Home Energy Affordability Loan (HEAL)

Confidential- For discussion purposes only

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Heal

/hēl/: Verb

Cause (a wound, injury, or person) to become sound or healthy again.

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39% more energy per
square foot is used by
low-income families
than those making
over $75,000/year

Energy Intensity is Rising Fastest in Households Making More than $100,000 per Year

Air Quality is An Issue:

Higher CO_2 Concentrations seem to be found in both extremes- Low Income Homes and Affluent Homes

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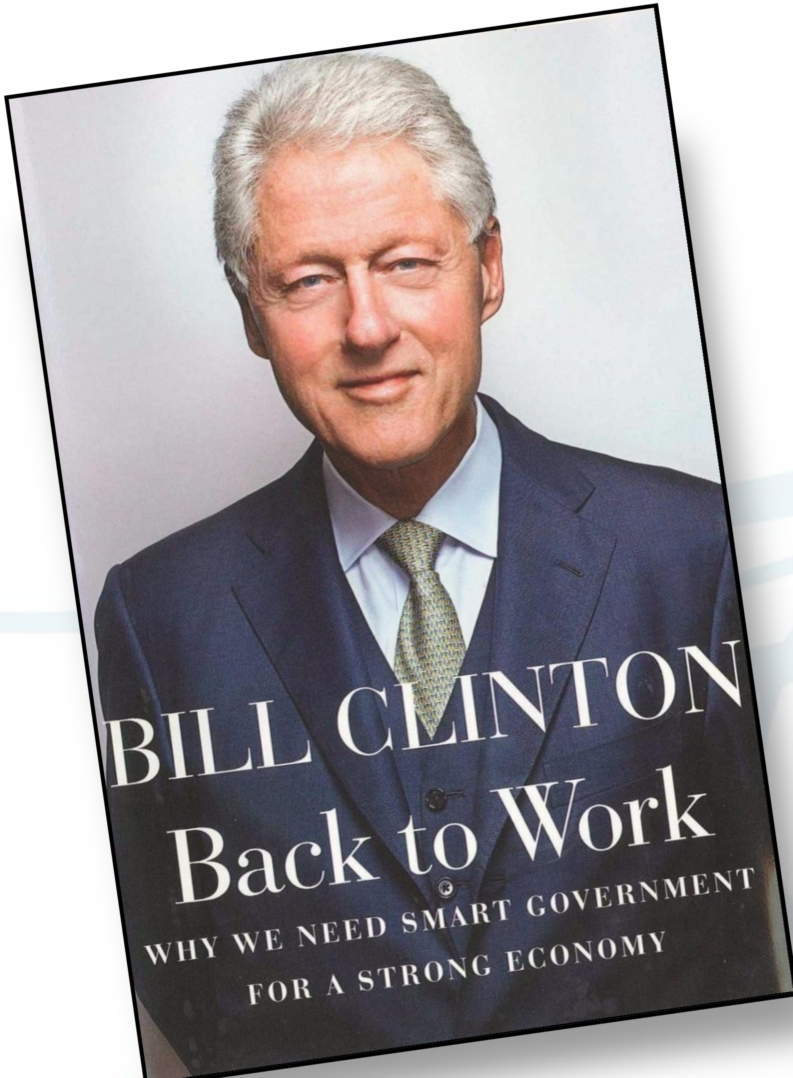

"Arkansas has a unique program called HEAL, Home Energy Assistance Loan, in which employers first retrofit their buildings, then take the savings and offer loans to their employees to retrofit their homes. Martha Jane Murray, the architect who runs the program, worked on low-income housing retrofits in New Orleans after Katrina, where 50 percent energy savings were achieved. The idea behind HEAL is to make workplace retrofits the norm and to create both the demand and the financing for employee residential upgrades."

President Bill Clinton

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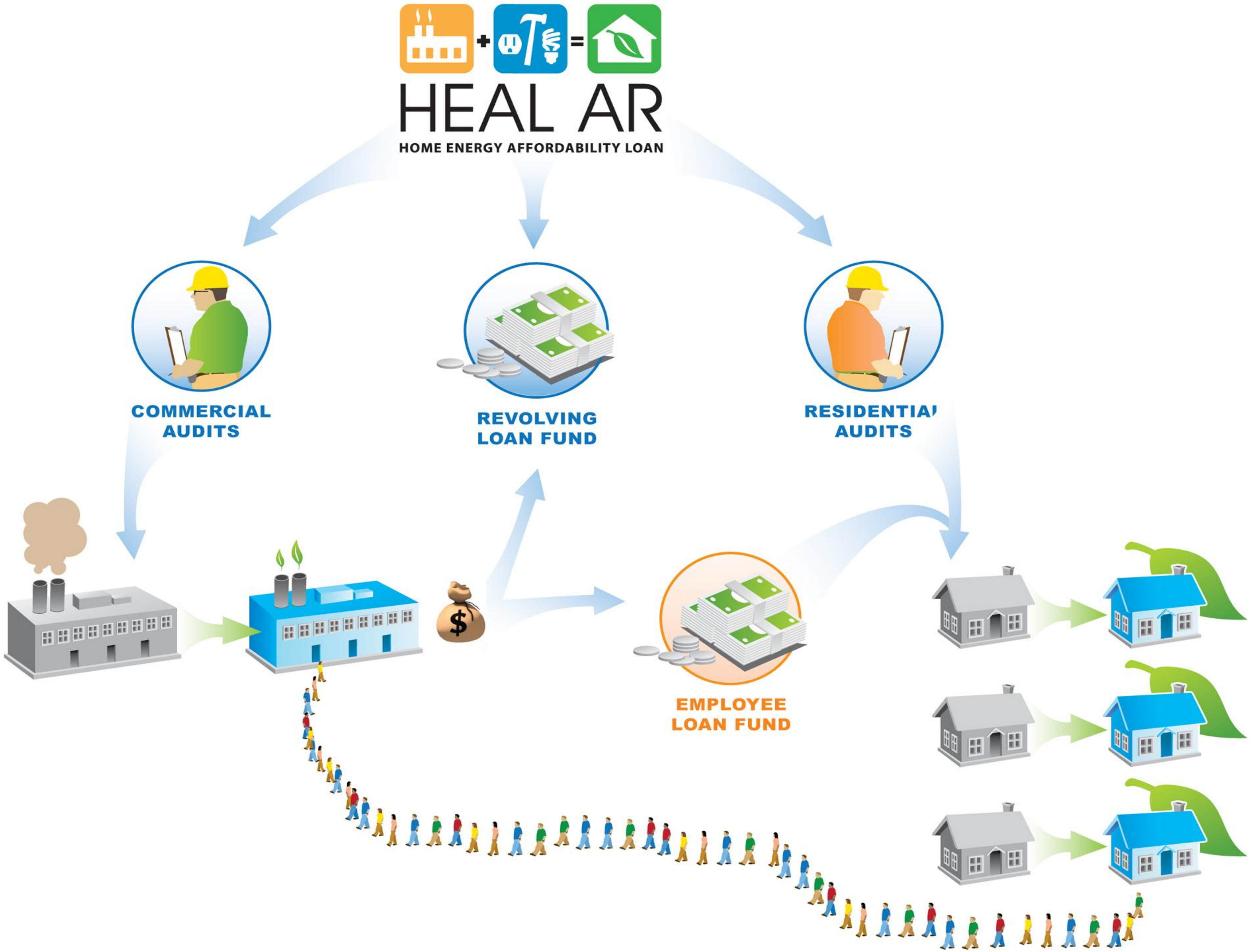
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COMMERCIAL AUDITS
REVOLVING LOAN FUND
RESIDENTIAL AUDITS
EMPLOYEE LOAN FUND

HEAL's Most Unique Feature: Leveraging the Workplace

Employer Model Provides

- Scale and Reach
- Credibility
- Financing
- Marketing Opportunities

Employer: Energy Upgrade Catalyst

- Home Energy Affordability Loan (HEAL) provides the infrastructure that allows employers to offer Energy Upgrades in a turnkey manner
  - HEAL works like an employee benefit provider
  - Marketing, signup, audit, consultation, Upgrade delivery facilitation/QA and finance facilitation/management
- HEAL views Employers as:
  - Credible platforms for presenting marketing and education opportunities to workforce en masse
  - Point source aggregators of Upgrade demand
  - Sources of Credit Agnostic financing

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Credit Agnostic Financing

Two Models of HEAL

- Industry Financed (HEAL[i]): Original HEAL Model where employer provides Upgrade financing, with the loan pool often funded from facility EE retrofit savings
  - Financing eligibility decision based on non-credit metrics (e.g.- Seniority, Employment History)
- Third Party Finance ($HEAL^3$): For entities with lending restrictions, third party financing using a credit union is deployed
  - Used in conjunction with a Loan Loss Reserve
  - For those unable to qualify with credit union, Bridge Loan Fund administered by Clinton Foundation to advance funds that are projected to be paid back through rebates/incentives
- Both models use payroll deductions for repayment
- Neither model requires consideration of home value/equity for decision

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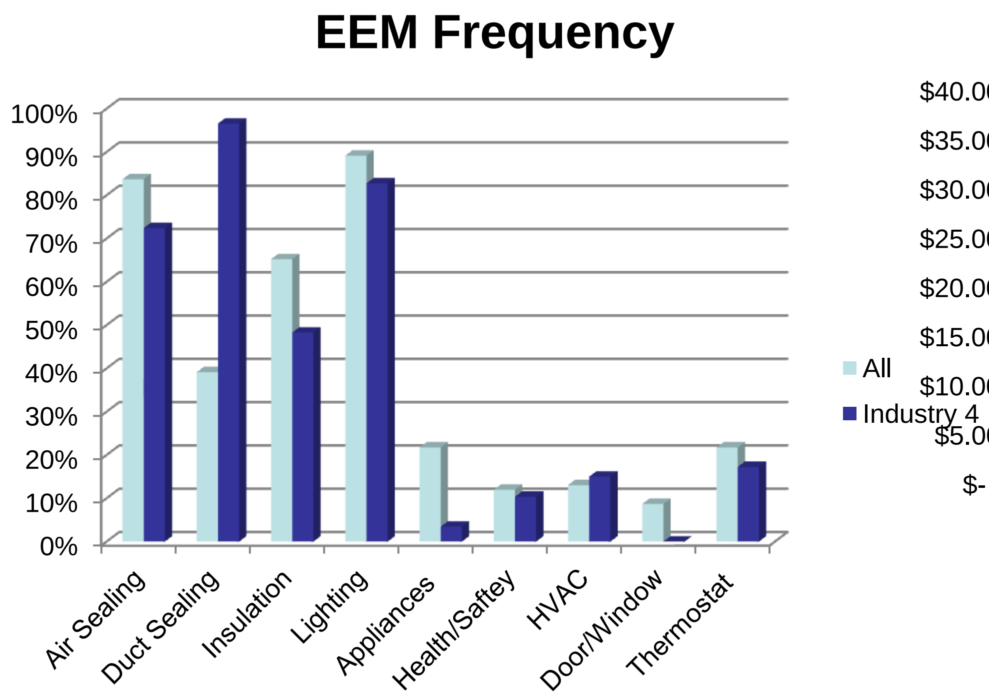
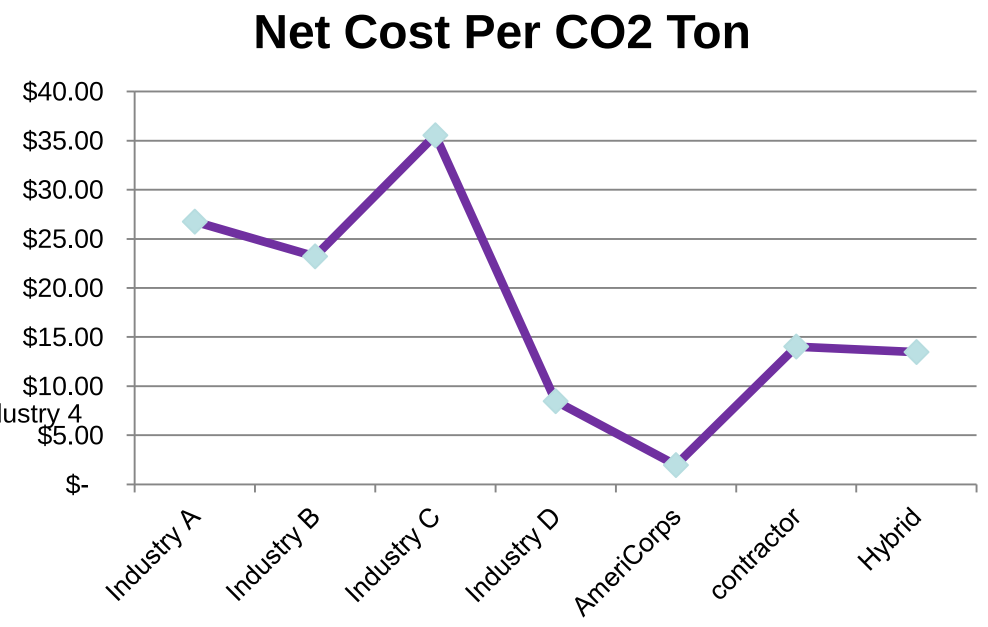
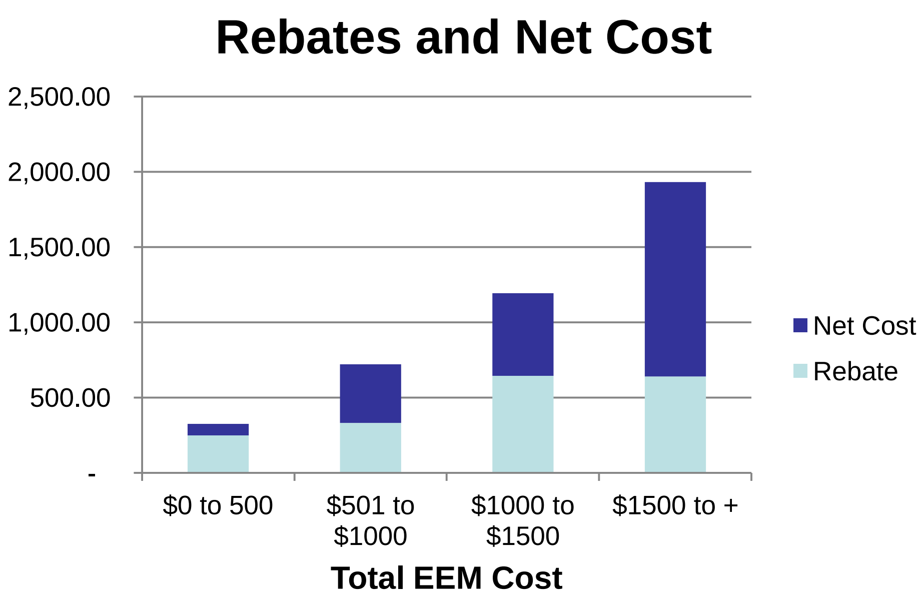
Why Don't They Do It Themselves?

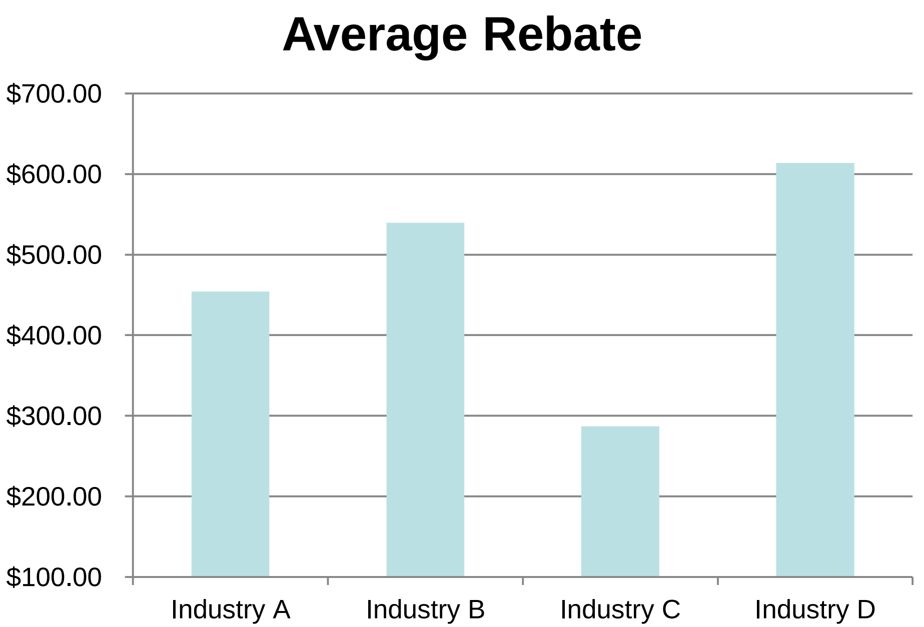
1. **Lack of Time/Knowledge**: Time is limited for working families, and rarely is exploring the benefits of energy efficiency at the top of the list, even though the benefits would warrant it.
2. **Access to Capital**: Although savings from energy costs pay for the improvements, many homeowners lack the capital for the up-front investment.
3. **Lack of Awareness**: Most Americans are not aware of the long-term savings that can be achieved, or the tax credits, rebates and grants available to help.
4. **Availability of Services**: There is a lack of coordination of the various steps in the process, particularly between the public, private and construction sectors.

Source: Home Performance Resource Center, Best Practices White Paper, 2010


EEM Frequency
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Air Sealing
Duct Sealing
Insulation
Lighting
Appliances
Health/Saftey
HVAC
Door/Window
Thermostat
All
Industry 4


Net Cost Per CO2 Ton
$40.00
$35.00
$30.00
$25.00
$20.00
$15.00
$10.00
$5.00
$-
Industry A
Industry B
Industry C
Industry D
AmeriCorps
contractor
Hybrid


Rebates and Net Cost
2,500.00
2,000.00
1,500.00
1,000.00
500.00
-
$0 to 500
$501 to $1000
$1000 to $1500
$1500 to +
Total EEM Cost
Net Cost
Rebate


Average Rebate
$700.00
$600.00
$500.00
$400.00
$300.00
$200.00
$100.00
Industry A
Industry B
Industry C
Industry D

EEM Frequency Metrics and Influence of Rebates

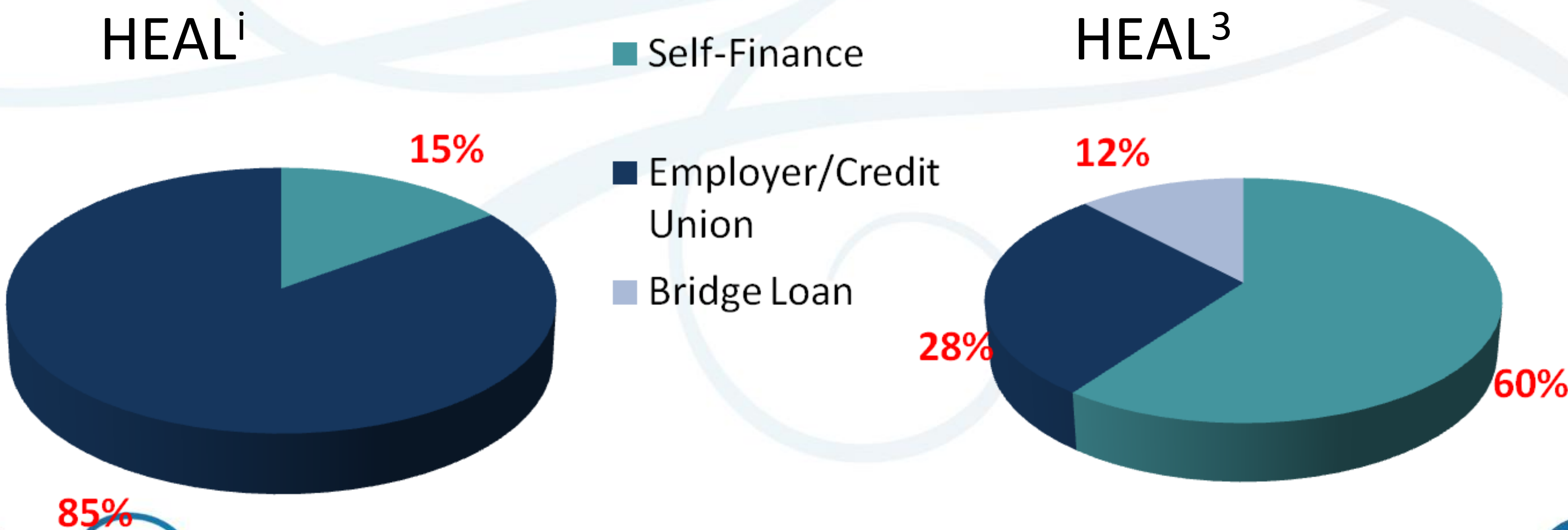
	Air Sealing	Duct Sealing	Insulation	Lighting	Appliances	Health/ Safety	HVAC	Door/ Window	Thermostat
All	84%	39%	65%	89%	22%	12%	13%	9%	22%
Industry 6	72%	97%	48%	83%	3%	10%	0%	0%	17%

Rebate Contribution is a primary determinate of uptake probability:

- Addition of rebates by Natural Gas provider has significantly impacted conversion ratio on affected EEMs
- 0% on bill financing offered by Electric Utility in lieu of rebates dramatically reduced conversion rates

Reality Check

When faced with third party finance involvement, preferences change



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“Energy Efficiency is the New Fuel”

Steven Chu

United States Secretary of Energy

THANK YOU

Martha Jane Murray

Clinton Climate Initiative

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