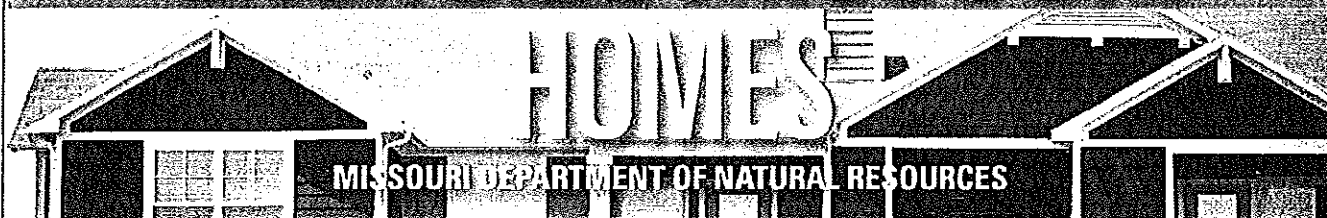


# ENERGIZE MISSOURI



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Missouri Public  
Service Commission

HOMEOWNER UPGRADES  
and GEOTHERMAL 

## Homeowner Frequently Asked Questions

Date Updated: December 2, 2010

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Staff Exhibit No. 5  
Date 10/6/11 Reporter [initials]  
File No. 187-2011-0410

## Homeowner Upgrades and Geothermal Program

### What is *Energize Missouri Homes*?

The Missouri Department of Natural Resources created *Energize Missouri Homes* to distribute American Recovery and Reinvestment Act funding received from the U.S. Department of Energy. The purpose of *Energize Missouri Homes* is to assist Missouri residents in reducing energy costs and improve awareness of energy usage, specifically by:

- Decreasing fossil fuel emissions.
- Creating and retaining jobs.
- Spurring economic growth.
- Improving the energy efficiency of Missouri homes.

### What is the Homeowner Upgrades and Geothermal Program?

The Missouri Department of Natural Resources created the Homeowner Upgrades and Geothermal Program as a component of *Energize Missouri Homes*. Under the Homeowner Upgrades and Geothermal program, rebates will be provided to owners of single-family homes located in Missouri to receive energy audits and implement whole-house energy saving measures identified through the audit. A homeowner may qualify for a rebate between \$2,000 and \$17,000 depending on the energy savings achieved and the total cost of implementing the upgrades. A rebate is also available for 100 percent of the cost of a home energy audit up to \$500, provided that the homeowner implements upgrades.

**What is the total funding amount available under the Homeowner Upgrades and Geothermal Program?**

The department has set aside more than \$7 million in rebates for the Homeowner Upgrades and Geothermal Program.

**Who are program aggregators and what is their role in the Homeowner Upgrades and Geothermal Program?**

Six organizations across the state were selected through a competitive process to act as program aggregators, thereby serving as regional program contacts. Program aggregators will process all of the program documentation submitted by homeowners within their region. To find out the program aggregator responsible for your area, visit <http://www.dnr.mo.gov/transform/energizemissourihomes.htm>.

**How do I learn more about the requirements of the program?**

Homeowners interested in learning more about how the program process, eligibility requirements and rebate levels should refer to the Program Guidelines available at <http://www.dnr.mo.gov/transform/energizemissourihomes.htm>.

**How does an interested homeowner participate in the program?**

The first step is to schedule an energy audit with an *Energize Missouri Homes* qualified auditor. A directory of *Energize Missouri Homes* qualified auditors is available online at <http://www.dnr.mo.gov/transform/energizemissourihomes.htm>.

**What is the Homeowner Information Kit?**

The Homeowner Information Kit provides step-by-step information on the program procedures and contains all necessary program forms and materials that must be completed and submitted by the homeowner in order to participate in the Homeowner Upgrades and Geothermal Program. The Homeowner Information Kit is not a marketing tool and is meant to be used by homeowners that have made the decision to participate in the program. The kit contains the following documents:

- Letter for Homeowners.
- Program Checklist.
- Audit Summary Form.
- National Environmental Policy Act/National Historic Preservation Act Form.
- Acknowledgment of Program Terms and Condition.
- Rebate Request Form.
- W-9 Form.

**How can I obtain a Homeowner Information Kit?**

The Homeowner Information Kit will be provided to homeowners that have made the decision to participate in the program by an *Energize Missouri Homes* qualified energy auditor. The Homeowner Information Kit is also available for electronic download at <http://www.dnr.mo.gov/transform/energizemissourihomes.htm>. Finally, homeowners may also request printed copies of the Homeowner Information Kit by contacting the program aggregator assigned to their region.

**How are documents submitted for participation on the program?**

Documents can be either mailed or e-mailed electronically to the program aggregator assigned to your region. Contact your program aggregator for additional guidance on document submittal. The information can also be viewed from public computers, for example those located in public libraries.

**How will energy savings be measured?**

An *Energize Missouri Homes* qualified auditor will perform an energy audit to determine the baseline energy use of the home. Baseline energy usage means the amount of energy the home uses in its current state. The auditor will then provide the homeowner with a list of recommended, cost-effective energy efficiency upgrades identified through the energy audit and the homeowner will select the desired upgrades for implementation. The percentage of energy savings achieved by the selected upgrades will be established by an energy model developed by the energy auditor with the use of REM/Design™ modeling software. If a homeowner performs upgrades that meet tier I, II, or III requirements, then the homeowner will be eligible for a program rebate.

**What are tier I, tier II and tier III?**

There are three funding tiers for the Homeowner Upgrades and Geothermal Program that represent different energy efficiency requirements and rebate levels:

- Tier I: If the homeowner performs energy efficiency upgrades that achieve a minimum of 15 percent energy savings over the audited baseline, the homeowner is eligible to receive a rebate for up to 50 percent of eligible project costs, up to a total of \$2,000.
- Tier II: If the homeowner achieves a minimum of 25 percent energy savings over the audited baseline, the homeowner is eligible to receive a rebate for up to 70 percent of eligible project costs, up to a total of \$7,000.
- Tier III: If the homeowner installs a geothermal system that meets program requirements, the homeowner is eligible to receive a rebate for up to 50 percent of eligible project costs, up to a total of \$10,000.

**If I install a geothermal system and perform other energy efficiency upgrades, can I apply for more than one rebate?**

Homeowners can apply for a tier I and tier III rebate, or a tier II and tier III rebate. The energy savings achieved by installing a geothermal system cannot count towards the energy savings required to receive a tier I or II rebate. Homeowners must perform other eligible energy efficiency upgrades that achieve either 15 or 25 percent energy savings. Homeowners cannot apply for both a tier I and tier II rebate.

**For additional information and clarification please email [EMH.upgrades@shawgrp.com](mailto:EMH.upgrades@shawgrp.com)**

## Energy Audit

### **Who are *Energize Missouri Homes* qualified auditors?**

*Energize Missouri Homes* qualified auditors have attended a one-day, mandatory training session hosted by the Missouri Department of Natural Resources in order to provide eligible auditors with information regarding program process and requirements. The sessions are only open to auditors that have previously received certification through the department or that are accredited by a department-approved auditor training program.

Only homeowners that receive an energy audit performed by an *Energize Missouri Homes* qualified energy auditor will be eligible to receive a rebate through the Homeowner Upgrades and Geothermal Program.

### **What should I expect during an energy audit?**

Some of the activities and procedures a homeowner should expect during an energy audit include:

- An interview with the homeowner to determine if there are any existing comfort and energy problems, identify priorities, and gather information on the homeowner's energy usage behaviors.
- A walk through inspection of the home.
- The use of diagnostic tools to evaluate energy use within the home and conduct safety testing.
- A prioritized list of recommended cost-effective upgrades and improvements for health, safety and energy conservation.

### **What are recommended best practices for energy audits?**

Homeowners should expect auditors to perform an exterior and interior inspection of the home. The auditor should also test the combustion safety of the home to protect against poor air quality, natural gas leakage, and potential carbon monoxide poisoning. Auditors should also perform blower door tests, duct blaster tests and use other diagnostic tools to detect air leaks and other areas of energy loss in the home.

For more information on energy auditing best practices, please view the Home Energy Audits Fact Sheet available at <http://www.dnr.mo.gov/transform/energizemissourihomes.htm> under the Additional Resources section.

### **How much does an energy audit cost?**

The cost of an energy audit will vary depending on the location of the home, the size of the home and the auditor. The typical cost of an energy audit in Missouri can range from \$350 to \$600. If a homeowner moves forward with the program to achieve tier I, II or III energy savings they may receive a rebate of up to \$500.00 of the audit costs.

### **If I had an energy audit performed before Nov. 15, 2010, and the individual who performed the audit is now an *Energize Missouri Homes* qualified auditor, will my audit make me eligible for participation in the program?**

No. The auditor must be an *Energize Missouri Homes* qualified energy auditor at the time the audit is performed. In addition, the audit must be performed after the official program launch date of Nov. 15, 2010.

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## **Energy Efficiency Upgrades**

### **What energy efficiency measures do homeowners have the option of selecting?**

After performing the energy audit, the *Energize Missouri Homes* qualified auditor will provide the homeowner with a report and list of recommended cost-effective energy efficiency measures. Homeowners may select the energy efficiency measures of their choice and qualify for a rebate, so long as the selected upgrades achieve 15 or 25 percent energy savings over the home's audited baseline. The homeowner may also choose to install a geothermal system, thereby achieving tier III status, and qualify for the corresponding rebate.

### **What types of energy efficiency projects are typically cost-effective?**

Examples of cost-effective upgrades include, but are not limited to, sealing air leaks, adding insulation, improving heating and cooling systems, and upgrading inefficient lighting. Your energy audit will help determine what is cost-effective for your home.

### **After submitting an application for reservation of funds how will I know if my project is approved?**

After submitting an Audit Summary Form as well as all required documentation, the department will perform an eligibility and completeness review to ensure that your project meets the eligibility requirements and the intent of the Homeowner Upgrades and Geothermal Program. If your project is considered eligible, you will receive a letter of approval confirming the reservation of funds within two weeks of submittal.

### **If a homeowner's project is approved is there a requirement for the project to move forward?**

If the homeowner chooses not to move forward with a project after it has been approved the homeowner must notify the program aggregator. The funds reserved for the project will then be returned to the pool of rebate funds.

### **Once a homeowner's project has been approved, how long do they have to complete the upgrades?**

Homeowners will receive written notification from program aggregators when their project is approved. Homeowners then have six months to complete the upgrades, meaning equipment is installed and operational, and submit a request for a program rebate. If the homeowner takes longer than six months to do so they will lose their reserved funds.

### **What energy efficiency upgrades are eligible under the program?**

The Homeowner Upgrades and Geothermal Program will fund energy efficiency upgrades including, but not limited to, air sealing, adding insulation, retrofitting mechanical equipment, weatherizing the home, and replacing windows and lighting. Home appliances and renewable energy systems are ineligible to receive funding under the program.

### **What happens if, after receiving approval on a specific energy efficiency upgrade, the homeowner decides to change the upgrades that he or she received approval for?**

If the proposed energy efficiency upgrades change in any material way from what is identified in the audit summary form that has been approved by the department, the homeowner must notify the corresponding program aggregator immediately. The homeowner will then be required to submit an updated audit summary form and all supporting documentation identifying the newly proposed upgrades. In this instance, the project must still be completed by the original date specified in the approval letter in order to ensure the reservation of funds.

**What are the requirements for a geothermal system installed under the program?**

A geothermal system eligible to receive a rebate under the Homeowner Upgrades and Geothermal Program must meet the tier two ENERGY STAR® energy efficiency requirements for a geothermal heat pump, which can be found at [http://www.energystar.gov/index.cfm?c=geo\\_heat.pr\\_crit\\_geo\\_heat\\_pumps](http://www.energystar.gov/index.cfm?c=geo_heat.pr_crit_geo_heat_pumps).

**What is the maximum geothermal system capacity that is allowed under the program?**

Under the Homeowner Upgrades and Geothermal Program there is no minimum or maximum tonnage requirement for geothermal systems. However, any project involving a system more than 5.5 tons of capacity will require additional National Environmental Policy Act review from the U.S. Department of Energy. A reservation of funds will not be made for the homeowner until after U.S. Department of Energy provides confirmation that the project is cleared from the National Environmental Policy Act.

**Can a homeowner qualify for a rebate if they have an existing geothermal system and would like to update it?**

If the energy audit performed by the *Energize Missouri Homes* qualified auditor verifies that updating the system would result in energy savings, the homeowner may qualify for tier III rebates.

**Is fuel-switching allowed?**

Fuel switching is eligible under the program so long as it results in net energy savings.

**Is installing a dual fuel in a previously gas only heated home eligible under this program?**

If the saving results in net energy savings then yes, it may be eligible.

**For additional information and clarification please email [EMH.upgrades@shawgrp.com](mailto:EMH.upgrades@shawgrp.com)**

## **Eligibility**

### **Are there any income restrictions applied to this program?**

There are no income restrictions under this program. Eligibility requires that participants are owner-occupants of single-family homes located within Missouri. Additionally, to qualify for a rebate, homeowners must receive an audit performed by an *Energize Missouri Homes* qualified auditor and achieve tier I or tier II energy savings, or install a geothermal system.

### **What is considered a single-family home?**

Single-family home means a detached single-family dwelling designed or intended for occupancy by one person or by one family. The Homeowner Upgrades and Geothermal Program applies to existing residential buildings of four dwelling units or less. In order to qualify for eligibility, applicants must own the entire building and occupy at least one dwelling unit of the building. In addition, an *Energize Missouri Homes* qualified auditor must perform an energy audit for the entire building.

### **Are mobile homes eligible to participate in the program?**

Mobile homes are not eligible to receive a rebate under the Homeowner Upgrades and Geothermal Program.

### **Are condominiums eligible to participate in the program?**

Condominiums are eligible to participate in the Homeowner Upgrades and Geothermal Program only if the condominium occupant also owns the entire building structure and if the structure has four dwelling units or less.

### **As a homeowner, can I perform the work on my own home or do I need to hire an external contractor?**

Homeowners are allowed to self-perform work in their homes. However, in this situation, a homeowner will not receive a rebate for the labor performed.

**For additional information and clarification please email [EMH.upgrades@shawgrp.com](mailto:EMH.upgrades@shawgrp.com)**

## **Timeline**

### **Can homeowners apply for funding for projects that have been completed or are currently under way?**

Projects that are already complete or that started prior to having an *Energize Missouri Homes* qualified auditor assess their home will not be eligible to receive a rebate under the Homeowner Upgrades and Geothermal Program.

### **How are the audit summary form and accompanying application documents reviewed?**

Applications are reviewed in the order in which they are received. The first step of the review process is to verify if the submittal includes all of the required documents. If any one of the required documents is missing, the program aggregator will send a notification to the homeowner that the missing document must be submitted prior to reviewing the application. Applications that have all necessary documents will then be reviewed for eligibility and compliance with program requirements and all applicable terms and conditions. Once the application is deemed complete, eligible and compliant, the program aggregator will send a letter of approval to the homeowner. Homeowners should allow two to three weeks for review of complete submittals.

### **How long are rebate funds reserved for?**

After receiving a letter of approval from the program aggregator rebate funds will be reserved for six months. If a homeowner does not submit their rebate request form and required documents within the six month timeframe, their reservation will expire and rebate funds will not be guaranteed by the department.

### **How long after submitting the audit summary form and accompanying application documentation will a homeowner receive confirmation that funds have been reserved?**

Homeowners should allow two to three weeks after submitting all of the required documents to the program aggregator to receive a letter confirming reservation of funds or declining the application if it does not comply with the program's eligibility requirements.

### **How long after submitting a rebate request form and the accompanying required documentation will a homeowner receive the rebate check?**

Homeowners should allow approximately eight weeks after submitting the required documents to the program aggregator to receive a rebate check.

### **When does the program end?**

The program will end Jan. 31, 2012, or when all program funds have been expended, whichever occurs first.

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## **Costs and Financial**

### **What are eligible project costs?**

Eligible project costs are those directly associated with the purchase and installation of the energy efficiency project. These can include, but are not limited to equipment, materials and contractor costs. Only costs incurred after the official program launch date of Nov. 15, 2010 will be eligible to receive a rebate.

### **Are rebates paid in cash, or are they tax credits?**

Rebates will be paid in the form of a check and are not tax credits. Rebates are also considered taxable income and will need to be reported as such.

### **Are funds allocated on a first come-first served basis?**

Yes, rebates will be reserved on a first come, first served basis. After all program funds have been reserved, homeowners will be placed on a waiting list for funds in the order that project submittals were received.

### **Will there be a public means of tracking funds?**

Yes. *Energize Missouri Homes* qualified auditors will be periodically provided with information regarding the level of funds remaining in the Homeowner Upgrades and Geothermal Program per aggregator territory. In addition, remaining program funds will be provided to the public via the program website at <http://www.dnr.mo.gov/transform/energizemissourihomes.htm>.

### **What happens if all program funds are reserved and I submit my application afterwards?**

If all funds are reserved and a homeowner submits an application, the homeowner will receive a letter with a notification that the homeowner's name and project information were added to the program waiting list. The homeowner will receive an additional notification should additional funds become available.

### **What happens if the project is not finished by Jan. 31, 2012, can a homeowner still receive a rebate?**

If a project is not completed by Jan. 31, 2012 the homeowner cannot receive a rebate.

### **Can a homeowner receive incentives for more than one tier?**

Homeowners may receive incentives for tier I and tier III in combination or tier II and tier III in combination. However, a homeowner cannot count the energy savings from the installation of a geothermal system towards tier I or tier II. The homeowner must implement other energy efficiency upgrades in order to qualify for the tier I or tier II incentive.

### **If a homeowner receives discounts or rebates from other sources such as an equipment seller or electric utility for costs related to the energy efficiency measures, can the homeowner receive a program rebate as well?**

The homeowner may only receive a rebate for costs they incur. The homeowner may take advantage of other incentives, but cannot double dip and receive a rebate for costs discounted or rebated from other sources.

### **Are the federal tax incentives applicable for geothermal allowed with this program?**

Federal tax credits do not affect Homeowner Upgrades and Geothermal Program funding levels.

**If I receive a rebate under the Homeowner Upgrades and Geothermal Program and then a tax credit for an energy efficient product I purchased, do I have to subtract my rebate first before I calculate my tax credit?**

At this time the Internal Revenue Service has not issued guidance on how federal tax credits interact with state rebates. However, in the past it has been established that for rebates that constitute taxable income, such as Homeowner Upgrades and Geothermal Program rebates, homeowners do not have to subtract the rebate amount from the total cost of the project. In essence, the homeowner will receive a tax credit on the entire cost of the project, because the homeowner had to pay taxes on the state rebate. Please note that Internal Revenue Service guidance is subject to change at any time. Please contact the Internal Revenue Service, a tax attorney, or other tax specialist for current information.

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