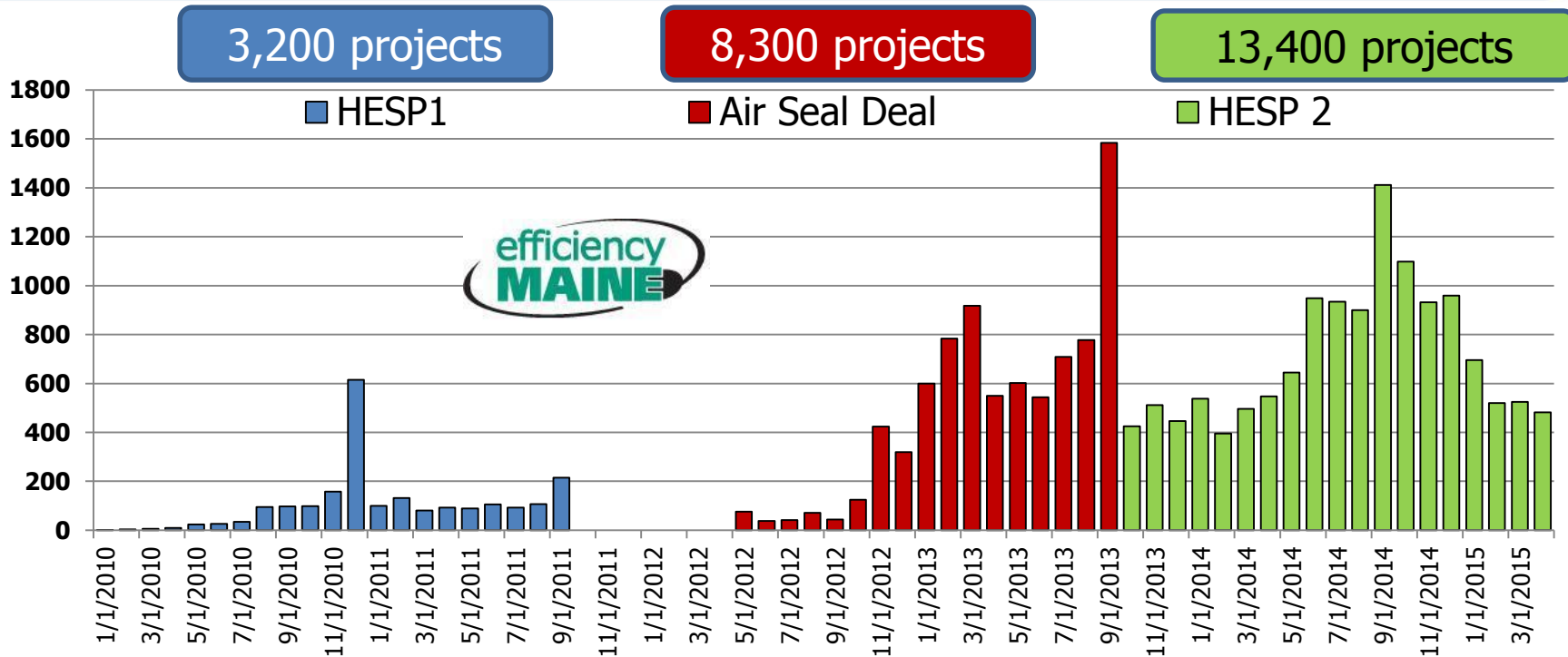
# Purpose and Mission

- Efficiency Maine Trust is the independent administrator for all energy efficiency programs in Maine.
- The Trust's Mission is to lower the cost and environmental impacts of energy in Maine by promoting cost-effective, customer-sited, energy efficiency and alternative energy systems.



# # of Maine Projects Receiving Rebates by Month

January 2010 to April 2015 Efficiency Maine



**HESP1**  
 Comprehensive Modeled Projects  
 \$8,500 ave cost  
 \$2,400 ave rebate  
 40% ave savings

**Air Seal Deal**  
 6 hrs Basic Air Sealing with BPI Assessment  
 \$825 ave cost  
 \$600 ave rebate  
 10% ave savings

**HESP2**  
 Prescriptive Projects  
 \$5,000 ave cost  
 \$800 ave rebate  
 25% ave savings

# Home Energy Savings Program (HESP2)

Rebates available for a variety of “best-in-class” energy upgrades including heating systems, energy assessments, air sealing and insulation.

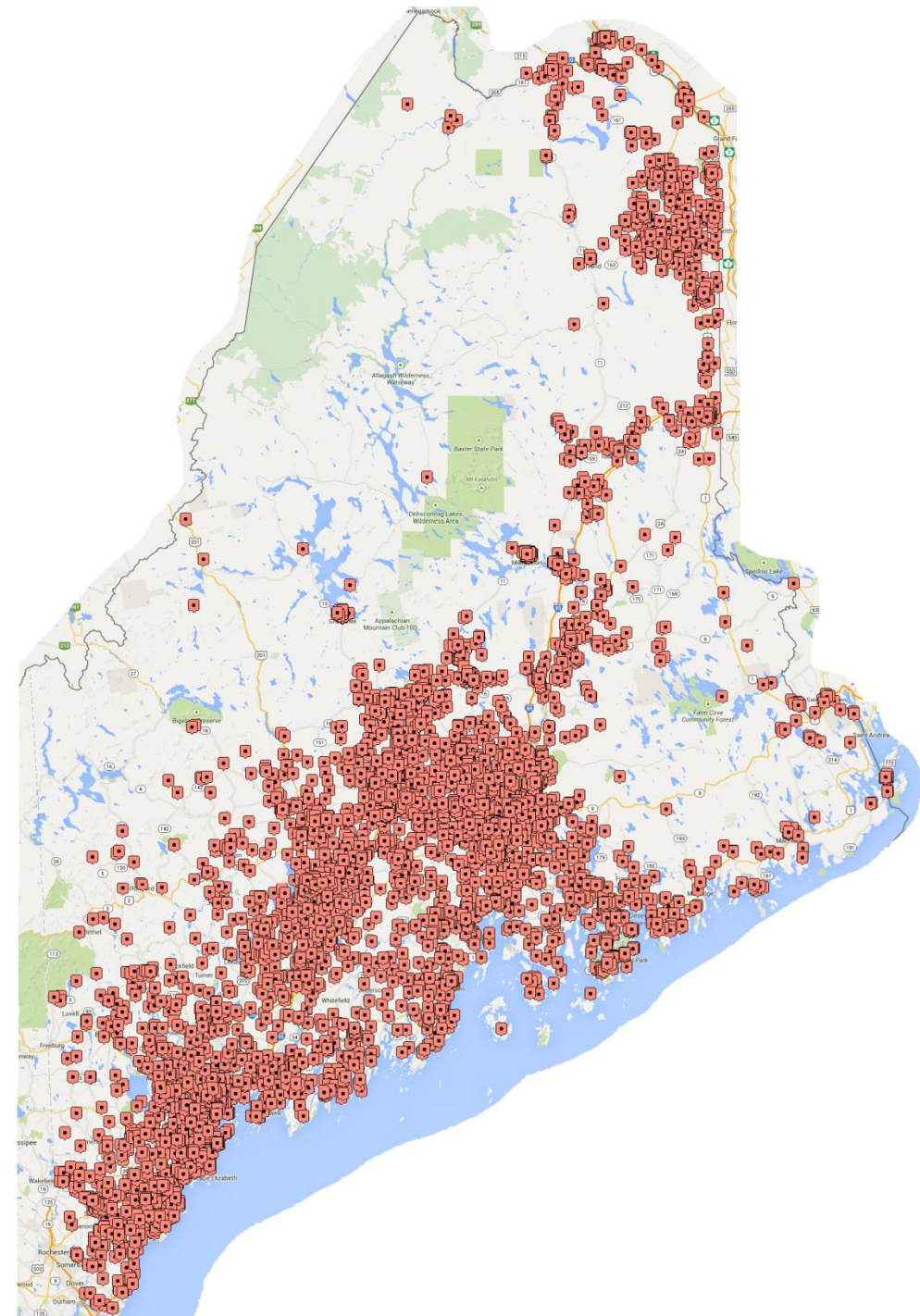
## Highlights since re-launch in September 2013:

■ Total participating homes:	13,400
■ BPI Energy Assessments w/ air sealing:	3,850
■ Insulation zone upgrades	2,800
■ Cold Climate Ductless Heat Pumps:	8,000
■ Fully automated Pellet Boilers:	480
■ Geothermal	120



# Ductless Heat Pumps

- 8,000 sold in past 18 months
- \$3,500 typical installed cost
- Supplemental heat
  - Can reduce central system use 20%-50%
- The more you use it for heating, the more you save.



# Home Energy Savings Program (HESP)

## A few examples of eligibility criteria:

- **Insulation Zones** 2,800 rebates
  - \$500 for eligible upgrades with minimum \$1,500 project
  - Take Attic to R49 after full air sealing of deck
  - 2" foam full perimeter of Basement from box sills to 2' below grade
  - Dense pack all exterior walls
- **Ductless Heat Pumps** 8,000 rebates
  - \$500 for eligible unit installed by trained vendor
  - Single head: HSPF  $\geq$  12.0
  - Multi-head: HSPF  $\geq$  10.0
- **Pellet Boilers** 468 rebates
  - 1/3<sup>rd</sup> of install cost up to \$5000
  - EPA Phase 2 or EN303-5 Class 3 or higher
  - 1 ton bulk storage or 500# with auto-backup





# Efficiency Maine Financing

## ■ **Maine PACE**

- Available in 183 municipalities in Maine
- Secured to the property, but transferrable
- Up to 15 year term, 4.99% APR fixed



## ■ **Energy Loans Unsecured**

- Up To \$15,000
- 10 year term
- Micro-loan: FICO 580, DTI 70%, \$4,000 5.99%

## ■ **PowerSaver**

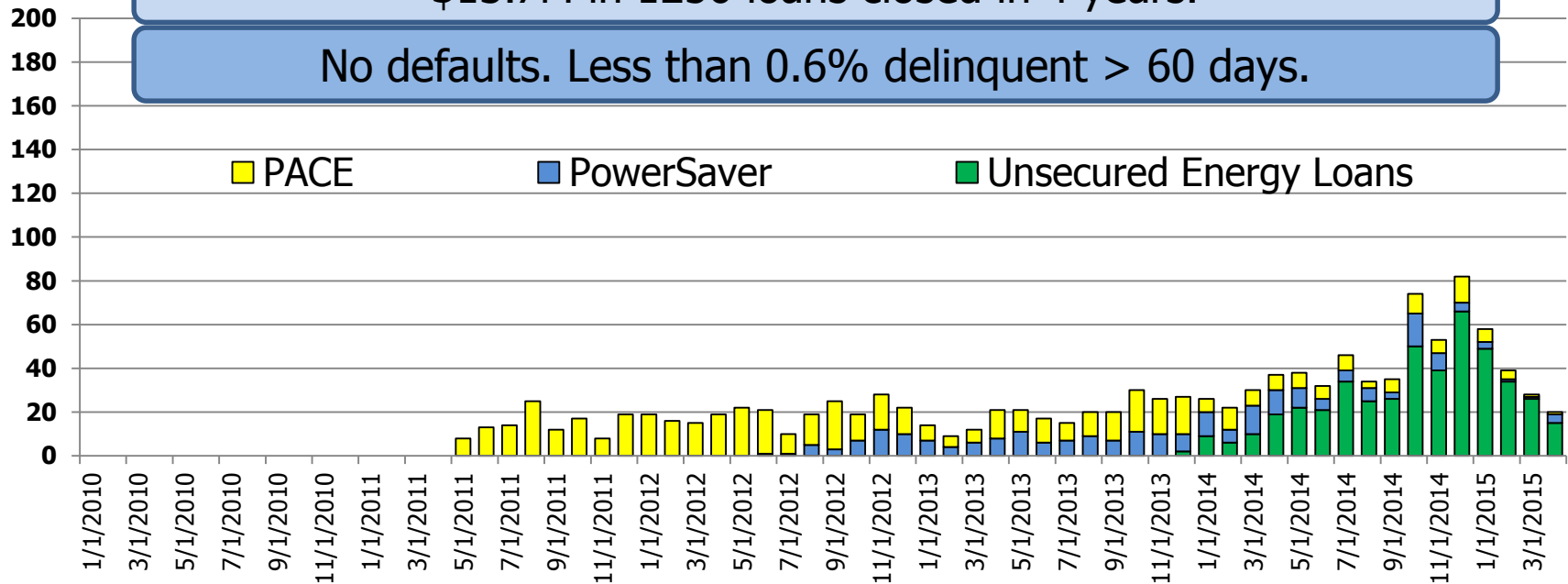
- Statewide
- Up to \$25,000
- 4.99% APR fixed



# # of Projects Receiving EM Loans by Month Jan 2010 to April 2015

\$13.7M in 1256 loans closed in 4 years.

No defaults. Less than 0.6% delinquent > 60 days.



## Maine PACE

2nd priority lien  
\$6.7M closed  
\$12,400 average  
547 projects

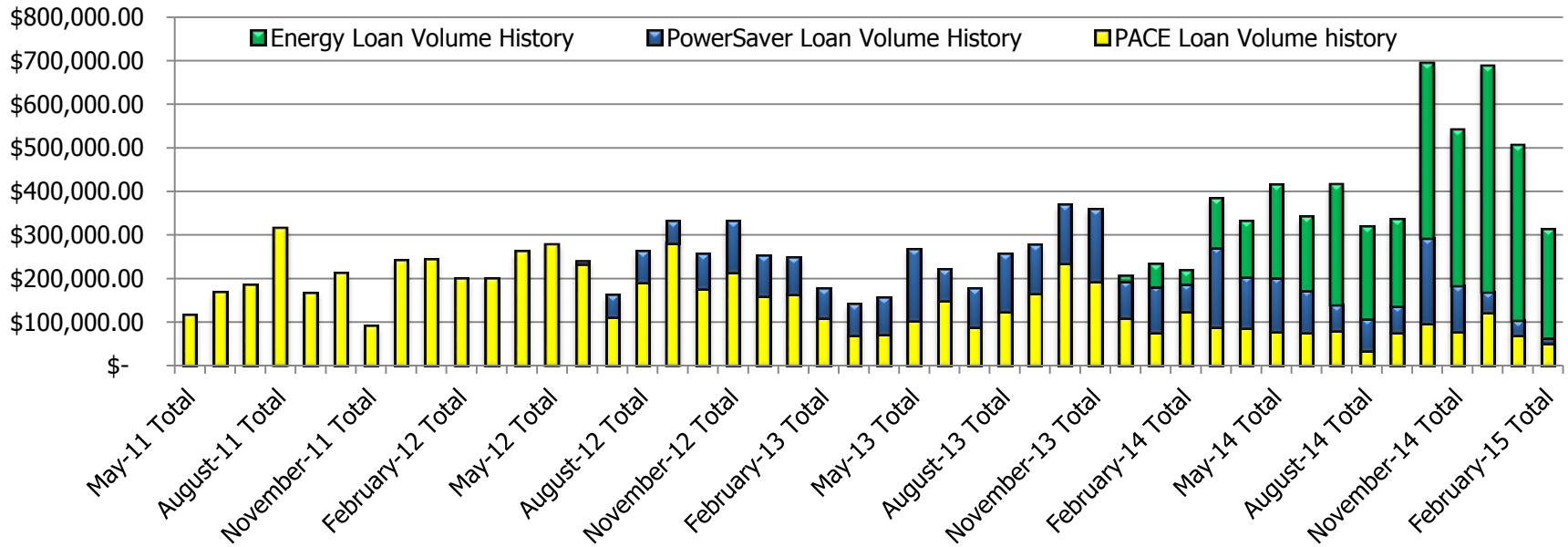
## PowerSaver

2nd priority lien  
\$3.1M closed  
\$13,000 average  
238 projects

## EM Energy Loans

Unsecured  
\$3.8M closed  
\$8,000 average  
473 projects

# Efficiency Maine Financing



\$4.4M in 488 loans closed in FY15 to date

\$3.6M in 323 loans closed in FY14

\$2.4M in 216 loans closed in FY13



# Dana's Top Ten

## Things that make a program work

1. Branding and (digital!) marketing
2. Dedicated delivery team
3. Comprehensive website
4. Program framework with simple rules
5. Ongoing funding for rebates
6. Vendor network relationship
7. Integrated financing options
8. Live call center
9. Lightning fast processing
10. Fair, Steady, Market-based



# Thank you!

Dana Fischer

Residential Program manager

[dana.fischer@efficiencymaine.com](mailto:dana.fischer@efficiencymaine.com)

1-866-ES-MAINE



# Q&A

What are the BEST and WORST incentives your program has tried?

# Shark Tank

Pitch your idea for incentives to get feedback (but no equity stake) from the panel.