

PROPOSED HOME STAR/CASH FOR CAULKERS PROGRAM SUMMARY

Note: The proposed program details change regularly. There is no legislation introduced yet.

Overview: HOME STAR is proposed new legislation that creates strong incentives for homeowners to retrofit existing residential buildings in order to improve energy efficiency and create jobs quickly. It provides two types of rebate incentives to consumers.

1. A SILVER STAR *prescriptive path* rewards the purchase and proper installation of specific energy saving :
 - a. **Full house air-sealing**
 - b. **Duct Seal or Replacement**
 - c. **Wall Insulation**
 - d. **Window/door/skylight replacement**
 - e. **Furnace installation**
 - f. **Air-conditioner or Heat-Pump**
 - g. **Water Heater**
 - h. **Super-efficient Refrigerator or Clothes Washer**

The incentives in HOME STAR's *prescriptive path* are based on the number of measures installed in the home. Homeowners receive anywhere from \$125 to \$1,500 for each of eleven measures installed in the home (rebate amount varies depending on each measure) by a qualified contractor, with a benefit not exceeding \$3,000 or 50% of total project costs, whichever is lower.

While any licensed and bonded contractor can perform the work, twenty percent of the projects would be subject to a third-party inspection, unless the contractor uses a "certified" workforce, which means they have gone through an approved training program.

"Qualified contractor" – who can perform work under Silver Star – means any contractor licensed by the state (if a state doesn't license contractors, contractor must have a federal identification number), insured and bonded to at least \$1 million in general liability plus any other insurance requirements of the state, and provide a 1 year warranty on work completed under the program.

"Certified workforce" means employees of contractors who have had all employees performing installation services trained to standards established by BPI, the North American Association for Technician Excellence, the Laborers' International Union of North America or another standard approved by DOE in consultation with the Secretary of Labor. Contractors meeting this requirement will only be subject to a 10% quality assurance review requirement.

Quality Assurance will be administered through the states, and must be performed by providers certified through the ICC, BPI, RESNET, a state-approved energy efficiency program, or another entity designated by DOE.

2. A GOLD STAR *performance path* offers an incentive to households that choose to conduct a comprehensive energy audit and then implement a variety of energy saving measures that together result in a total reduction in home energy use (and energy bills) of 20% or more. Consumers receive \$3,000 for modeled savings of 20%, plus an additional \$1,500 incentive for each additional 5% reduction in energy savings, with incentives not to exceed 50% of project costs or \$12,000, whichever is lower. Installers would have to receive additional certification to perform these improvements.

Rebate System: Within 30 days of enactment, DOE and the Treasury will be required to have established a database system to allow rebate aggregators to submit claims for reimbursement, and establish a website to provide information on rebate programs and how to participate.

A Point of Sale rebate system will be an option in which the dealer or contractor can reduce the amount of a project's cost by the rebate amount and then claim reimbursement from a rebate aggregator. The goal is to have the consumer act quickly without having to wait for a mail-in rebate.

DOE will develop a "network of rebate aggregators" to facilitate the delivery of rebates to participating dealers/contractors. The rebate aggregator will be responsible for verifying eligibility and distributing funds no later than 14 days after receipt of the application.

Rebate Aggregators can be any of the following:

- a quality assurance provider;
- a Home Performance with Energy Star partner;
- an entity administering a state energy efficiency program;
- a Federal power marketing authority that has an approved energy efficiency program and an established quality assurance provider network; or
- an entity that demonstrates to DOE:
 - a relationship with one or more quality assurance providers;
 - corporate status;
 - the capability to provide electronic data to the Federal rebate processing system;
 - financial system capable of tracking the distribution of rebates to participating contractors;
 - financial soundness demonstrated through audited financial statement; and
 - intent and capability to provide services to a target volume, as determined by DOE.

NLBMDA has been in discussions with DOE about how the association could partner with third-party rebate processing firms to perform the rebate aggregator function for our members under that last option. This would ensure small and independent dealers are able to fully participate in the program without being put at a competitive disadvantage to the big box and chain retailers who already have rebate processing capabilities.

Additional Notes:

The DOE will review the program after 180 days and may adjust the rebate amounts at that time (i.e., reduce the dollar amounts if they are running out of funds).

DOE is also expected to provide a report to Congress after no more than 300 days on the number of jobs created and amount of energy saved, in addition to the volume of work undertaken.

A HOME STAR Energy Efficiency Loan Program will be established to funnel money through State grant programs to help finance projects under HOME STAR.

Currently, there is no DIY component to the program. A consumer would have to use a qualified contractor for installation to receive any rebate.