

ENERGY **IMPACT** ILLINOIS

Residential Energy Efficiency Loan Program

Contractor Training

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Agenda



Introduction

Part 1: The Energy Impact Illinois and the Residential Energy Efficiency Loan Program

Part 2: How to Offer the Loan

Part 3: Quality Assurance and Other Program Requirements

Part 4: Resources

Questions

Training Objectives



- Ensure you understand the benefits, process, and requirements of the loan program
- Provide you with necessary resources

Part 1: The Energy Impact Illinois Residential Energy Efficiency Loan Program



- Topics
 - Program overview
 - Customer and measure eligibility
 - Role of EI2, contractors, and lenders
 - Links to utility energy efficiency programs and other initiatives
- Handouts
 - Program Implementation Guide

What Is Energy Impact Illinois?



- ARRA funding- \$452 million to 25 communities, \$25 million to Chicago

Build a comprehensive, sustainable energy efficiency retrofit program that aggressively targets commercial, industrial, and residential buildings across CMAP's 7-county, northeastern Illinois region, including Rockford.

- Retrofit at least 6,000 units, 10 million sq ft
- Leverage more than \$125 million in local investments
- Create more than 2,000 jobs

Meet the EI2 Residential Energy Efficiency Loan Program



- 7 County Chicagoland Area and Rockford
- \$20 million loan program for homeowners to make energy efficiency improvements
 - \$2 million from EI2 for default support leveraged 10:1 with private lender capital
 - Below-market rates and terms
- Approximately 1,500 to 3,000 loans available
- Sustainable model to continue and grow program

Overview of EI2 Residential Energy Efficiency Loan



- Affordable, easy loans for homeowners
 - Unsecured, personal loans of \$500 to \$10,000 depending on the lender and qualifications of the borrowers
 - Rates up to 8% APR (fixed rate), may adjust semi-annually
 - Flexible loan terms: 5 to 7 year terms
- Loans used for qualifying improvements installed by authorized contractors
 - Eligible measures list (À La Carte) or
 - Illinois Home Performance with Energy Star
- Exclusive program – Customers can only access loan through an EI2 authorized contractor

Benefits



- Consumer friendly:
 - Lower interest rates than comparable unsecured products because of loss reserve
 - No penalty APRs, consistent
 - Terms of up to 7 years

Customer Eligibility



- Single family homes (1–4 units)
- Meet underwriting criteria
 - Credit Score 700 or higher
 - Green Choice Bank
 - Credit Score 640 or higher
 - MembersAlliance, Northside Community Credit Union

Role of Lenders and Loan Application Center



- Provide loan capital, origination, and servicing
- Lender provides loan closing documents directly to customer
- Contractors do not handle sensitive customer information

Current Lenders



MembersAlliance
CREDIT UNION



North Side Community Federal Credit Union

greenchoicebank

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Measure Qualification / Implementation



- Eligible Measures List
 - Pre-qualified, single measures: high efficiency HVAC measures, Energy Star storage water heaters
 - See Energy Impact Illinois website for the most recent list
- Illinois Home Performance with Energy Star Option
 - Energy assessment required (to Building Performance Institute standards)
 - Customer can implement any energy-saving measures recommended by the assessment (including measures on Eligible Measures List)
 - Air sealing, insulation or weatherization measures can only be implemented under this option

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Eligible Measure List

Measure	Detail
REQUIRED	
High Efficiency Furnace	Greater than or equal to 92% + AFUE Furnace and any distribution system upgrades required, such as duct work for balancing.
High Efficiency Boiler	Greater than or equal to 90% + AFUE Boiler* and any system upgrades required to improve system efficiency.
OPTIONAL with Furnace or Boiler Replacement	
Hot Water Heater	Greater than or equal to 0.67EF storage hot water
Air Conditioning	Energy Star Split Air Conditioning unit replacing existing (greater than or equal to 14.5 SEER/12 EER) and any distribution system upgrades required
Programmable Thermostats	Programmable thermostat in conjunction with a heating unit
Appliances	Energy Star or better
Other	10% of loan amount for related upgrades/retrofits (roof replacement, radon mitigation, mold mitigation, etc.)

Health & Safety Measures



- **Eligible measures list approach**
 - Whenever possible, correcting health and safety issues related to combustion appliances should occur
- **Illinois Home Performance with Energy Star**
 - Work scope **must** include correcting related health and safety issues
- EI2 will finance the correction of health and safety measures up to **10% or \$1,500** of the total project cost, whichever is lower.

Pre-existing Environmental Hazards & Physical Defects



- Financing capped at **10% or \$1,500** of the total project cost for
 - Remediation of pre-existing environmental hazards (i.e., asbestos, lead, mold, etc) and
 - Repair of physical/structural defects which create health and safety issues
- Must be coupled with an appropriate efficiency measure related to the remediation
- Contractors should have appropriate state licenses and insurance levels before remediating environmental hazards

Role of Contractors



- Contractor driven program, marketed primarily through network of authorized contractors
 - Promote affiliation with Energy Impact Illinois
 - Market Energy Impact Illinois financing
 - Initiate loan application process
 - Conduct home energy assessments and/or install eligible improvements
- Authorized contractors are listed on Energy Impact Illinois website

Authorized Contractor Qualifications



- All EI2 authorized contractors must meet minimum requirements
 - State of Illinois business license
 - Trade license (if applicable)
 - Insurance (worker's compensation, auto, and general liability of \$1M per occurrence/\$1 M aggregate)
 - Attend EI2 financing training
 - Possesses additional 3rd Party Certification, such as
 - Any Building Performance Institute Certification
 - RESNET HERS Rater (with proof of CAZ testing training)
 - Weatherization Assistance Program Inspectors (not installers)
 - NATE, HVAC Excellence or NCI (mechanical contractors only)

Two ways to offer loans: choose one

Whole-Home Energy Upgrades

- Must be an **Illinois Home Performance (IHP) Participating Contractor**
- Follows Illinois Home Performance process & BPI standards
- Can offer loans on whole-home improvements

And

- Can offer loans on heating and cooling equipment

Heating & Cooling Equipment only

- Must be an up-to-date **Participating Energy Efficiency Contractor (PEEC)**
- Can offer loans on heating and cooling equipment

Have questions on these two tracks? Contact MEEA at Contractors@IllinoisHomePerformance.org or 866-395-1032 x2



How do I become an Illinois Home Performance Participating Contractor?

- Must have employees with BPI Building Analyst and Envelope certification
- Have history of performing home energy assessments (audits) and/or home energy upgrades (retrofits)
- Submit insurance and other documentation as listed on www.IllinoisHomePerformance.org/Contractors
- Attend an Illinois Home Performance Program Orientation seminar

Have questions about enrolling in IHP? Contact MEEA at Contractors@IllinoisHomePerformance.org or 866-395-1032 x2



I am already an IHP Participating Contractor, what additional steps are required to begin offering whole-home & HVAC loans?

- ❑ Sign Energy Impact Illinois (EI2) Residential Contractor Participation Agreement & loan program addendum
- ❑ EI2 will inspect one of your past jobs that was completed following BPI BA+E standards
- ❑ Turn in EI2's background check certification
→ **All EI2 files available at**
www.energyimpactillinois.org/contractors/#wholehome
- ❑ Attend EI2 Residential Energy Efficiency Loan training – for dates & registration, visit
www.IllinoisHomePerformance.org/TrainingCalendar

Have questions on EI2 procedures? Contact CNT Energy at
contractors@energyimpactillinois.org or 855-946-7228



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How do I become a Participating Energy Efficiency Contractor (PEEC)?

Visit www.mwalliance.org/peec and submit the following:

- Signed PEEC Network **Contractor Agreement Form**
- Copy of **valid business license** from any Illinois municipality
- Proof that at least one of the following **third-party certifications** is held by a current employee of the company:
 - BPI Air Conditioning & Heat Pump Professional
 - BPI Heating Professional
 - NATE (any)
 - NCI Residential Air Balancing
- Certificate of Liability Insurance** (ACORD 25) showing:
 - General Liability Insurance for at least \$1,000,000
 - Commercial Automobile Liability Insurance for at least \$1,000,000
 - Workers Compensation following Illinois law
 - PEEC listed as Certificate holder at the following address:
 - PEEC c/o MEEA
 - 20 N. Wacker Dr., Ste 1301
 - Chicago, IL 60606



Have questions about PEEC Network enrollment? Contact MEEA at peec@mwalliance.org
or 312-784-7241

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I am an *existing* PEEC Network contractor- what do I need to do to stay in PEEC & offer HVAC loans?

Visit www.mwalliance.org/peec and submit the following:

- Signed **NEW PEEC Network Contractor Agreement Form** – **by 11/28/2011**
- Copy of **valid business license** from any Illinois municipality – **by 11/28/2011**
- Proof that at least one of the following **third-party certifications** is held by a current employee of the company: – **by 5/1/2012**
 - BPI Air Conditioning & Heat Pump Professional
 - BPI Heating Professional
 - NATE (any)
 - NCI Residential Air Balancing
- Certificate of Liability Insurance** (ACORD 25) showing: – **by 11/28/2011**
 - General Liability Insurance for at least \$1,000,000
 - Commercial Automobile Liability Insurance for at least \$1,000,000
 - Workers Compensation following Illinois law
 - PEEC listed as Certificate holder at the following address:
 - PEEC c/o MEEA
 - 20 N. Wacker Dr., Ste 1301
 - Chicago, IL 60606

Have questions about PEEC Network enrollment? Contact MEEA at peec@mwalliance.org
or 312-784-7241

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I'm a PEEC contractor and have updated my information- what additional steps are required to begin offering loan on heating & cooling equipment?

- Sign Energy Impact Illinois (EI2) Eligible Measures Contractor Participation Agreement
- EI2 will inspect one of your past jobs to verify safety & quality installation
- Turn in EI2's background check certification

→ **All EI2 files available at**

www.energyimpactillinois.org/contractors/#HVAC

- Attend EI2 Residential Energy Efficiency Loan training – for dates & registration, visit

www.IllinoisHomePerformance.org/TrainingCalendar

Have questions on EI2 procedures? Contact CNT Energy at contractors@energyimpactillinois.org or 855-946-7228



Contractor Work Requirements



- Maintain license, insurance, and certifications
- Written estimates
- Warranties for labor and equipment
- Compliance with applicable laws
- Installation best practices
 - Computer-generated manual J or energy modeling (DOE approved)
- Specific standards
 - ACCA HVAC Installation
 - BPI Energy Audit
- Prohibition on contractor reserves
- Relationship with EI2

EI2 Contractor Fee



- All authorized contractors charged fee of 1.99% of loan value
- Fee supports EI2 Loan Program operations
- Invoiced monthly for all loans closed during the prior period
 - Payment due within 30 days of invoice
 - Unpaid balances rolled over to next month's invoice; if that payment is not received by due date, contractor's ability to initiate loans suspended until payment is received

Relationship to Other Programs Serving Residential Customers



- El2 program complements utility energy efficiency and other rebate programs
 - Nicor Gas Energy Efficiency Program
 - Peoples/North Shore Gas Energy Efficiency Program
 - ComEd Smart Ideas for your Home

Part 2: Offering the loan



- Topics
 - Overview of loan process
 - Job completion forms and payment process

Obtaining an EI2 Loan: Easy as 1-2-3



1. Work with an EI2 authorized contractor to get an estimate on qualifying energy improvements;
 - Find authorized contractors at energyimpactillinois.org
2. Complete the loan application with an authorized lender
3. Once loan is approved, contractor makes improvements and is paid directly by the lender after the work is done to customer's satisfaction

How to offer whole home loans



1. Check to make sure the project is located in the Chicago region or the City of Rockford.*
2. Provide your customer with an estimate, as you normally would, according to your standard business practices.
3. The customer can then apply for a loan with the following lenders:
 - a. **Green Choice Bank** (area-wide) (773) 799-9400
 - b. **Members Alliance** (City of Rockford) (815) 226-3278
 - c. **North Side Community Federal Credit Union** (N. side of Chicago). (773) 769-5800 x227.
4. Once the customer is approved, you perform the work as you normally would following Illinois Home Performance protocols. Whole-home projects must demonstrate 15% total energy savings to be eligible for the loan.
5. When work is completed, you and the customer sign the *Customer Completion Form*, the *Home Performance Contractor Retrofit Information Reporting Form*, and the *Home Owner Utility Bill Release*.
(http://energyimpactillinois.org/files/home_performance_contractor_retrofit_reporting_form.pdf)
6. These three forms must be emailed to ei2@delta-institute.org or mailed to:

Delta Institute
Energy Impact Illinois
35 E. Wacker, Suite 1200
Chicago, IL 60601
7. Delta Institute will review the material to ensure completeness and contact the lender to release the funds and pay you directly.
8. The customer will begin making payments to the lender the following month
9. CNT Energy will contact you if an onsite Quality Assurance/Control visit is necessary. The first 3-5 of your jobs will receive an onsite inspection and eventually just 5% of your work will be onsite inspected.

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*Eligible geography: Cook, DuPage, Kane, Kendall, Lake, McHenry and Will counties plus the City of Rockford

El2 Loan Program: *Detailed Process*



1. Customer identifies El2 authorized contractor from website or contractor promotes program to customer
2. Contractor provides estimate for qualifying energy saving improvements from à la carte eligible improvements list or performs whole-home energy assessment
3. Contractor provides information on El2 loan and initiates loan application process; customer provides information to El2 lender and receives decision usually within 24 to 48 hours

Detailed Process (cont.)



4. Contractor uses own contracting process to secure job and installs efficiency improvements; if applicable, conducts “test-out” procedures for audit-based option
5. Contractor completes project forms, obtains customer’s signature, and returns forms to Delta Institute; Delta Institute approves and sends to lender (24 hr turnaround)
6. Lender pays contractor directly, while customer begins monthly payments on the loan

Applying for the Loan



1. Contractor creates work order
2. Customer applies for loan
3. Lender conducts income verification (if needed), prepares loan closing package, and sends it to customer
4. Customer signs and returns loan documents to lender
 - Customers will have to join a credit union if not already a member (fee of \$25-\$50)
5. Lender pays contractor upon receipt of Customer Completion Form and Contractor Reporting Forms from contractor
6. Lender bills customer monthly

Job Completion Forms: Certificate of Completion



- Signed by customer and contractor
- Affirms that job has been satisfactorily completed and provides customer information release
- Mailed to Delta Institute; turnaround 24 hrs
- Receipt by lender triggers payment to contractor

- (Open up forms)

Job Completion Forms: Contractor Reporting Form



- Completed by contractor and used by EI2 for QA/QC and EM&V
- Describes installed and removed measures installed and, if applicable, results of diagnostic tests and energy modeling
- Returned to Delta Institute (goes with customer completion form)

Common mistakes



- Not listing manufacturer , model **and** efficiency level for new equipment on whole home projects
- Not recording what equipment was removed
- Including measures not covered by the loan
 - Cost of recorded measures must equal or exceed value of loan (ie, record everything the loan paid for)
 - But **DON'T** record measures not included in the loan amount
- Equipment costs not totaled
- For AC measures – split system vs package system

Part 3: Quality Assurance and Other Requirements



- Topics
 - Quality assurance
 - Maintaining contractor status
- Handouts
 - Loan Product Details
 - Certificate of Completion and Specification Sheet

Quality Assurance/Quality Control Objectives



- Verify that there are no fraudulent or misleading actions
- Confirm customer satisfaction
- Verify that program requirements are met
 - Qualifying improvements
 - Follow audit and installation guidelines
 - Forms submitted, accurate, and complete
- Establish process to resolve issues/problems

El2 Role File Review



- Review Customer Completion Form
 - Dated, signed by customer and signed by contractor
- Review Contractor Reporting Form
 - Customer information filled out completely including utility account number?
 - All information included for installed and removed measures?
 - All measures eligible under program?
 - All diagnostics testing results included where appropriate?
 - Energy modeling including where appropriate?

Contractor Responsibilities



- Follow industry best practices and standards
 - Checklist at end of spec sheet (note – not comprehensive)
- Illinois Home Performance with Energy Star
 - Prepare audit report and review with customer
 - Complete diagnostic testing tables and record energy modeling results on spec sheet
- More details available in Implementation Guide

Quality Assurance Coordinator Role



- QAC reviews specification sheets
 - Flags projects with unusual diagnostic test results
 - QAC requests documentation for Manual J calculation at random
- QAC selects projects for site inspection
 - Projects flagged from file reviews
 - Inspection schedule
- QAC schedules site visit with homeowner
- Site inspection
 - Installed measures match items on specification sheet
 - Measures are installed to manufacturer guidelines or best practices
 - Replicates 'test-out' procedures (assessment-based only)

Updating Application Information



- Contractors must notify Delta Institute of any changes in information submitted on application form
 - Contact information
 - Licenses and certifications
 - Insurance

Part 4: Resources



- Marketing Objectives
- Key Messages
- Communication Partners
- Proper use of “EI2” Brand
- Online marketing tools
- Contractor Sales Tips and Suggestions, On-line Resources
- Handouts:
 - Rack Card (samples provided)
 - Consumer FAQ
 - Brand guidelines

Contractor Resources



- Available at energyimpactillinois.org
 - Implementation Guide
 - Eligible Measures List
 - Program forms
 - Application form (also used for submitting updated contractor information such as address and certification)
 - Marketing tools
- Materials periodically reviewed and updated
- Notification of changes provided to authorized contractor contacts; also, check website for latest version and announcements

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Access to Information

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We Make It Easy And Affordable To Take Energy Efficient Action.

What Kind Of Property Are You Trying To Make More Efficient?



My Home
or Apartment »



My Multi-Family
Building »



My Business »



My Government or
Non-Profit Property »

None of the Above.

I'm a Contractor »

<http://energyimpactillinois.org/multi/>



Proper use of “EI2” Brand (cont.)



- Contractor can develop customized marketing materials with EI2 logo
- Follow Brand Standards Guide
- EI2 reserves right to request changes to, or termination of, EI2 Logo presentation that does not meet guidelines
- Contractor bears all changes and associated costs
- Contractors can request a review of draft materials, but this is not required
 - Send drafts to Delta Institute
 - Expect response within three business days

Marketing Objectives



- Effectively engage contractors, homeowners, and other key stakeholders in the program via numerous communication channels
- Provide a marketing tool kit for contractors use to communicate the benefits of the EI2 Energy Efficiency Loan Program to consumers and homeowners
- Establish EI2 brand identity and guidelines for use by program communication partners

Pre-screening Tips



- Review loan underwriting guidelines with homeowners
- Extending the term or reducing the amount requested can result in loan approval
- When in doubt, connect with an EI2 approved lender

Communication Partners



- Contractors
- Lenders
- Utilities
- Governments
- Nonprofits
- Associations
- Retailers
- Manufacturers

Contractor Sales Tips and Suggestions



- Be familiar with residential energy efficiency basics
 - Envelope – Air sealing the envelope, insulation, duct sealing
 - Load Reduction – Fluorescent lighting, energy efficient appliances, reducing plug loads, reducing water consumption, occupant behavior
 - Mechanical Systems – High-efficiency HVAC, high-efficiency water heating, heat recovery ventilation
 - Renewables – Solar hot water, PV solar, wind power, rain water harvest
- Understand programs
 - E12
 - Utility energy efficiency programs – trade ally
 - Grant and low-cost financing for income-qualified customers (MSHDA Property Improvement Program, USDA, and Weatherization Assistance Program)
 - Tax credits and rebates
- Leverage available marketing tools
- Improve professional skills through training and certification

Contacts and E-mails to Remember



- For all contractor questions, concerns, and feedback, contact Delta Institute
 - (312) 554-0900
 - ei2@delta-institute.org
- We welcome your suggestions!