



Energy Efficiency Program Summary

How\$mart

Program Sponsor:	Midwest Energy, Kansas Housing Resources Corp	Program Administrator:	Midwest Energy
Program Location:	Kansas	Eligibility:	Single/Multi-Family Residential, Commercial
Program Start:	2008	Program Type:	State Sponsored/State & Utility Capital/PAYS [®]

Program Description:

How\$mart is a Pay-As-You-Save (PAYS[®]) program that provides money for energy efficiency improvements such as insulation, sealing, and heating and cooling systems. Customers will repay the funds through energy savings on their monthly utility bill. The monthly surcharge will be less than the amount of savings.

A Midwest Energy Specialist will perform an audit to identify potential savings opportunities. The customer can finance any of the recommended efficiency measures through this program, so long as the monthly surcharge for the measure does not exceed 90% of the projected savings from its installation. Upon enrollment, Midwest Energy files a Uniform Commercial Code (UCC) form with the county's Register of Deeds for the How\$mart obligation, creating a lien on the property. If there is a change in owner or tenant, the surcharge remains with the improved property until paid in full.

The program is available to Midwest Energy electric and/or gas customers in good standing.

Financing & Financial Products:	<p>Residential customers - 4% interest over 15 years.</p> <p>Commercial customers - 7.24% over 10 years.</p> <p>State of Kansas, through Kansas Housing Resources Corp, provides 50% of project funds at 0% interest. Midwest Energy provides remaining funds.</p> <p>UCC filing reduces risk of default.</p> <p>For commercial/industrial customers, \$20k loans require securitization, especially since commercial buildings could change purpose upon a sale, rendering savings estimates moot.</p>
--	---

Marketing:	Midwest Energy and approved vendors market the program.
-------------------	---

Enrollment Process:	<p>Homeowner requests an audit via Midwest Energy website.</p> <p>Midwest pre-screens customers and schedules audit.</p> <p>Midwest Energy completes audit, projects potential energy savings, and develops conservation plan which identifies efficiency measures.</p> <p>Homeowner hires an approved contractor to complete one or more of the efficiency measures identified in the conservation plan.</p> <p>Midwest pays contractor once job is complete.</p> <p>Midwest files UCC form and places lien on property.</p>
----------------------------	---

Audits:	<p>An energy audit is required.</p> <p>There is no charge for the audit when the customer participates in the program or when the customer cannot implement any of the measures within requirements of the program.</p> <p>However, if there is an option that costs nothing up front, and the customer elects to not complete the improvements within six months, Midwest Energy will bill the customer \$200 for the How\$mart audit. This is done to prevent “free-riders.”</p>
Implementation Criteria:	<p>The customer can implement any of the recommended efficiency measures through this program, so long as the monthly surcharge for the measure does not exceed 90% of the projected savings from its installation. Not all improvements have enough savings to pay for the improvements.</p> <p>How\$mart will pay for the amount justified by energy savings. The customer is responsible for the difference when Midwest Energy cannot cover 100% of the improvements.</p> <p>50% of all projects related to building envelop/thermal shell; HVAC measures are also common.</p>
Contractors, Training & Accreditation:	Midwest provides staff for energy assessments. Vendors are used for installation.
Contracts:	Midwest Energy requires all participating contractors to sign a Master Services Agreement.
Repayment, Collection & Flow of Funds:	<p>Midwest charges a 5% administrative fee, which doesn't cover the entire cost of operating the program.</p> <p>Midwest Energy pays contractors.</p> <p>Customer repays loan through monthly surcharge on utility bill. Customer can repay loan in full early, but cannot make extra payments.</p>
Program Sustainability:	<p>Midwest uses 90% as the basis for determining eligibility, as opposed to 75% under the typical PAYS[®] model. This change, which was approved by PAYS[®], reflects the fact that energy is cheaper in the Midwest than in the Northeast. Average repayment surcharge in the program is 83%.</p> <p>98% of program participants are residential (87% are single-family, with 13% multi-family rentals). 2% of program participants are commercial/industrial.</p> <p>UCC is filed with county to ensure advance notification in case of home sale. Also working with realtors to ensure that How\$mart lien is included on seller disclosure form.</p> <p>Documentation requirements are burdensome – need electronic submission of documents.</p> <p>\$952,786 in utility investment since inception - \$4,988/project.</p> <p>\$245,948 in customer investment, primary from buy-down of non-efficiency measures - \$1,288/project.</p> <p>Total cost of measures - \$1,198,734 or \$6,276/project.</p> <p>Program fees - \$47,054 or \$246/project.</p> <p>Avg Repayment surcharge - \$40.22/month.</p> <p>Avg Savings - \$48.76/month.</p>

MIDWEST ENERGY HOW\$MART

Program Schematic

