

## **State Energy Efficient Appliance Rebate Program Program Plan Narrative – State of Oregon**

### **Executive Summary**

#### **Program Summary.**

Oregonians expend the largest portion of their annual energy usage, approximately 40 percent, to heat their homes. To ensure that Oregon's \$3.6 million State Energy Efficient Appliance Rebate Program (SEEARP) is efficiently used, the Oregon Department of Energy (ODOE) proposes a heating appliance 70 % point of sale instant rebate program that will be available to low-income households in all 36 counties in the state. By replacing approximately 1,800 non-functioning or low efficiency furnaces and heat pumps with energy efficient models, Oregonians will dramatically reduce their energy usage, reduce greenhouse gases, put local contractors to work, and stay comfortable during Oregon's cold winter months.

ODOE will partner with the Department of Oregon Housing and Community Services agency (OHCS), a state agency that currently administers both federal and state energy programs to low-income Oregonians. This agency works hand-in-hand with Community Action Programs (CAPs), local organizations that deliver energy assistance, weatherization and energy education services to Oregon's 36 counties. OHCS and the CAPs have identified low-income households (those below 60 percent of state median income levels). OHCS and CAPs target their energy assistance and weatherization services to qualifying Oregon households in crisis or near crisis as funds allow. The SEEARP funds will leverage their efforts with a point-of-sale rebate for heating equipment. OHCS and CAP agencies will offer SEEARP-eligible households the 30 percent remainder of the product costs, resulting in a 100 percent rebate on the installed cost of furnaces and heat pumps.

The leveraged funds will layer on top of existing funding to reach more low-income Oregonians in need. SEEARP funds will provide a new ENERGY STAR heating appliance when a repair is not cost effective and/or would mean increased energy efficiency and lower utility bills for the household. The CAP agencies already contract with local installers, contractors and HVAC vendors to provide their services. ODOE will allocate rebate vouchers across all counties. CAP agencies will provide their eligible customers (or the contracted HVAC service providers assigned to an eligible job) with a voucher to purchase the heating equipment.

The heating appliance vendor will collect the customer's assigned voucher and apply directly to ODOE for cash reimbursement. CAP agencies will pay the HVAC installer, contractor directly for the 30 percent remaining costs associated with installation of the new heating equipment and removal and recycling of the old equipment in accordance with Oregon Department of Environmental Quality guidelines. This layering on existing programs will reach more consumers. The result is a 100 percent point-of-sale rebate for eligible Oregonians.

ODOE believes this proposal will:

- Save 325,163 kWh annually by encouraging appliance replacement through consumer rebates
- Make 1,800 point of sale rebates available to all eligible Oregonians statewide
- Create approximately 40 jobs statewide
- Reduce CO<sub>2</sub> emissions by 393,118 pounds annually
- Enhance and leverage local program infrastructure and ENERGY STAR national partner relationships
- Keep administrative costs low while adhering to monitoring and evaluation requirements
- Promote state and national tracking and accountability

ODOE plans to use existing ENERGY STAR consumer education and outreach materials.

<b>Table 1. Program Objectives</b>	
<b>Program Objective</b>	<b>Target Value</b>
Total Number of Rebates Paid	1,800
Total Number of Appliances Replaced	1,800
Total Number of Appliances Recycled	1,800
Total Annual Energy Savings (kWh)	325,163
Total Annual Energy Savings (Therms)	68,053
Total Annual Water Savings (gallons)	none
Total Annual CO <sub>2</sub> Reductions (lbs)	393,118
Jobs Created*	40 (based upon guidance below)

*\* DOE is waiting for specific OMB guidance on how to quantify jobs created for reporting purposes. In the meantime, the general guidance is that every \$92,000 expended leads to one "job created."*

<b>Table 2. Program Timeline and Milestones</b>	
<b>Program Milestones</b>	<b>Target Date</b>
See attached Exhibit A	

## I. Program Overview

Please populate the Program Planning Excel Spreadsheet before completing this section. All data in the tables below should correspond with the data in the Excel spreadsheet. Please include an estimate of the total number of appliances that will be recycled through your program, where applicable.

<b>Table 3. Rebate Detail</b>				
<b>Products to be Rebated</b>	<b>Rebate Level (\$)</b>	<b>Targeted Quantity</b>	<b>Total Cost</b>	<b>Targeted # of Products Recycled</b>
Energy Star gas furnace	70% up to \$2,000 (\$1,800 ave.)	1440	\$2,880,000	1,440 (typical of existing practice)
Energy Star heat pump equipment—split sys, pkg units, ductless split	70% up to \$2,000 (\$2,000 ave.)	360	\$720,000	360 (typical of existing practice)
	\$		\$	
	\$		\$	
	\$		\$	
	\$		\$	
<b>Total Rebates</b>		1,800	<b>\$3,630,000</b>	<b>1,800</b>

## II. Explanation of Covered Products N/A to Oregon

**Justification for ENERGY STAR or cold-climate appliances not on the recommended list.**

For each product selected, explain why it will provide significant benefits in your State/Territory, the annual per-unit energy savings, estimated annual sales of product in your State (market share), and price difference between the proposed product and the standard efficiency alternative. Include any other explanation you feel justifies the inclusion of this product in your program.

**Product:**

**Annual per-unit Energy Savings:**

**Estimated Sales or Market Share in your State:**

**Price Difference:**

**Explanation on how this product benefits your State:**

### III. Integrating SEEARP Rebates with Existing State or Utility Incentives

States must design their SEEARP rebates to complement existing State or utility incentives available to local residents. In addition, States must ensure that the ARRA funds supplement and do not supplant current efforts. In the table below, please note for each product you propose to rebate whether there are any current (or planned) State rebates or tax credits, or any utility rebate programs. Please base this on what is planned for 2010-2011.

Products to be Rebated	Other State Rebate or Tax Incentive Available? (Yes / No)	Utility Rebates Available? (Yes / No)
ENERGY STAR gas furnaces	Yes, Oregon has a tax credit program for Energy star ‘plus’ furnaces and heat pumps. Low income homeowners often do not make use of this credit as they may not purchase new appliances and may not have sufficient tax liability to claim the credit.	Yes, utility rebates and public purpose funds for the low-income sector are available. The implementation of the SEEARP will leverage OHCS’s existing resources to provide an additional 30% rebate.
ENERGY STAR heat pumps – split system, pkg. unit, ductless mini-split		

<b>Product 1: Gas Furnace</b>				
Program Sponsor	Efficiency Level	Rebate Amount	When Available	Budgeted Quantity Of Rebates
Oregon Housing and Community Services, delivery through Community Action Programs	none	assistance varies by applicant	Ongoing	350
Oregon Department of Energy Tax Credits	ENERGY STAR ‘PLUS’	Up to \$350	Ongoing	None to low income
<b>How does State’s Proposal Complement these Programs? (Check all that apply)</b>				
X	Layering on top of existing rebates to increase total incentive payment to consumers.			
X	Directing State rebate to products at a different or higher efficiency level.			
X	Extending the availability (i.e., the quantity) of existing planned rebates.			
X	Other (Please Explain): transforms OHCS’s equipment repair or replace crisis program into expanded energy efficient equipment replacement program through an instant rebate (currently replacing 350 furnaces with new standard efficiency units annually)			

<b>Product 2: Heat Pump – split system ducted, package unit ducted, ductless mini-split</b>				
<b>Program Sponsor</b>	<b>Efficiency Level</b>	<b>Rebate Amount</b>	<b>When Available</b>	<b>Budgeted Quantity Of Rebates</b>
Oregon Housing and Community Services, delivery through Community Action Programs	none	assistance varies by applicant	Ongoing	400
Oregon Department of Energy Tax Credits	ENERGY STAR 'PLUS'	Up to \$400	Ongoing	None to low income
<b>How does State's Proposal Complement these Programs? (Check all that apply)</b>				
X	Layering on top of existing rebates to increase total incentive payment to consumers.			
X	Directing State rebate to products at a different or higher efficiency level.			
X	Extending the availability (i.e., the quantity) of existing planned rebates.			
X	Other (Please Explain): Transforms OHCS's equipment repair or replace crisis program into expanded energy efficient equipment replacement program through an instant rebate. Creates opportunity to install new, efficient equipment in situations where repair of old equipment has been the primary option available. Also creates opportunity to significantly impact heating costs for households with electric resistance heating by replacing primary zone baseboard heat with ductless heat pump.			

## IV. Program Implementation Strategy

### A. Program Delivery – Roles and Responsibilities

In conjunction with the Oregon Department of Energy, the following parties will be responsible for delivery of the Appliance Rebate Program:

- **The Department of Oregon Housing and Community Services (OHCS)** currently administers both federal and state energy programs to low-income Oregonians.
- **The Community Action Network** delivers energy assistance, weatherization and energy education services within all 36 counties across Oregon.

Among these stakeholders, responsibilities within the appliance rebate program would be as follows:

- **Oregon Housing and Community Services would be responsible for maintaining contracts with local service providers and ensuring compliance with rebate program guidelines.** This includes monitoring of existing guidelines (e.g. income eligibility) as well as new processes which may be associated with the rebate program.
- **Oregon Housing and Community Services would also be responsible for ongoing assessment and evaluation of program implementation at the local level.** Through regular discussion with both providers and the Oregon Department of Energy, OHCS hopes to quickly identify and mitigate any program obstacles that could inhibit success of the appliance rebate program. This includes ensuring equitable and accessible service provision to all Oregonians.
- **Data Collection and Reporting would be conducted at the statewide level, primarily through use of existing databases housed at Oregon Housing and Community Services.** This system, in conjunction with any voucher system utilized by ODOE, will provide the State of Oregon with the capacity to collect detailed demographic information regarding households served through the appliance rebate program.

**Local Service Providers (Community Action Agencies) would be responsible for distribution of appliance rebates to low income Oregonians through their existing energy services structure.** This includes outreach efforts, prescreening of applicants, intake appointments, certification of income eligibility, and contracting with certified local vendors to purchase appliances for low-income households.

## **B. Program Partners**

Local Service Providers (Community Action Program – CAP - agencies) would be responsible for contracting with **Certified Local Appliance Vendors** to purchase appliances on behalf of eligible low-income households using point-of-sale instant rebates for 70 percent of the cost. These vendors would also contract with the Oregon Department of Energy to validate the vouchers and ensure timely payment of instant rebate vouchers presented by the service provider network.

Service providers will also be responsible for utilizing leveraged funds to hire **HVAC Contractors** for installation of rebated appliances, removal and recycling of old equipment. Contracted installers associated with current low-income energy programs will also be responsible for removing and recycling heating equipment in accordance with professional standards and existing state laws. Since the CAP agencies will make up the 30 percent remaining costs to vendor, the consumer will receive a net 100 percent rebate.

## **C. Rebate Processing**

Explain how rebates will be paid to consumers in a timely fashion. Examples include mail-in rebate applications and instant rebates provided by participating retailers at the point of sale. For mail-in rebates, please specify the method of payment (e.g., direct deposit, check, etc.). Note who will process the rebate payments and how quickly consumers will receive rebates. Explain how the State will handle customer inquires about their rebates and remedy any problems. If rebates will be paid in conjunction with utility rebates, then explain how the commingled funds will be tracked. Also describe how the State will ensure it can handle a high volume of rebate requests in a timely fashion and track the remaining budget to avoid oversubscription.

“Instant Rebate Vouchers” will be allocated to low-income energy service providers throughout the state. In most cases, vouchers will be used when purchasing appliances on behalf of low-income households through existing furnace replacement programs. However, eligible low-income consumers who wish to purchase their own appliances may also request an instant rebate voucher to be used at any ODOE approved, certified vendor.

Contracts between the Oregon Department of Energy and local appliance vendors, as well as an electronic voucher system, will guarantee that vendors receive reimbursement per instant rebate voucher in a timely efficient manner.

#### **D. Program Eligibility Rules**

The appliance rebate program will be available to low-income Oregonians whose income is at or below 60% of State Median Income (see income guidelines below). One rebate will be available per eligible household. As the rebate is intended for non-commercial consumers, rebates will only be available to households who own their homes.

**60% of State Median Income by Household Size  
For Use in Federal Fiscal Year 2010 (Source: HHS)**

<b>Household Unit Size</b>	<b>Annual Income</b>	<b>Monthly Income</b>
1	\$21,093	\$1,757.75
2	\$27,583	\$2,298.58
3	\$34,073	\$2,839.42
4	\$40,563	\$3,380.25
5	\$47,053	\$3,921.08
6	\$53,543	\$4,461.92
7	\$54,760	\$4,563.32
8	\$55,977	\$4,664.73
9	\$57,194	\$4,766.14
10	\$58,411	\$4,867.55
11	\$59,629	\$4,968.95
12	\$60,844	\$5,070.36
<b>Each Additional Member</b>	<b>\$1,217</b>	<b>\$101.42</b>

**E. Product Replacement**

Outline the various steps the State will take to target its program toward the replacement of existing appliances. Some examples include eligibility criteria, rebate structure, and recycling efforts.

The appliance rebate program will be administered within the existing structure of low-income energy programs, including both energy assistance and weatherization services.

Over the past several years, furnace replacements have been deemed a necessary program component to resolve a growing number of “no-heat crisis” situations faced by Oregon families. An aging housing stock means many households are dealing with furnaces that are no longer functional or safe to use. These include outdated models, as well as heating devices which pose a health risk--such as oil or kerosene heaters.

Instant rebates will allow local providers to increase their capacity to replace unsafe, non-functioning or inefficient appliances for low-income households across the state. Prior to any contracted appliance purchase or service—local CAPs must perform home audits to assess both the need for furnace replacement, as well as the appropriate appliance necessary to increase efficiency within the home.

## **F. Product Recycling**

Local service providers will be responsible for utilizing leveraged funds to hire HVAC contractors for removal and recycling of rebated appliances. Currently, HVAC installers are responsible for removing and recycling heating equipment in accordance with professional standards and existing state laws as follows:

- Section 608 of the Federal Clean Air Act requires that all persons who maintain, service, repair, or dispose of appliances that contain regulated refrigerants be certified on proper refrigerant handling techniques.
- Oregon state law (Oregon Revised Statutes (ORS) 455.355, implemented by Oregon Administrative Rules (OAR) 918-440-0500-510) makes it illegal for contractors to install thermostats containing mercury in homes or commercial establishments. HVAC contractors are also required by state law to properly manage mercury thermostats so that mercury does not become part of the solid waste stream.

## **G. Marketing and Outreach**

Rebate vouchers will be allocated to providers across Oregon--and would be distributed to consumers on a first-come, first-serve basis. Monthly check-ins will occur with each local provider to evaluate target distribution levels. In cases where consumer interest or demand appears minimal, the Department of Oregon Housing and Community Services will work with service providers to strategize outreach efforts and/or identify barriers to access.

Outreach of existing low-income energy assistance and weatherization programs is mandated by statute at both the federal, state levels. Local service providers are responsible for providing extensive outreach across their service territories. This outreach is conducted through print media, websites, earned media, social service networks and public hearings. The appliance rebate program will be included as part of these larger outreach efforts

At the state level, similar outreach will be conducted to regularly educate and inform both providers and the public about available funding for the appliance rebate program, including eligibility criteria and access points.

Any advertising for rebates will include disclaimers regarding the “first-come, first-served” nature of the program. Consumers will also have access to the OHCS website, which will be regularly updated with the status of available funding/vouchers across the state.

## V. Oversight and Reporting

### A. Oversight

The Oregon Department of Energy will partner with Oregon Housing and Community Services (OHCS) to deliver the Appliance Rebate Program. ODOE will validate rebate vouchers by customer name and address with OHCS/CAP agencies prior to reimbursing certified local vendors supplying appliances to eligible low-income households. Each rebate will have a customer signature (or of the installer acting on behalf of the customer) and the date of purchase. Each rebate voucher will have a “use-by” date, after which time it will be deemed invalid. ODOE and OHCS will re-evaluate the disbursement of the vouchers by the CAP agencies on a predetermined schedule to ensure that rebates are disbursed and expended in a timely manner. If a CAP is not distributing in a timely manner, ODOE and OHCS can recall outdated vouchers not distributed and revalidate and redistribute to CAPs with high demand for vouchers.

OHCS and CAPs currently have established guidelines, reports and quality control checks that ensure that only income eligible households are served with state funding. The Appliance Rebate Program falls within these guideline, reporting and quality control parameters so any discrepancy would be immediately recognized and corrected.

Both ODOE and the CAPs will have contracts with approved vendors. CAP agencies will provide on-site inspections of all Appliance Rebate Program installations of heating equipment prior to rebating their 30 percent contribution. The contracts with the vendors include legal actions that can be taken if a vendor fails to perform as agreed.

### B. Progress Reporting

As outlined in the FOA, States are required to submit a progress report for all activities on a quarterly basis. **DOE will issue clarification shortly on any additional reporting requirements with specific Excel tools for ease of reporting.** States should plan staffing accordingly to accommodate monthly tracking of the metrics listed below, as well as potential Recovery Act reporting.

This reporting does not replace any additional reporting required under The American Recovery and Reinvestment Act of 2009, Pub. L. 111-5. Additional monitoring and reporting guidance will be forthcoming. Please refer to your FOA for detailed information.

**Notes on Metrics:**

*Total # of State Rebates Paid*

Although reporting will be quarterly, the State must track rebates paid monthly for each category of appliances selected.

*Total # of other State/Utility Rebates Paid*

Based on the listing of other State and utility programs in the State, as supplied in Section III., above, the State must report the rebates actually paid to consumers by other State or utility programs.

*Total # of Appliances Recycled*

Based on management of recycling as detailed in section F of the Program Implementation Strategy, explain how the State will collect information on appliances recycled by type over the reporting period.

*Number of Jobs Created*

For all project types, the number of jobs that are created or retained during the reporting period should be reported; each job should only be reported once. This number must be based on actual employees. If actual jobs cannot be verified, the state may propose its own methodology for estimating jobs; this methodology must be approved in advance.

*Estimated Energy Saved and CO<sub>2</sub> emissions avoided*

States are expected to provide the interim estimated benefits due to the rebates provided. This primarily takes the form of annual energy savings and CO<sub>2</sub> abatement due to activity in the period. For example, if 1000 rebates were delivered in the quarter, report the expected annual savings due to the appliances sold. The reporting framework will include an estimate calculation of kWh, BTU saved and CO<sub>2</sub> for each specific appliance. The State may report this value or values based on its own methodology, with justification and approval.

## VI. Applicant Contact Information

### State Program Contact One (Business Officer) (The person who is responsible for the day-to-day management, including progress reporting.):

Name and Title: Shelli Honeywell, ARRA Manager  
Agency: Oregon Department of Energy  
Email: shelli.honeywell@state.or.us  
Phone: 503-373-7561

### State Program Contact Two:

Name and Title: Paul Egbert, Project Leader  
Agency: Oregon Department of Energy  
Email: paul.egbert@state.or.us  
Phone: 503-373-0052

### State Single Point of Contact to Comply with Executive Order 12372 (FOA, page 13):

Name and Title: Not applicable as State of Oregon does not participate  
Agency:  
Email:  
Telephone:

### Website URL where the State application will post public communications:

<http://www.oregon.gov/ENERGY/Recovery/Funding.shtml>

### Contact Information for each sub awardee (expand as needed):

Company	Contact Person	Email	Telephone Number	Website URL
NONE				