

MEMO



Date: November 21, 2014
To: Mark Wyman, Program Manager, New Homes and Products
Marshall Johnson, Program Manager, Existing Homes
From: Anna Kelly, Evaluation Intern
Erika Kociolek, Evaluation Project Manager
Subject: Financing survey Results

Survey Goals

The goal of this survey is to learn about the role financing plays in making residential energy efficiency improvements and to develop a baseline for financing activity (and demand for financing) that complements reporting and information provided by lending allies.

Summary

A short, 11-question survey was conducted with 234 customers that completed significant energy efficiency projects (with project costs of more than \$4,000) and received incentives from Energy Trust between September 2013 and September 2014. Surveys were fielded by Consumer Opinion Services between December 2013 and October 2014. The goal of the survey was to learn about how customers financed their projects, what sources of financing they used (if any), and if financing was not used, why.

Most respondents (66%; n=163) paid for at least some of their efficiency upgrade with cash or savings. The participants that did not use financing at all did so because they were able to afford paying for their project with cash or savings (46%; n=107). Of the 10 percent who took out a loan, 84 percent of them took out a loan from a bank or other financial institution. Table 1 shows the different methods respondents used for financing.

Method	N	Percent
Cash or savings	163	66%
Credit card	32	13%
Don't know	24	10%
Home equity line of credit	7	3%
Loan (from bank, from relatives or friends)	10	4%
Other	5	2%

Refused	5	2%
Second mortgage	0	0%
Total	246	100%

Respondents were able to give multiple reasons why they chose to get an energy efficiency upgrade. The most common reasons for getting an energy efficiency upgrade were “Improve the comfort/Warmth of my home” with fifty-one percent of respondents (n=119), and fifty percent indicating that they wanted to “replace poor performing equipment” (n=116). Thirty percent of respondents responded that the combined reasons for wanting the upgrade were “save energy” and “save money on energy bills” (n=73).

The final section of the report includes analysis of respondent characteristics, including project costs, geography and types of measures completed.

The survey provided insight as to what kinds of financing information would be useful to customers, and use of Energy Trust lending allies for financing needs.

Methods

The financing survey was a short, 11-question phone survey fielded by Consumer Opinion Services, a local survey and market research firm. The survey began in December 2013 with surveys of customers that completed projects in September 2013. It continued through October 2014 (covering surveys of customers that completed projects in September 2014). This report summarizes the results of 234 customers.

By talking with a sample of customers that have completed large projects (those with a total cost of more \$4,000), we hoped to learn about the number of customers that reported financing their project, the reasons behind choosing to finance a project, and determine the most commonly used financing options. The sample excluded Home Performance projects was not included because non-CEWO HPF volume is quite low, and we didn’t want to make the pool of customers available for Fast Feedback surveys small. We also excluded the moderate income track from the survey.

Survey Results

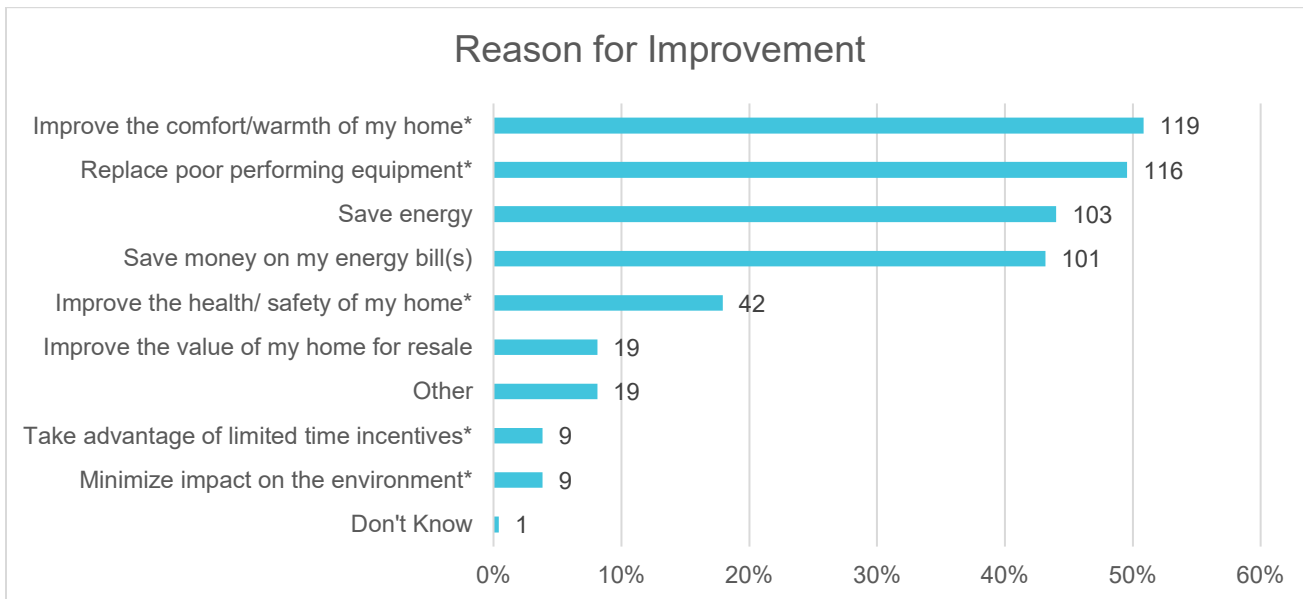
Overall, the survey had a 27% response rate. The table below shows the response rate by month.

Month of Project Completion	Number of Contacts Called	Number of Completed Surveys	Response Rate
Sep-13	64	18	28%
Oct-13	72	18	25%
Nov-13	48	18	38%
Dec-13	42	18	43%
Jan-14	48	18	38%
Feb-14	74	18	24%
Mar-14	49	18	37%
Apr-14	77	18	23%
May-14	85	18	21%
Jun-14	87	18	21%
Jul-14	43	18	42%
Aug-14	54	18	33%
Sep-14	140	18	13%
Total	883	234	27%

We first asked customers if they made any other improvements to their home (such as a remodeling project) when they made the energy saving improvements. Only a quarter said they did their improvement along with some other home improvement, as shown in the table below.

Did you make any other improvements to your home, such as a remodeling project, at the same time you made the energy saving improvements?		
	N	Percent of Respondents
Yes	58	25%
No	175	75%
Total	233	100%

We wanted to know why respondents chose to make energy efficiency improvements to their homes, and asked what their primary motivations were for making the improvement. The most common responses were “Improve the comfort/Warmth of my home” (n=119), “replace poor performing equipment” (n=116), and “save energy” (103). The responses that were grouped together most commonly were “save energy” and “save money on energy bills” (n=73). Other responses that were grouped together frequently were “save money on energy bills” and “improve the comfort/warmth in winter” (n=55) and “improve health/safety of the home” and “replace/repair poor performing or broken equipment/weatherization” (n=52). Forty-nine percent (n=186) of the installations performed were windows, and eleven percent (n=42) were ductless heat pumps.



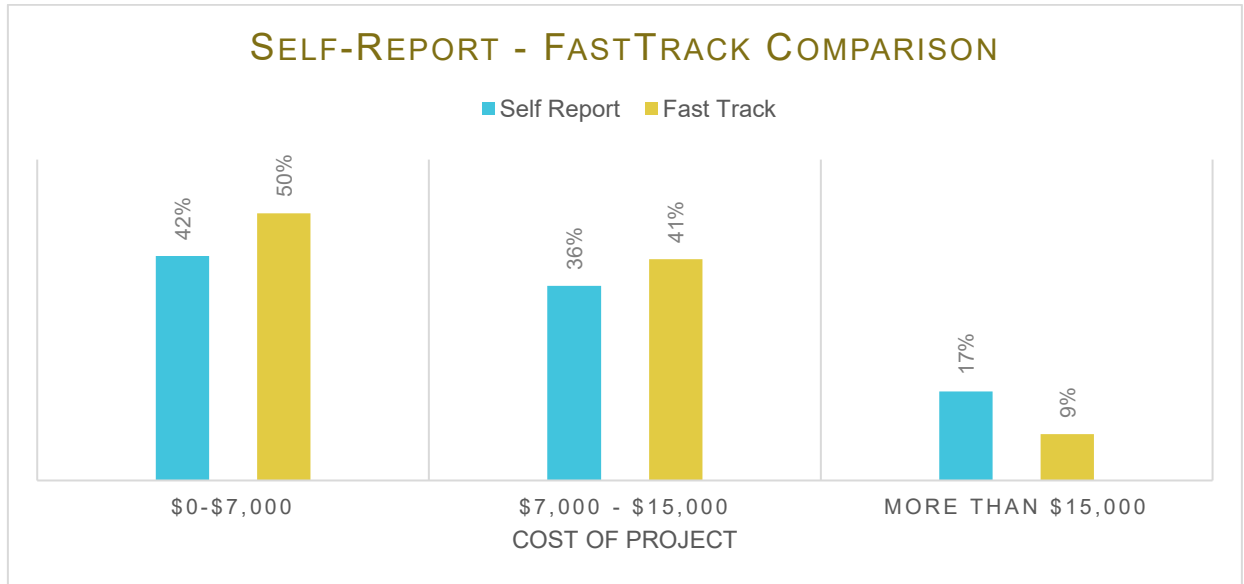
Responses add up to more than one hundred percent because multiple responses were possible: Wording changed to conserve space, exact coding phrases were: “Improve the comfort/warmth in winter of my home”, “Replace/repair poor performing or broken equipment/weatherization”, “Improve the health and safety of my home (indoor air quality, appliance safety, etc.)”, “Take advantage of limited time incentives, rebates or tax credits”, “Minimize personal impact on the environment/carbon footprint”.

We wanted to know how much respondents thought that all of their energy saving improvements cost. Between September and December 2013, 50 percent said their cost was \$7,000 or below; 47% said their costs were above \$7,000, and 3% said they did not know. This question had different response categories starting with January 2014 surveys. The figure below shows January – September 2014 surveys only, which represent 69% of all respondents. The vast majority (78%) reported project costs of under \$15,000, and of those, 54% were under \$7,000. The types of measures installed as part of these projects is reported under the section titled “Characteristics”.

We also wanted to know how closely respondents’ estimate of the cost of their energy saving improvement(s) matched FastTrack records of project cost. We compared the project cost recorded in FastTrack to the project cost reported by respondents in the survey. Since the survey response categories changed starting January 2014, we only include respondents that completed projects after January 2014. We also exclude the 4% of respondents that said “don’t know” or did not respond to the question.

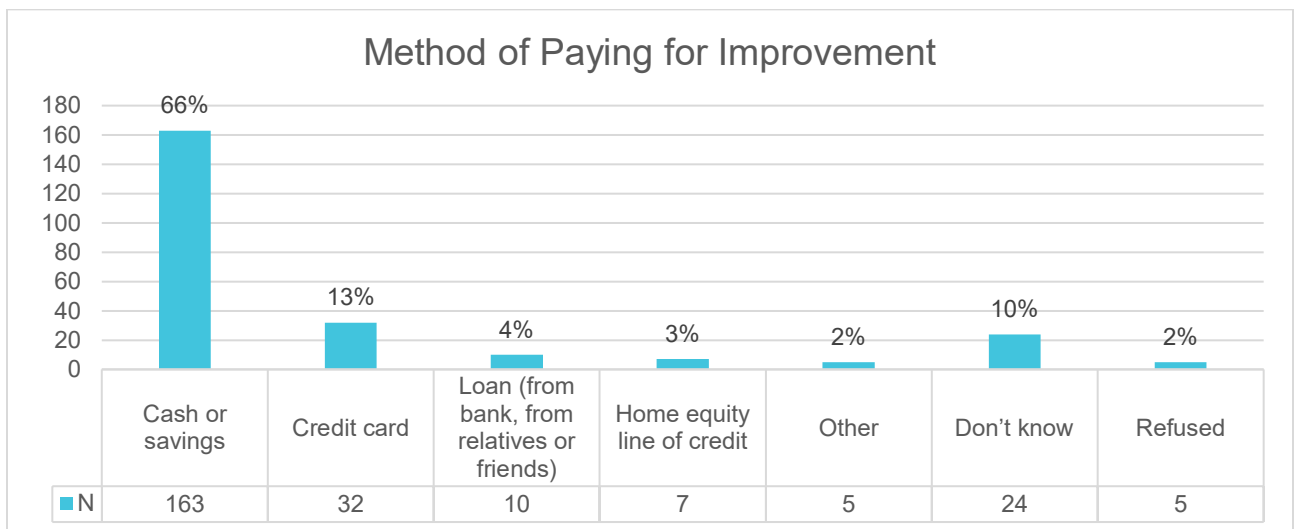
The majority (70%) of respondents that reported a project cost agreed with the FastTrack records of project cost. Six percent under-estimated their project cost, and

19% over-estimated their project cost. Seven respondents reported that they didn't know their project cost, and one refused to answer.



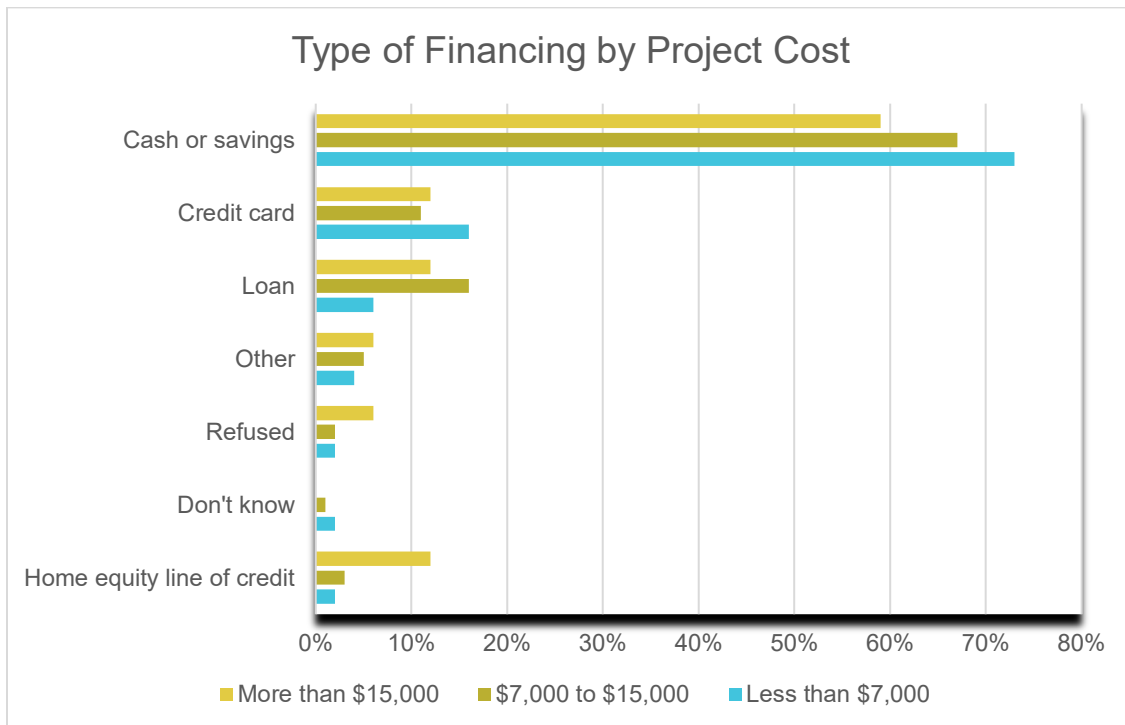
*Data from January to September 2014 surveys and FastTrack from same time frame only. Five percent from self-report were missing or refused to answer and are not shown above.

We asked respondents how they paid for their projects, and allowed for multiple responses for the question. Most (71%) of respondents reported paying for their project with cash or savings. Just under 15% said they used a credit card, and 10% said they used a loan. Most customers reported using only cash or savings to pay for their project. Out of the customers that used more than one payment method (n=11), the most common combination was cash or savings with credit cards (n=4).



*Multiple responses possible; 12 (5 percent) respondents provided more than 1 response.

We wanted to see if the method of payment was related to project cost since one might expect that a higher-cost project would involve financing. Using the total cost of the project from FastTrack, we looked at whether there was a relationship between project cost and type(s) of financing used. We can see that most respondents used cash or savings, regardless of project cost.



*Multiple responses were possible for type of financing.

Of the respondents that said that they took out a loan, we asked them where they got the loan. The majority (84%) of respondents who reported taking out a loan got the loan from a bank, eight percent indicated that they did not get their loan from a bank, four percent did not know, and four percent refused to answer. For respondents that answered “Yes” to the question “Was the loan from a bank or financial institution”, we also asked what bank to see if participants were using lending allies their loans, and included them in the table below.

[If loan was used] Was the loan from a bank or financial institution?				
	N	Percent of Respondents		
Yes	21	84%		
			What lender did you use for this loan?	N
				Percent of Respondents

		1st Security Bank of Washington	1	5%
		Columbia Credit Union	1	5%
		Refused	2	10%
		Other*	10	48%
		Don't know	7	33%
		Total	21	
No	2	8%		
Refused	1	4%		
Don't Know	1	4%		
Total	25	100%		

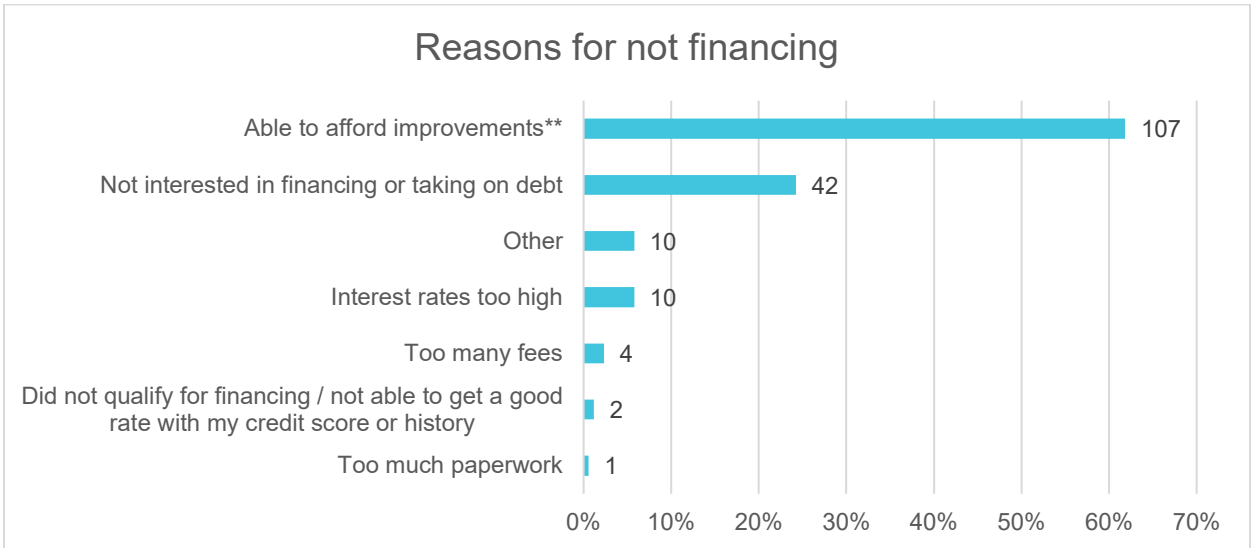
*Other institutions reported were: Inner Bank USA, OnPoint Credit Union, Oregonians Credit Union, Morgan Stanley, and US Bank.

For the respondents that reported using only cash or savings, we asked if they had considered financing options prior to making improvements. The vast majority did not report considering using any kind of financing.

[If used only cash or savings] Did you consider any financing options, such as a home equity line of credit, prior to making improvements?		
	N	Percent of Respondents
Yes	8	5%
No	144	95%
Total	152	-

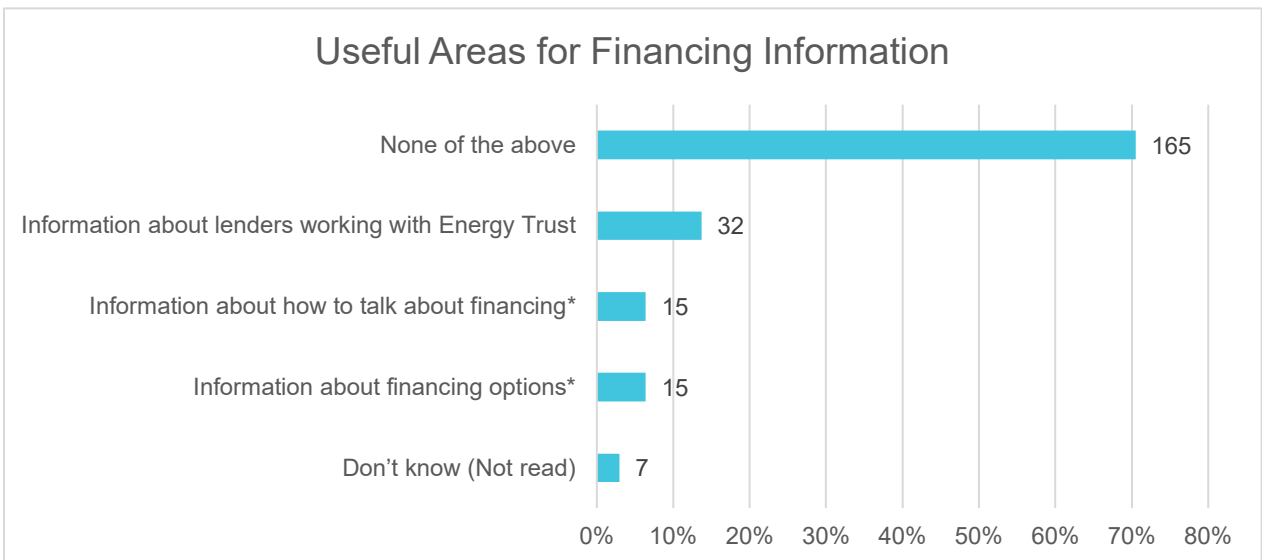
For the eight respondents that said they considered financing options, half said they considered a home equity line of credit.

To identify reasons behind using only cash or savings, we asked respondents who said they did not consider other financing options why they did not use financing. The two most common answers were “Able to afford improvements/paid with cash or savings” and “Not interested in taking on debt”. The responses grouped together most commonly (n=18) were “able to afford improvements without a loan/paid for this with cash or savings” and “not interesting in financing or taking on debt”. The respondents that said “other” were prompted to follow up more specifically, and those verbatim responses (n=10) are in appendix A.



*Multiple responses possible. ** Exact wording: "Able to afford improvements without a loan / paid for this with cash or savings"

We asked all survey respondents what type of information about financing would be most useful for them. The options were read aloud by the interviewers, and the majority of respondents did not think that the three options about information would be useful.



* Exact Question wording: "Information about financing options applicable to my specific project", "Information about how to talk to lenders and contractors about financing"

The final question in the survey solicited customer feedback on their experience with Energy Trust or suggestions for improving Energy Trust services. The responses were

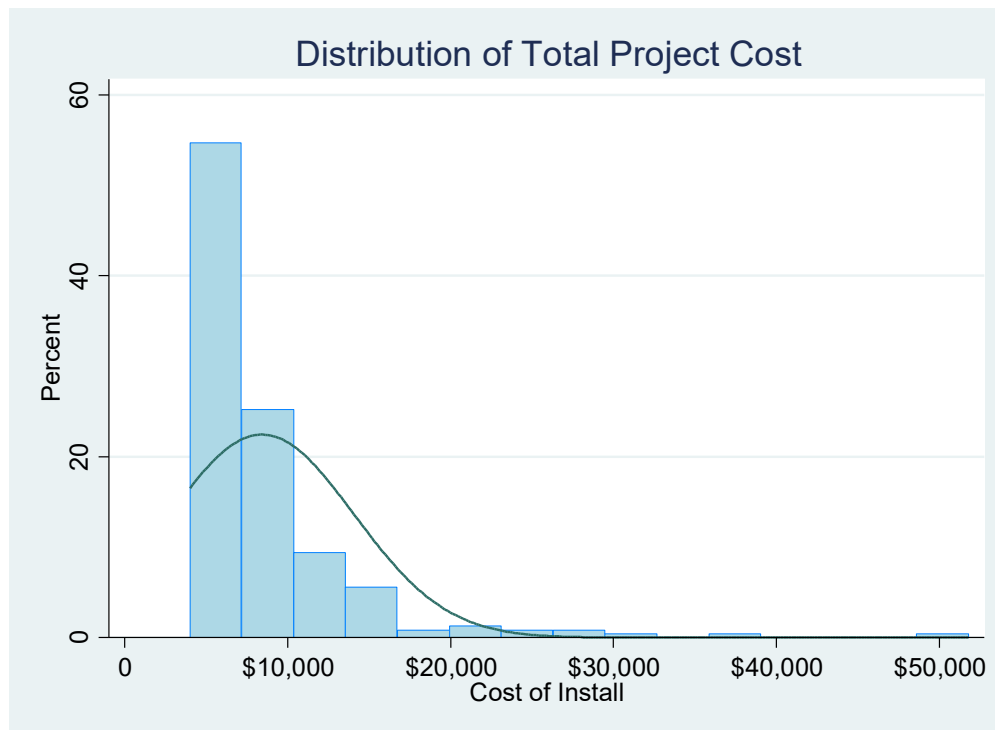
coded using the qualitative research software NVivo and grouped based on a variety of themes under the umbrella themes of “good experience” and “negative experience”.

Thirty percent of survey respondents opted to give feedback, with the majority of respondents indicating in some way that they had a positive experience. The most common reason indicated for having an unsatisfactory experience was insufficient or incorrect information (n=17). The most common reasons for having a generally good experience were a good experience with their contractor (n=7) and that the entire process was easy (n=7).

Do you have any other feedback about your experience with Energy Trust or suggestions for improving their services?		
	N	Percent of Respondents
Good Experience Overall	43	62%
Negative Experience Overall	27	38%
Total	70	-

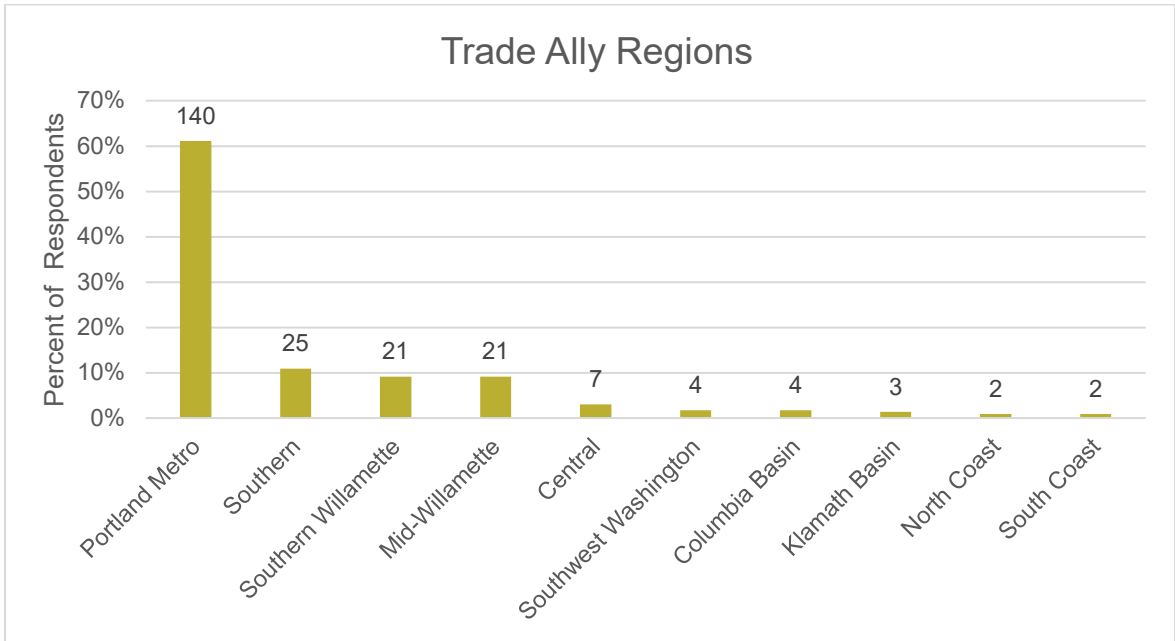
Respondent Characteristics

We wanted to know what data we had in FastTrack about the survey respondents. We looked at the distribution of total project cost, as shown in the figure below; the geography of respondents; trade ally region; type of project, and then a comparison of type of project by cost.

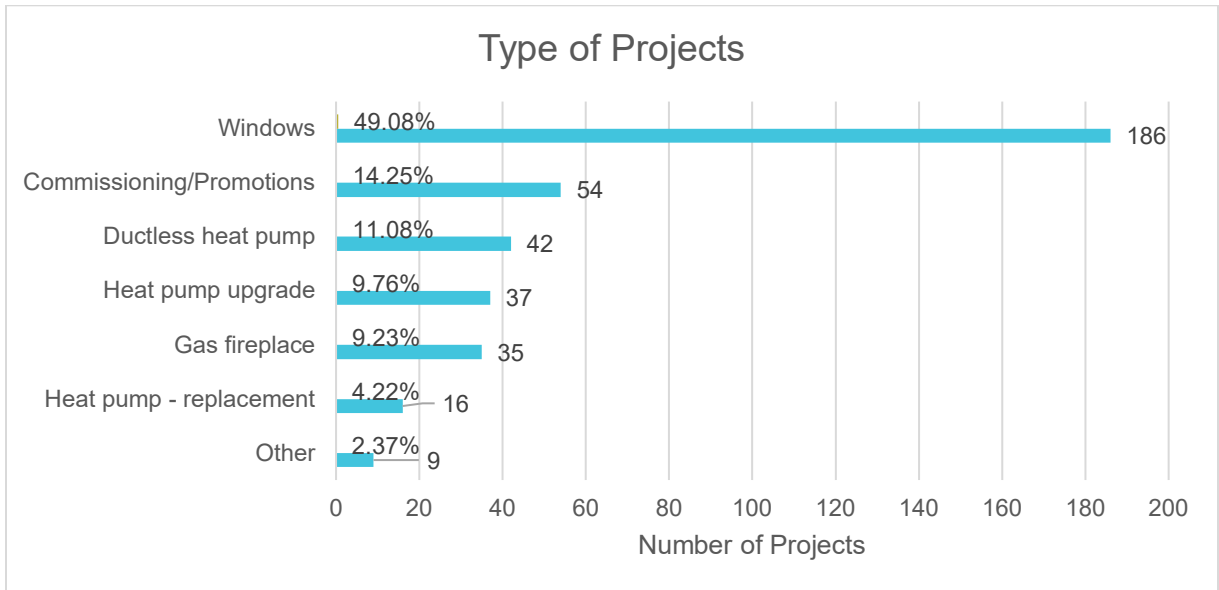


We pulled geographic information by project and aggregated by county. We looked at whether there were differences in cost of project if the participant lived in the Portland Metro area or not, and found that there was no significant relationship between project cost and living in the Portland Metro area. Forty percent of the energy efficiency improvements were in the tri-county area (Clackamas, Multnomah, and Washington counties).

We also looked at how many of the projects were in each trade ally region. Portland Metro area had 60% of all projects.



The type of measure is displayed below. Windows and heating systems were present in many projects, which is unsurprising as these measures are high-cost and we targeted projects above \$4,000.



We also looked at how many of the respondents had one measure installed versus multiple measures. Sixty-five percent of the respondents had only one measure installed. Thirty-three percent installed two measures. Six respondents installed 3 and/or 4 measures.

Conclusion

This short survey was conducted with 234 customers that completed energy efficiency projects that cost more than \$4,000, and that received incentives from Energy Trust between September 2013 and September 2014. The goal of the survey was to reveal why customers do and do not finance their projects, how they pay for their projects, and why customers choose not to finance. The survey showed that most of the survey respondents paid for their energy efficiency projects with cash or savings. The improvements installed in greatest quantity were windows, followed by ductless heat pumps in a distant second place. Most installations occurred in the Portland Metro area, and cost from \$0 to \$7,000. Customers responded that they had the money to pay for their energy efficiency improvement with cash, supporting the finding that the projects were affordable for these participants.

Most respondents (n=163) paid only with cash or savings. The participants that did not use financing at all did so because they were able to afford paying for their project with cash or savings (n=107). Ten percent of respondents indicated that they took out a loan, with eighty-four percent of those using a bank.

A limitation of this survey was the closed responses available for the question probing about what types of financing information would be useful to customers. Sixty-nine percent of respondents said that none of the options presented were areas where they wanted more financing information. Additionally, information about customer income was not collected, and may have been useful in interpreting the results.

Appendix A: Verbatim Responses

Q9. *Why did you not use other financing options for your project? (Do not read, check all that apply)*

- 1 Personal preference
Simplicity. There was just too much paper work and it was too difficult to go through with
- 2 getting a loan.
- 3 I don't want any more debt. Ever.
- 4 They weren't available.
- 5 I already had a line of credit and didn't want to take out more.
- 6 We don't like to finance things.
- 7 We only purchase what we can pay for.
- 8 I already had an equity line.
- 9 That's what the contractor took, all cash down, no payments.
- 10 I hate paying interest.

11. Do you have any other feedback about your experience with Energy Trust or suggestions for improving their services?

- I was really more excited than I originally thought. Sometimes you get some of these
- 1 things started and you get told no a lot and lose hope. But you guys did a great job and talked to me and helped me get through all the hoops.
 - 2 It's a good program. Needs to be kept up.
 - 3 It was positive. All I did was fill out the paperwork and send it in.
 - 4 It went really smooth. We didn't have any problems. We said what we wanted and that's what they did.
 - 5 I think everything went as planned and I had a good experience.
 - 6 No. That's all.
 - 7 Just that it's a great program. They're very prompt with getting the rebates back to you.
 - 8 I was sent an email from Energy Trust regarding an energy packet. I accidentally deleted it but I was wondering if they could resend it. That would be very helpful.
 - 9 It was really easy. The contractor was easy to deal with as well.
 - 10 Actually, you guys were pretty efficient. Just need to make Pacific Power cheaper.
 - 11 They were very helpful and very thorough. The contractor that I got was very nice and thorough too.

12 The company that we bought our unit through read the numbers. According to their estimate we would get double the amount of tax credit that I ended up actually getting. It was a 500 dollar difference. I've been working with them. The bid read 1000 dollars but we only got half of that. That affected our decision on what models to buy, etc. So it sounds like they aren't so clear on how the energy trust actually rates things. I don't quite understand the formulas. But here is a company that's installing these and they don't understand how the energy trust is calculating.

13 A list of recommended and respected contractors would be very useful.

14 I know that my unit got flagged for a review and I never got a call about it. I had to call Energy Trust to find out what that was about. They didn't even end up doing the review. It was weird.

15 If the ET had an easy way of saying "hey, we're offering really good rates and this is quick and easy" that would be great.

16 Everything has been very good. The contractors were nice. The equipment has been great. It's been a great program.

17 It took a while to get everything. I was annoyed with the amount of forms. After I filled out the paper work I found out it was the wrong kind but it held the same information. That was annoying. My contractor ended up having to go through the whole thing twice too.

18 The heating they put in is not worth the price I paid .

19 We missed the rebate by a few days so it got declined. I think they should be a little more flexible next time.

20 You need to tell people to save the sticker off of the windows.

21 I replaced more windows than I got paid for.

22 They are extremely slow. They just really delay the process.

23 I don't think there were enough sponsored contractors for the project so the process took longer than I expected. I also needed eight of my windows re-installed.

24 I was surprised with how much money I actually got back and I was impressed by how quickly I received the money.

25 It's costing us more money to have a fireplace insert so I'm not getting the energy saving that we expected.

26 I thought the website was good but it would only take so many bits of information at one time when I was completing my applications.

27 It would be wise or helpful to educate the sub-contracting community. Our contractor had no idea this was an option.

28 It was super smooth. The card that they sent in the mail about tax information was kind of hard to spot in the middle of the mail.

29 It was nice, it kind of compelled us to do it in a certain amount of time so we actually got it done.

30 I had questions and they were very helpful and made things very plain and clear.

31 The company was pleasant to work with. I even learned how to change filters. It was nice, they were really good and helped educate me.

32 When we went to buy our appliances, the sales people told us that we would get money back on everything but we only got money back on our heat pump so that was disappointing.

33 It was pretty nice actually. One thing I missed was another one where you could get credit for improving crawl space.

34 Everything was great. The gentleman who came out was quite lovely and knowledgeable.

35 Don't go through [redacted]. Call Energy Trust before anyone else.

36 The only thing that I have is that I thought my application was complete. Someone reviewed it and said it wasn't. Turns out the person who was looking at it didn't have the experience and didn't know what they were looking at. Maybe make sure their people have the experience needed to do the paperwork they look at.

37 The guy I talked to when I submitted my refund was very helpful and walked me through the whole process.

38 I thought it took too long to get the rebate/money. It took so long to get back that I was almost worried I never sent the rebate.

39 I thought it was excellent and we got our rebate. Thank you.

40 I love how streamlined it is. I like that it can be done through the contractor and they take care of it all.

41 It was good because the contractor had all the forms we needed.

42 The staff is very nice. They are also very quick to reply to emails and questions. I am very happy. I very much appreciate their efforts.

43 They evidently lost some information that I sent to them and I had to re-send it multiple times.

44 We always look for efficiency but we look for value too.

45 Thought it was a pretty good process. I got my check in a timely manner.

46 The young woman who came out and did the certification did a good job. She was knowledgeable and competent but was not able to give me a list of approved contractors to do some more work that I needed. I was approached by a company called [redacted] who worked out an estimation for additional insulation and they claimed they were approved by Energy Trust and I want to know if they really are.

47 I think it's a great program. I've already seen a difference in my utility bills and it's been great.

48 The contractor helped with the forms. It went smoothly and with no problems.
49 Lenders/distributers need to be well educated to provide the consumers with the best
opportunities and information about the program.
50 The contractor was very good.
51 The process was pretty easy so I like that.
52 It was all basically taken care of by my window company so it was extremely easy for me.
53 Maybe just more information to the public about how to get the incentives and things like
that.
54 It's nice to know that I can contact you if I decide to do something else. All the people that
have been in and out of the house have been wonderful.
55 It was all good. I got my check, that's all I need!
It took a long time to process all the paperwork and it ended up being lost. I had sent in all
56 the stickers and everything that I was supposed to but because it was lost and I didn't
keep copies it took almost a year to get the rebate. Overall, it was a good experience and
nice to get the rebate without expecting it.
57 There was no transparency to what the contractors were charging, and they cost twice as
much as contractors I found on my own. They seemed unapologetic about this.
58 It was wonderful, I was a big fan.
59 It was awesome! I got help filling out the paperwork and everyone was super helpful.
60 We are still owed \$100 for our rebate. I was informed of such only recently. We were told
we'd get a \$100 rebate for window replacement.
This isn't our primary home, however they called us asking where to send the check. I
61 thought that was a nice gesture to avoid confusion and it was nice of them to do their due
diligence.
Energy Trust seems to be a GREAT organization. They should get into building codes and
62 related issues. If they got into the building codes and improving insulation they would help
people save even more money / energy.
63 The installer sent you paperwork and it took 3 months. I was told you needed more
information. Perhaps a note informing me of what is needed would be nice.
64 I liked that I got a rebate and it happened in a timely manner.
65 I've heard nothing but good. You've done good things, even little things like light bulbs. I
thought that was a pretty good gesture.
66 It took awhile to get all the rebates but it all got done. It's nice to know there are incentives
out there to install more efficient equipment.

- 67 It was pretty good. The window company gave me the stuff to fill out. I did that, sent it in, and got my credit. That was nice. It would be more helpful to submit this stuff online.
- 68 I thought that the new light bulbs were interesting (the neon type coil bulbs) and he also changed out the shower head and the aerator on the sink. I thought it was nice that they could offer something like that.
- 69 Our contractor wasn't real clear on where he needed to register but we got it all explained and then it worked out.
- 70 I relocated here from CO and sometimes it just seems that it was like pulling teeth here in Oregon.

Q4: How did you pay for your project, if answer not "cash or savings", "credit card", "loan", "home equity line of credit", "second mortgage"

- 1 Payment plan.
- 2 Paid off CD and borrowed more money to pay.
- 3 Put it on to our NW Natural bill.
- 4 Financed them and then pulled money from retirement.
- 5 Insurance
- 6 Contract.
- 7 Home Depot
- 8 Part of VA loan
- 9 Personal Funds
- 10 Through the company I bought the heat pump from.

Q6: Other banks or financial institutions used

A bank in Utah. I don't have the name	1	9.09
EnerBank	1	9.09
First Bank of Washington	1	9.09
First Tech	1	9.09
Inner Bank USA	1	9.09
Morgan Stanley	1	9.09
OnPoint Credit Union	1	9.09
Oregonians Credit Union	1	9.09
US Bank	1	9.09
Wells Fargo	2	18.18
Total	11	100

Appendix B

Survey Instrument

Introduction

Hello, my name is _____ calling from SurveyFirm on behalf of the Energy Trust of Oregon. You recently participated in an Energy Trust program, which provides financial incentives for energy efficient improvements. We would like your feedback on your experience with Energy Trust and our offerings. The survey is 10 questions or less depending on your answers. Your responses will be treated confidentially. This survey will only report summary data; we will not disclose the responses of any particular individual.

S1. Before we begin, are you the best person to speak to regarding your recent energy efficiency improvements?

1. Yes
2. No (Ask if there is anyone else we can talk to that is more familiar)
3. Refused (Terminate)

I'd like to ask you about the energy efficiency improvements you installed.

Ask all

Q1. Did you make any other improvements to your home, such as a remodeling project, at the same time you made the energy saving improvements?

3. Yes (SPECIFY:)
4. No
98. Don't know
99. Refused

Ask all

Q2. What were your primary motivations for making the improvements you completed? (Do not read options; check all that apply)

1. Save energy
2. Save money on my energy bill(s)
3. Improve the comfort/warmth in winter of my home
4. Improve the health and safety of my home (indoor air quality, appliance safety, etc.)
5. Replace/repair poor performing or broken equipment/weatherization
6. Minimize personal impact on the environment/carbon footprint
7. Take advantage of limited time incentives, rebates or tax credits
8. Improve the value of my home for resale
97. Other (Please specify)
98. Don't know
99. Refused

Ask all

Q3. Approximately how much did all of your energy saving improvements cost? Were they:

1. Less than \$2,000
2. Between \$2,000 and \$7,000
3. More than \$7000
4. Don't know
5. Refused

Ask all

Q4. How did you pay for your project? (Do not read, select all that apply)

1. Cash or savings
2. Credit card
3. Loan (from bank, from relatives or friends)
4. Home equity line of credit
5. Second mortgage
6. Other (SPECIFY:)
7. Don't know
8. Refused

Ask if Q4 = 2 (Used loan)

Q5. Was the loan from a bank or financial institution?

1. Yes
2. No
3. Don't know
4. Refused

Ask if Q5 = 1 (Loan from bank or financial institution)

Q6. What lender did you use for this loan?

1. Directors Mortgage
2. Green Mortgage Northwest
3. Umpqua Bank
4. 1st Security Bank of Washington
5. Columbia Credit Union
6. Other (SPECIFY:)
7. Don't know
8. Refused

Ask if Q4 =1 (Used only cash or savings for project)

Q7. Did you consider any financing options, such as a home equity line of credit, prior to making improvements?

1. Yes
2. No
3. Don't know

4. Refused

Ask if Q7 = 1 (Yes, considered financing options)

Q8. What financing options did you consider? (Open-Ended)

1. Gave response
2. Don't know
3. Refused

Ask if Q4 = 1 (Used only cash for savings for project)

Q9. Why did you not use other financing options for your project? (Do not read, check all that apply)

1. Able to afford improvements without a loan / paid for this with cash or savings
2. Not aware of financing options
3. Interest rates too high
4. Too many fees
5. Too much paperwork
6. Did not qualify for financing / not able to get a good rate with my credit score or history
7. Not interested in financing or taking on debt
8. Other (SPECIFY:)
9. Don't know
10. Refused

Ask all

Q10. What financing information would be most useful to you? I will read a list of options. Please tell me what financing information would be most useful to you.

1. Information about lenders working with Energy Trust
2. Information about financing options applicable to my specific project
3. Information about how to talk to lenders and contractors about financing, or,
4. None of the above
5. Don't know (Do not read)
6. Refused (Do not read)

Ask all

Q11. Do you have any other feedback about your experience with Energy Trust or suggestions for improving their services?