

One page summary from Ludy Biddle testimony 4 June 2013

I am here to share with you the benefits that the residents of a small county in Vermont are enjoying from an investment made in energy efficiency and to encourage you to consider how the whole country could benefit from a similar investment.

As of the close of this year's heating season 570 households just in Rutland County, had completed retrofits on their homes. The average homeowner is saving 386 gallons of fuel per year, which times \$3.85 a gallon equals about \$1,500 a year, every year from now on. This means that this past winter because these 570 homes were using less fuel, about \$850,000 did not leave Rutland County to buy oil. \$850,000 stayed in this little county of 56,000 people to fuel our own economy. And it will stay with us every year from now on.

Another way we have contributed to the economy of Rutland County is in creating jobs.

While Efficiency Vermont staff are the experts in energy issues and manage the training certification and quality control of the BPI certified contractors we as a housing organization make a point of talking directly to the homeowner until she understands that the money she would save on her monthly energy bill will, in most cases, be MORE than the monthly cost of a loan to get the work done and that after only a few years the whole savings would stay in her pocket.

Because we heard concerns that our customer service model, adding to the costs of the Efficiency Vermont program, was too expensive, UN economical, we engaged the Cadmus Group a research firm that is highly regarded in the energy industry to conduct an industry standard cost benefit analysis of our program. They found as follows:

- Lower-income households (earning below 80% AMI) who received H.E.A.T. Squad messaging are 164% more likely to install measures
- H.E.A.T. Squad program is cost-effective with a Societal Cost Test of 1.72

We will continue to partner with Efficiency Vermont and with many other community based organizations to achieve our state goal of 80,000 retrofits by 2020. Our HEAT Squad hope and next step plan is not only to share our experience with anyone interested but also to expand from one county in Vermont to the entire state of Vermont through our four sister NeighborWorks organizations that do the same customer based programming on which we built our program.

We calculate that if we invest \$5million to support the statewide HEAT Squad for the next three years, we would help to engage 10,000 households in retrofits. That five million investment would result in \$75million in new business income for the contractors and save \$15million from being spent on fuel. That's a worthy investment and it doesn't even include the incalculable benefits of health and comfort that accompany this effort.

Testimony from Ludy Biddle, NeighborWorks of Western Vermont

4 June 2013

I am here to share with you the benefits that the residents of a small county in Vermont are enjoying from an investment made in energy efficiency and to encourage you to consider how the whole country could benefit from a similar investment.

In 2010 NeighborWorks of Western Vermont, a small nonprofit housing organization joined an august group of cities and states to receive a BetterBuildings grant from the department of energy. The purpose of the DOE program was to ramp up demand for energy efficiency measures in the residential sector. We were the only housing group to apply. It's pretty funny to read the reviewers' comments on our proposal; essentially they say, "what the hell, give them a chance." We had said we would encourage 1000 households in Rutland County to go through the retrofit process in three years and no one thought we could do it because, to put that into perspective, only 26 Rutland households had gone through the process in 2009.

Rutland County is the second poorest county in Vermont, subject to all the social ills and economic challenges that our stressed communities are, so we were not the typical demographic for efficiency programs. But we heat our homes six months of the year, our housing stock is some of the oldest in the country, our low and moderate income residents, the least likely to participate, were the most likely to benefit from this program and our mission and our experience is about helping make homeownership affordable. What better way to achieve savings and stability and comfort and health and safety for homeowners than to add air sealing and insulation and the occasional boiler and new roof to their homes.

I will share some of the results of our program, and then tell how we accomplished this and what our hopes are for continuing and sharing our experience.

As of the close of this year's heating season 570 households just in Rutland County, had completed retrofits on their homes. The average homeowner is saving 386 gallons of fuel per year, which times \$3.85 a gallon equals about \$1,500 a year, every year from now on. This means that this past winter because these 570 homes were using less fuel, about \$850,000 did not leave Rutland County to buy oil. \$850,000 stayed in this little county of 56,000 people to fuel our own economy. And it will stay with us every year from now on. Actually it will be even more significant because another 400 plus households will complete their retrofits by the end of this summer. We hope.

Another way we have contributed to the economy of Rutland County is in creating jobs. Most of the contractors, who are specially trained and BPI certified through Efficiency Vermont, were, when we started, a one man operation, often an independent builder who had been trying to augment his income during the recession. Since we began every one of the 13 or 14 independents have added people to their companies; we actually have the names and addresses of 62 people who have jobs created around

our program so we're not just relying on Implan or statistics to prove this. One of our contractors, for example went from three jobs in 2009 to forty jobs in 2011 and 2012 producing a gross income of \$300,000. At one point all the contractors got so backed up, a three month back log of customers, that we created a small company of our own called LaborWorks for NeighborWorks. We now maintain a pool of workers we can loan out to contractors when they need help keeping up with demand.

How did we do this? We are and always have been a housing organization. We know that you don't advertise or announce programs and they will come... they don't. People get their information and their call to action from a trusted source and we know how to work through the trusted source network. So, for example, in Shrewsbury, we enlisted the five volunteer conservation commission members to call all 400 residents in the town. Speaking to someone they knew they explained the financial benefits to an individual homeowner. It was easy from there.

While incentive payments and rebates for efficiency measures are essential to the overall effort, we did not use our grant money to give extra payments to customers because we already had the Efficiency Vermont program in place. We used our grant money to pay people to talk to more people about the specific benefits of the very fine program established by Efficiency Vermont, our efficiency utility. While they are the experts in energy issues and manage the training certification and quality control of the BPI certified contractors we as a housing organization make a point of talking directly to the homeowner until she understands that the money she would save on her monthly energy bill will, in most cases, be MORE than the monthly cost of a loan to get the work done and that after only a few years the whole savings would stay in her pocket. And of course, soon she is telling her family and co-workers so the education process pays off twice. More and more people come to us through word of mouth, something that did not happen in 2009.

A one on one education is the first step in our process. The Second is simply old fashioned customer service, something dubbed the Melanie Factor by an observer, named for our project coordinator. Melanie Paskevich and her team, called the NeighborWorks HEAT Squad, help an interested customer find an appropriate contractor, because this is still a rather esoteric business, not like putting in granite counter tops, schedule the audit; help with understanding the technical and financial choices a customer has to make; arrange for a loan from our own revolving loan fund, and oversee the construction for those who need help - elderly homeowners living alone, for example. We like to tell people, we will let the dog out and the contractor in if that's what you need in order to go ahead with this work.

Because we heard concerns that our customer service model, adding to the costs of the Efficiency Vermont program, was too expensive, UN economical, we engaged the Cadmus Group a research firm that is highly regarded in the energy industry to conduct an industry standard cost benefit analysis of our program. They found as follows:

- H.E.A.T. Squad increased retrofit uptake in Rutland County, compared to Efficiency Vermont's program alone
- Customers who received H.E.A.T. Squad messaging are 46% more likely to install measures
- Lower-income households (earning below 80% AMI) who received H.E.A.T. Squad messaging are 164% more likely to install measures
- H.E.A.T. Squad program is cost-effective with a Societal Cost Test of 1.72
- H.E.A.T. Squad on its own is cost-effective and also cost-effective combined with EVT's Home Performance with Energy Star program

In other words, not only is the added cost of the HEAT Squad producing more benefit than its costing but also the NeighborWorks HEAT Squad is providing non monetized value to society in that significantly more people in the low to moderate income homes are benefitting from the savings. This is the most important point for people to take away from this discussion today. This program achieves all the goals of money and energy savings and job creation that many others are working on around the country but it also provides those benefits to low and moderate income households in a way that has not occurred historically so far.

We are coming to the end of our DOE grant period. Some of our grant funding went into a loan fund that will be available for future customers; some went into permanent infrastructure such as software; some went into training for the contractors including business planning and Dale Carnegie Sales training all of which has been put to very good use; some went into heavy duty reporting and analysis for the government which is all good; and some went into learning, including by mistakes, the best teacher, how to deliver real value to a community that has real needs.

We will continue to partner with Efficiency Vermont and with many other community based organizations to achieve our state goal of 80,000 retrofits by 2020. Our HEAT Squad hope and next step plan is not only to share our experience with anyone interested but also to expand from one county in Vermont to the entire state of Vermont through our four sister NeighborWorks organizations that do the same customer based programming on which we built our program. Green Mountain Power, our electric utility has already granted us \$500,000 to expand into the neighboring four counties; our State Treasurer Beth Pearce received approval from the legislature to establish the Vermont Clean Energy Loan Fund with NeighborWorks, and on the recommendation from DOE we will join the Clinton Global Initiative working group on energy efficiency at their meeting this month where we hope to enlist more interest and support for our statewide program. So we're working on all fronts to continue our project.

Here's how we see the possibilities. Based on immediate past experience in a county where everyone said it couldn't be done, we have evidence to show that people are eager to improve their homes to save money and energy if they understand the process, get a little help with the process, and have access to financing if needed.

We can expand on the experience from Rutland County where 62 people already have new jobs and 570 households together are already saving \$850,000 every year to invest in Rutland County instead of fuel costs. Extrapolating from those figures, we calculate that if we invest \$5million to support the statewide HEAT Squad for the next three years, we would help to engage 10,000 households in retrofits. That five million investment would result in \$75million in new business income for the contractors and save \$15million from being spent on fuel. That's a worthy investment and it doesn't even include the incalculable benefits of health and comfort that accompany this effort. That would take up another hour of your time. We sincerely hope you will consider these benefits when you consider where to invest our funds to improve the lives of our residents.

Thank you for this opportunity to share our excitement and gratitude for the chance we, as a housing organization bringing efficiency programs to our residents, were given to improve the lives of many and find a way to improve the lives of many more.