Cleveland Energy$aver Pilot Program
(From Pilot to Permanent Program)

July 10th, 2012
1:30pm- 3:00pm
Residential Energy Efficiency Solutions Conference 2012
Office of Sustainability

• The Office launched in 2005; became part of Mayor’s office in 2009

• Office goals:
  o Save the City of Cleveland money and reduce its ecological footprint
  o Use sustainability as a tool for economic development
  o Provide tools and resources to make sustainability business-as-usual within City departments, at home, and the workplace
  o Foster a culture that embraces sustainability action through education

Mayor Frank Jackson
Cleveland Energy$aver Pilot Program (CE$)

- Pilot program aimed at reducing barriers to widespread adoption of residential energy efficient retrofits
  - Lack of Information
  - Access to Low-cost Capital
  - Comprehensive Audit-Retrofit Program

- Funded through Cleveland’s Energy Efficiency and Conservation Block Grant (EECBG) Program
  - A program of the American Recovery and Reinvestment Act of 2009 (ARRA)

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Energy Efficiency and Conservation Block Grant Program (EECBG)
In 2009, the City of Cleveland received $4.5M to fund 11 project activities (14 distinct projects) related to energy efficiency and resource conservation

Public Buildings:
- Lighting Retrofits;
- HVAC Upgrades/Radiant heating
- Utility Data Management System
- Solar-Thermal DHW Installation

City Operations:
- LED Streetlights Pilot
- Recycling Projects
- Deconstruction Projects
- Climate Action Plan

Community Oriented Projects:
- Energy Auditing Services:
- Commercial/Industrial Customers
- Energy $aver Program: Residential Retrofit Pilot Project
- Downtown Bike Station and Bike Trails (Fuel Conservation)
- Sustainability Plan (SC 2019 Action Resources Guide)
Cleveland Energy$aver Program is one of several residential home improvement programs/policies in the City and region:

- Green Building Tax Abatement
- Home Weatherization Assistance Program (HWAP)
  - Warm & Healthy Homes
- Utility-Based Programs
  - House Warming
  - Good Cents Programs
- Model Green Blocks
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- Program is primarily targeted to single-family households in the City of Cleveland with an annual income at 200% or more of the federal poverty standard
  - Residents that do not qualify for HWAP or other low-income weatherization programs
- Goal is to retrofit 100 homes within the pilot timeframe
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Program Partners:

- City of Cleveland Mayor’s Office of Sustainability
- City of Cleveland Department of Community Development
- Cleveland Action to Support Housing (CASH)
- Cleveland Housing Network (CHN)
- Dominion East Ohio
- City of Cleveland Mayor’s Office of Communications
- Clean Energy Solutions, Inc. (CESI) & CADMUS Group (DOE Technical Assistance Partners)
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Program Overview:
(from a resident’s perspective)

1) Energy Assessment
Interested Residents contact CE$ team to sign up for their initial energy audit

• Up front cost to homeowners is $50 (over $300 in savings)

• $50 audit fee will be reimbursed if resident moves forward with retrofits
2) Energy Audit Report

Residents receive a detailed energy assessment highlighting the areas in their home with the greatest potential for energy savings.

Report includes:

- Energy efficiency upgrade measures to reduce energy consumption/loss
- EECBG and utility rebates
- Estimated ROI for each EE measure
3) Bid Retrofit Work
Residents can obtain quotes from a list of CE$ approved contractors

- Biggest constraint in program process

- CE$ team is working to improve the turnaround time from energy audit to retrofit
  - Includes opportunity tracking/follow ups
  - Automated scheduling tool for contractors
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4) Schedule/Perform Retrofit Work
Examples of upgrades include*:
- Air Sealing
- Insulation
- Furnace Replacement
- New Windows/Doors

*Some restrictions on what work can be performed under the EECBG program
5) Incentive/Rebate Processing

CE$ team works with residents to process rebates and incentives for energy audits (refunding their initial $50) and retrofit work.
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Program Financing
Low-interest financing is available for qualified residents interested in moving forward with retrofits
• Loans processed through CASH, Inc. and their lending partners
• 2.3% interest rate

Three types of residents:
- Self financed
- Tier One
- Tier Two
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Program Financing
2.3% Fixed Interest Rate (for Tier One or Tier Two borrowers)
Minimum Loan Amount: $3,000
Maximum Loan Amount: $12,000
Estimated Average Loan Size: $6,500
Loan Term: Up to 12 years

Tier One Borrowers:
• Loans issued through CASH’s lending partners
  Huntington Bank, Dollar Bank and Key Bank
• Residents meet the qualifications for CASH’s lending partners:
  680+ FICO score
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Program Financing

Tier Two Borrowers:

• Residents that do not qualify for Tier One loans, may be eligible for Tier Two loans

• Loans issued and managed through CASH, Inc.

• Expanded Underwriting Criteria:
  FICO score below 680 (640 minimum)
  45% maximum Debt-to-Income ratio
  110% maximum Loan-to-Value ratio

• Loans are backed by a $100,000 Loan Loss Reserve (LLR)
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Loan Loss Reserve:
(for Tier Two Loans)
• Funded through the EECBG Program
• Includes Escrow, Reserve and Reflow Accounts managed by CASH, Inc.
• LLR is initially equal to 50% of the potential loan pool
  - $100,000 to support a loan pool of $200,000
  - Could support approximately 30 Tier Two loans (avg. size $6,500)
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Loan Loss Reserve:

• Because the LLR is funded through the EECBG program, retrofit work financed by Tier Two loans is limited to eligible activities under the EECBG program

• Project teams refer to our DOE/EECBG scope, EECBG Historic Preservation Programmatic Agreement and NEPA approved scope of work

• If necessary, funds can be allocated from the LLR to support additional marketing efforts, rebates/incentives and loan processing costs
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Program Successes to Date*:

Audits Performed: 96 (20 more scheduled)
Retrofits Completed: 6 (4 in progress)
Total Cost of Completed Retrofit Work: $44,370
Total Value of Rebates/Incentives: $14,336  ($8,874 EECBG funded)
Tier One Loans Issued: 8
Tier Two Loans Issued: 1
Total Value of Loans Issued: $75,729

*As of July 6th, 2012
Program Successes to Date:
Improved program process to decrease the time from audit to retrofit

• Better tracking of resident status and opportunities

• Improved scheduling with contractors through the IRATE system

Utility rebates offer increased savings

Trained and certified program contractors

Three new positions created within CHN for CE$
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Program Opportunities:

• Low-cost energy audits to identify priority areas for upgrades
• Guidance from CE$ team to help make upgrade selections
• Significant discounts for residents for retrofit work (up to 40%)
• Relationships with CASH, Inc. and their lending partners (low-interest financing options)
• Good data generated from the program beyond the basic impact metrics
  Includes loan information and resident utility data after the upgrade work
Program Challenges:

• Program Design and Contracting
  - Some challenges getting the program off the ground
  - Assistance from DOE’s TAP partners to help structure the program and LLR

• Improving Program Process
  - Decreasing the time from audit to retrofit

• Promotion/Improving Program Participation
  - Need to encourage more residents to sign up for audits to help reach program goals (100 retrofits)
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Program Challenges Beyond the Pilot:

- Managing funds in the Loan Loss Reserve after the pilot
  - Waiting on guidance for how to manage/report on funds once the pilot program is complete
  - Recommendations from DOE’s TAP partners suggest spending down these funds (rebates, incentives, marketing, etc.), rather than rolling them into another LLR or revolving fund

- Ongoing Funding
  - For program management as well as rebates and incentives

- Maintaining relationships with lending partners to continue offering low-interest loans for the program

- Maintaining Program Participation into the future
  - Potentially open the program up to multi-family units, small businesses, etc.
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Questions??
Thank You!

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