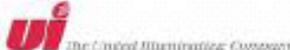


Energy Efficiency Financing for
Single Family Market
Proposal
April 2010

Example (unsecured) Energy Efficiency Financing Programs

<p>So. California Edison <i>AC Quality</i></p> 	<p>So. California Edison <i>Home Performance With ENERGY STAR</i></p> 	<p>San Diego Gas & Electric <i>Premium Efficiency Cooling</i></p> 	<p>Arizona <i>Home Performance with ENERGY STAR</i></p> 	<p>Maryland <i>Home Performance with ENERGY STAR</i></p> 
<p>Anaheim Public Utilities <i>Home Performance With ENERGY STAR</i></p> 	<p>Imperial Irrigation District <i>Efficient HVAC & Windows</i></p> 	<p>Arizona Public Services <i>Solar Financing</i></p> 	<p>Texas Energy (TXU) <i>Authorized Dealer Network</i></p> 	<p>City of Santa Monica <i>Community Wide Solar & Home Efficiency Project</i></p> 
<p>Wyoming <i>Home Performance with ENERGY STAR</i></p> 	<p>Maine <i>Home Performance with ENERGY STAR</i></p> 	<p>Georgia Power <i>Home Performance with ENERGY STAR</i></p> 	<p>United Illuminating <i>Home Energy Saving Loan Program</i></p> 	<p>ONCOR Energy <i>Home Performance with ENERGY STAR</i></p> 

Consumer Buying Habits:
*Financing Overcomes Key Market Barrier To Energy
Efficiency Retrofits*

- **More than half of the homeowners who completed home improvement projects costing at least \$5,000 borrowed money to pay for the work.**
- **Only 10% of homeowners cancel projects from contractors that offer and pre-qualify the homeowner for financing.**
- **65% of homeowners that indicate that they will procure their own financing, never close the deal.**

Loan Program Summary

- **Loans From \$1,000 To \$25,000**
 - **Could be used to fund one measure or a package of measures**
- **5.99%, 7.99% and 9.99% APR Reduced Interest Options Available**
- **1.25% Payment Factors Available To Keep Customer Payments Low**
- **100% Unsecured Project Financing (No Liens/ No UCC1)**
- **No Closing Costs/ No Prepayment Penalties**

Program Summary

- **Quick Program Start-Up (4 to 6 weeks)**
- **Single Tier Approval Process**
- **Program Branded Credit Applications**
- **Quick & Easy Paperwork**
- **Extensive Contractor Sales/ Program Training**
- **Quick Contractor Direct Funding (wire transfer)**
 - **Critical for expanding Chicago's contractor base**
- **NO Financial Risk To The Program Sponsor**

Qualified Measure List (proposed)

- **Whole House Home Performance (blower doors and diagnostics)**
- **Furnaces/Air Conditioning**
- **Boilers**
- **Insulation/Air Sealing**
- **Water Heaters**
- **Geothermal Heat Pumps**
- **Windows**
- **Solar Photovoltaic**
- **Solar Thermal (domestic hot water & pool heating)**

Program Buy-Down Metrics

INTEREST RATE BUYDOWN (Costs As A % Of Loan Value)		
Target Interest Rate	2.0% Payment Factor (Buy-Down Costs)	1.25% Payment Factor (Buy-Down Costs)
7.99% APR	9.00%	10.75%
5.99% APR	10.50%	12.00%

CALCULATE PAYMENTS

- A \$7,000 home performance upgrade with a 1.25% Payment Factor would have payments of \$87.50/month (i.e. loan amount X 1.25%)

CALCULATE PROGRAM SPONSOR BUY-DOWN COSTS

- Funds Required To Provide 7.99% APR Financing On A \$7,000 Loan
- \$7,000 (loan amount) using the 1.25% Payment Factor X 10.75% (Buy-down) = \$752.50 **Program**

Offer Customers An Option Of Rebates Or Low Interest Financing At NO Additional Cost

Measure	Sample Target Rebate Level	Average Installed Cost	Target Interest Rate	Buydown Cost	Process Fee	Total Financing Cost
Attic Insulation, High Efficiency Furnace and Duct & Air Sealing	\$1,250	\$7,500	5.99%	\$900	\$35	\$935
High Efficiency Furnace Plus Duct & Air Sealing	\$500	\$4,000	7.99%	\$430	\$35	\$465

Sample Project

Summary

- Financing removes a barrier to getting some owners involved
- Can provide an opportunity to owners invest in more comprehensive approaches
- Assures that contractors get paid quickly, expanding opportunities for small contractors
- Leverages utility financing