

Minnesota Success Stories: *Energy Saver rebate program*

The Wright Residence

Location: Twin City suburb

Energy improvements: High efficiency furnace, central air conditioner, and water heater; air sealing; attic insulation; CFLs

Funding: State Energy Program, Minnesota Housing, and the Neighborhood Energy Connection

Contractors: Thermal Boundary East, Stillwater, and Four Seasons Air Specialists, Inc., White Bear Lake



Contractor David Jackson of Thermal Boundary East explains to Richard Wright how the spaces above and below the bay window were air sealed and insulated.

NEC, rebates, other incentives pave way for energy-efficient home improvements

Richard Wright and his wife started with the idea of replacing their more than 20-year-old water heater, but they found the time was right to do much more. When all was complete, their 1950's rambler home had received a thorough energy-efficient makeover: a new 95 percent AFUE furnace, central air conditioner with a SEER rating of 16, a high efficiency water heater, air sealing, attic insulation, and CFLs.

The timing was perfect for the Wrights, thanks to a low-interest Fix-Up Fund home improvement loan from Minnesota Housing coupled with the Energy Saver Rebate Program. Richard Wright learned of the handsome financing opportunity through the Neighborhood Energy Connection (NEC), a nonprofit organization that promotes residential energy improvements by providing financing to homeowners. After an Xcel Energy home performance evaluation helped determine his home's broader needs, it was a no-brainer. Wright did his homework, qualified for the Fix-Up Fund loan, got bids from several contractors, had the work done, and with NEC's help, he applied for rebates.

The total project cost was \$12,723—about \$10,000 for the furnace, AC, and water heater and about \$2,500 for air sealing and attic insulation. He received an Energy Saver rebate of \$4,223, and once he receives a \$1,000 Xcel Energy rebate and a \$1,500 federal tax credit, his net cost for the project will be \$6,000.

1,400 receive Energy Saver rebate

The Wrights were among 1,400 homeowners in Minnesota who benefited from the Energy Saver rebate, a program for homeowners made available through a grant from the U.S. Department of Energy and the Minnesota Department of Commerce, Office of Energy Security (OES). The funds were provided by the American Recovery and Reinvestment Act of 2009, the federal stimulus package designed to save energy and create jobs. The Energy Saver Rebate Program, administered by Minnesota Housing on behalf of OES's State Energy Program, launched in December 2009. By late March 2010, all funds for the \$5.7 million program had been committed.

Jeanette Blankenship, housing policy specialist for Minnesota Housing, reports that \$16 million in Fix-Up Fund loans have closed, with an average loan of \$11,500 and

an average rebate of \$3,500. To receive the rebate, work had to be performed by a contractor and completed within 120 days of the loan closing. All work had to be financed by the Fix-Up Fund loan.

Wright had heard through his church about NEC. He connected with NEC and NEC paved the way for the Wrights, a retired couple, to get the work done. The loan and rebate, combined with other incentives, made for the “perfect storm,” said Leanne Karras, NEC loan program manager who assisted the Wrights. “The Wrights needed a lot of energy improvements, and the incentives were there.”

“Our furnace was old like our water heater, our AC wasn’t working well, we had drafts—we were losing heat, and we needed insulation,” Wright said. “We needed a lot of work.”

The work, completed in January 2010, resulted in a much tighter, energy-efficient home that showed immediate energy savings. Air sealing (especially around recessed lights and the chimney) and new R-50 attic insulation along with new high efficiency mechanical upgrades helped trim the Wrights’ gas bill by about 30 percent, said Wright. “We noticed the difference right away,” he said. “We couldn’t be more pleased with how well it all came together.”



Creating or sustaining jobs

In addition to energy savings, the Energy Saver Rebate Program helped sustain or create jobs for construction crews, mechanical workers, workers who manufacture energy products, and support staff, including those administering Energy Saver. For instance, for the three-month period of March through May 2010, construction and mechanical workers

NEC loan program manager Leanne Karras and homeowner Richard Wright inspect the Wright’s new 95% efficient gas furnace and high efficiency gas water heater.

put in about 20,000 hours of labor on 716 Energy Saver projects. That equates to 38 full-time equivalent jobs.

“Energy Saver produced phenomenal response,” said Chris Duffrin, executive director of NEC. “It got many people who had been on the fence about energy efficiency work to make all kinds of improvements. We’ve never seen this level of demand.

“Compared to some energy efficient programs that are more technology based, Energy Saver was very labor intensive and *Minnesota* labor intensive,” said Duffrin. “This type of work was not going to be farmed out to out-of-state workers. Minnesota really got great bang for the buck on this program.”

To qualify for the rebate, homeowners needed to find a lender that originated Fix-Up Fund loans and was trained to administer the Energy Saver Rebate Program. In the case of the Wrights, the lender was NEC. To qualify for a Fix-Up Fund loan, the gross household income has to be at or below \$96,600 and the property (single family homes, duplexes, triplexes or four-plexes) needs to be owner-occupied.

Although Energy Saver funding has ended, Duffrin said there are many good lending and incentive programs for homeowners who want to pursue energy-saving home improvements. Minnesota Housing’s Fix-Up Fund loan is a great funding option, and many local utilities are offering rebates for energy-efficient upgrades. Also, a federal tax credit extended through 2010 can be taken for up to 30 percent of the purchase and installation costs (up to \$1,500) for qualifying energy-saving home improvements.

“With the energy efficiency and rebates I received, I can’t tell you how impressed I am with NEC and the process,” said Wright. “Energy Saver was great for us, and I know it’s helped a lot of businesses and put a lot of people to work. It’s a win-win.”

For more information...

...on Minnesota Housing, visit www.mnhousing.gov or call 651-296-8215 or 800-710-8871. For more on NEC, visit www.thenec.org or call 651-221-4462. For information on energy-efficient home improvements, visit the Office of Energy Security website at www.energy.mn.gov or contact the office at 800-657-3710 or 651-296-5175 or energy.info@state.mn.us.

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