Residential Loan Program Process Evaluation

A Report to the Bonneville Power Administration

Final Report

August 26, 2005

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Acknowledgements

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EXECUTIVE SUMMARY

In 2003, the Bonneville Power Administration (BPA) developed and implemented the Residential Loan Program (RLP) to secure a stable source for residential energy conservation loans. Through this program, vendors promote high efficiency equipment options to their consumers by offering loans for qualifying equipment at reduced rates. To date these loans have been used primarily to finance window and HVAC equipment installations.

In May 2005, BPA contracted with ECONorthwest to conduct a process evaluation of the RLP to determine how well the program is performing. Major tasks for this evaluation include:

- A literature review of existing RLP materials;
- Literature review and interviews with project managers for loan programs in other regions;
- Interviews with BPA and First Mutual Bank staff involved with the RLP;
- Interviews with participating and nonparticipating vendors; and
- Interviews with participating and nonparticipating utilities.

The purpose of the data collection effort was to gather information on how well the program was being implemented and to assess coordination across the different entities involved with the RLP. In addition, these interviews were used to support evaluation goals of identifying program successes as well as market barriers, to elicit ideas on how these barriers should be addressed, and finally to make recommendations to improve the program.

It is important to note that this report presents the results of a *process evaluation* where opinions are solicited from a wide range of people having different roles in the RLP. The purpose of this report is to report these perceptions and opinions as accurately as possible as they were provided to the evaluation team. Because of the different roles and perspectives on the program, opinions and perceptions of the RLP will sometimes differ across the groups interviewed. The final conclusions and recommendations are developed as part of the evaluation and are derived from these different perspectives.

PROGRAM OVERVIEW

The initial objective of the Residential Loan Program (RLP) established by the Bonneville Power Administration is to encourage the implementation of long-term residential conservation measures at little or no cost to BPA[1]. To support this objective, the RLP offers a stable source of loan funds to help residential consumers purchase energy conservation measures. BPA selected First Mutual Bank of Bellevue, WA (First Mutual) through a competitive process to offer the loans.

[1] Although BPA only counts savings from efficiency measures that impact electricity use, the RLP is "fuel blind" and can be used for measures of all fuel types.

All BPA public utility customers and the Energy Trust of Oregon are eligible to participate in the Residential Loan Program. By participating, a utility assumes the responsibility of identifying and recruiting vendors of energy efficient measures they are trying to promote. Utilities are also responsible for promoting the program to end-users. All vendors identified by the utilities must be qualified into the program by First Mutual. First Mutual and the utilities are responsible for providing any necessary program training to the vendors. Once qualified, vendors are able to offer end-users loans for specific energy efficiency measures through the Residential Loan Program.

First Mutual offers loans up to $20,000 for a term up to 12 years. The interest rates depend on a number of factors and have recently ranged between 7.49 and 10.25 percent. The loans are unsecured, with no Deed of Trust placed on the home. Homeowners may subtract 1.00 percent from the rate by electing the automatic payment option (automatic deduction from specified domestic financial institution) and/or 1.00 percent by agreeing to have a Uniform Commercial Code (UCC) financing statement filed as part of the loan. Participating vendors pay 3 percent of the total cost of the job to First Mutual to buy down the interest rates, or they can pass on the 3 percent directly to the consumer.

EVALUATION METHODS

The evaluation was centered around two distinct phases. The first phase was devoted to reviewing program materials and interviewing several key BPA staff to gain a better understanding of the RLP. Based on this information, the evaluation team developed the program logic model and program theory presented in the previous section. The program logic and theory were then reviewed with BPA staff for accuracy. Once finalized, the program theory and logic model were used to identify key issues to be addressed in this evaluation. In particular, key links or events in the logic model (such as vendor reliance on utilities for consumer referrals) were highlighted as needing special emphasis during the in-depth interviews.

The second phase consisted of conducting the in-depth interviews with key staff involved with the RLP. These interviews were done primarily by phone and lasted anywhere from 15 minutes to an hour. To gain as wide a perspective as possible, interviews were conducted with staff involved in all phases of the program design, management, and implementation. The interviews also included nonparticipating utilities and vendors that were aware of the RLP but chose not to participate, which allowed us to gather additional perspectives on program barriers. Copies of the interview guides used for these interviews are included in Appendix A.

The sample design for these interviews is shown in the following table. A total of 62 in-depth interviews were completed as part of this evaluation in May and June 2005.

Interview Sample Design

Interview Group	Number of Interviews
BPA staff	13
First Mutual RLP staff	3
Other loan program managers	10
Participating Utilities	8
Nonparticipating utilities	8
Participating vendors	10
Nonparticipating vendors	10
Total Interviews	**62**

SUMMARY OF MARKET BARRIERS

The various barriers identified through the in-depth interviews are summarized in the table below and assigned numeric ratings. Major barriers are rated as a 3, moderate barriers rated as a 2, and minor barriers rated as a 1. Naturally there is some overlap with the consumer barriers as these will also impact the perceptions of vendors and utilities. At the far right of the table is an assessment of how much BPA can influence that particular barrier. The issues surrounding each barrier are discussed in more detail below.

RLP Market Barriers

Barrier	Utilities	Vendors	Customers	BPA Potential to Influence
Utility Focused				
Lack of staff and funding to promote program	3			Moderate
Existing utility loan programs	3			Low
Resistance to BPA program efforts	2			Moderate
Vendor Focused				
Vendors required to pay 3 percent buydown		3		High
Lack of customer referrals to vendors		3	2	Low
Vendor program application process with First Mutual		3		Low
Paperwork required for program		2		High
Consumer Focused				
Consumer loan application process		2	2	Low
Non-local financing	3	3	1	Low
Generally low interest rates	1	3	3	Low
Availability of alternative financing and incentives	1	3	3	Low
Potentially high free ridership	2	3	3	Low

Major =	3
Moderate =	2
Minor =	1

Utility Barriers

Lack of staff and funds to promote the program. By design, the RLP was supposed to increase energy savings "at little or no cost to BPA" which means having limited funding and field staff to work with vendors in the field. While BPA expected the utilities to share some of the marketing effort, utilities were more likely to see the RLP as a "BPA program" that should be marketed by BPA. In addition, it was recognized that utilities (particularly the smaller ones) do not have the internal staff to promote the program. While it may be possible to mitigate this issue by making the program more turn-key, it is clear that the RLP needs more extensive and sustained marketing and vendor outreach efforts in order to increase participation. Although BPA has been actively working to recruit vendors, BPA's ability to address this throughout the region is limited unless it devotes more of its own resources to promote the program or provides some funding to the utilities directly.

Existing utility loan programs. Almost all of the nonparticipating utilities we talked to said they were not participating because they had their own loan programs. BPA has little influence over this issue unless some utilities choose to abandon their own program and adopt the RLP instead, which is unlikely to happen with an already established program.

Resistance to BPA program efforts. Some utilities we talked to were resistant to having BPA come into their territory and offer a loan program. This attitude was most often expressed by smaller, rural utilities where local ties to the community are important. BPA has some control over this issue and may be able to eliminate the problem with increased communication with these utilities.

Vendor Barriers

Vendors required to pay 3 percent buy down. The buy down presents a significant barrier for contractors particularly since the financing market is so competitive and interest rates for alternative sources of financing are low. BPA has a high level of influence over this issue as it could change the design of the program to create some other type of vendor incentive that does not require vendors to pay for the buy down. The RLP has recently added a contractor incentive of $300 to offset the cost of the buy down for the first $10,000 of the loan.

Lack of consumer referrals to vendors. A key expectation of this program is that utilities would provide consumer referrals to vendors through their existing trade ally network. This was the primary benefit of participating for vendors and was expected to make up for the cost of the 3 percent buy down. This benefit generally has not materialized, both because many utilities do not have a network of contractors and because consumers do not appear to turn to their utility for contractor referrals. This is also a moderate barrier to consumers, as there is not a system for matching consumers with participating vendors. BPA's ability to influence this issue is low.

Vendor program application process with First Mutual. The application process required by vendors to participate in the program has been cited as a barrier by some nonparticipating vendors, especially since they can get financing from other sources that do not require them to submit paperwork on their own company finances. This step is needed, however, to ensure that quality vendors are participating in the program, so BPA's ability to influence this issue is low.

Paperwork required for program. To date, few of the project cover sheets required by the RLP have been returned to BPA. Without these sheets, BPA does not know what type of equipment is installed through the program. While this cover sheet is required for a utility to claim a C&RD credit, this evidently is not a great enough incentive to encourage their return. While there is some concern by BPA at the detail involved with the C&RD equipment eligibility for vendors, this has generally not been reported as an issue for the vendors we interviewed. The addition of the $300 incentive does not appear to have encouraged many vendors to complete the project cover sheet. BPA will need to require some sort of tracking for this program and likely has little influence over what can be done in addition to earlier paperwork reduction efforts for this program.

Consumer Barriers

Consumer loan application process. The loan application process is likely a barrier for smaller contractors that are not used to doing financing. It is also a barrier to those consumers that have bad credit, as evidenced by the number of declined loan applications received through the program. While the loans are offered as unsecured (and thus a benefit to consumers) it does not appear that this loan feature is resonating with consumers. Despite these issues, all banks will require some sort of loan process and BPA's ability to influence this is minimal.

Non-local financing. Non-local financing was often listed as a concern among utilities and mentioned as a big drawback to the program. Local politics become an issue, as utilities are reluctant to favor a non-local bank over a local one. Vendors also report the need to use local banks for financing. Changing the program to allow utilities to select a local bank is also problematic, since in small communities you end up playing favorites with one bank over another. Without a complete restructuring of the program, BPA has very little influence over this issue.

Generally low interest rates. The generally low interest rates in the market make it difficult for the RLP to stand out as a beneficial source of funding. This issue is compounded by consumers not understanding the differences between loans, which often leads the RLP unsecured loan rate to be inappropriately compared with a secured home mortgage rate. BPA has little influence over this other than to buy down the interest rate even further, or conduct additional outreach to educate consumers on the differences between secured and unsecured loans.

Availability of alternative financing and incentives. Along with low interest rates, there are many other financing options and other incentives from different sources that are available to consumers. As a consequence, it is difficult for the RLP to stand out to consumers among the other incentives. BPA has little control over this issue, although this is generally good news for the energy efficiency industry since it will potentially result in more high efficiency equipment being installed.

Potentially high free ridership rate. There is a sense among some program staff that many of the current RLP loans are for measures that would have been installed even without the RLP loan option, although this has not been verified empirically. Because BPA is so far removed from the program, there is little that can be done to change this other than to require a more stringent screening requirement for eligible measures.

CONCLUSIONS AND RECOMMENDATIONS

Based on the evaluation results, the following general conclusions can be drawn:

- **The RLP staff appears to be doing a good job implementing the program given the program constraints.** Despite the limits set for this program due to its federal nature and some initial conflicts with utilities, the program has generally received positive feedback from participating vendors. First Mutual said that the BPA staff had been doing a good job and there is a general belief that they are doing the best they can given the program restrictions and market barriers. Those utilities and vendors that have embraced the program also appear to be satisfied with the program to date and have given high marks to the staff at First Mutual.

- **Current BPA procedures limit time available for promoting the program in the field.** All of the BPA staff we interviewed understood the importance of being in the field and promoting the RLP directly to vendors and utilities. However, BPA administrative duties such as meetings and completing paperwork required for modifying the RLP all detract from the time available in the field for vendor outreach. There is also a significant liaison component with BPA's Energy Efficiency Representatives and Account Executives, which also decreases the time available for fieldwork.

- **Biggest market barriers largely outside of BPA's control**. As shown in Table 10, many of the major barriers faced by vendors and consumers are outside of BPA's control, including low interest rates and the availability of incentives and financing from other sources. Of the nine barriers that were considered major for at least one group, BPA's ability to influence these factors was rated as "High" for only one. Of the remaining eight major barriers, BPA was rated as having a "Low" level of influence for seven. Other barriers such as vendors not pushing the financing option and lack of consumer interest in energy efficiency can only be addressed through much larger program efforts by BPA, which goes against the original intent of developing a program with a low cost to BPA.

  Many of these same barriers were apparent in the loan programs examined in other regions. Other regions emphasized the need to have the program be vendor driven and the need to compete with low interest rates and financing/incentives from other sources. While these programs varied in size and scope, many of the programs had experienced decreases in loan volumes in recent years, and average loan volumes appear to be less than the original goals set for the RLP.

- **Successful loan programs in other regions rely on program designs that do not fit BPA.** Most of the loan programs we examined provided financing or arranged for it directly, which is a significant difference from the RLP where BPA is one step removed from the financing process. BPA is legally prohibited from buying down interest rates and from loaning money, which are significant differences from the other loan programs. The decentralized approach to the program taken by BPA appears to be inconsistent with successful approaches in which the sponsoring organization is actively involved in the loan program.

To achieve region-wide success, the RLP should be integrated into a more comprehensive, energy efficiency program that offers a variety of incentives and tools from which consumers and vendors can choose. For BPA to control how well the program is integrated would require a centralized program design, greater expense, and more FTE support from BPA.

- **Program must be vendor driven.** The managers of successful programs we talked to emphasized the need to have the program be vendor driven if it is to be integrated into routine transactions. Given the highly leveraged nature of this program, having motivated vendors is even more critical. Most consumers do not ask for financing, either because they do not need financing, or because they do not look to vendors to secure financing. For consumers that do need financing, it is important for vendors to actively promote the RLP option if participation is going to increase.

- **Interest rate buy down is critical.** Given the array of different incentives and financing alternatives available to consumers, the RLP loans need to include a significant rate buy down in order to be attractive relative to other options. The fact that consumers compare the RLP interest rate to lower home equity and mortgage rates also creates a need for a lower loan rate through the RLP.

- **Program may not be achieving much net savings.** In addition to the low loan volume, there is a perception that many of the RLP projects should be classified as "free riders" as they would likely have been completed even if the RLP was not available. Window vendors in particular said that the majority of their sales are for high efficiency windows even without the RLP. It is also common practice with DSM programs to assume at least some free ridership for HVAC installations. This further reduces the net benefit of the RLP. A high free ridership rate combined with increased program costs through vendor incentives may result in an RLP that is not cost effective.

Based on these conclusions, we believe that the RLP in its current form should be discontinued. As possible alternatives, we offer the following recommendations:

- **Redesign program to integrate with C&RD or similar program.** At this time, it does not appear that the RLP as currently designed is able to produce large-scale net savings. As discussed above, this is due to significant market barriers that are largely beyond BPA's control.

  An alternative to the current program design would be to encourage utilities to fund their own loan programs through the C&RD or the forthcoming Conservation Rate Credit (CRC).[2] This has the advantage of using an existing infrastructure and would involve utilities already familiar with the C&RD process. For each measure covered in the loan program, the C&RD or CRC credit is already specified and this amount can be provided

[2] BPA's current C&RD program will be phased out and replaced with the CRC program beginning in 2006. The CRC is expected to have lower incentives and cover a smaller set of cost effective measures relative to the C&RD program.

to the vendor by the utility to buy down the interest rate. This strategy would also automatically target the program to the most receptive utilities as they already use and rely on the C&RD program. With the upcoming reductions in the C&RD-type incentives, a loan program structured in such a way could provide a viable alternative to a direct incentive. Note that this option may not be feasible if utilities do not have staff available to manage a loan program.

- **Consider providing funds directly to utilities to buy down loan rates.** A slightly different option would be to provide funds directly to utilities to buy down loans through existing utility programs rather than through the RLP. This has the advantage of leveraging the established utility loan program infrastructure and marketing channels that have presumably been tailored to local communities.

If BPA continues with the RLP in its current format, we suggest the following actions be taken:

- **Target program to most receptive utilities**. The success of the RLP relies in part on utility involvement, even if the program is designed to require as little utility effort as possible. Given the negative reaction by some utilities over the RLP, future program efforts should continue to focus on those that stand to gain the most from the program. With the upcoming reduction in incentives with the CRC program, the utilities that will have the greatest need for funding alternatives are the smaller utilities that have traditionally relied to a large degree (if not exclusively) on the C&RD to fund their conservation programs.

- **Recruit more high volume vendors.** A key to successful loan programs is that they tend to be vendor driven. Managers of other successful programs emphasized the importance of a relatively small number of participating contractors in generating the majority of loans closed through their program. One way to encourage this is to recruit a few high volume vendors and focus on them to expand the program over time. The program has already begun doing this and these efforts should be increased in the future if the program is to continue. Once a few large volume vendors have success with the program and begin creating a significant amount of loans, other contractors will want to start offering the RLP as a financing option in order to remain competitive. The greater visibility of high volume vendors successfully using the RLP option should encourage smaller vendors to join the program over time. [3]

[3] BPA staff expressed concern that small utilities may be resistant to using non-local vendors.

1. INTRODUCTION

In 2003, the Bonneville Power Administration (BPA) developed and implemented the Residential Loan Program (RLP) to secure a stable source for residential energy conservation loans. Through this program, vendors promote high efficiency equipment options to their consumers by offering loans for qualifying equipment at reduced rates. To date these loans have been used primarily to finance window and HVAC equipment installations.

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The purpose of the data collection effort was to gather information on how well the program was being implemented and to assess coordination across the different entities involved with the RLP. In addition, these interviews were used to support evaluation goals of identifying program successes as well as market barriers, and to elicit ideas on how these barriers should be addressed, and finally to make recommendations to improve the program.

It is important to note that this report presents the results of a *process evaluation* where opinions are solicited from a wide range of people having different roles in the RLP. The purpose of this report is to report these perceptions and opinions as accurately as possible as they were provided to the evaluation team. Because of the different roles and perspectives on the program, opinions and perceptions of the RLP will sometimes differ across the groups interviewed. The final conclusions and recommendations are developed as part of the evaluation and are derived from these different perspectives.

The remainder of this report is organized as follows. Following this introduction, the *Program Overview* section provides a general description of the RLP and outlines the roles and responsibilities of the various entities involved in the program. The introduction also includes a logic model and discussion of the program theory that underlies the RLP. Following this is the *Evaluation Methods* section that provides an overview of the analysis methods used for this evaluation. The bulk of the report is in the *Evaluation Findings* section that presents detailed results from the interviews conducted during the evaluation. The results of these interviews are synthesized into several general conclusions and suggestions for program modifications in the *Conclusions and Recommendations* section. This section also includes a detailed assessment of the market barriers faced by the program. The interview guides used for this evaluation are included as Appendix A.

2. PROGRAM OVERVIEW

This section presents information on the RLP as it was originally designed by BPA. A few changes have been made to the program since the design phase and these changes will be discussed in the following chapters as part of the evaluation interview results.

The initial objective of the Residential Loan Program (RLP) established by the Bonneville Power Administration was to encourage the implementation of long-term residential conservation measures at little or no cost to BPA. To support this objective, the RLP offers a stable source of loan funds to help residential consumers purchase energy conservation measures. BPA selected First Mutual Bank of Bellevue, WA (First Mutual) through a competitive process to offer the loans.

All BPA public utility customers and the Energy Trust of Oregon are eligible to participate in the Residential Loan Program. By participating, a utility assumes the responsibility of identifying and recruiting vendors of energy efficient measures they are trying to promote. Utilities are also responsible for promoting the program to end-users. All vendors identified by the utilities must be qualified into the program by First Mutual. First Mutual and the utilities are responsible for providing any necessary program training to the vendors. Once qualified, vendors are able to offer end-users loans for specific energy efficiency measures through the Residential Loan Program.

First Mutual offers loans up to $20,000 for a term up to 12 years. The interest rates depend on a number of factors and have recently ranged between 7.49 and 13.49 percent. The loans are unsecured, with no Deed of Trust placed on the home. Homeowners may subtract 1.00 percent from the rate by electing the automatic payment option (automatic deduction from specified domestic financial institution) and/or 1.00 percent by agreeing to have a UCC financing statement filed as part of the loan. Participating vendors pay 3 percent of the total cost of the job to First Mutual to buy down the interest rates, or they can pass on the 3 percent directly to the consumer.

The Residential Loan Program Offers utilities two program options for participation:

- **Basic Option.** The RLP Basic Option focuses on heat pumps and high efficiency windows. In this option, heat pump and window vendors are identified by the utility and qualified by First Mutual to offer loans for the sales of energy efficient windows and heat pumps.

- **Custom Option.** Participating utilities can choose to develop a custom program that works in conjunction with their own existing conservation programs. With the custom option, the utility decides which measures to promote through the RLP. Participating utilities are still required to promote the program and work in cooperation with First Mutual as part of the RLP.

Regardless of the RLP option chosen, all measures installed through the Residential Loan Program must be installed in accordance with the current Conservation and Renewable Discount program (C&RD) specifications. The most current list of eligible measures is included as an appendix to this report.

Additional features of the RLP are designed to provide greater flexibility by allowing the program offerings to be tailored to existing utility programs. Examples include:

- **Blending with existing utility incentive programs.** Participating utilities may offer incentives to homeowners in association with the vendor sales process or utilities may buy down the interest rate. Buy down rates are set by First Mutual and depend on both the amount of the loan and the amount of the buy down. The participating utility and First Mutual will establish the method by which First Mutual will be paid for the interest rate buy down. If utilities provide all necessary verification as it applies to the C&RD, they can then claim the buy-down amount for their C&RD budget credit. If the choice is to pair the incentive with the vendor sales process, then vendors should be notified of the incentive amounts and utility program requirements.

- **Complement Existing Loan Programs.** The flexibility offered by the RLP allows participating utilities to blend the loan program offering to complement an existing loan program. This flexibility is useful when a participating utility's existing loan program has loan limits that are different than those established by First Mutual as part of the RLP, or when the RLP covers measures that are not included in the existing program. For example, if a consumer requests a loan for a measure(s) that is not covered under the existing program, the utility can still offer the consumer a loan through the RLP.

- **Coordination of Non-Incentive Program Activities with Vendor Pools.** Utilities that provide home energy audits or similar types of front-end assistance may supply vendors with leads for potential participants in the RLP.

- **Coordination with Vendor Pools.** First Mutual will establish a contractual relationship with vendors and provide training on how to work with the First Mutual loan system. Participating utilities may more actively manage the overall loan program with vendors in their service area by establishing specific conservation program objectives, vendor communication protocols, and by developing specific vendor-utility relationships with First Mutual.

2.1 PROGRAM ACTIVITIES

The initial activities for the RLP include the following:

1. The utility signs up for the RLP by submitting a program sign-up sheet. If the utility has vendors they want qualified into the program, they complete the vendor form on the back of the RLP sign-up sheet and then return the sheet to BPA.

2. BPA records the utility's information and forwards the sign-up sheet to First Mutual.

3. First Mutual sends vendor application kits to the utility or else directly to the vendors identified on the vendor form.

4. Completed vendor applications are sent to First Mutual, which evaluates and qualifies vendors into the RLP. If desired, First Mutual and the utility may hold a training

session for participating vendors on how to work with the utility and First Mutual on the loan process, including any applicable utility program requirements.

5. Vendors sell higher efficiency conservation measures as specified by the participating utility, and coordinate with the utility and First Mutual.

Ongoing RLP activities include the following:

1. For each loan, participating vendors will fill out a cover sheet describing the measure(s) installed. This form will identify the measure(s) and provide all information necessary to calculate the energy savings. This cover sheet will be sent to First Mutual with the loan documents.

2. First Mutual evaluates the loan for approval.

3. Upon approval, the measure(s) is installed and all required paperwork, including completion certificate is submitted to First Mutual for loan processing.

4. First Mutual will provide monthly reports to participating utilities on loans made as part of this program in their service area.

5. First Mutual will provide participating vendors and participating utilities with updates and changes related to consumer credit scoring, interest rates, and other similar financial updates.

6. Updates to the C&RD may change the savings values, eligible measures list, and the associated specifications.

7. Vendors that hear about the program may ask to join the qualified vendor list. Participating utilities may choose to evaluate these vendors for referral into First Mutual's system.

8. Utilities or vendors may negotiate with First Mutual to further buy down interest rates in order to increase sales (either the utility or vendor would have to buy down the rate).

2.2 Primary Roles for Key Players

BPA

Initially, BPA's primary role was to develop the program. As discussed above and later in the report, some of these roles have changed once the program was implemented.

Specifically, BPA's activities include:

- Select the lender (First Mutual)

- Establish list of eligible conservation measures.

- Promote program to utilities – BPA is responsible for recruiting utilities into the RLP.
- Establish eligible conservation measures. BPA selects a subset of residential measures from the C&RD list to be eligible for the RLP.
- Conduct site review of completed installations.

Utilities

Utilities must complete the sign-up sheet to participate in the program. By participating, utilities agree to the following:

- Promote the RLP to residential consumers
- Identify vendors to participate in the program

First Mutual

First Mutual agrees to:

- Qualify vendors – All vendors must be approved by First Mutual's Dealer Approval Committee.
- Establish contractual relationship with all approved vendors
- Train vendors on how to use First Mutual's loan program
- Provide cover sheet to be used by vendors for loan applications
- Provide loans to end-users
- Provide monthly reports to participating utilities and BPA, including vendor cover sheets

Vendors

Participating vendors agree to:

- Complete and submit a Dealer Application to First Mutual.
- Upon approval by First Mutual, vendors must sign a master Dealer Agreement that contractually binds them to First Mutual.
- Sell high efficiency measures
- Apply for RLP loans (application done via Internet, by fax, or by mail)
- Pay 3 percent of the total cost of the job, which they can pay to First Mutual to buy down the interest rates or pass on directly to the consumer.

- Submit all loan documents to First Mutual including a cover sheet that describes the conservation measures and location of the installation.

Residential Consumers

Residential consumers participating in the RLP agree to the following:

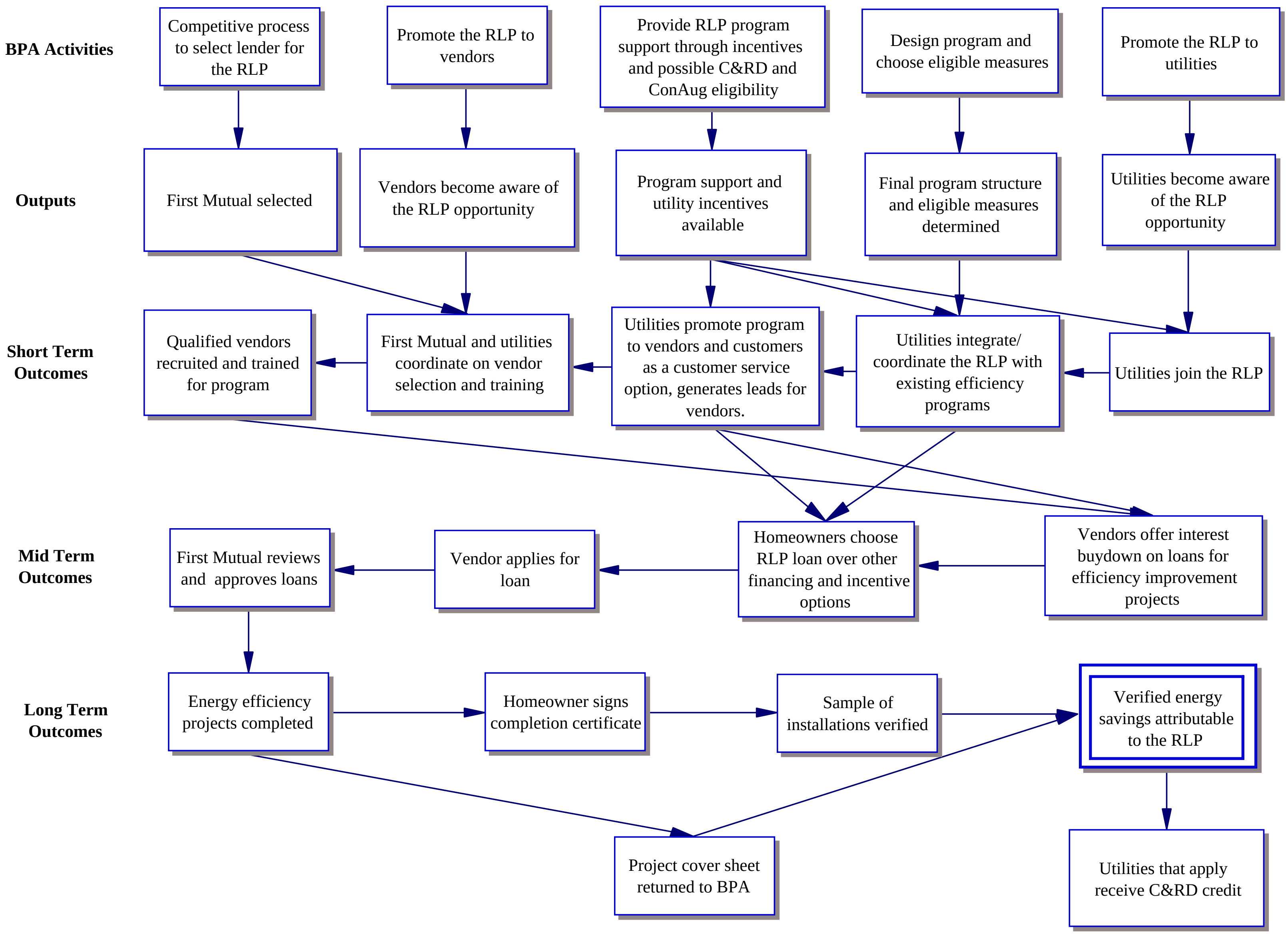
- Apply for a loan through the RLP vendor.
- Sign a completion certificate provided by the vendor indicating satisfaction with the job.

2.3 Logic Model and Program Theory

RLP Logic Model

The following page shows a logic model for the RLP based on the activities described in the last section. The logic model identifies the key program activities and shows how the various activities are related. Initial *Activities* by BPA result in direct *Outputs*. These activity outputs in turn spur reactions that result in *Short-Term Outcomes*, *Medium-Term Outcomes*, and *Long-Term Outcomes* as shown in the lower rows of the logic diagram. The ultimate result of the program is to achieve long-term, verifiable energy savings as identified in the box with the double border.

Logic Model for the BPA Residential Loan Program (RLP)



2.4 PROGRAM THEORY

Based on the RLP logic diagram, several important program assumptions were identified by the evaluation team. These assumptions reflect the key program links that are assumed to occur in order for the program to be successful. The evaluation has focused on researching the extent to which these key events are in fact occurring.

Key assumptions underlying the program include the following:

- Lack of access to financing is a barrier for consumers interested in purchasing energy efficient equipment.
- The RLP loan is a more attractive financing option than other financing and purchase alternatives available to the consumer.
- The RLP loan is a more attractive marketing tool for vendors than other financing options and/or incentives that they can offer to their consumers.
- Vendors perceive that the potential benefits to them of the RLP program outweigh the costs of participating (i.e., loan buy down costs, paperwork, verification).
- Vendors have the skills to effectively market financing options to their consumers.
- Eligible utilities are aware of the RLP opportunity and understand the potential program benefits.
- The RLP benefits to utilities are great enough to get utilities to effectively promote the program to vendors.
- Utilities have existing relationships, or establish new relationships with trade allies that can be used to recruit vendors to the program
- Utilities will actively refer potential consumers to participating vendors.

The validity of these key issues and assumptions were researched in detail as part of the in-depth interviews with program staff, utilities, and vendors during this process evaluation.

2.5 PROGRAM ACCOMPLISHMENTS

The RLP has had 192 loan applications through First Mutual bank since September 2003. As shown in Table 1, 72 of the loan applications have been declined or rejected. The remaining 120 are split between the 89 which have been booked and therefore had money distributed and another 31 which have been approved but where funds have not yet been issued. The total value of the loans currently booked is just over $500,000. However, another $220,000 in loans have been approved and may become booked if the consumer decides to go through with the loan.

Table 1: Loan Application Status, Number and Value

Status	Number	Value
Booked	89	$525,483
Approved	31	$220,164
Declined	72	$421,403
Total	192	$1,167,050

Table 2 compares the actual booked loan activity to BPA's original targets for the RLP. For each year, actual loans (both in terms of loan numbers and dollar volume) have been less than originally planned. These numbers have increased each year, however, as the program becomes more established.

Table 2: Booked Loans - Actual vs. Target

	2003	2004	2005	Total
No. of Loans (Actual)	1	37	51	89
No. of Loans (Target)	1	39	60	100
Loan Volume (Actual)	$4,545	$223,879	$297,058	$525,483
Loan Volume (Target)	$6,000	$234,000	$360,000	$600,000

Note: Annual totals shown for fiscal year (Oct-Sept).

Table 3 shows the total amount of booked and approved loans that lie within and outside of BPA service territory. Of the 120 loans that are either booked or approved, 49 are within BPA service territory and have a total value of $306,468 and 71 are outside of BPA service territory with a total value of $439,179.

Table 3: Booked and Approved Loans by Service Territory

Territory	Number	Percent of Total Loans	Value	Percent of Total Loan Value
BPA	49	41%	$306,468	41%
Non-BPA	71	59%	$439,179	59%
Total	**120**	**100%**	**$745,647**	**100%**

For the remaining tables in this section, the focus is on the booked loans shown in Table 1. The time period for the data is from September 22, 2003 through July 10, 2005.

The number of booked loans per month, shown in Figure 1, has generally increased over the almost two years of recorded data. Also noted in the data is a seasonal decrease from October through December in the number of loans in 2004 that rebounded at the beginning of 2005, so loans may be following the building cycle which tends to see more activity in the spring and summer months. Demand for air conditioning also typically increases during this time.

Figure 1: Number of Booked Loans by Month

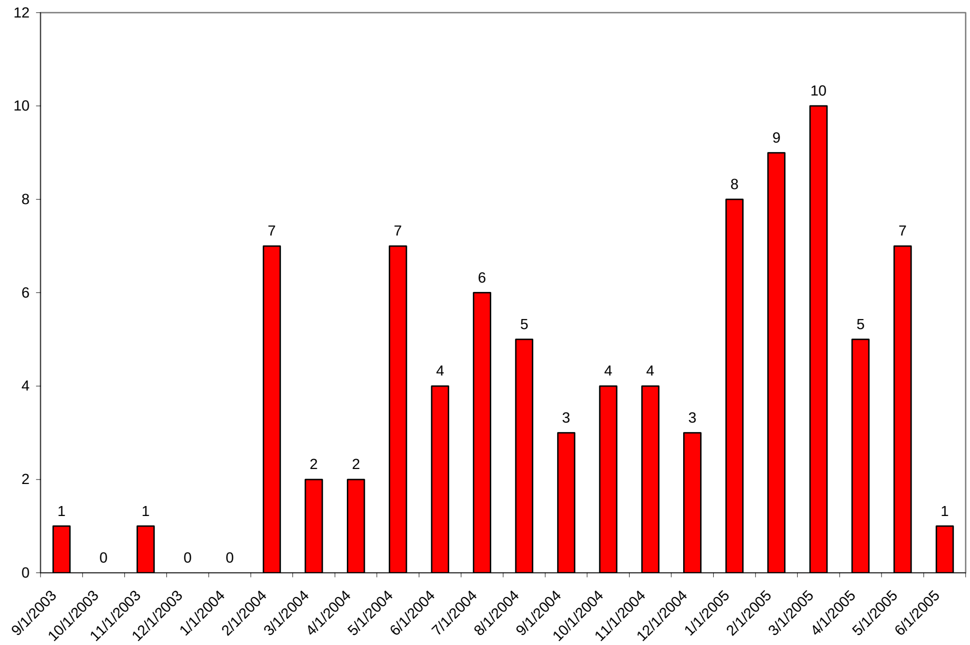


Figure 2 shows the value of the booked loans each month and generally follows the same cycle shown with the number of loans. The largest single month of loans was in March 2005 when over $61,000 were loaned due to the program.

Figure 2: Value of Booked Loans by Month

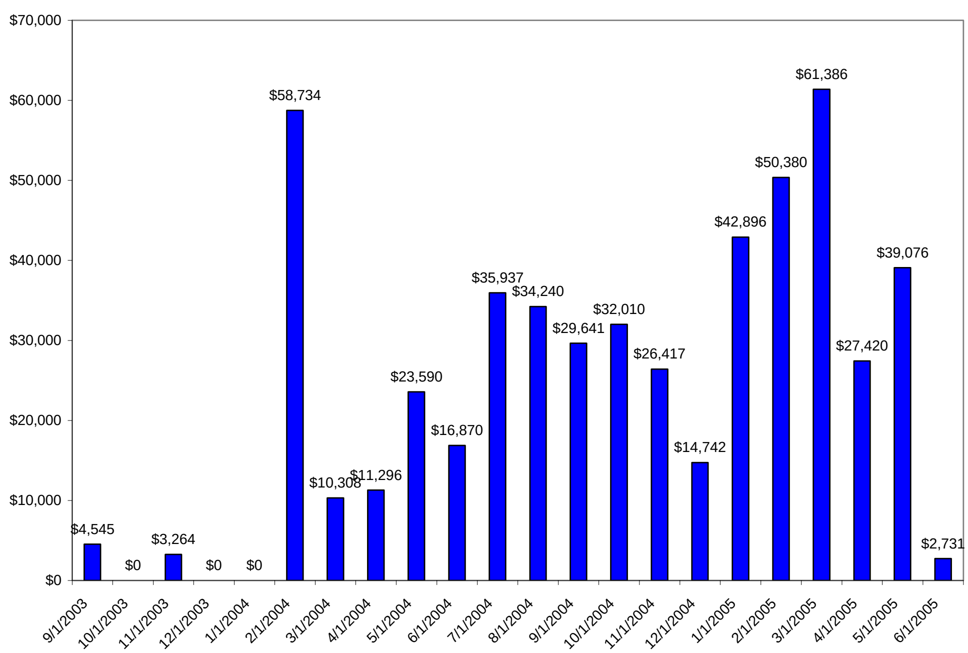


Table 4 shows the total loan volume for booked and approved loans combined. For these loans, the end-uses for the loans fall into three primary categories. About half of the loans (45 percent by count and 60 percent by value) occur in a group that includes windows, doors, insulation and siding. Many of these projects include multiple components of this group so they cannot be disaggregated. Nevertheless, projects that were described as just windows made up 71 percent of the loans within this category and 32 percent of the total loans. The spa category refers to home spa installations, which BPA does not consider as energy efficiency measures. The HVAC category included installations of air conditioners, heat pumps, and furnaces. The other category included more general home improvement projects.

Table 4: Booked and Approved Loans by End-Use

Loan End-Use	Number	Value	Average Value
Windows, Doors, Insulation, Siding	65	$447,428	$6,884
Spa	26	$120,485	$4,634
HVAC	27	$167,410	$6,200
Other	2	$10,324	$5,162
Total	120	$745,647	$6,214

Table 5 shows the statistics for just the booked loans by end-use, with a total loan volume of $525,483 over this same period. Based on the booked loan totals, the window, doors, insulation, and siding projects are typically the most expensive category with an average loan amount of $6,528 compared with $4,403 for spa projects and $5,988 for HVAC projects.

Table 5: Booked Loans by End-Use

Loan End-Use	Number	Value	Average Value
Windows, Doors, Insulation, Siding	50	$326,377	$6,528
Spa	20	$88,057	$4,403
HVAC	18	$107,785	$5,988
Other	1	$3,264	$3,264
Total	89	$525,483	$5,904

3. Evaluation Methodology

The evaluation was centered around two distinct phases. The first phase was devoted to reviewing program materials and interviewing several key BPA staff to gain a better understanding of the RLP. Based on this information, the evaluation team developed the program logic model and program theory presented in the previous section. The program logic and theory were then reviewed with BPA staff for accuracy. Once finalized, the program theory and logic model were used to identify key issues to be addressed in this evaluation. In particular, key links or events in the logic model (such as vendor reliance on utilities for consumer referrals) were highlighted as needing special emphasis during the in-depth interviews.

The second phase consisted of conducting the in-depth interviews with key staff involved with the RLP. These interviews were done primarily by phone and lasted anywhere from 15 minutes to an hour. To gain as wide a perspective as possible, interviews were conducted with staff involved in all phases of the program design, management, and implementation. The interviews also included nonparticipating utilities and vendors that were aware of the RLP but chose not to participate, which allowed us to gather additional perspectives on program barriers. Copies of the interview guides used for these interviews are included in Appendix A.

The sample design for these interviews is shown in Table 6. A total of 62 in-depth interviews were completed as part of this evaluation in May and June 2005. Additional detail on these interviews is provided in the following section.

Table 6: Interview Sample Design

Interview Group	Number of Interviews
BPA staff	13
First Mutual RLP staff	3
Other loan program managers	10
Participating utilities	8
Nonparticipating utilities	8
Participating vendors	10
Nonparticipating vendors	10
Total Interviews	**62**

The remainder of this report details the evaluation findings based on these interviews. Due to the wide range of respondents interviewed, perceptions and opinions regarding the RLP sometimes differed across respondent groups.

4. Evaluation Findings

4.1 RLP Interviews

To collect information on how the program is being implemented, we interviewed the BPA staff that has been involved in the RLP. This includes the current RLP management team, those involved in the initial design and implementation of the program, and staff that have assisted in various elements of the program such as marketing and contracting. In addition, we also interviewed several BPA Energy Efficiency Representatives who work directly with BPA's utility customers. Interviews were done primarily by phone and lasted anywhere from 15 minutes to an hour.

Table 7 shows the total number of RLP staff (BPA and First Mutual) interviewed in this effort.

Table 7: RLP Staff Interview Sample

Interview Group	Number of Interviews
BPA RLP Team members and managers	5
BPA Energy Efficiency Managers	2
BPA Energy Efficiency Representatives	4
Other BPA staff related to RLP	2
First Mutual Bank RLP staff	3
Total RLP Staff Interviews	**16**

4.2 RLP Program Staff Results

BPA Staff

Program Design and Coordination

According to BPA staff, the RLP was originally designed to replicate the success of Sacramento Utility District's (SMUD) Residential Loan Program. The program design emphasized creating a loan program that could be promoted at little or no cost to BPA, and required minimal effort on the part of utilities other than helping promote the program to consumers and vendors and providing consumer referrals to participating contractors. BPA estimated that about 20 percent of residential consumers doing eligible projects would have a need for financing and therefore would be potential candidates to participate in the program.

When designing the RLP, BPA knew that, as a federal agency, it could not use its own funds to buy down interest rates for the RLP loans. This represented a significant difference from other loan programs (including SMUD's) where funds were available directly from the program agency to buy down the interest rates. In response to this, it was decided that vendors could opt to pay for a 3 percent interest buy down with the expectation that this cost would be more than made up by increased business as a result of participating in the program. (To boost the incentive for contractors, BPA has recently added a $300 incentive for contractors for each loan completed through the program, but this was not part of the original program design.)

Through a competitive solicitation BPA was able to contract with First Mutual to help run the program. Subsequent to designing the RLP and signing an agreement with First Mutual, BPA discovered that, due to privacy rules involving federal agencies, First Mutual cannot disclose site addresses and participant names. This has prevented BPA from conducting site reviews as was intended in the original program design.

To date, the RLP has been successful in getting the basic framework of the program operating in the field. The program has also been successful in recruiting some utilities and contractors to use financing available through the program. It appears that there has been good coordination between BPA and First Mutual in regard to program activities.

Program advertising by BPA has been limited, but what has been done appears to have had a positive effect. A recent radio ad resulted in a jump in participation in the area where the radio ad aired. Other print ads have been fielded, but these were met with resistance from utilities that felt that these ads were competing with their own programs. Flyers for the program are also available at the offices of participating utilities, although some have questioned how effective these are, given that the number of walk-ins is small.

Utility promotion of the RLP has been limited and has primarily involved hosting initial meetings with vendors to promote the program. Most utilities have not been actively recruiting vendors beyond this and, consequently, the RLP program manager has been responsible for most of the vendor recruitment activities.

As of the date of this evaluation, the program has not achieved the results that were originally hoped for with this program. However, some staff members believe that the program accomplishments are consistent with the start up experiences for similar programs in other regions and pointed out that all loan programs take time to become established.

In response to early feedback received from some utilities, much of the current program focus has been the Puget Sound area, where utilities have been receptive to the program and some contractors are actively participating. Current promotions are targeting these areas in an effort to gain momentum for the program in the hopes that favorable publicity will increase participation.

Program Challenges

The RLP is requiring BPA to spend more time actively marketing the program than was anticipated in the original program design. It was initially believed that utilities would have established relationships with the larger contractors in their region and that the RLP could leverage these relationships easily through the utility in order to promote the program. Once the program was fielded, it was discovered that most utilities did not have established trade ally networks, and the program manager had to spend time identifying and recruiting contractors for the program without the benefit of established contacts by the utilities.

The program has also met with some resistance from utilities, particularly some of the smaller rural utilities. Some of these areas offered their own loan programs and viewed the RLP as unnecessary competition that would confuse their consumers. Some utilities reported that they resent BPA coming into their territory uninvited to field a program.

One of the challenges for the program has been to get contractors to actively sell the program as part of their sales pitch to consumers. While BPA estimated that 20 percent of the consumers would require financing, contractors report that only 1 percent ask about financing. Compared to BPA's estimate of 20 percent, the significantly lower participation suggests that some contractors do not promote the RLP option unless asked first by the consumer. More active promotion by the contractors regardless of whether or not the consumer asks about it should increase participation and some vendors are more comfortable than others with including the financing option as part of their sales pitch. As one BPA staffer put it: "There are two types of contractors: those that sell equipment and those that sell financing."

Some BPA staff are concerned that the paperwork involved with the program is preventing participation by vendors. Contractors are supposed to complete a cover sheet describing the completed project, but to date few of these sheets have been returned to BPA. The reason for this is that contractors are not required to turn in cover sheets for loan approval, and there has been no incentive large enough to entice contractors to complete the paperwork.[4] As a result, BPA does not have complete information about the types of projects being installed through the program and therefore have not been able to estimate the savings attributable to the RLP. In addition, eligible measures are the same as those available for the C&RD, and the equipment guidelines for this are contained in a very detailed, thick document. There was some concern from BPA staff that contractors may be deterred by the thickness of the C&RD equipment guidelines and that this process should be streamlined.

Section 2.2 listed the key elements of BPA's initial role in the program. That role has changed over time. BPA's current activities include:

- Develop marketing materials for promotions.
- Recruit and promote program to utilities and vendors.
- Follow-up visits and calls to interested utilities and vendors.
- Solicit feedback from utilities, vendors, and First Mutual on how to improve the program.
- Provide updated program information to utilities and vendors.
- Maintain positive relationship with First Mutual by ensuring that they receive optimum benefit from participation in the RLP.
- Ensure RLP falls within federal guidelines for BPA activities.

Suggestions for Improvement

Given the current program landscape, BPA reportedly recognizes the need for RLP staff to be in the field constantly to promote the program. Since the program is highly leveraged and does not provide a financial incentive to vendors, the field promotion is even more important than for other DSM programs. As one BPA staffer said "The program needs to be vendor driven. The SMUD program was successful because it was vendor driven." More time spent in the field working directly with contractors should result in progress in this area.

BPA staff also said that the program needs to evolve to take into account upcoming changes in the other programs. In particular, rate credit amounts are being scaled back in the future, which will create a greater need among some utilities to offer financing to their consumers. The RLP should be promoted as an option in these instances.

[4] BPA recently initiated a $300 incentive for contractors who do submit a cover sheet but to date very few contractors have taken advantage of the incentive.

Energy Efficiency Representatives

We also interviewed four of BPA's Energy Efficiency Representatives (EER) who work directly with customer utilities in the field. Two of the EERs were able to recruit at least one participating utility. The respondents attributed the success to a number of factors.

- The larger utilities were more receptive to the RLP and in general were the ones that participated. This is because the larger utilities typically have conservation staff that has time to support the program.

- One of the respondents stated that the utilities in his/her region are generally more receptive to third parties being involved with programs than utilities in other regions. The same respondent also said that the utilities in their region are in general more supportive of DSM programs than most utilities.

- One participating utility already had a loan program, but it was limited to heat pumps. The EE representative found that the RLP provided the benefit of being able to accommodate other measures and therefore served as a complement to the existing program.

The respondents stated that the RLP has been a difficult program to promote to utilities, as it is fundamentally different from other BPA programs that utilities are familiar with. The utilities are accustomed to BPA programs where incentives are given directly to consumers, such as with rebate programs. The RLP on the other hand uses contractors and a third party funding source to implement the program. Utilities were apprehensive about this new approach to DSM.

There were a number of common themes that the EERs found to be barriers to participation.

- Many utilities have existing residential loan programs. One respondent estimated that over half of the utilities in their region offered financing to consumers. Many of the existing programs provide interest rate buy-downs therefore providing their consumers with attractive rates.

- Utilities declined to participate because they believe the interest rates associated with the RLP are too high.

- Utilities are not interested in working with a non-local lender.

- Utilities found that their local contractors are not interested in the RLP.

- Utilities do not want a third party coming between them and their local contractors.

- Utilities are able to capture all of their C&RD through other DSM programs, and they are not interested in participating in any extra DSM programs

- Utilities like to have direct oversight over programs affecting their consumers. Specifically, utilities that are interested in offering financing to consumers are concerned that the RLP will not provide sufficient third party verification to insure that all work has been completed to their standards.

Small utilities are less likely to participate in the RLP than large utilities.

- Small utilities have more limited staff time than large utilities and therefore must prioritize how they want to focus their DSM efforts. Many believe they will be able to generate higher savings by spending their time on other DSM programs.

- Smaller utilities tend to favor local businesses and are therefore more likely to be discouraged by the use of a non-local lender.

- Due to a smaller consumer base, smaller utilities do not believe that demand will be sufficient to justify the time and effort necessary to accommodate the RLP.

When the RLP was first implemented, one respondent stated that when the RLP was introduced to utilities at a utility round table meeting, the utilities had a number of concerns about the RLP, which they identified in a memo to BPA. Despite the fact that BPA has since addressed some of these issues, the meeting appears to have discouraged some utilities from participating in the RLP. Listed below are select issues brought up in the memo in response to the roundtable meeting held in Richland, WA, on March 20, 2003, titled "Summary of Residential Loan Program Issues."

- Concern that BPA will not inspect 100 percent of the installations, which will lead to substandard installations.

- Concern that BPA is going straight to the end user without the permission of the utilities.

- Concern that the BPA name is attached to a program with a third party doing business uninvited in utility service territories.

- Concern that the RLP was developed with minimal utility input.

The respondents stated that coordination between the utilities, First Mutual, and BPA has been successful. One respondent stated that there was an isolated incident where a breakdown in communication between First Mutual and a utility resulted in the utility backing away from the RLP. According to the respondent, the utility had difficulty adding their contractors to First Mutual's qualified vendor list. After multiple attempts to resolve the situation, the utility abandoned the RLP.

First Mutual

In addition to the BPA interviews, we also interviewed three staff members by phone at First Mutual that are involved with the RLP. Staff we interviewed were involved in the initial program planning and management as well as recruiting and training of participating contractors.

The First Mutual staff believed that the original design of the program was to have BPA buy down the loan rates. First Mutual learned after they were selected as the contractor that BPA would not be able to do this. Based on the original program design, First Mutual anticipated about $200,000-$300,000 in loan volume per month through the program. While RLP loan volumes have increased over time, to date this level of loan activity has not yet occurred.

The First Mutual personnel we interviewed echoed the perception by some BPA staff that some contractors are better than others at promoting financing to their consumers. They said that some contractors say that their consumers do not ask for financing and therefore they do not try to sell the RLP program. First Mutual stated that in order to increase participation, contractors need to be more proactive in selling the RLP financing option even if consumers do not ask for it initially.

First Mutual realized that getting some contractors to start actively promoting financing was a change from their usual business practice. They worked with contractors and trained them on selling the RLP option, but contractors are still resistant. The difficulty encountered in getting contractors to change their established business practices and begin promoting the RLP financing option was one of the surprises with this program, according to First Mutual.

Program Barriers

Some vendors and consumers have the initial perception that the interest rate available through the RLP is high, since they apparently compare it to rates advertised for home equity loans or long-term mortgages. Consumers do not understand that this is a different type of loan and that the RLP loans are unsecured and therefore will require a higher rate. First Mutual stressed that the rates offered through the RLP need to be <u>significantly</u> less (3-4 percent less) than what is available elsewhere. The SMUD loan program was mentioned as an example of a program that was successful because it was able to buy down the loan rates.[5]

First Mutual said that BPA efforts for the program have been great, particularly those involved with actively promoting the program to contractors. They also said that BPA has done as much as they can to reduce paperwork for contractors and to make the application process as easy as possible. Nevertheless, the paperwork involved in the program is still believed to be a barrier to participation. One First Mutual staffer said that, “Even if contractors get another 12 jobs due to the program, it is still not worth it to them to learn procedures for a new program.”

An additional barrier for some contractors was the online application process. Some contractors are used to working online while others are less familiar working this way. The program is targeted to both HVAC and window contractors, and window contractors in general seem to be more familiar with paperwork involved with financing. Many of the HVAC contractors are small shops, and these tend to be less familiar with financing and associated paperwork.

There is a separate contractor approval process that requires contractors to submit financial background information for review prior to being accepted into the program. First Mutual realizes that this is a barrier for some contractors and that some other agencies offering financing do not have this requirement. Despite this, they believe that this requirement is necessary to

[5] The SMUD program manager, however, attributes that program’s lower rates to the municipal utility’s ability to use its own funds rather than explicitly buying down rates.

protect the bank and to maintain the integrity of the program by ensuring that only reputable contractors are in the program.

First Mutual perceived that the original design of the program relied heavily on utility referrals of consumers to participating contractors, with one First Mutual staffer saying this was the “most important job.” Contractors have a “what’s in it for me?” attitude toward the program and so the prospect of referrals is an important incentive for contractors. Puget Sound Energy was cited as an example of a utility with an active contractor referral process. To date, none of the participating utilities has done a good job providing referrals to contractors, according to First Mutual. In some instances, First Mutual had to rely on the Yellow Pages to identify contractors for recruiting into the program.

Having vendors pay for the 3 percent buy down was also considered a barrier by First Mutual. Since the program is from BPA, there is a perception among contractors that they “will get something for nothing” as they have in the past with other BPA programs, according to First Mutual. The program allows contractors to say they are affiliated with BPA, which lends credibility. Without some sort of financial incentive, however, the affiliation with BPA by itself is not likely to motivate contractors.

One First Mutual representative stated that the RLP was not effective in creating new energy efficiency savings opportunities. It was believed that most loans that were completed through the RLP were likely for projects that would have been done anyway even if RLP financing was unavailable. As a consequence, it is unlikely that the program is achieving much net energy savings.

Recommendations for Improvement

Suggestions for improving the program centered on increased promotion of the program. In particular, the program would benefit from having “high-quality” advertising from utilities to promote the RLP. This would get more consumers asking contractors about the program and make it easier to get participants. Having utilities guarantee to contractors that leads would be generated (possibly through bill stuffers to end users) would also be a good incentive to get contractors to participate.

One First Mutual staffer emphasized the need to get out regularly and meet with contractors in person, with follow up reminders done by phone. The contractor interaction needs to be done in person – relying on mail or phone alone will not be effective in getting contractors to use this program. Although this is already being done to some extent, more direct communication is necessary – either by BPA or First Mutual – to increase participation among contractors.

Finally, First Mutual mentioned the need to have additional utilities on board to bring some high volume contractors into the program, although it is unclear whether or not utilities know who the biggest contractors are in their service territories. If more high volume contractors start using the program, this will likely increase the momentum and get other contractors to participate.

4.3 Utilities

To gain an important perspective on the RLP, we also interviewed utilities in the region that had at least some interaction with the RLP. We interviewed eight utilities that are participating in the RLP and eight utilities that had been recruited for the program but are currently not participating.

Participating Utilities

This section provides a summary of the results from interviews of program managers at utilities participating in the RLP. This included interviews with staff at Ferry County PUD, Flathead Electric, Gray's Harbor PUD, Peninsula Light, Pacific County PUD, Seattle City Light, Skamania PUD, and Tacoma Power.

Over half of the respondents stated that they learned about the RLP from a presentation by the RLP program manager. BPA EERs presented the RLP to the remaining utilities.

Over half of the participating utilities (five of eight) use the custom option of the RLP.

- The most common reason for participating in the custom option is to give consumers the flexibility to finance a range of home improvements with a single loan. It is common for consumers to have a number of measures installed at once. It would discourage consumers from using the RLP if they were forced to take out multiple loans.

- One respondent whose organization elected to participate in the basic option stated that the reason for selecting the basic option was to keep the program simple to understand. Since windows and heat pumps are two of the more expensive measures, they are also the measures for which financing is most often necessary.

Most of the participants stated that their goals for the RLP were as a supporting program to other DSM programs, or more commonly, simply as a consumer service program. The decision not to use the RLP as a stand-alone DSM program substantially changes the way the utilities approach the program.

- Respondents stated that their goal of the RLP as a consumer service program reflects the limited amount of staff time they want to commit to the program as well as the amount of participation they expected. Specifically, if the goal of the RLP is DSM, then the utilities have to devote substantially more staff time to the program. In order to count the savings under C&RD, utilities would have to record all installations and conduct audits. This is of particular concern for the smaller utilities that typically have a limited conservation staff, if any at all. In general, utilities prefer to use their C&RD credits with other DSM programs such as rebates. Since most utilities did not expect high participation with the RLP, they did not believe the program would have high DSM value.

- One respondent stated that their utility was planning on using the RLP and helping to buy down the interest rate using C&RD funds (which was never offered as an option under the RLP or C&RD). Unfortunately, this utility was never able to initiate the RLP due to communication problems between the utility, First Mutual, and BPA (see *Vendor Recruitment* in this chapter.)

Almost all of the respondents stated that a major factor in deciding to participate was that the RLP carried little risk. By participating, utilities could offer an additional service to consumers with a minimal time and money commitment, which is consistent with the original program design.

- The fact that the RLP required minimal staff time for the utilities was particularly attractive for the smaller utilities that have limited staff time available for conservation programs.
- Two utilities had existing energy efficiency financing programs and believed that the RLP would complement them well. One of the utilities offered either financing with a rate buy-down or a rebate, and wanted to participate in order to offer consumers a rebate and financing together. The other utility offered financing for certain weatherization measures and wanted to participate in order to offer financing for measures not eligible through their existing program.
- One utility had provided a successful buy-down financing program in the past that offered 0 percent loans. Shortly before the RLP was presented they ended their financing program due to a lack of funds. The utility wanted to participate with the RLP so they could continue to offer financing to consumers.
- The utilities that have a large lower-income consumer base believed that the RLP would provide a useful service for consumers who need to install expensive measures.

Vendor Recruitment

Most of the participating utilities said they had prior relationships with at least some local contractors. These utilities contacted their local contractors directly and informed them of the RLP. Interested contractors were then invited to attend a presentation by a First Mutual representative. One utility gave First Mutual a list of local contractors but First Mutual was unable to recruit any contractors to participate. The utility then successfully recruited a few contractors.

- Most utilities were able to recruit two to four contractors to participate.
- One utility was not able to recruit any contractors.
- One utility said that six contractors were enthusiastic about the RLP, but due to communication problems with First Mutual, were never added to the participation list. The respondent stated that the utility submitted the vendor application forms to the bank on more than one occasion. For an unknown reason the utility's contractors were never added to First Mutual's vendor participation list. The utility also contacted their BPA EER representative but the EER was unable to resolve the problem. The utility eventually abandoned the RLP. According to the EER, this was an isolated case where communication between the utility and the First Mutual broke down.
- Since the initial recruiting process, only one utility has continued to recruit new contractors.

- One utility has turned away interested contractors because the utility believes the demand is not great enough to justify signing up any more vendors.

- One former utility participant was unable to enroll any contractors and therefore abandoned the RLP because of a lack of demand.

According to the respondents, one of the greatest benefits for the participating contractors is to be on the utility contractor list for referrals. The respondents also believed that the RLP would be worthwhile for contractors to add to their portfolio. The two respondents whose utilities offered financing programs in the past said that their contractors were aware of the benefits of financing, which made it easier to recruit vendors.

The interest rate proved to be a major barrier to vendor participation.

- Many contractors already had financing with more attractive loan terms to offer consumers.

- One respondent estimated that over 50 percent of the utility's local contractors already had financing options that provided more attractive financing to consumers.

- Contractors who did not already have financing options but thought it was a good idea believed they could find more attractive financing through other sources.

There were also other barriers that limited vendor participation.

- Many contractors preferred to use a local bank as a lender. This was especially true for utilities that serve a rural consumer base.

- Some contractors did not see a need to offer consumers financing. In some cases the contractors already had plenty of business and therefore did not need any additional sales tools. Other contractors did not believe that there was a large enough demand for financing to make it worth their time to participate in the RLP.

- Contractors did not want any extra paperwork and do not believe that financing is their responsibility. Some contractors prefer to direct consumers to local lending institutions for financing.

Consumer Participation

The most common marketing practices include promoting the RLP on the utility websites and referrals in response to consumer inquiries. In general, promotion of the RLP has been limited on the utilities' part.

- Many of the utilities rely on contractors to promote the RLP. Since contractors do not seem to be using the program, the utilities have stopped promoting the RLP because they have not seen a demand for the program.

- Utilities do not feel that the RLP is their program and therefore do not believe that it is their responsibility to market it. They believe that the RLP is BPA's program and BPA should have the majority of the responsibility for promoting the program.

- Smaller utilities do not have the money to conduct extensive marketing for the RLP.

The participation levels are in line with the expectations of the utilities, and utilities named a variety of factors that are affecting participation.

- The interest rates are too high to be attractive for participants. Consumers have been able to find more attractive financing through other sources such as home equity loans and lines of credit.

- Respondents believed that to encourage participation, there would need to be a sustained effort to keep contractors engaged in the RLP. They did not see anyone who was going to fill this role. The utilities have not dedicated this kind of effort to the program because they do not believe it is their responsibility.

- One respondent stated that consumers were turned off by the fact that rates are determined by their credit score as opposed to offering a set rate for all consumers.

Nonparticipating Utilities

We also interviewed eight nonparticipating utilities that had been approached by RLP staff and were thus aware of the program but eventually decided not to participate. Over half of the utilities (five of eight) were informed about the RLP from presentations by BPA at utility roundtable meetings. Two of the utilities were informed about the RLP during one-on-one presentations by the RLP program manager. All of the utilities stated that the materials and presentation by BPA adequately explained the program.

Participation Decision

At the time when the RLP was introduced, all of the nonparticipating utilities interviewed already offered financing through their own programs. Many of the programs had already been running for many years prior to the inception of the RLP. All of the respondents stated that this was the primary reason for not participating. More specifically, the respondents stated that they believed their financing programs offered consumers a more attractive service than the RLP.

- The RLP had higher interest rates. Most of the existing loan programs offered a rate buy-down, providing consumers with preferred rates.

- Utilities were concerned that the RLP would not provide adequate quality control of the work installed. Along with the preferred rates, the utilities believed that the third party verification that their programs offer holds substantial value for their program.

- The RLP would have made it harder to qualify consumers. Many of the smaller utilities that had existing loan programs did not conduct a credit check on participants. They qualified consumers based on their bill payment history. These utilities believed that conducting credit checks would discourage consumer participation.

- All of the existing loan programs offered a set interest rate for all consumers. According to the respondents, consumers find the single rate more attractive than a rate that varies by credit score, such as the rate provided by the RLP.

- Several of the respondents stated that the non-local bank was a discouraging factor of the RLP. Consumers prefer to use local lenders, particularly in rural areas.

When asked what BPA could have done to make it easier to participate, all of the respondents stated that BPA would have had to lower the interest rates of the loans to make them competitive with the loan terms of their existing loan program, which echoes the comments made by participating utilities.

Other Utility Programs

All of the nonparticipating utilities interviewed had an existing loan program at the time BPA began the RLP.

- Most (six out of eight) existing programs offered a buy-down rate paid for by the implementing organization.

- Half of the existing programs offered loans with a 0 percent interest rate. The remaining programs offered rates ranging from 3.5 to 6 percent.

- Six respondents provided participation information for their programs. Five of those had participation that ranged from 60 loans/year to 274 loans/year. One program has had a total of 75 loans since 1999.

- All of the existing loan programs offer financing for heat pumps and weatherization measures including insulation and windows. Two of the programs also provide financing for solar measures.

All of the respondents stated that they are satisfied with the performance of their financing program. Many of the respondents stated that consumer and vendor satisfaction with their program has been very high.

- Most of the respondents said that their contractors enjoy added credibility from being affiliated with a utility.

- Consumers value the third party verification that the utility loan programs provide.

- One respondent said that their contractors “love” their program because the utility does all of the up-front work. By the time the utility gives the consumer a list of eligible contractors, the consumer is ready and committed to having the measure installed.

In general, contractors are the driving force promoting the loan programs.

- A key to success for many of the most successful programs has been to maintain a good relationship with the contractors.

- In most of the cases, the contractors promote the program voluntarily.

- Some of the utilities occasionally send out bill inserts or flyers to consumers promoting their loan program, but they say that the contractors are the primary promoters of the loan programs.

4.4 VENDORS

We interviewed 20 vendors about their experience with the program and the sample was split evenly between participants and nonparticipants. Although the participating vendors were approved by First Mutual, not all had booked loans through the program at the time of the interview. The non-participant interviews came from a list provided by BPA of vendors who had been approached by the program.

Participating Vendors

The participants interviewed came from single-location companies that had between 5 and 35 employees. Interestingly, all the participants said that the vast majority of their installations are ENERGY STAR® qualified. However, when asked if that was because they specialize in high-efficiency or because of "market conditions," about 50 percent said the market dictated the higher efficiency levels. In the case of windows, the contractors said 80 percent of the market is high-efficiency right now anyway.

Of the participants interviewed, two used the program frequently (more than 25 loans), two had done between five to nine loans, and six had done less than five.

Vendor Benefits

Vendors referred to two primary benefits from their participation in the program. The first was referrals from the utilities, and the second was opportunities to complete sales or sell higher efficiency models.

Related to the referral benefit of the program, many vendors alluded to a kind of screening that improved their reputation. These vendors felt that since marketers of the program needed to be bonded and insured that it gave them increased legitimacy in some cases. One vendor described the benefit, "The tie-in with the BPA gives people a lot of confidence; instant credibility."

Two vendors mentioned their ability to complete sales and ability to sell additional products. Most participants did not attribute these abilities directly to the program, however.

Sales Approach

The sales approach of the companies varied sharply among those interviewed. The most relevant fact learned was that a number of vendors indicated that loans are not a big part of the way they get their business. These vendors rely on referrals from people who have their financing figured out. Their consumers will call them looking to have the work done and are prepared to make the payment necessary (sometimes through their own secured and unsecured loans).

The vendors that do more cold-calls, advertising, and higher pressure sales techniques (aggressive-marketing) frequently rely on financing as part of their pitch. (One vendor believed this sales approach is used by 20 percent of the market). It was also mentioned that aggressive-marketing vendors sometimes charge more for the same services to recoup their costs in time spent offering bids and making pitches. One person negatively characterized these vendors as focusing on the elderly. More often, the sales approach was more closely related to the amount of time the company had been open rather than business philosophy.

Between and within sales approaches there existed differences in how the financing options were discussed. For some vendors (in particular one of the active participants) the loan option was part of the initial delivery of information about the project. Other vendors would not discuss financing unless the consumer had mentioned it. And even among the vendors that provided financing information, some would only offer a single financing option instead of all of the options in order to make it simpler for the consumer.

Financing Terms

Vendors generally have three types of options for payment:

1. Cash or private-financing;
2. Project financing by bank institution or company itself; or
3. Equipment financing by manufacturer.

Most of the participants that offered loans had multiple avenues from which to choose. In regard to cash or private financing, the vendors said they did not necessarily know if the consumer had taken out a home equity line of credit or other loan vehicle to pay them. One vendor did estimate that 30 percent of the sales are financed through private financing. In the situations where consumers did initiate private financing, the turnaround time (typically two weeks for home equity loans) to get the money created delays or sometimes caused the deal to fall through. The rates of these types of private financings were described as “low” (in comparison to unsecured loans) and do not have the risk of exorbitant long-term rates. Consequently, one vendor said, “three-quarters of the consumers look at the (First Mutual-RLP) rate and figure they can do better elsewhere.”

All the participants said they had other non-RLP financing to choose from. In particular, First Security Bank and American General have loan options throughout most of the region. First Mutual was also mentioned as a bank providing these types of loans to vendors outside the program. These loans generally carried higher rates. Interestingly, however, some vendors said they could “buy down” these non-RLP loans as well. In one case in particular it was reported that they could buy down the rate from 9 percent to 6 percent by purchasing 3 percent of the loan.

Overall, only two of the participants thought the loan’s terms were particularly good. Four of the vendors thought the terms were moderate, and four of the vendors thought the terms were uncompetitive. Many of the vendors, however, are regularly comparing these loan rates to introductory credit card rates as well as secured, home equity loans. One vendor said that most of the consumers that accept the loan rates from manufacturers and even the RLP are just not as “financially creative” to try for other types of loans. The same vendor did not believe you needed to have poor credit to find these loans attractive.

Many of the non-RLP loans carry “specials” such as no-interest periods ranging from months to years. The loans do reach much higher interest rates after the introductory period. For some of the participants they have difficulty promoting these loans because of the long term effects on their consumers. One pointed out that “it really cuts into their savings if they are paying that kind of interest.”

Suggested Improvements to Financing Terms

Many of the vendors had experience with other programs designed to promote energy efficiency through rebates and incentives and were surprised by the amount that had to be bought down through the RLP program. Also, they said the rate does not look as good compared to some of the other loans even though they are only for an introductory period. Some of the suggestions include:

- About 50 percent of the vendors thought the buy down rate would be the thing to change.
- About 33 percent of the vendors thought the loan rate for the consumers needed to be lower.
- Offer “specials” that include no-interest periods and no-payment periods as part of a loan that is still considered a legitimate long-term loan. Although this loan is probably better overall, for the type of consumers who end up needing it, the loan may need these kinds of terms to gain attention.
- One vendor said it would be nice if the loan rate decreased the greater the percentage of the home was weatherized. In many cases right now the vendor said the consumer might only be able to afford to get a portion of the home sealed tight (windows and insulation).
- One vendor said, “The key to a better loan would be that it doesn't cost an arm and a leg to get into, low interest rate, not a lot of hoops. That's the key. A 0-5 percent (interest rate) would look great. Rebates haven't been a big enticement.”

Financing Process

Vendors found the loan application and certification process to be very reasonable. Several commented on the speed of the approval process (half hour or less was their estimate). In addition, the fact that it could be done online was viewed positively. A couple of vendors said the form length was a bit long but not any worse than other companies’ forms. One suggested that the bank probably only needed a name and social security number to determine approval and that would make it much easier.

The rejection rate for loan approval was within reason, according to vendors. However, one vendor pointed out that First Mutual was mostly looking for individuals that have good credit scores, and since many of the people needing financing have poor credit ratings the program has been disappointing at times due to the number of loan rejections. The certificate of completion only posed a problem if the homeowner was not there when the job was completed. It added an additional hoop in that case, but they have to do it for other loans outside the program as well.

Interaction with First Mutual

First Mutual and, in particular, the staff associated with the RLP received very positive comments. The vendors thought the trainings were very effective. In some cases vendors went to trainings at the First Mutual location, other times staff would come to their location to tell them about the program. Many respondents noted that their questions were answered promptly by the First Mutual staff. Some of the vendors had relationships with the bank before the program and were comfortable coming into it.

In particular, nearly all the vendors were impressed with the ability to submit applications online and receive rapid decisions. This is important because one vendor indicated there are some loan options out there where you can receive approval at the consumer’s door over the phone.

Overall Program Comments

The overall attitude toward the program was mixed. There were three to four vendors who were looking for the opportunity to use the program more often while the rest were basically waiting for consumers to specifically ask for it or be referred to them by the program. Participants were universally pleased with First Mutual and found the application process overall quite reasonable.

- One of the vendors actively using the program said, “Don’t change a thing. I use it all the time. It helps close deals.”
- One vendor summarized the program as, “We have a lot of options so the BPA loan doesn't get a lot of attention, especially since we need to buy down the 3 percent. It is easier to get people into other loans that might not be as good in the long-term but easier to sell in the short term.”
- A vendor experienced in other programs and other states said, “Virtually every job in California was financed. Lots of homeowners had lots of work done. Contractors had to do lots of different roles, in those cases. The loan program is pivotal in helping bridge the gap.”

Nonparticipating Vendors

Nonparticipants were similar to participants in their characteristic qualities such as size of operation and types of products sold. They did tend to do slightly less high energy-efficiency work than participants.

There were a number of vendors who stated simply that the loan was not that attractive. They said that with other companies offering “specials” it was not worth it to use this program since you have to buy down part of the cost. One vendor said, “They can have 12, 18, or 30 month financing good as cash. The interest rates are much higher afterward.”

One vendor said, “We do a lot of financing. But we haven't done the BPA program. There are better options. I can get the loan approved by some of the other companies right at their door.”

In many cases vendors said loans are just not something they deal with. Some of the vendors were in smaller towns where it is not customary in their community to take out loans for these types of purchases. Their consumers have financing taken care of already. One vendor said, “why would a savvy person borrow money at these rates if they can get credit cards and home equity money instead.”

Another vendor commented, “We don't have enough demand for them. When interest rates were higher things were better. With the value of housing going up they take that money out of their house for home improvements. The increased equity has financed a lot of changes in equipment in our area.”

Similar to the participant results, some nonparticipants referred to the fact that they do not use high-pressure sales tactics that frequently rely on loan options to close the sale. Incidentally, one vendor noted that the utility has actually mitigated this type of sales approach because the utilities generally refer people to contractors without the higher margins required to facilitate an aggressive marketing strategy. (The vendor mentioned that the prices for weatherization are all over the board with some of the installers.) In this way, there are more contractors who can operate without using these methods.

Finally, using local financing was very important to some vendors. Although only mentioned by two nonparticipating vendors, this reasoning was still powerful because it was delivered as an ultimatum. Also, one of the participants had indicated specifically that they used First Mutual because it was a local bank (in their area). The desire to use local banks was explained as, “in a small town you have to support each other, otherwise business will dry.”

4.5 OTHER LOAN PROGRAMS

This section provides a summary of the results from interviews conducted with managers of other residential loan programs around the country, comprising both rural and urban, wholesale and retail, and public and private programs. Telephone interviews were conducted with managers of loan programs offered by the organizations shown in Table 8.

Table 8: Other Loan Programs Reviewed

Program Sponsor	Type of Organization	Program Territory	Approximate Annual Participation
Austin Energy	Municipal utility	City of Austin	232 loans
Colorado Springs Utility	Co-op	Pikes Peak region of CO	20-30 loans
Xcel	IOU	MI, MN, ND, SD, WI	< 100 loans
Flint Energies	Co-op	GA (rural)	15-20 loans
Louisiana Department of Natural Resources	Public agency	LA	40-50 loans
NYSERDA	Public agency	NY	200-250 loans
Progress Energy	IOU	Parts of NC, SC, FL	estimate <50 loans
Sacramento Municipal Utility District	Municipal utility	City of Sacramento	5,000 loans
Wisconsin Energy Conservation Corporation (WECC)	Non-profit	AK, AR, GA, HI, IL, KY, MA, NJ, NY, NJ, TX, RI	5,800 loans since 1/99
Yankee Financial	IOU subsidiary	Parts of CT, FL, NY, VA	unknown

Other Loan Program Overview

One somewhat surprising finding of the program interviews is the extent to which there are several players and program concepts that cover multiple states, regions, and organizations.

- The WECC Energy Finance Solutions (EFS) program, for example, is offered in 12 states from Massachusetts to Hawaii in partnership with utilities and other organizations. Similarly, Yankee Financial offers its Hometown Energy Loan Program in partnership with the American Public Gas Association in four states.

- Volt VIEWtech is the third-party loan processor for two of the programs reviewed – Yankee Financial in the Northeast and Progress Energy in the Southeast.

- The National Rural Utilities Cooperative Finance Corporation (CFC) makes its EC Home and EC Home Improvement Loan programs available to member co-ops across the Midwest and South. Several dozen – including Flint Energies in Georgia – currently offer the program.

- Two of the programs offer loans through lending partners that are credit unions.

- The Home Performance with ENERGY STAR Program in Austin, Texas, shares many characteristics with the same-named program offered through NYSERDA in New York.

The loan programs reviewed differ in their fundamental program goals, and can be broadly divided into those that have a stand-alone DSM or energy conservation focus, those that are designed to support other utility programs (including rebate programs), and those that are offered primarily as a consumer service. Generally speaking, programs that were perceived to have only a consumer service function had less participation than those with a DSM focus, either in their own right or as an adjunct to a rebate program. Several points were raised with regard to the use of loan programs as part of a broader DSM effort:

- Calculation of impacts from loan programs is difficult unless the loans cover only very specific high efficiency measures – a requirement that tends to undermine program effectiveness, as discussed below.

- It appears that loan programs are less successful when they compete with rebate programs. In the Louisiana program, where consumers must choose either loans or incentives, participation in the rebate option exceeded loans by a factor of 50-1.

Utility involvement was mentioned by several program managers as favorable to program acceptance among both contractors and consumers. It was emphasized, however, that contractors in particular wanted reassurance that the utility was committed to the loan program for the long haul. Contractors have experience with short-lived utility rebates and other programs, and are reluctant to commit to a new loan program and have stated to BPA that they do not believe this program will last.

Contractor Role

A key element of program success appears to be the active, continued involvement of contractors. A majority of respondents emphasized the need to build a loan program around these market actors by making loans a sales tool that becomes an integral part of the contractor's business. While most program managers said that they used broader consumer marketing to help create demand for participating contractors, a few said that all program marketing was conducted through participating contractors.

- Developing a contractor network is not seen as an easy task. Program managers say it can take time to get contractors accustomed to program processes and procedures – especially the handling of loan applications. In addition, contractors need assistance in learning how to sell both energy efficiency and the loan program itself. Once they become familiar with the application process, however, contractors become key players in program delivery.

- Both at program initiation and over the life of the program, frequent communication with contractors was mentioned as essential by most of the program managers interviewed. Several noted that contractors respond to special designation or branding provided by the program; EFS says that contractors have found it beneficial to use the ENERGY STAR brand, while Colorado Springs Utilities says contractors have responded favorably to the use of the program's HomeVantage® brand.

- In soliciting participation by contractors, program managers emphasize the importance of using appropriate screening and qualification criteria to ensure that the right contractors become program participants. Most programs say they require some sort of proof of a contractor's good standing and demonstrated ability to do quality work. Several specifically noted, however, that requiring detailed financial information might inhibit contractor participation.

Loan characteristics

The loan programs reviewed use a variety of approaches to setting their interest rates, which range from substantially subsidized or bought-down rates to rates that are determined strictly by the market. Virtually all program managers noted that participation has declined in the past several years with declining interest rates and the availability of refinancing, home equity loans, and lines of credit.

Not surprisingly, lower is better. Program managers believe an attractive rate is important to get the attention of consumers and contractors. Several points are worth noting, however.

- Even though the appropriate benchmark for many loan programs is the (usually higher) interest rate on unsecured loans, consumers are more likely to compare rates to those offered for home equity loans.

- While attractive rates are required and “market” rates are generally not seen as attractive, one manager emphasized that there is no point in buying down interest rates too far, since lowering rates below 5 percent has minimal impact. Another manager said “The current rate is 7.5 percent; they can sell that, but if you were to go to even 8 or 8.5 percent, forget it.” As a result, it appears that rates in the range of 4-8 percent are most desirable.

- Although some programs vary the rate according to the credit score of the consumer, a program manager for EFS says they have found that consumers are turned off by loan terms based on their credit history. The same respondent felt, however, that it was both appropriate and necessary to vary the rate with program participation (i.e., lower the rate to encourage participation) and to promote specific measures (e.g., lower rates for more expensive high efficiency HVAC equipment).

  The program manager for the Xcel Energy loan program noted that since budget constraints forced the elimination of buy downs, participation has fallen from as many as 1,500 loans a year for Colorado alone to an average of about 100 a year. The program manager noted that new fees of up to $125 imposed on borrowers when obtaining a loan through the program have also contributed to reduced participation.

In addition to the interest rate, several other characteristics of program loans were seen as significant determinants of program success.

- The issue of secured vs. unsecured loans had proponents on both sides. Those who support securing loans cite the improved program financial results – an important consideration for internally financed loans, but significant for other lenders as well. In addition, securing the loan lowers the degree of risk and allows a lower interest rate to be offered, thereby encouraging program participation. One program manager reported, however, that lack of controls on unsecured loans led to higher rates of default and also allowed some contractors to bill for work that was never performed.

- Program managers who cited the drawbacks of secured loans mentioned the extra cost of processing the associated paperwork, which tends to outweigh the benefits as perceived by financial institutions. Moreover, borrowers prefer the greater flexibility of not having an added lien placed on their home – particularly now that refinancing is more frequent.

- An appropriate compromise may be the approach taken by the NYSERDA loan program, which has just eliminated the requirement that loans be secured for all loans up to $7,500 in response to financial institution feedback regarding the cost of securing these smaller loans.

Measures Covered

The most successful programs reviewed appeared to be those that cover a broad range of measures, with several respondents emphasizing the importance of flexibility.

- While some programs focus almost exclusively on high efficiency HVAC systems (in keeping with their goal of encouraging cost-effective energy efficiency measures), others provide financing for both directly related measures (insulation, duct sealing) and those that may have only a minor energy efficiency component, such as siding or windows.

- Windows, in particular, have been targeted by several of the more successful programs; they are a higher cost measure that requires financing, yet they may not offer dramatic energy gains, since people often replace windows for the non-energy benefits (comfort, esthetics, noise reduction) as much as for the energy savings.

- Several program managers concluded that giving homeowners and contractors flexibility in the selection of measures to be installed and financed was a key component of program success. One program manager noted that his own program's requirement that homeowners install all contractor-recommended measures in order to be eligible for loans was hampering the program's effectiveness.

Source of Funds

The funding sources for the various programs reviewed varied, dictated in part by the specific circumstances faced by the utility or other organization.

- A number of programs were financed using Fannie Mae money, administered either by Volt VIEWtech or by EFS. Since Fannie Mae money implies market interest rates, the actual rate offered by these programs depends on the willingness and ability of the utility or other organization to provide funding to buy down the interest rate.

- A similar arrangement was offered by NYSERDA, with more than 80 participating financial institutions making Fannie Mae funding available and NYSERDA using its program funds to buy down the interest rate by 4 percent. In Louisiana, the Department of Natural Resources provided half the funding at a reduced interest rate, while participating banks provided the other half at market rates.

- In several cases, a single third party financial institution provided funding, including a bank for the Xcel Energy Program, the National Rural Utilities CFC for Flint Energies, and credit unions for Austin Energy and Colorado Springs Utilities – the latter three of which appear to be able to make funds available at somewhat below market rates of interest.

Among the programs reviewed, only SMUD provided all its own financing. While this provides program managers with much greater control over the financial aspects of the program, it does expose the sponsoring organization to increased risk.

- In SMUD's case, the cooperative, non-profit nature of the organization allows it to offer funds at below market rates, and the gradual growth of the program has made it self-sustaining.

- Even SMUD, however, has seen a shift by many homeowners to financing out of home equity. The SMUD program manager noted that the average lifetime of their loans has declined since 2000. Increasingly, he said, consumers who borrow through the program maintain their loan for a year or two, and then pay it off when they refinance to take advantage of lower rates and/or increased home value.

The nature of the funding source also helps determine how the application process is handled.

- For the programs where they provide the funding (Yankee Financial and Progress Energy), Volt VIEWtech handles the application process and makes the approval decision. Where one or more financial institutions provide the funds, they typically make the decision, as with the Xcel, Colorado Springs, and Austin Energy programs.

- EFS makes all the decisions for the programs it operates.

- NYSERDA formerly handled all the applications, but has outsourced the approval process to a contractor.

- SMUD makes its own decisions and reports that 18 percent of all loans are declined, compared to a rate as high as 40 percent for Fannie Mae.

In most programs, participating contractors are supposed to guide the consumer through the application process and even fill out the forms; as a result, the importance of thorough training and frequent communication between program managers and contractors, noted earlier, becomes even more important.

Since contractors are so involved in the application process, it is important for them to be able to submit applications in a way that is relatively easy for them. The submission can take the form of faxes, hard copy, or electronic applications.

- Few program managers expressed an opinion on the relative merits of these application media, but SMUD's program manager said that his contractors are much more comfortable working with hard copy applications, which they leave at SMUD offices or at a drop box. (This is practicable only because of the limited geographical coverage of the program.)

- On the other hand, NYSERDA's participating contractors already use computers as part of the comprehensive audit that helps drive the measure selection decision, and the application submission appears to be smoothly integrated into that process.

One final point emphasized by SMUD's program manager regarding the online application process is that approval of the loan is not the same as the actual completion of the application. In other words, it may be perfectly feasible for the lender to issue a decision regarding an application within minutes, but the actual supporting paperwork and documentation still needs to be gathered, submitted, and approved before the final loan can be issued.

Loan Volume and Average size

The average loan and loan volume vary with the overall budget and types of measures covered:

- The SMUD program – by far the largest of the programs reviewed -- makes about $32 million in loans annually, with loans averaging about $7,700 overall and about $12,000-$13,000 for windows.

- At NYSERDA, participation in the Loan Fund for the years 2000-2003 totaled 640 residential loans averaging about $7,000-$8,000, with program funds of $1 million used to buy down the cost of the loans. The more recently launched loan fund program is closely allied with NYSERDA's Home Performance with ENERGY STAR program, since these participants can choose to finance installations either through subsidized ENERGY STAR funding or through the loan fund. Through 2003, the NYSERDA program had provided financing of $15 million on energy efficiency work valued at $28 million for 3,700 homes, with an average value per job of $7,500, 40 percent of which was financed.

- At Austin Energy, the average loan was approximately $5,800, and the volume of loans was $1.34 million.

- For Xcel Energy, total loan volume was less than $500,000 in 2004.

- Colorado Springs generated average loans of about $7,000, with a total of only $141,000 in 2004.

Program costs and administration

Not all respondents were able to provide information on program costs, although most were able to estimate the level of staffing devoted to their program.

- SMUD has 23 staff people assigned to its loan program: 14 or 15 to deal with loan origination; the rest with loan servicing. Administrative costs average $2.5-3 million a year.

- For Austin Energy's Home Performance with ENERGY STAR program, the utility role is about one full-time equivalent (FTE) for application processing and one to two FTE to do inspection before and after the project is completed.

- NYSERDA devotes about two FTE to the Loan Fund. Loan processing is contracted out. For the Home Performance with ENERGY STAR Program, NYSERDA's implementation budget is about $1.6 million annually for all aspects of the program, with $550,000 a year for buying down loans.

- At Xcel Energy, the loan program occupies around 20 percent of the program manager's time, although additional time and resources are spent on processing the loan payments, since participants make payments through their utility bills. In addition, Xcel devoted between $75,000-$100,000 to outreach in 2004, yet still did not generate sufficient interest in the program. Xcel believes that to sufficiently promote the program would be cost prohibitive and is therefore terminating the program.

- At Colorado Springs Utility, staffing for the program is at most .25 of a FTE, and the program budget is $5,000/yr. Occasionally, marketing will be blended with other programs, adding to the overall budget.

- Yankee Financial devotes about one FTE to its program, since the application process is contracted out.

- Progress Energy's program manager says total staff time for the program is less than one FTE and that administration costs for the program are minimal.

- Flint Energies devoted less than one FTE to the program, but found that even this cost was not justified, and terminated the program.

Table 9 shows how these programs compare in terms of staffing, number of loans, and annual loan dollar volume. As one might expect, the levels of staffing and loan activity varies significantly across these different programs.

Table 9: Program Staffing and Loan Activity in Other Loan Programs

Interview Group	Approximate Annual Loan Value	Approximate Annual Participation	FTE
Austin Energy	$1.34 million	232 loans	2-3 (1 application processing, 1-2 inspection)
Colorado Springs Utility	$141 thousand	20-30 loans	0.25
Xcel	<$500 thousand	<100 loans	<1 (loan processing not included)
Flint Energies	Unknown	15-20 loans	<1
Louisiana Department of Natural Resources	Unknown	40-50 loans	Unknown
NYSERDA	$15 million	200-250 loans	2 (contract out loan processing)
Progress Energy	Unknown	estimate <50 loans	<1 (minimal admin costs not included)
Sacramento Municipal Utility District	Unknown	5,000 loans	23 (14-15 loan origination, rest loan servicing)
Wisconsin Energy Conservation Corporation (WECC)	Unknown	5,800 loans since 1/99	Unknown
Yankee Financial	Unknown	Unknown	1 (application process contracted out)

Quality control/measure verification

Programs use a variety of methods to ensure quality installations. While the ultimate determinant of overall quality is the work done by participating contractors at every stage of the sale, loan application, and measure installation process, respondents say it is important to have procedures in place that demonstrate a commitment to quality. Verification of installed measures demonstrates such a commitment to both contractors and consumers. Moreover, one respondent reported that inadequate controls led to several defaults on poorly documented unsecured loans and allowed several contractors to bill for work not performed. Measure verification is also an important issue for programs that keep track of kilowatt-hour savings and project inspections are typically required for such programs.

Conclusion: best practices

To summarize, the following appear to represent best practices with regard to some of the key program elements discussed with interview respondents.

Overall

- Emphasize local utility involvement

- Use loans to support DSM efforts – not as an alternative to incentives
- Make a long-term commitment to the program

Contractor role

- Contractor involvement is essential to program success
- Limit excessively detailed financial reporting by contractors
- Give contractors training in application process <u>and</u> energy efficiency sales
- Use special designation or branding to distinguish participating contractors
- Communicate, communicate, communicate

Loan terms

- Make rates attractive; market rates will not generate enough interest
- Use buy downs as needed to keep interest rates low
- Do not waste money by buying rates down below 4 percent
- Offer the same rate to all qualifying consumers
- Vary rate occasionally to encourage overall participation or promote specific measures
- Make loans secured or unsecured based upon loan amount and program resources

Funding/staffing

- Provide a substantial multi-year budget to allow the program to evolve and grow
- Large scale commitment to both funding and staffing appear to contribute to loan program success

Measures

- Choose measures covered based on overall program goals
- Make coverage as flexible as possible to encourage participation
- Except for key measures (e.g., duct sealing), don't require "all or nothing" installation
- Windows encourage consumers to use the RLP because of the high installation costs and therefore have a greater likelihood that financing will be needed.

Funding sources/application process

- If resources allow, internal funding maximizes program control
- When using outside funding sources, use program resources to buy down rates
- Integrate contractors into the application process
- Select the application mode that works best for geographic and other circumstances

5. Conclusions and Recommendations

5.1 Summary of Market Barriers

The various barriers discussed earlier are summarized in Table 10. For each barrier, the degree to which it impacts utilities, vendors, and consumers is shown and given a numeric rating. Those factors that are a major barrier are rated as a 3, moderate barriers are rated as a 2, and minor barriers rated with a 1. Naturally there is some overlap with the consumer barriers as these will also impact the perceptions of vendors and utilities. At the far right of the table is an assessment of how much BPA can influence that particular barrier. The issues surrounding each barrier are discussed in more detail below.

Table 10: RLP Market Barrier

Barrier	Utilities	Vendors	Customers	BPA Potential to Influence
Utility Focused				
Lack of staff and funding to promote program	3			Moderate
Existing utility loan programs	3			Low
Resistance to BPA program efforts	2			Moderate
Vendor Focused				
Vendors required to pay 3 percent buydown		3		High
Lack of customer referrals to vendors		3	2	Low
Vendor program application process with First Mutual		3		Low
Paperwork required for program		2		High
Consumer Focused				
Consumer loan application process		2	2	Low
Non-local financing	3	3	1	Low
Generally low interest rates	1	3	3	Low
Availability of alternative financing and incentives	1	3	3	Low
Potentially high free ridership	2	3	3	Low

Major =	3
Moderate =	2
Minor =	1

Utility Barriers

Lack of staff and funds to promote the program. By design, the RLP was supposed to increase energy savings “at little or no cost to BPA” which means having limited funding and field staff to work with vendors in the field. While BPA expected the utilities to share some of the marketing effort, utilities were more likely to see the RLP as a “BPA program” that should be marketed by BPA. In addition, it was recognized that utilities (particularly the smaller ones) do not have the internal staff to promote the program. While it may be possible to mitigate this issue by making the program more turn-key, it is clear that the RLP needs more extensive and sustained marketing and vendor outreach efforts in order for the program to be successful. Although BPA has been actively working to recruit vendors, BPA's ability to address this throughout the region is limited unless it devotes more of its own resources to promote the program or provides some funding to the utilities directly.

Existing utility loan programs. Almost all of the nonparticipating utilities we talked to said they were not participating because they had their own loan programs. BPA has little influence over this issue unless some utilities choose to abandon their own program and adopt the RLP instead, which is unlikely to happen with an already established program.

Resistance to BPA program efforts. Some utilities we talked to were resistant to having BPA come into their territory and offer a loan program. This attitude was most often expressed by smaller, rural utilities where local ties to the community are important. BPA has some control over this issue and may be able to eliminate the problem with increased communication with these utilities.

Vendor Barriers

Vendors required to pay 3 percent buy down. The buy down presents a significant barrier for contractors particularly since the financing market is so competitive and interest rates for alternative sources of financing are low. BPA has a high level of influence over this issue as it could change the design of the program to create some other type of vendor incentive that does not require vendors to pay for the buy down. The RLP has recently added a contractor incentive of $300 to offset the cost of the buy down for the first $10,000 of the loan.

Lack of consumer referrals to vendors. A key expectation of this program is that utilities would provide consumer referrals to vendors through their existing trade ally network. This was the primary benefit of participating for vendors and was expected to make up for the cost of the 3 percent buy down. This benefit generally has not materialized, both because many utilities do not have a network of contractors and because consumers do not appear to turn to their utility for contractor referrals. This is also a moderate barrier to consumers, as there is not a system for matching consumers with participating vendors. BPA's ability to influence this issue is low.

Vendor program application process with First Mutual. The application process required by vendors to participate in the program has been cited as a barrier by some nonparticipating vendors, especially since they can get financing from other sources that do not require them to submit paperwork on their own company finances. This step is needed, however, to ensure that quality vendors are participating in the program and so BPA's ability to influence this issue is low.

Paperwork required for program. To date, few of the project cover sheets required by the RLP have been returned to BPA. Without these sheets, BPA does not know what type of equipment is installed through the program. While this cover sheet is required for a utility to claim a C&RD credit, this evidently is not a great enough incentive to encourage their return. While there is some concern by BPA at the detail involved with the C&RD equipment eligibility for vendors, this has generally not been reported as an issue for the vendors we interviewed. The addition of the $300 incentive does not appear to have encouraged many vendors to complete the project cover sheet. BPA will need to require some sort of tracking for this program and likely has little influence over what can be done in addition to earlier paperwork reduction efforts for this program.

Consumer Barriers

Consumer loan application process. The loan application process is likely a barrier for smaller contractors that are not used to doing financing. It is also a barrier to those consumers that have bad credit, as evidenced by the number of declined loan applications received through the program. While the loans are offered as unsecured (and thus a benefit to consumers) it does not appear that this loan feature is resonating with consumers. Despite these issues, all banks will require some sort of loan process and BPA's ability to influence this is minimal.

Non-local financing. Non-local financing was often listed as a concern among utilities and mentioned as a big drawback to the program. Local politics become an issue, as utilities are reluctant to favor a non-local bank over a local one. Vendors also report the need to use local banks for financing. Changing the program to allow utilities to select a local bank is also problematic, since in small communities you end up playing favorites with one bank over another. Without a complete restructuring of the program, BPA has very little influence over this issue.

Generally low interest rates. The generally low interest rates in the market make it difficult for the RLP to stand out as a beneficial source of funding. This issue is compounded by consumers not understanding the differences between loans, which often leads the RLP unsecured loan rate to be inappropriately compared with a secured home mortgage rate. BPA has little influence over this other than to buy down the interest rate even further, or to conduct additional outreach to educate consumers on the differences between secured and unsecured loans.

Availability of alternative financing and incentives. Along with low interest rates, there are many other financing options and other incentives from different sources that are available to consumers. As a consequence, it is difficult for the RLP to stand out to consumers among the other incentives. BPA has little control over this issue, although this is generally good news for the energy efficiency industry since it will potentially result in more high efficiency equipment being installed.

Potentially high free ridership rate. There is a sense among some program staff that many of the current RLP loans are for measures that would have been installed even without the RLP loan option, although this has not been verified empirically. Because BPA is so far removed from the program, there is little that can be done to change this other than to require a more stringent screening requirement for eligible measures.

5.2 Conclusions and Recommendations

Based on the evaluation results, the following general conclusions can be drawn:

- **The RLP staff appears to be doing a good job implementing the program given the program constraints.** Despite the limits set for this program due to its federal nature and some initial conflicts with utilities, the program has generally received positive feedback from participating vendors. First Mutual said that the BPA staff had been doing a good job and there is a general belief that they are doing the best they can given the program restrictions and market barriers. Those utilities and vendors that have embraced the program also appear to be satisfied with the program to date and have given high marks to the staff at First Mutual.

- **Current BPA procedures limit time available for promoting the program in the field.** All of the BPA staff we interviewed understood the importance of being in the field and promoting the RLP directly to vendors and utilities. However, BPA administrative duties such as meetings and completing paperwork required for modifying the RLP all detract from the time available in the field for vendor outreach. There is also a significant liaison component with BPA's Energy Efficiency Representatives and Account Executives, which also decreases the time available for field work.

- **Biggest market barriers largely outside of BPA's control**. As shown in Table 10, many of the major barriers faced by vendors and consumers are outside of BPA's control, including low interest rates and the availability of incentives and financing from other sources. Of the nine barriers that were considered major for at least one group, BPA's ability to influence these factors was rated as "High" for only one. Of the remaining eight major barriers, BPA was rated as having a "Low" level of influence for seven. Other barriers such as vendors not pushing the financing option and lack of consumer interest in energy efficiency can only be addressed through much larger program efforts by BPA, which goes against the original intent of developing a program with a low cost to BPA.

  Many of these same barriers were apparent in the loan programs examined in other regions. Other regions emphasized the need to have the program be vendor driven and the need to compete with low interest rates and financing/incentives from other sources. While these programs varied in size and scope, many of the programs had experienced decreases in loan volumes in recent years, and average loan volumes appear to be less than the original goals set for the RLP.

- **Successful loan programs in other regions rely on program designs that do not fit BPA.** Most of the programs we reviewed provided financing or arranged for it directly, which is a significant difference from the RLP where BPA is one step removed from the financing process. BPA is legally prohibited from buying down interest rates and from loaning money, which are significant differences from the other loan programs. The decentralized approach to the program taken by BPA appears to be inconsistent with successful approaches in which the sponsoring organization is actively involved in the loan program.

  To achieve region-wide success, the RLP should be integrated into a more comprehensive, energy efficiency program that offers a variety of incentives and tools from which consumers and vendors can choose. For BPA to control how well the program is integrated would require a centralized program design, greater expense, and more FTE support from BPA.

- **Program must be vendor driven.** The managers of successful programs we talked to emphasized the need to have the program be vendor driven if it is to be integrated into routine transactions. Given the highly leveraged nature of the RLP, having motivated vendors is even more critical. Most consumers do not ask for financing, either because they do not need financing, or because they do not look to vendors to secure financing. For consumers that do need financing, it is important for vendors to actively promote the RLP option if participation is going to increase.

- **Interest rate buy down is critical.** Given the array of different incentives and financing alternatives available to consumers, the RLP loans need to include a significant rate buy down in order to be attractive relative to other options. The fact that consumers compare the RLP interest rate to lower home equity and mortgage rates also creates a need for a lower loan rate through the RLP.

- **Program may not be achieving much net savings.** In addition to the low loan volume, there is a perception that many of the RLP projects should be classified as "free riders" as they would likely have been completed even if the RLP was not available. Window vendors in particular said that the majority of their sales are for high efficiency windows even without the RLP. It is also common practice with DSM programs to assume at least some free ridership for HVAC installations. This further reduces the net benefit of the RLP. A high free ridership rate combined with increased program costs through vendor incentives may result in an RLP that is not cost effective.

Based on these conclusions, we believe that the RLP in its current form should be discontinued. As possible alternatives, we offer the following recommendations:

- **Redesign program to integrate with C&RD or similar program.** At this time, it does not appear that the RLP as currently designed is able to produce large-scale net savings. As discussed above, this is due to significant market barriers that are largely beyond BPA's control.

  An alternative to the current program design would be to encourage utilities to fund their own loan programs through the C&RD or the forthcoming Conservation Rate Credit (CRC).[6] This has the advantage of using an existing infrastructure and would involve utilities already familiar with the C&RD process. For each measure covered in the loan program, the C&RD or CRC credit is already specified and this amount can be provided to the vendor by the utility to buy down the interest rate. This strategy would also automatically target the program to the most receptive utilities as they already use and rely on the C&RD program. With the upcoming reductions in the C&RD-type incentives, a loan program structured in such a way could provide a viable alternative to a direct incentive. Note that this option may not be feasible if utilities do not have staff available to manage a loan program.

[6] BPA's current C&RD program will be phased out and replaced with the CRC program beginning in 2006. The CRC is expected to have lower incentives and cover a smaller set of cost effective measures relative to the C&RD program.

- **Consider providing funds directly to utilities to buy down loan rates.** A slightly different option would be to provide funds directly to utilities to buy down loans through existing utility programs rather than through the RLP. This has the advantage of leveraging the established utility loan program infrastructure and marketing channels that have presumably been tailored to local communities.

If BPA continues with the RLP in its current format, we suggest the following actions be taken:

- **Target program to most receptive utilities**. The success of the RLP relies in part on utility involvement, even if the program is designed to require as little utility effort as possible. Given the negative reaction by some utilities over the RLP, future program efforts should continues to focus on those that stand to gain the most from the program. With the upcoming reduction in incentives with the CRC program, the utilities that will have the greatest need for funding alternatives are the smaller utilities that have traditionally relied to a large degree (if not exclusively) on the C&RD to fund their conservation programs.

- **Recruit more high volume vendors.** A key to successful loan programs is that they tend to be vendor driven. Managers of other successful programs emphasized the importance of a relatively small number of participating contractors in generating the majority of loans closed through their program. One way to encourage this is to recruit a few high volume vendors and focus on them to expand the program over time. The program has already begun doing this and these efforts should be increased in the future if the program is to continue. Once a few large volume vendors have success with the program and begin creating a significant amount of loans, other contractors will want to start offering the RLP as a financing option in order to remain competitive. The greater visibility of high volume vendors successfully using the RLP option should encourage smaller vendors to join the program over time.[7]

[7] BPA staff expressed concern that small utilities may be resistant to using non-local vendors.

APPENDIX A: INTERVIEW GUIDES

BPA RLP Process Evaluation

DATA COLLECTION INSTRUMENT

RLP Team Members and Managers,

EE Managers, Energy Efficiency Representatives

SUMMARY INFORMATION

General Information

Contact Name:		Phone:	
Title:		Fax:	
Company:		E-mail:	
Street Address:			
City:		Interviewer:	
State:		Call Dates:	
Zip Code:		Completion Date:	

INTRODUCTION

Hello, my name is ________ and I am working on a process evaluation of the BPA Residential Loan Program. May I please speak with _______________?

BPA is conducting market research to help evaluate and refine the Residential Loan Program (RLP) that BPA offers to its member utilities to provide to vendors and their customers. We would very much like to get your feedback regarding this program and the interview should not last more than about 20 minutes.

Do you have some time to now to answer a few questions, or would you prefer to schedule an appointment later?

	YES		NO		CALL BACK (time)

PROGRAM OVERVIEW

I'd like to start with some general information about you and your role association with the Residential Loan Program.

A. What is your involvement with the RLP? (**Tailor and/or drop remaining questions based on this role where appropriate**)

B. Are you aware of other loan programs available in the region that compete with the RLP? (Probe for specific programs, utilities.)

C. How does the RLP interact with these other conservation programs? (Probe for overlap issues)

PROGRAM IMPLEMENTATION AND PERFORMANCE

A. What elements of the RLP implementation have met your expectations?

B. What elements, if any, have not gone as expected?

IF NOT MEETING EXPECTATIONS, ASK:

C. What do you think the reasons are for these things not working out as planned?

D. What are the benefits to a utility in signing up for the RLP? Do utilities understand these benefits?

E. How about vendors, what are the program benefits for them? Do they believe in these benefits?

F. What elements of the program requirements do you believe are the most challenging for utilities? For vendors? For customers? First Mutual?

G. How well have the vendors been able to work with First Mutual? (Probe for issues regarding paperwork, understanding First Mutual procedures and systems, adequacy of training)

H. We will also be talking to participating and non-participating vendors as part of our research. Do you have any suggestions as to the most active vendors in the program that we should be talking to? (Collect contact info).

I. Would you be able to give us names and contact information for some vendors in your territory who have been approached about joining the RLP but who have decided not to participate? (Collect contact info)

PROGRAM COORDINATION

A. How would you characterize the relationship between BPA and the utilities regarding the RLP, are there any issues? (Probe for coordination and communication issues)

B. How would you characterize the relationship between vendors and the utilities, any issues?

C. How about the relationship between vendors and First Mutual?

D. Are there things that the program should be doing differently to increase participation among utilities? Among vendors? Customers?

OUTREACH, MARKETING & ADVERTISING

A. Please describe the type of outreach, marketing and advertising methods that are utilized for this program and the various players to which these methods were targeted.

B. What marketing, advertising and outreach practices, if any, contributed to the success of this program? What practices were not helpful or should be avoided?

C. Any suggestions for improving the marketing and outreach for the RLP?

FINAL COMMENTS AND CONCLUSION

Finally, please summarize what you believe were the most important lessons you learned from your experience with this program. This includes difficulties encountered in program design and implementation, recommendations for program improvement, and key elements for loan program success. Please include any aspects that we did not cover during this interview.

Those are all the questions I have. Thank you very much for your time.

DATA COLLECTION INSTRUMENT

First Mutual Interviews

SUMMARY INFORMATION

General Information

Contact Name:		Phone:	
Title:		Fax:	
Company:		E-mail:	
Street Address:			
City:		Interviewer:	
State:		Call Dates:	
Zip Code:		Completion Date:	

INTRODUCTION

Hello, my name is ________ and I am calling on behalf of the Bonneville Power Administration. May I please speak with ______________?

BPA is conducting market research to help evaluate and refine the Residential Loan Program (RLP) that BPA offers to its member utilities to provide to vendors and their customers. We would like to get your feedback regarding First Mutual's experience with the program. This interview should not last more than about 15 minutes.

Do you have some time to now to answer a few questions, or would you prefer to schedule an appointment later?

	YES		NO		CALL BACK (time)

COMPANY OVERVIEW

I'd like to start with some general information about you and your company.

A. What is your responsibility in regard to the RLP?

B. How many First Mutual staff work on the RLP?

C. Has the number of staff changed since the program began? Do you expect it to change in the future?

D. How many First Mutual branches are actively involved in the RLP? Where are these located?

PARTICIPATION LEVELS

A. Since you signed up to participate in the RLP, approximately how many installations have you financed through the program? In dollar terms, how much do those installations represent?

B. What types of measures are typically financed through the RLP?

C. Are there other loan options offered by First Mutual that homeowners use specifically for energy efficiency improvements other than RLP? If so, why do customers sometimes choose these financing options?

D. Has the overall volume of installations/remodels increased since you began participating in the program? If so, by about how much?

E. Is the number of customers using the program financing in line with your expectations for the RLP?

F. IF GREATER OR LESS THAN EXPECTED: Why do you think that is?

G. What single change to the program would be the most likely to increase the number of your customers using the RLP as a source of financing?

PERCEPTION OF PROGRAM FEATURES AND IMPLEMENTATION

Now I would like to discuss various aspects of the program implementation process in greater detail.

Vendor Training and Application/Approval Process

A. What types of training on program procedures and requirements have you provided for vendors?

B. How do you coordinate this training with utilities? Any issues working with the utilities on the training?

C. How effective would you say that training was? Why do you say that?

D. What changes, if any, would you recommend for the vendor training? Why?

E. How satisfied are you with the loan application and approval process overall? Why do you feel that way?

F. Do you have any suggestions on how the applications and approval process might be improved for this program?

G. Have there been any issues with verifying the installations once they have been completed? (Probe for issues on coordinating visits, getting into homes, etc.)

Customer Awareness and Participation

A. What steps has First Mutual taken to inform your customers about the availability of financing through the RLP? (probe for use during sales calls, direct mail, other advertising)

B. How about promotions by the utilities, have these been effective in increasing customer awareness? How about the vendors? BPA? (Probe for suggestions on how promotion should be changed for each agency)

C. Have you received any feedback from customers regarding the program? What aspects of the program have they commented on favorably? Unfavorably? (Probe for specifics)

D. Do you have any comments regarding how the program is promoted that would encourage more of your customers to participate?

FINAL COMMENTS AND CONCLUSION

Do you have any other comments regarding the RLP based on your involvement in the program to date? Please include any aspects that we did not cover during this interview.

Those are all the questions I have. Thank you very much for your time.

DATA COLLECTION INSTRUMENT

Participating Utility Interviews

SUMMARY INFORMATION

General Information

Contact Name:		Phone:	
Title:		Fax:	
Company:		E-mail:	
Street Address:			
City:		Interviewer:	
State:		Call Dates:	
Zip Code:		Completion Date:	

Program-Specific Information

Implementing Utility/Organization Name:	

INTRODUCTION

Hello, my name is ________ and I am calling on behalf of the Bonneville Power Administration. May I please speak with _______________?

BPA is conducting market research to help evaluate and refine the Residential Loan Program (RLP) that BPA offers to its member utilities to provide to their customers. We are contacting you today because we understand from BPA that your utility is participating in the RLP, and we would like to get your feedback regarding your experience with the program's design and implementation. This interview should not last more than about 30 minutes.

Do you have some time to now to answer a few questions, or would you prefer to schedule an appointment later?

	YES		NO		CALL BACK (time)

PROGRAM OVERVIEW

A. Is your utility/organization participating in the Basic Option or Custom Option of the RLP?

B. If custom:

- Which measures are you promoting through the RLP?
- How is the RLP integrated with other programs your utility offers? (e.g. incentive programs, audit programs, etc.)

C. How and when did you find out about the program?

D. When did you sign up for the program with BPA?

E. And when did you first begin offering the program to your customers?

PARTICIPATION DECISION

Next I would like to ask you about your utility's decision to participate in the BPA RLP.

J. In making the decision to participate in the RLP, what factors or program features were among those you considered favorable to participation? (Probe: were there any others?)

K. And what factors or program features were among those that tended to discourage you from participating? (Probe: were there any other reasons?)

L. What single thing could BPA have done to make it easier for you to decide to participate? (Probe for product features such as loan terms as well as processes and procedures)

PARTICIPATION LEVELS

A. Please provide information on the following for the time that you have had the RLP program in operation (fill in from BPA data if available, and confirm with respondent):

Dollar volume of loans	
Participating customer (# of loans)	
Eligible Customers	
Participating contractors	
Eligible contractors (if applicable)	

B. Are the participation rates for customers and vendors and the dollar volume of loans in line with your expectations for the RLP?

C. What do you think are the main reasons behind the observed outcomes?

PERCEPTION OF PROGRAM FEATURES AND IMPLEMENTATION

Now I would like to discuss various aspects of the program implementation process in greater detail.

Vendor Identification/recruitment

A. How do you market to/recruit vendors? (Probe for direct mail, associations, advertising, other)

B. To what extent have you received assistance from BPA in helping to recruit vendors? Has this assistance been effective? Why or why not?

C. Has is been easier or harder than you expected to recruit vendors? Why do you say that?

D. What has been the biggest hurdle to overcome in recruiting vendors/contractors? (probe: What is the main reason offered by vendors for not participating?)

E. What aspect of vendor recruitment do you think could be changed to make the process more effective? What features of the program, if any, could be changed to make recruitment easier?

Vendor Training

H. What types of training on program procedures and requirements has First Mutual provided to vendors?

I. How effective would you say the training provided to vendors has been? Why do you say that?

J. What aspects of the program training appeared to offer the greatest difficulty for contractors?

K. What changes, if any, would you recommend for the vendor training? Why?

Vendor Program Participation Process

B. Based on feedback you have received from participating contractors, what has been their overall level of satisfaction with the program? Do you know why they feel that way?

C. What aspects of program participation, if any, do vendors find the most challenging? (Probe for loan approval, loan payment, loan terms and fees, application process)

D. Do you have any thoughts on how those challenges might be addressed?

E. As part of our research, we're also looking for feedback from both participating and non-participating vendors. Would you be able to give us names and contact information for some vendors in your territory who have been approached about offering financing through the RLP but who have decided not to participate? (Collect contact info)

F. Of the participating vendors, which have been the most active in your area? We would like to talk to them as well. (Collect contact info)

Customer Participation

A. What steps has your utility taken to inform end-user customers about the program? (probe for bill inserts, direct mail, other advertising)

B. Has BPA provided you with any marketing support? How effective was this? (probe for details on type of assistance, why it did or didn't work).

C. How successful have these efforts been in making customers aware of the RLP?

D. Do customers typically call you about having to complete the Certificate of Completion?

E. Have you received any feedback from customers regarding the RLP? What aspects of the program have they commented on favorably? Unfavorably? (Probe for specifics)

F. Do you have any comments regarding program changes that would encourage more customers to participate?

Role of First Mutual

A. How often do you interact with First Mutual? How would you characterize the level of communication between your organization and First Mutual?

B. What has been your perception of how effectively First Mutual manages the loan application, approval, and disbursement process? Are there any aspects of that process that should be changed?

C. Are you receiving timely monthly reports of the number of loans applied for and received by your customers? If not, what have been the problems?

D. What has been your experience with First Mutual's verification process for installed measures?

SUMMARY LESSONS LEARNED & RECOMMENDATIONS

Finally, please summarize what you believe have been the most important lessons you have learned during the implementation of the RLP to date regarding the design of a loan program tailored to residential customers. Please include any aspects that we did not cover during this interview.

Those are all the questions I have. Thank you very much for your time.

DATA COLLECTION INSTRUMENT

Non-Participating Utility Interviews

SUMMARY INFORMATION

General Information

Contact Name:		Phone:	
Title:		Fax:	
Company:		E-mail:	
Street Address:			
City:		Interviewer:	
State:		Call Dates:	
Zip Code:		Completion Date:	

INTRODUCTION

Hello, my name is ________ and I am calling on behalf of the Bonneville Power Administration. May I please speak with _______________?

BPA is conducting market research to help evaluate and refine the Residential Loan Program (RLP) that BPA offers to its member utilities to provide to their customers. We are contacting you today because we understand from BPA that your utility has not signed up to offer the program to your customers. We would very much like to get your feedback regarding the program to understand why utilities are choosing not to participate. This interview should not last more than about 10 minutes.

Do you have some time now to answer a few questions, or would you prefer to schedule an appointment later?

	YES		NO		CALL BACK (time)

PROGRAM AWARENESS

A. Are you familiar with the Residential Loan Program being offered by BPA?

B. How and when did you find out about the program?

D. Did the materials provided by BPA adequately explain the program? (If not, why not?)

E. How could the informational materials provided by BPA have been improved?

PARTICIPATION DECISION

Next I would like to ask you about your utility's decision not to participate in the BPA RLP.

M. In deciding whether or not to participate in the RLP, what factors or program features, if any, were among those you considered favorable to participation? (Probe: were there any others?)

N. And what factors or program features were among those that discouraged you from participating? (Probe: were there any other reasons?) Which of these was most important?

O. What could BPA have done to make it easier for you to decide to participate? (Probe for product features such as loan terms as well as processes and procedures)

P. Do you think your utility may participate in the program in the future? Why or why not?

OTHER PROGRAMS

A. What other programs does your utility offer that provide incentives or financing for residential energy efficiency improvements? (probe for loans, incentives, audits)

B. For financing programs, what are the terms of the financing, the source of funding, and the delivery mechanism (i.e., use of vendors)?

C. What kinds of measures are eligible for rebates?

D. Do you believe that existing programs provide adequate support for the encouragement of energy efficiency improvements in your territory?

E. (If not covered already) Did having a portfolio of existing programs enter into your decision not to pursue participation in the RLP?

F. Have any of your customers or vendors asked about the availability of financing through the BPA RLP?

FINAL COMMENTS AND CONCLUSION

Do you have any other comments regarding the RLP based on your knowledge of the program?

Those are all the questions I have. Thank you very much for your time.

DATA COLLECTION INSTRUMENT

Participating Vendor Interviews

SUMMARY INFORMATION

General Information

Contact Name:		Phone:	
Title:		Fax:	
Company:		E-mail:	
Street Address:			
City:		Interviewer:	
State:		Call Dates:	
Zip Code:		Completion Date:	

INTRODUCTION

Hello, my name is ________ and I am calling on behalf of the Bonneville Power Administration. May I please speak with _______________?

BPA is conducting market research to help evaluate and refine the Residential Loan Program (RLP) that BPA offers to its member utilities to provide to vendors and their customers. We are contacting you today because we understand from BPA that your company is participating in the RLP, and we would like to get your feedback regarding your experience with the program. This interview should not last more than about 20 minutes.

Do you have some time to now to answer a few questions, or would you prefer to schedule an appointment later?

	YES		NO		CALL BACK (time)

COMPANY OVERVIEW

I'd like to start with some general information about you and your company.

E. What is your company's primary business? (HVAC contractor, remodeling contractor, windows contractor, general contractor, duct tester, appliance dealer/installer, plumber, other)

F. How many locations does your company have? Does your company have other locations that are not participating in the RLP? If so, how many and where?

G. Approximately how many people does your company employ at this location? (IF APPLICABLE: at other locations?)

H. Which utilities serve the areas where you do business?

I. Approximately how many installations/remodels does your company handle in a year?

J. FOR HVAC, WINDOW, AND LIGHTING CONTRACTORS AND APPLIANCE INSTALLERS: And about what percentage of the installations that you handle in a year would be considered high efficiency (e.g. ENERGY STAR appliances, lighting, windows, or HVAC equipment)?

K. Before your participation in the RLP, about what percentage of the jobs you did were financed through your company?

L. Has the volume of installations/remodels increased since you began participating in the RLP? If so, about how much? Has the percentage of energy efficient installations? If so, how much?

PARTICIPATION DECISION

Next I would like to ask you about your company's decision to participate in the RLP.

Q. How and when did you find out about the program?

R. When did you sign up for the program?

S. And when did you first begin offering loans to your customers through the program?

T. In making the decision to participate in the RLP, what factors or program features were among those you considered favorable to participation? (Probe: were there any others?)

U. And what factors or program features, if any, tended to discourage you from participating? (Probe: were there any other reasons?)

V. What single thing could your utility have done to make it easier for you to decide to participate? (Probe for product features such as loan terms as well as processes and procedures)

PARTICIPATION LEVELS

Since you signed up to participate in the RLP, approximately how many installations have you financed through the program? In dollar terms, how much do those installations represent?

- Which measures are you promoting through the RLP?

- How is the RLP integrated with other programs your utility offers? (e.g. incentive programs, audit programs, etc.)

About what percentage of your installations are currently being financed through the RLP?

How would those installations have been financed before you signed up for the program? (Probe for other sources of financing, home equity loans/lines, secured bank loans, unsecured personal loans, etc.) How many of those installations would you not have been able to close without the RLP?)

Has the overall volume of installations/remodels increased since you began participating in the program? If so, by about how much?

Is the number of customers using the program financing in line with your expectations for the RLP?

IF GREATER OR LESS THAN EXPECTED: Why do you think that is?

Do you offer financing other than through the RLP? If so, from what source and at what terms?

What single change to the program would be the most likely to increase the number of your customers using the RLP as a source of financing?

PERCEPTION OF PROGRAM FEATURES AND IMPLEMENTATION

Now I would like to discuss various aspects of the program implementation process in greater detail.

Vendor Training

L. What types of training on program procedures and requirements has First Mutual provided to you and/or your employees?

M. How effective would you say that training was? Why do you say that?

N. What changes, if any, would you recommend for the vendor training? Why?

Application/Approval Process

G. How satisfied are you with the loan application and approval process overall? Why do you feel that way?

H. For each of the following aspects of the loan application and approval process, tell me whether you are satisfied, dissatisfied, or neither satisfied nor dissatisfied: (ask for reasons for all dissatisfied and neither dissatisfied not satisfied responses

- The amount of information required on the application form
- The length of time to obtain a decision
- The percentage of applications rejected
- The need to get a customer certificate of completion
- The time to receive payment
- The 3% fee charged to you (the vendor)
- The terms of the financing available through the program

C. Do you have any suggestions on how the applications and approval process might be improved?

Customer Awareness and Participation

A. What steps has your company taken to inform your customers about the availability of financing through the RLP? (probe for use during sales calls, direct mail, other advertising)

B. How successful have these efforts been in making customers aware of the RLP?

C. Are customers concerned about having to complete the Certificate of Completion?

D. Have you received any feedback from customers regarding the program? What aspects of the program have they commented on favorably? Unfavorably? (Probe for specifics)

E. Do you have any comments regarding program changes that would encourage more of your customers to participate?

Role of First Mutual

A. How often do you interact with First Mutual? How would you characterize the level of communication between your organization and First Mutual?

B. What has been your perception of how effectively First Mutual manages the loan application, approval, and disbursement process?

C. What has been your experience with First Mutual's verification process for installed measures?

FINAL COMMENTS AND CONCLUSION

Do you have any other comments regarding the RLP based on your participation in the program to date? Please include any aspects that we did not cover during this interview.

Those are all the questions I have. Thank you very much for your time.

DATA COLLECTION INSTRUMENT

Non-Participating Vendor Interviews

SUMMARY INFORMATION

General Information

Contact Name:		Phone:	
Title:		Fax:	
Company:		E-mail:	
Street Address:			
City:		Interviewer:	
State:		Call Dates:	
Zip Code:		Completion Date:	

INTRODUCTION

Hello, my name is ________ and I am calling on behalf of the Bonneville Power Administration, a federal power marketing organization located in the Pacific Northwest. May I please speak with _______________?

BPA is conducting market research to help evaluate and refine the Residential Loan Program (RLP) that BPA offers to its member utilities to provide to vendors and their customers. We are contacting you today because we understand from BPA that your utility is participating in the RLP, but your company has not signed up to offer the program to your customers. We would very much like to get your feedback regarding the program to understand why some vendors are choosing not to participate. This interview should not last more than about 10-15 minutes.

Do you have some time to now to answer a few questions, or would you prefer to schedule an appointment later?

	YES		NO		CALL BACK (time)

COMPANY OVERVIEW

I'd like to start with some general information about you and your company.

A. What is your company's primary business? (HVAC contractor, remodeling contractor, window contractor, general contractor, duct tester, appliance dealer/installer, plumber, other)

B. How many locations does your company have? Does your company have other locations that are participating in the RLP? If so, how many and where?

C. Which utilities serve the areas where you do business?

D. Approximately how many people does your company employ at this location? (IF APPLICABLE: at other locations?)

E. Approximately how many installations/remodels does your company handle in a year?

F. FOR HVAC, WINDOW, AND LIGHTING CONTRACTORS AND APPLIANCE INSTALLERS: And about what percentage of the installations that you handle in a year would be considered high efficiency (e.g., ENERGY STAR appliances, lighting, or HVAC equipment)

PARTICIPATION DECISION

Next I would like to ask you about your company's decision not to participate in the RLP.

W. How and when did you find out about the program?

X. Did you find the information describing the program clear and helpful? Why or why not?

Y. In deciding whether or not to participate in the RLP, what factors or program features were among those you considered favorable to participation? (Probe: were there any others?)

Z. And what factors or program features discouraged you from participating? (Probe: were there any other reasons?)

AA. What single thing could your utility have done or do to make your company more likely to participate? (Probe for product features such as loan terms as well as processes and procedures)

ROLE OF FINANCING

A. About what percentage of the jobs that your company sells/installs are financed through financing offered by your company? (Probe for role of manufacturer financing, other programs)

B. What is the source of funds for that financing and what are the terms that are offered? (Probe for size and length of loan, interest rate, secured vs. non-secured).

C. How are the rest of your sales/installations financed (probe for cash/check, home equity line, personal loans, credit card, home refinancing, other)?

D. What would you say are the primary factors in a customer's decision to choose one form of payment or financing over another?

E. Have any of your customers asked you about financing through the BPA Residential Loan Program?

Final Comments and Conclusion

Do you have any other comments regarding the RLP based on your knowledge of the program?

Those are all the questions I have. Thank you very much for your time.

DATA COLLECTION INSTRUMENT

Program Manager Interviews

SUMMARY INFORMATION

General Information

Contact Name:		Phone:	
Title:		Fax:	
Company:		E-mail:	
Street Address:			
City:		Interviewer:	
State:		Call Dates:	
Zip Code:		Completion Date:	

Program-Specific Information

Implementing Organization Name:	
Program Name:	

INTRODUCTION

Hello, my name is ________ and I am calling on behalf of the Bonneville Power Administration. May I please speak with _______________?

BPA is conducting market research to help evaluate and refine the Residential Load Program that BPA offers to its member utilities to provide to their customers. We are contacting you today because your organization offers a similar program, and we would like to gain a better understanding of how other loan programs around the country operate. This interview should not last more than about 25 minutes.

Do you have some time to now to answer a few questions, or would you prefer to schedule an appointment later?

	YES		NO		CALL BACK (time)

[IF SCHEDULED:] Before we conduct our interview on (DATE), can you direct me to any additional information about the (LOAN) Program so that we can minimize your time on the phone? I'm thinking of web sites, downloadable program materials, program evaluations or filings, and similar materials.

Sources Identified by Interviewee:

Report Name	**URL:**
	http://
	http://
	http:/

PROGRAM OVERVIEW

3. A. Please summarize the program's goals and objectives and provide a general summary description of the program in your own words:

Program Goals and Objectives (probe for resource acquisition, market transformation, equity, peak/energy, etc.

Program Description

3.C Where is the program in its lifecycle, and how does this relate to the performance of the program to date? (how long has it been running, how has it grown)

Implementing Organization

Please tell me what kind of organization offers or operates this program:

1. Wholesale Utility
2. Retail Utility
   - IOU
   - PUD
   - Co-op
   - Other public
3. Government Agency
   - Federal
   - State
4. Other (specify):

Program Elements (Check all that apply)

Which of the following elements are part of the program?

1. Loans
2. Incentives/rebates
3. Audits
4. Services (duct, equipment testing)
5. Direct Installation
6. Other (specify):

Primary Market Events Targeted (Check all that apply)

What are the primary market events that are targeted by the program?

1. All
2. New Construction/Major Renovation
3. Existing Construction - All
4. Existing Construction - Retrofit
5. Existing Construction – Natural Replacement
6. Existing Construction – Early Retirement

Primary Program Focus

Is the program primarily targeted to end users, supply side market players, or both?

1. End-User customers
2. Supply-Side (contractors, financial institutions)
3. Both

End User Target Markets (Check all that apply)

A. What market segments are targeted by the program

1. ALL RESIDENTIAL
2. Single-Family
3. Multi-Family
4. Mobile Home
5. Low-Income
6. Other (specify):

B. Were specific market niches identified and targeted within these broader markets?

C. Are the end users targeted by the program primarily urban, suburban, or rural

Supply Side Actors Targeted/Involved (Check all that apply)

A. What supply side market actors are targeted by or involved in the program?

1. Retailers
2. Wholesalers/distributors
3. Financial institutions
4. Contractors
5. Non-profit groups
6. Other (specify)

B. Were specific supply side market niches identified and targeted within these broader categories?

End Uses and Technologies

Which technologies or measures can be funded through the loan program?

<u>HVAC</u>		**<u>Lighting</u>**	
	Specify___________________________		Specify___________________________
<u>Water Heating</u>		**<u>Appliances</u>**	
	Specify___________________________		Specify___________________________
<u>Building Envelope</u>		**<u>Building Envelope</u>**	
	Insulation		*Roofing*
	Windows		Other ___________________
	Siding		Other ___________________
Comments:			

Loan Characteristics

A. Please describe the terms of the loans made through this program:

1. Maximum/minimum amount _______________
2. Minimum/maximum length _______________
3. Interest rate _______________
4. Interest rate buydown/subsidy _______________
5. Secured or unsecured
6. Other (specify):
7. Comments:

B. What is the source of the funds loaned through the program? (i.e., utility vs. financial institution)

C. Has the program ever exhausted its available funds? How was that resolved?

PARTICIPATION

A. To the extent possible, please provide information on the following for the most recent full year that the program was in operation:

	Most Recent Whole Year ( )
Dollar volume of loans	
Participating customer (# of loans)	
Eligible Customers	
Participating contractors	
Eligible contractors (if applicable)	
Participating financial institutions	

B. Has participation varied over the years? What factors do you think have influenced the rate of participation by customers? By vendors? By financial institutions?

C. Were the observed program outcomes in terms of participation rates for customers and/or vendors, dollar volume of loans, and estimated impacts in line with your expectations?

D. What do you think are the main reasons behind the observed outcomes?

PROGRAM MANAGEMENT

A. Please describe the organization plan and/or management structure for the program, including roles and responsibilities among in-house staff, implementation contractors, and financial institutions.

B. What was the approximate staffing for this program, in terms of Full-Time Equivalent (FTE), within the utility or program implementation contractors?

C. Describe the implementation structure of the program, including the role of utility staff vs. contractors or reliance on trade allies.

D. Do you have any information on the administrative cost (apart from loans) to the utility of operating this program – either on an annual basis or over its lifetime to date?

PARTICIPATION PROCESS

A. Please describe the participation process and requirements.

B. Do you have any documentation of the program process, such as flow charts, process plans, procedure manuals, etc. that you could make available or direct us to?

C. What were the key goals and objectives underlying participation requirements?

D. How did the participation process balance necessary participation requirements against ease of participation?

E. What participation process practices, if any, contributed to the success of this program? What practices were not helpful or should be avoided? What are the keys to a successful participation process in a loan program?

OUTREACH, MARKETING & ADVERTISING

A. Please describe the type of outreach, marketing and advertising methods that utilized for this program and the various players to which that methods were targeted.

Methods / **Target Market**	Direct Mail	Newspaper Ads	Radio/TV Ads	Telemarketing	Bill Inserts	Brochures	Newsletters	Seminars/ Workshops	Shows & Exhibits	Tests/Demonstrations	Other
Homeowners	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Contractors	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Financial institutions	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Retailers	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Other	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Other Target Market, Specify:											

Target Market \ Methods	Direct Mail	Newspaper Ads	Radio/TV Ads	Telemarketing	Bill Inserts	Brochures	Newsletters	Seminars/ Workshops	Shows & Exhibits	Tests/Demonstrations	Other
Homeowners	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Contractors	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Financial institutions	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Retailers	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Other	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Other Marketing Methods, Specify:											

B. What were the objectives of your outreach, marketing, training and/or advertising strategy?

C. What marketing, advertising and outreach practices, if any, contributed to the success of this program? What practices were not helpful or should be avoided?

D. How important was the use of audits, rebates, or other incentives to the marketing of the program? If rebates were paid, what was the dollar value of rebates or other incentive relative to the dollar volume of loans?

PROGRAM IMPACTS, EVALUATION. AND OTHER ELEMENTS

A. Do you have an estimate of the energy impacts attributable to this program for the year described above? How were those impacts calculated?

B. What types of evaluation, if any, have been conducted for this program? What were the key evaluation findings? Were changes made to the program as a result?

C. Are there any other elements of the program not covered by these questions that may have contributed to the outcome, or of which we should be aware?

SUMMARY LESSONS LEARNED & RECOMMENDATIONS

Finally, please summarize what you believe were the most important lessons you learned during the implementation of this program. Include difficulties encountered in program design and implementation, recommendations for program improvement; and key elements for loan program success. Please include any aspects that we did not cover during this interview.

Those are all the questions I have. Thank you very much for your time.