

Testimony before the Senate Natural Resources and Energy Committee

March 10, 2021, Ludy Biddle, NeighborWorks of Western Vermont

Thank you Senator Bray and all the members of the Senate Natural Resources and Energy committee for inviting me to testify today. I am Ludy Biddle, executive director of NeighborWorks of Western Vermont where we have successfully been running the HEAT Squad program since 2010. For my testimony today I will give the answer to your four questions in one sentence and then I will elaborate briefly on each part of your questions, but first I want to say this. I am proposing that we take a BIG step toward our statewide energy saving goals by making a big investment in, among other things, the HEAT Squad, up front, in the next two years, to catch people's attention; to lay the groundwork for the fly wheel to start flying, and to prove that we can do big things. I am confident that if we act big now we will attract many times more support than if we spread our resources out in all directions leaving us again with minor resources to accomplish so much less than we know we could if we go BIG.

We are all grateful for the Governor's generous budget allocation of \$25M for weatherization but there may be more and we are certainly capable of wisely investing even more toward the enormous savings and health benefits from weatherization that we all want to enjoy.

We are requesting \$1million dollars to add three certified energy auditors to the HEAT Squad program, bringing us to five so we may expand our program reach to be statewide to serve more than 1,270 households by the end of 2023, 750 of whom would not be served but for this special funding. A 60% increase in the number of homes weatherized by the HEAT Squad in two years.

More details:

1. The amount we are asking for: \$1M to support expanded HEAT Squad activity, until the end of 2023.

We are asking for \$600,000 in the first year to hire three new auditors to cover salaries and startup costs including equipment, training, and marketing to new territories. The cost to maintain the three auditors in the second year drops to

about \$145,000 per auditor or \$400,000 to give us a round number.

NeighborWorks of Western Vermont would continue to maintain the main office expenses (marketing, outreach, intakes, scheduling, management) and two energy auditors in the field, about \$1M, through our usual series of earned fees and grants from various other sources.

2. Expending for what activities:

The HEAT Squad currently serves the south western and north eastern parts of Vermont with two auditors. We are limited of course by geography – namely how far we can drive to customers from home base. With this funding we propose to expand our services to include all of Vermont by hiring three energy auditors based where we can finally respond to requests from Washington, Lamoille and Orange counties and better serve the southern reaches where demand is already growing.

Activities of a HEAT Squad energy auditor start with serving as an objective advisor and helper to customers who may be confused about the science or technology of weatherization or worried about the monthly costs and how to finance a project or just anxious or unable to commit to work on their home by someone unknown to them. The energy auditor's job is help them get past whatever the barriers in their case may be, we do the test in or audit, help them decide on a scope of work, find a contractor for a project cost they can afford, help them assess the quality of the work in progress; and we provide them with access to an affordable loan all at the same meeting over the kitchen table. In the end, we do the test out to qualify them for the EVT rebates. In other words, we stay with them until the check is in the mail.

A bit more about the loan. NWWVT is a nonprofit licensed lender and I remind you, certified by the US Treasury to receive grant funds to lend to underserved communities, we are called a CDFI. We are one of five in VT and the only one specializing in housing. Because we are a CDFI any funds we receive from nonfederal sources may be matched one to one by the US Treasury including the \$1M we are asking you to consider for the HEAT Squad. So, we could double the amount of money you provide to us. We are also one of the three lenders participating in EVT's Home Energy Loan program which means we can offer low

and moderate income households a very low 0% to 2.99% interest rate, thanks to the credit enhancement funds from EVT.

3. 4. What will we achieve over what period of time?

One energy auditor working at full speed in our current business model can manage about 300 audits and 130 completed projects in a year. Working at full speed means after the start up phase and with reasonable demand having been encouraged in the public marketplace. In our first year we could therefore see anywhere from 350 to 375 new customers, added to our average 250 customers with two energy auditors. By the end of 2023, two years in full swing, the three new auditors will produce 750 customer who, in our view, would not be customers but for the effort and expense invested in the HEAT Squad program. So, our total would be 1,270, a 60% increase over our base line program.

The best news, however, is that after two years there will also be an exponential number of clients passing on the word.... Our biggest promotion technique ... to their networks of family and friends and maybe... the world will have changed so that EVERYONE IS DOING IT. We think that investing generously in a big program to start will increase our productivity velocity significantly.

Please note this proposal is predicated on several very important assumptions or expectations or downright requirements for this program to be the success it can be:

- that we continue this work as we have been doing in our strong partnership, in lock step with EVT.
- that we continue to have access to affordable capital (CDFI matching funds are no cost) and credit enhancements to ease the financial pain among the low and moderate income households
- That EVT and other sources make incentives and grants available to low and moderate income households to bring the net cost to a LMI household for weatherization to half the project cost.

