

Program Applicable for: Ameren _____ ComEd _____ DCEO _____

Program Name	Energy Efficiency Financing for Single Family Homes
Objective	<p>The program is designed to use a financial incentive in the form of low interest financing to encourage replacement and/or early retirement of older, less efficient equipment and stimulate greater consumer investment in energy efficiency retrofit solutions. Consumers can use financing either to pay for single measures or for more comprehensive retrofits and will be offered a choice of either a rebate or low interest financing.</p> <p>While rebate only programs are effective for cash buyers or homeowners with ready access to capital, they provide little inducement for homeowners requiring financing. The Energy Efficiency Financing program will not only help make investing in comprehensive home energy efficiency upgrades more affordable, but will enable program sponsors to reach out and influence the purchase decision of thousands of Illinois homeowners that a rebate only program will not appeal to.</p>
Target Market	Residential customers statewide taking delivery service from electric & gas utilities that are investing in whole home energy efficient upgrades.
Program Duration	June 2011 through May 2014
Program Description	<p>The financing program will cover 100% of the installed cost for qualified measures ranging from \$1,000 to \$25,000. All loans are unsecured and require no home equity, liens or closing costs and can be paid off at any time without pre-payment penalties. Interest rate buy-down options are available as low as 0%, however the target rates for this program will range from 5.99% APR to 9.99% ARP depending upon the number of measures being installed and energy savings associated with the installation.</p> <p>The sponsor assumes no financial risk, as all uncollected debt is absorbed by the financial services provider.</p> <p>Participating contractors submit applications on behalf of their customers as part of their sales process. Applications are submitted either by phone from the customers home or faxed in from the contractors office. Credit approvals are typically rendered within 10 minutes if the application is faxed in and within seconds if submitted by phone while the contractor is in the customers home.</p>
Eligible Measures	Financing covers all costs associated with installing single measures or comprehensive whole home energy efficiency solutions including but not limited to: high efficiency furnaces, boilers, air conditioning and water heating, air sealing and duct sealing, indoor air quality and pre and post installation home energy assessments.

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Implementation Strategy	<p>Key elements of the Energy Efficiency Financing implementation strategy include:</p> <ul style="list-style-type: none"> • Contractor Recruitment and Training: The third party financing program implementation contractor will recruit and train participating home performance contractors in all aspects of the loan program, facilitate contractor training workshops and webinars and develop customized and sponsor branded program materials including quick reference guides, contractor “starter kit”, finance service agreements and sales tools. The program implementation contractor will also maintain an online dedicated website where contractors can access and download all program support materials (sales tools, training manuals, term sheets, consumer/ contractor program brochures and consumer applications) • Program Administration/ Interest Rate Buy-Down Processing: The program implementation contractor will administer the interest rate buy-down, coordinate all activity with the lender, verify that incented projects meet all of the sponsors requirements and facilitate contractor screening and program approval process. • Contractor Screening and Approval: The Energy Efficiency Financing program is designed so that the utility or program sponsor assumes <u>NO</u> financial risk for customer non-payment, customer default or contractor negligence. The financial services provider assumes all financial risk, including responsibility should the contractor go out of business and not able to honor product warranties or if workmanship issues arise requiring remedy. As a result all contractors participating in the financing program must meet certain contractor approval criteria. The program implementation contractor will work with home performance contractors interested in participating in the program to facilitate the contractor screening and approval process and coordinate all related activity with the lender. Participating contractors must pass a screening process and review in the following areas: <ul style="list-style-type: none"> ○ Verification of valid contractors license ○ Satisfactory Better Business Bureau check ○ Satisfactory credit check ○ Verification of solid business financials ○ Trade reference check with positive ratings
Marketing Strategy	<p>Key elements of the marketing strategy will include:</p> <ul style="list-style-type: none"> • Direct Consumer Marketing: Program sponsors will use bill stuffers, newsletters and targeted direct mail and web marketing approaches to educate consumers of the advantages of whole home energy efficiency solutions. All home performance program consumer marketing materials and program website communications will highlight the availability of financing or rebates, providing customers with a choice of incentives that best match their needs. • Contractor Outreach: Qualified home performance contractors are the key marketing channel for proactively reaching out to consumers and selling whole home solutions. The program implementation contractor along with program sponsors will develop and distribute consumer marketing materials, program advertising templates and sales tools to provide contractors with the materials necessary to educate consumers and fully integrate the availability of financing into their customer sales process.

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Incentive Strategy	<p>Customers installing qualified measures will be offered a choice between cash incentives in the form of rebates or low interest financing. The financing option will be structured so that the funds required to buy-down the interest rate to target levels (5.99% APR , 7.99% APR or 9.99%) will be equal to or lower than the cost associated with implementing a standard rebate.</p> <p>To encourage investment in multiple measure energy efficiency upgrades, the consumer will be eligible to finance their installation at progressively lower interest rates, as projects become more comprehensive and generate greater energy savings.</p> <p>For example, if a consumer installs a single measure they may qualify for 9.99% APR financing, if they install two measures that rate could be 7.99% APR and if they install three or more qualified measures they could finance the entire bundle of measures at 5.99% APR. At no time will the cost of implementing financing exceed the cost of providing a rebate only option on a comparable measure or bundle of measures.</p>
Milestones	
EM&V Requirements	
Administrative Requirements	<p>Most direct program administrative requirements will be handled by a third party implementation contractor. Program sponsors will provide overall strategic direction and assure consistent consumer communications promoting the availability of both rebates and low interest financing in all general home performance program marketing.</p> <p>Activities to be undertaken by the program implementation contractor include contractor recruitment and training, primary development of marketing collateral and contractor sales tools, coordination with the lender, administration/ processing of the interest rate buy-down, database management and reporting.</p>
Estimated Participation	<p>The program can be scaled depending on goals, current programs can achieve scale of 10,000 homes annually.</p>
Estimated Budget	<p>Average loans range from \$5,000 to \$10,000, program costs are 10% of loan costs to cover interest rate buy down and other costs.</p>

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Savings Targets	Savings targets will depend on mix of measures and measure packages.
Other Program Metrics	The primary program metrics are annual energy and demand savings targets and operating the program at or below the budget target. Secondary program metrics include the number of program approved contractors, number of contractors completing training and total number of consumer applications submitted and approved.
