

2014 Comprehensive Evaluation: Colorado Energy Efficiency Financing Program

Recommendations and Responses

December 2014

Executive Summary

Energy Efficiency Financing is an indirect impact product launched in 2013. This product offering is aimed at increasing the availability of financing to overcome economic barriers to customer participation in the Company’s other energy efficiency products. As an indirect impact product, no direct attributable energy or demand savings are recorded; the product plays an important role in shifting markets and attitudes toward greater energy efficiency implementation.

The full report, completed by Cadmus, is attached to this summary of the Company’s responses to the report recommendations. Of note, is that a second year of the evaluation will commence in 2016.

Recommendation	Response
<p>Goals: Reevaluate filed goals based on program historical achievement.</p>	
<p>1. Xcel Energy should file adjusted goals based on their own loan volume to date. Goals should be ambitious, and reflect the anticipated results of continued training, stabilization and expansion of loan products and allies, and streamlined implementation through ongoing experience.</p>	<p>This modification was incorporated into the 2015/2016 DSM Plan filing.</p>
<p>Program Implementation: Explore possibility of incorporating Solar*Rewards program to promote financing.</p>	
<p>1. Xcel Energy offers the Solar*Rewards program, which may be a strong complement to the financing program.</p>	<p>The Company’s program staff will meet with each lender to explore the possibility of combining messaging for efficiency and solar incentives with financing for a whole package of improvements. Funding budgeted for the Financing program will maintain its primary function of promoting DSM programs with the possibility of leveraging the solar program.</p>

<p>2. Provide organized resources for staff and allies to consult on their own time, when they have specific questions that will quickly inform them of program updates.</p>	<p>The Company's program staff will continue to provide training and outreach to implementation teams, internal staff and allies. An internal website with collected information is now available for Xcel Energy call center employees.</p>
<p><u>Program Entry:</u> Focus resources and facilitate better communication for increased trade ally engagement</p>	
<p>1. Consider focusing marketing on the program entry channels that show the most promise: namely, through the Boulder and Denver programs and the trade ally networks.</p>	<p>The Company's staff will communicate regularly with the trade allies, recognizing those who use the program successfully as well as facilitating relationships between lenders and trade allies. Additional coordination with heating and cooling internal program staff and the weatherization program staff will be initiated to promote the financing option to trade allies.</p>
<p>2. Continue to provide training and outreach to all parties. In addition, provide organized resources for staff and allies to consult on their own time, when they have specific questions that will quickly inform them of program updates.</p>	<p>The Company will continue to offer free training and cooperative marketing opportunities.</p>
<p>3. Xcel Energy should consider ways to increase the contact and relationships between the lenders and the trade allies.</p>	<p>The Company will work to match contractors by project type to size of available or typical loans, or a market a lender is interested in pursuing, is a good fit.</p>
<p><u>Lending Allies:</u> Increase communication and collaboration with financial program allies.</p>	
<p>1. Identify a residential lender that can offer a statewide unsecured consumer loan product with a fast, streamlined application process.</p>	<p>The Company is currently working on identifying a residential lender to offer this product and fill this offering.</p>
<p>2. Update the program MOU to identify the person or persons at each organization who are responsible for communicating with Xcel Energy, as well as identifying other responsibilities such as who will be responsible for designing, managing, and funding marketing efforts. In addition, have each lender assign a central point of contact to facilitate the program operations.</p>	<p>The Company is currently working with allies to update the MOU to include a point of contact and outline responsibilities.</p>

<p>3. Follow up with loan customers, using data collected through the loan application process, to remind them of specific rebates available to them. Direct customers to the call center to get assistance with submitting the rebate application.</p>	<p>The Company has updated the MOU to request customer information on a monthly basis to follow up with customers. The Company will also work closely with the third-party residential energy advisor implementer to ensure the customers receive rebates for eligible equipment upgrades.</p>
<p>Marketing: Assume lead role in marketing and create more case studies to demonstrate success.</p>	
<p>1. Update the marketing materials to include a few briefer pieces that incorporate stories of completed projects, images of actual borrowers (or people that look like actual borrowers), and other features that will make easier for customers to connect the program with their own situation.</p>	<p>Program staff will work with allies to identify completed projects to highlight and include stories of their successes.</p>
<p>2. In order to provide consistency in messaging, and because lenders are unwilling to invest many resources into promoting rebates, consider taking a lead role in marketing the EEFP, and in designing and implementing marketing campaigns. One component might be to develop a “road map” that outlines each step of the process and directs them back to Xcel Energy for additional incentives through other programs. This tool could be used as a leave-behind for trade allies and lenders, or as a direct-to-consumer mailing.</p>	<p>The Company’s program staff are meeting with each ally independently to discuss and evaluate 2014 marketing tactics and plan for 2015 marketing. This includes reminding allies of existing resources and presenting ideas for new marketing tactics in the coming program year.</p>



Energy Efficiency Financing Program Process Evaluation Final Report

November 12, 2014

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Introduction

This report contains the results of Cadmus’ 2014 process evaluation of Xcel Energy’s Energy Efficiency Financing Program (EEFP). We conducted several activities to document program processes and assess how effectively the program achieves its goals. Based on data we collected, Cadmus developed a series of conclusions regarding program performance and recommendations to improve program performance going forward.

Per the scope of work, Cadmus will conduct additional surveys and formally evaluate the ratio of projects attributable to the availability of EEFP financing in an upcoming program year. Cadmus has submitted interim reports throughout the evaluation process; this report contains all previously submitted materials, except interim conclusions and recommendations. Our final conclusions and recommendations, based on all the data gathered through this research, are presented in this report.

Program History and Goals

Xcel Energy agreed to implement the EEFP in 2012 in response to stakeholder feedback. Through their market research, Xcel Energy discovered that lenders had available capital but lacked the resources to market a green lending program. Xcel Energy formed formal alliances with willing lenders, with Xcel Energy providing most of the marketing resources and lenders offering financing for energy-efficiency projects.

In April 2014, residential allies W.J. Bradley and Bank of Colorado stopped offering the PowerSaver Title 1 loan, but remain as allies. W.J. Bradley continues to offer other PowerSaver and 203k loan products, and Bank of Colorado offers the Energy Saver Mortgage and 203k loans. In May 2014, Xcel Energy brought on US Bank as an additional commercial lending partner.

As of June 2014, Xcel Energy had partnered with the following lenders:

Residential
Elevations Credit Union
W. J. Bradley
Bank of Colorado
Commercial
Elevations Credit Union
TIP Capital
US Bank

Methodology

Cadmus used a variety of data collection tools to evaluate the EEFP. In order to design an appropriate scope for the evaluation, we defined the research questions listed below that the evaluation should answer. Then, we structured each activity to provide information useful in answering these questions:

- Document the Program
 - What is the basic program theory?
 - What is the rationale for initial program design and implementation decisions, such as project goals?
 - What is the program process flow, and how has it evolved since program inception?
- Evaluate the Program
 - Is the program being implemented according to the design?
 - Is the design appropriate to meet the program goals?
 - Does the program effectively engage appropriate allies?
 - Is the program effectively marketed to its target audience?
 - Are customers satisfied with their program experience?
 - In what ways does the program impact customer behavior? Does the program cause customers to achieve greater savings through the established rebate programs than they would without the financing?

To answer these questions, Cadmus performed the activities outlined in Table 1.



Table 1. Program Analysis Activities

Stakeholder Interviews	Cadmus interviewed two program staff at Xcel Energy during the project initiation meeting. Using this information as a base, we devised a series of questions for trade channel managers and Xcel Energy call center staff. We interviewed two trade channel managers and three call center staff, who represented both the residential and business operations.
Process Flow	Cadmus mapped the customer participation flow from the time customers enter the program through when they complete the project and apply for rebates.
Marketing Materials Review	Xcel Energy provided Cadmus with examples of marketing collateral for both residential and business customers, which we reviewed as part of an initial analysis. We also reviewed the utility's websites for both types of customers, as well as lender websites.
Market Actor Interviews	Cadmus interviewed representatives from each EEFP lending partner, staff from the Boulder County and City of Denver programs, and staff from the program design firm that helped establish the EEFP.
Customer Surveys	Cadmus surveyed residential loan customers from Elevations Credit Union. In the future, we will also survey commercial participants, as well as residential and commercial partial participants. These groups were too small to support survey activities in this phase of the evaluation.
Attribution	Cadmus used the surveys to evaluate the portion of projects financed with a program loan that are attributable to the loan more so than the rebate.

Findings

Stakeholder Interviews

Goals

This program is not subject to energy-savings goals, but does have the 2014 participation goals of issuing 2,100 residential loans and 150 business loans in support of energy-efficiency retrofits conducted through an Xcel Energy rebate program. The program is not on track to meet those goals, and staff consider them unreasonably high. Xcel Energy filed these goals based on expert opinion of design consultants Harcourt, Brown and Carey (HBC); however, HBC based its estimation on the performance of programs in other areas. Unlike Xcel Energy's programs, these other programs often have dedicated marketing and incentive programs closely coordinated to the financing product. Other contributing factors for lower participation rates may include a moving target associated with loan products offered by allies, willingness of allies to cooperate with the utility, and a longer start-up time to launch the program. Cadmus' research has shown that program participation in financing programs ramps up slowly over the first few years of implementation.¹

Training and Communication

Call center staff and trade channel managers reported that they received adequate program training. Xcel Energy trains call center staff in program details so they can present the program to customers, and trains trade channel managers to present the program to contractors, distributors, and suppliers.

Xcel Energy program staff reported holding several training sessions during the summer and fall of 2013, to introduce both residential and commercial contractors to the program. These trainings were sometimes delivered by the trade channel managers, and sometimes by the program staff in coordination with the trade channel managers. Training generally consisted of PowerPoint presentations discussing the available loans, details about the loan products, examples of how the loans can be used in combination with rebates, and contact information for program staff. At these trainings, staff also presented materials and tools available for trade allies, such as the calculation tool and the information sheet. More recent materials, such as case studies, may not have been presented yet. However, Xcel has ongoing trade ally outreach, so these materials will be presented in future sessions.

Outreach staff, including trade channel managers and call center staff, receive updates when the program changes through e-mail notification or personal communication from the program manager. One outreach staff member reported that it is occasionally difficult to keep track of program changes, since there are no consistent channels or regular timing through which they are communicated. Another

¹ Cadmus. *California Joint Utilities Financing Research: Existing Programs Review*. April 22, 2014. Prepared for the joint California utilities, PG&E, SDG&E, SCE, SCG.
http://www.calmac.org/publications/Existing_Programs_Review_FINAL.pdf



outreach staff member conducts quarterly updates of his own materials, approaching each program manager to learn about any updates.

Although program marketing materials exist that explain the financing option and implications for customers, the outreach staff may not be aware of all these materials. For example, at least one commercial case study exists, but the commercial trade channel manager was not aware of it and specifically requested that Xcel Energy develop this type of material.

Customer Inquiries

The call center staff have direct contact with customers, unlike program staff and trade channel managers, and therefore have the ability to most directly affect customers' experience as they enter the program.

Call center staff reported that no residential or business customers have called specifically to ask about financing options. According to this group, most customers call for rebate assistance. Call center staff only mention financing as an option to customers who specifically state they cannot afford certain measures, which occurs with about 5% to 10% of business callers and 5% of residential callers. Staff direct these customers to the Xcel Energy EEPF webpage.

Call center staff reported that residential customers often call after purchasing equipment, hoping to retroactively apply for available rebates. These customers, in addition to being possible freeriders, are not candidates for financing. Call center staff could not estimate what percentage of customers purchase their equipment before calling, but said it is a significant proportion.

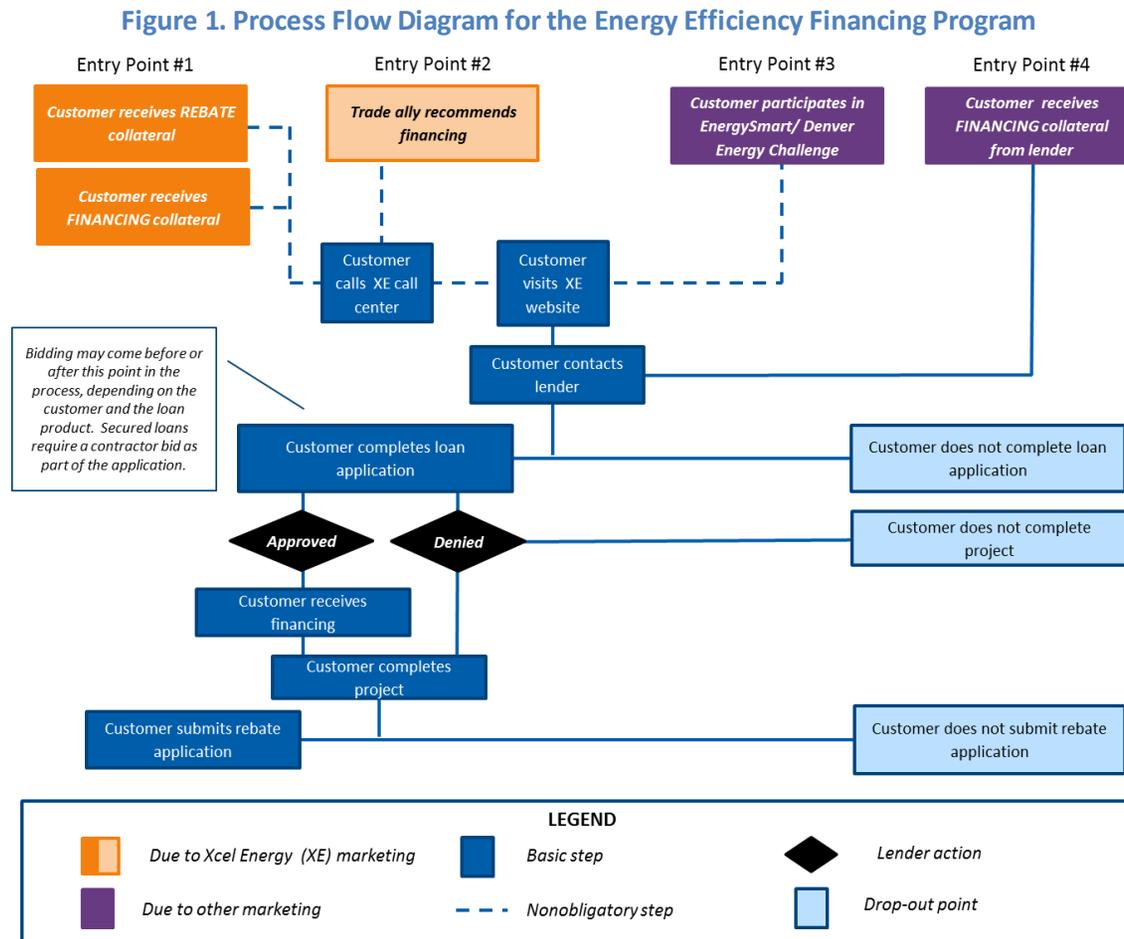
Trade Ally Response

Trade channel managers reported that trade allies have mixed responses to the financing program. The commercial trade channel manager reported that commercial trade allies appreciated the options, even though they do not find them to be "groundbreaking." One trade channel manager noted that trade allies say the Xcel Energy financing does not offer anything significantly better than what is generally available in the market. In addition, many residential and commercial suppliers and distributors already have alternative financing programs incorporated into their sales practices.

The residential trade channel manager stated that many smaller contractors do not have available financing. Having a well-known financing product, like the ones promoted by Xcel Energy, could be useful to these contractors. However, they appear to lack the interest or resources to update or modify their sales approach and business practices sufficiently in order to capitalize on this opportunity.

Process Flow

After reviewing program materials and speaking with program staff, Cadmus created a flow diagram to illustrate how customers enter the program, and critical events and transactions as customers move through the program process. Detailed discussion of the diagram follows after Figure 1.





Awareness Channels

Xcel Energy uses four primary channels to recruit customers into the program:

1. Marketing from Xcel Energy program or call center staff
2. A trade ally recommendation
3. Participation in a complementary program such as EnergySmart in Boulder or the Denver Energy Challenge
4. Marketing from a lender (including mention of the program on a lender website)

All four channels are open to both residential and commercial customers.

Channel 1: Xcel Energy Marketing

Customers entering through the first channel may receive marketing collateral from Xcel Energy regarding financing options. Program materials, targeting either residential or commercial customers, direct viewers to a variety of actions: visit the website, call the call center, or contact the lenders directly via the phone or online (active links are present on Xcel Energy’s website). All of these resources will help the customer appropriately move forward with a loan and, ultimately, a rebate.

Call center staff noted that their procedure is to direct customers who inquire about financing to the Xcel Energy EEFP webpage on xcelenergy.com. Xcel Energy designed this webpage to move customers toward financing, presenting very detailed information on the financing options and contact information for each lender, including links to the lender websites.² Elevations Credit Union and Bank of Colorado customers can apply online, and TIP Capital customers can download a credit application online. W. J. Bradley and US Bank offer ample information and resources on their websites, along with contact information to obtain an application or ask questions.

Channel 2: Trade Ally Recommendation

Customers may also learn about the program from an Xcel Energy trade ally, such as a contractor or installer. Trade allies talk about the energy loan when trying to close a sale. This channel depends indirectly on Xcel Energy’s marketing efforts, in that trade allies must be informed that the financing option exists for their customers, and be informed about the program benefits.

To accomplish this, Xcel Energy trade channel managers and program staff provide contractors with tools and training that better enable them to incorporate the financing into their sales pitch. Staff members noted that trade allies have responded well to available materials, especially the calculator tools and audit program options. However, one staff member, who was apparently unaware of the existing case study for Pellman’s Automotive Service, requested that program staff develop commercial

² The link to US Bank was malfunctioning as of June 2, 2014, and directing users instead to the TIP Capital website. Xcel Energy resolved this issue immediately after we reported it in a draft memo.

case studies to discuss with trade allies. This staff member's lack of awareness may be because the Pellman case study is relatively new.

Channel 3: Complementary Program Participation

The third channel depends primarily on marketing by parties other than Xcel Energy. Customers could discover the Elevations Credit Union financing options when looking at marketing materials for initiatives sponsored by local governments in Boulder and Denver. These independent programs inform customers of Xcel Energy rebates, helping them identify projects and secure financing.

Channel 4: Lender Marketing

The fourth channel for entry into EEF is through lender marketing or websites other than Elevations Credit Union. Interviews with lenders revealed that they rely on other parties – primarily trade allies – to market their products. However, all lenders have a webpage dedicated to the particular loan product(s) they provide. Though not prominent, the Elevations Credit Union and TIP Capital websites have an active link to Xcel Energy rebate programs. Program staff said that, during the planning stages, lenders indicated they did not have resources for marketing; therefore, it is unlikely that this channel is a significant point of entry to the program (which Cadmus will verify during the lender interviews).

Application Process

Regardless of the point of entry, customers must reach out directly to a lender to apply for EEF financing. Several lenders allow customers to start the process online, and all lenders allow customers to start the application process via the phone or a branch visit. Residential customers could apply for the unsecured loan from Elevations Credit Union, then solicit contractor bids. For a secured loan product, customers must have a contractor bid. Both the application and bidding processes are completely outside the utility purview.

Program Logic

Ideally, a customer receives loan approval, completes the project, then submits a rebate application to one of Xcel Energy's established demand-side management programs (in some cases, trade allies submit the application on behalf of the customer). The ultimate goal of the EEF process is for the customer to apply for and receive a rebate, since this is the method by which the utility can claim savings for the project. For residential customers, this rebate application process is relatively quick and their last step of participation. Commercial projects may take longer to complete. A customer that installs several measures may receive financing incrementally as various measures are completed.

Residential and commercial customers can drop out of the process at several points, which may ultimately prevent them from receiving a rebate: (1) the customer may receive approval for a loan, but then not pursue the project, (2) a lender may deny financing and the customer does not pursue the project, or (3) the customer may complete the project but not submit the rebate application. During the next EEF evaluation stage, Cadmus will survey and evaluate customers who dropped out of the process under each of these three circumstances.



Regardless of whether a lender approves the customer for financing, the customer may complete the energy-efficiency improvements and apply for a rebate. However, while loan denial does not automatically mean losing the savings opportunity, research in other jurisdictions has shown that many customers who do not receive financing do not proceed with the project.

On the other hand, customers who receive financing may be less motivated to secure a rebate. Xcel Energy staff expressed concern about the possibility for a large number of customers to receive loans then not follow through with the rebate process. These occurrences cannot easily be tracked with available data systems. As discussed in the Residential Customer Surveys section, two thirds (67%, n=30) of the respondents to the customer survey indicated they had received a rebate for at least one measure.

Marketing Materials Review

Cadmus reviewed the following materials to assess how they affect customer flow through the program process:

- Xcel Energy Residential Energy Efficiency Financing Website (and relationship to partner websites)
- Xcel Energy Business Energy Efficiency Financing Website (and relationship to partner websites)
- Business Energy Efficiency Financing Information Sheet
- Residential Energy Efficiency Financing Information Sheet
- Energy Efficiency Financing for Colorado Postcard (generic market)
- Commercial Audit Letter
- Energy Efficiency Financing Poster (generic market)
- Trade Ally Letter
- Case Studies for Residential (Kaufman family) and Business (Pellman's Automotive Service)
- Bill Inserts

At the time of our review, Xcel Energy had just made changes to the program loan products and lending allies, and materials had not yet been updated to reflect those changes. Xcel Energy program staff reported being in the process of updating these materials.

The program materials range from being extremely brief and generic, such as the postcard, to being highly detailed and targeted to a particular audience, such as the information sheets. Targeted audiences include residential customers, business customers, and trade allies. These materials represent a useful marketing toolkit with appropriate options for several media outlets including online, at trade shows and home shows, and as literature for contractors to present to customers.

Messaging

The materials present program information concisely and clearly. Although the materials direct customers to join the program through different pathways, each material has a single call-to-action (except those that present the lender options in detail). All the materials encourage customers to combine rebates and financing. Nevertheless, the website and detailed information sheets are somewhat limited, as they must send customers outside the utility to complete the financing application. Cadmus followed a potential customer's path to joining the program through each partner lender website. Only Elevations Credit Union and Bank of Colorado mention "energy" on their websites, and only Elevations Credit Union routes customers back to Xcel Energy to complete the application.

Messaging on customer-facing materials does approach the project as the desired outcome, rather than the loan itself. This is appropriate and aligns with how customers approach an upgrade. However, the project concepts presented in the brief materials, which are more likely to be more widely distributed, are very basic. For example, inserts only mention air conditioning. The case studies address multiple measures for both residential and commercial audiences, but are lengthy and not suited to situations that call for a brief message.

Xcel Energy designed the program website and informational sheets to be neutral and have no persuasive language, presenting no specific project ideas. In addition, the materials do not mention the concept of using financing to complete more projects or install multiple measures. With the exception of the case studies, the program marketing materials do not include customer experiences, descriptions of past projects and photos, or testimonials.

The residential information sheet could be updated for grammar and readability. The second sentence, "Plus, We" has a misplaced capital letter. The document also uses industry jargon that potential customers may not understand. For example, the phrase "energy-efficiency upgrades" is vague and unlikely to resonate with a customer in the way that "home improvements that save energy" can.

Images

The graphics and colors used in the materials are attractive and appear professional, lending credibility to the messaging. However, materials have limited visual presentation, and lack photos of customers or their example projects (except case studies).

Market Actor Interviews

Cadmus interviewed staff from each lending partner, from EnergySmart and Denver Energy Challenge, and from the consulting firm HBC, which designed the EEFP. The findings from these interviews, presented below, address the market actors' perceptions of the market potential for the program, their experiences working with the program and Xcel Energy (including in marketing the program), and their overall satisfaction with the program.



Perception of the Energy-Efficiency Financing Market

According to HBC, there is a substantial market for energy-efficiency financing in Colorado. HBC noted that the program requires “a big market change,” meaning that contractors need to learn to sell transactions based on a loan instead of based on cash. The HBC staff member listed several lenders that may be potential future program lending partner candidates, but also said that “Xcel Energy has the lenders they need. They need to focus on marketing and support systems, especially the contractor network.”

Commercial lenders think there is a strong market potential for energy-efficiency financing. According to one lender, “business customers are aware [of the financing opportunity]. They are literally just slow to move, but year on year, there’s more.” This lender added that generous rebates are helping to advance the energy-efficiency financing market. Another lender said that if the program found the right marketing approach, the financing would be popular: “If customers find out about the loans, we will do loans.” Only one lender did not see the potential for these loans, stating that their organization is not well-structured to handle commercial loans, regardless of the potential market.

Residential lenders had mixed views on the market. One lender said that the program already generates as much activity as could be expected. At the same time, this lender said the organization would continue its loan even if support from programs like Xcel Energy and the Boulder and Denver programs disappeared. Another residential lender noted that the market has changed significantly in the past two years, as the economy has recovered. Where a standard second mortgage was difficult to obtain when the PowerSaver Title I loan was first conceived, it has become much easier. For the customer who can qualify, the standard mortgage or line of credit is a cheaper, more flexible product. The PowerSaver Title 1 loan is being discontinued. The remaining PowerSaver product is designed for a customer “with low equity, low credit score, and low income. This is not the ideal bank customer.”

Allies and Communication with Xcel Energy

Recruitment

Two of the commercial lenders began the EEF program through their connection with the Boulder County EnergySmart and City of Denver Energy Challenge programs, while HBC introduced a third lender to the program. All three commercial lenders said the program is a natural fit for their corporate goals, which include offering an energy-targeted loan. All three were already engaged in energy-related lending before joining the Xcel Energy program.

Two of these commercial lenders became involved in the program very early in the process; the third is quite new to the program, having joined after Xcel Energy had worked out many of the program details based on the experience of other lenders. This lender said they view the program as a source of new business, while the original two lenders view the program as either an experiment (“We don’t have any goals, we just want to see how it goes”) or as not having much potential for growth (“It’s a small offering, I think it is on track for its goals.”) The lender that views the program as a source of new business noted that the Xcel Energy trade allies are good allies (“[they are] quality [allies], you can work

with them”). Forming or furthering a relationship with these trade allies was one of their goals for joining the program.

The three residential lenders similarly joined the program because it aligned with their goals and with activities in which they were already engaged. Two offer energy-efficiency mortgages through the program, and one offers unsecured consumer loans. Initially, one of the PowerSaver options, offered by one of the mortgage lenders, was an unsecured loan as well, but that has been discontinued.

Not all lenders that were contacted directly chose to participate in the program. In setting up the program, HBC reached out to several lenders that chose not to participate. One lender that chose not to participate primarily offers mortgages, and said the program is focused on smaller loans. That lender had made a minimal effort to launch a green-themed loan product, but did not have a strong commitment to the market. Two other lenders that chose not to participate are national-scale entities that said the Colorado program is too small. In addition, a general request for proposals issued by HBC and Xcel Energy got no response from lenders.

Communication

Several commercial and residential lenders reported that Xcel Energy staff are easy to work with and very responsive. Others mentioned that participation does not necessitate a great deal of communication with Xcel Energy. One lender reported that different contacts within their organization handle different aspects of the program; no central contact serves as a liaison to Xcel Energy on matters related to the project. This person was unaware of the level of communication that occurs with other members of their staff.

Several market actors mentioned the importance of communication with the trade allies involved in the projects. While some lenders and the Boulder and Denver program staff noted that they have worked with Xcel Energy staff to present the program to contractors, some said this level of contact is not enough. One commercial lender was frustrated that there is not a list of trade ally allies with information such as the trade ally’s activity level. This lender requested more direct access to trade ally allies, and cited his experience working with trade allies in other programs. Two other lenders also mentioned their experience building relationships with trade allies in other similar programs. All three agreed with HBC’s assessment that the contractor network is key to driving the program, and all wanted more direct access to trade allies.

Understanding and Awareness

The program staff for Boulder and Denver County had limited awareness of the participating lenders other than Elevations Credit Union and US Bank. Staff were unsure if the implementers for the Boulder and Denver programs had greater awareness of these lenders and could refer customers to them where appropriate.



Data Sharing

In general, all lending allies are supplying the loan data requested in the memorandum of understanding (MOU) documents. The Boulder and Denver program staff and HBC staff are not required to share any data with Xcel Energy.

Lenders are collecting and submitting loan data as expected. Most do not collect data on applicants that were denied or applicants that are not pursuing loans that were approved. These data would be helpful for program evaluation purposes, but are neither necessary for daily operations nor required in the MOU documents.

The Denver and Boulder County program staff requested more information from the EEFP, in particular with regard to the customer rebates. They said that understanding the relationship between the rebates issued and the loans issued could be beneficial for targeting marketing and overall program design to maximize participation and savings.

Program and Loan Products

According to HBC, the program has the loan products that it needs, aside from covering the geographic gap for unsecured residential loans. HBC stated that while some changes to the available loan products might be helpful, such as offering an unsecured option for residential customers that live outside Boulder or Denver, this should not be Xcel Energy's primary program focus at this point.

Two commercial lenders, TIP Capital and US Bank, offer a great deal of flexibility, which they said helps facilitate the commercial projects that tend to be both diverse and complex. TIP Capital specializes in easy and fast financing for relatively smaller loans, up to \$100,000, and also offers loans for larger projects.

HBC, staff from the Boulder and Denver programs, and Xcel Energy staff said the Elevations Credit Union commercial loan product was overly complex, and even the lender acknowledged they were not prepared to issue these loans. They will phase out of offering commercial loans in the fall of 2014, and US Bank will take over as the commercial lending partner for the Boulder and Denver programs.

US Bank noted that they are able to take over for Elevations Credit Union without the loan loss reserve that Elevations Credit Union had required. US Bank has provided the largest number of commercial program loans to date. They recommend their equipment financing mechanism, which includes the cost of installation. The product is not specific to energy efficiency, but US Bank markets it to businesses considering an energy-efficiency project.

On the residential side, Elevations Credit Union has completed over 75 small loans in the Boulder and Denver areas. Mortgage products, including PowerSaver options, available through W.J. Bradley and Bank of Colorado, have been far less popular. HBC and two of the residential lenders noted that most energy-efficiency projects require a small, easy loan, most similar to the consumer loan offered by Elevations Credit Union than the mortgage products offered by the two mortgage lender allies. Mortgages allow for large loans but require appraisals and may have high closing costs, among other

requirements. The PowerSaver and Energy Saver Mortgage are offered for refinancing or purchasing with renovations, and are useful options for those with poor credit and limited options.

Marketing

Cadmus asked interviewees their opinion about how the program is being marketed. In particular, we focused on how the market actors view co-branding with Xcel Energy.

Direct Marketing

The interviewees had mixed reviews about the program marketing. As mentioned above, HBC said marketing should be a primary focus for Xcel Energy at this stage in program development. HBC recommended that Xcel Energy increase the funding available for marketing, and increase collaboration with other allies, primarily trade allies.

Most lenders had participated in outreach events for trade allies coordinated by Xcel Energy, and said this was a good approach for promoting the program. Interviewees had different opinions about the best time for presenting the program to customers. One commercial lender wants to be involved in discussions with the customer at a very early stage, to encourage them to think in terms of what they can afford if the project is financed as they are learning about project options from the trade ally. Another commercial lender wants to work very closely with the most active trade allies, making sure they accurately and effectively inform customers about financing options. This lender is committed to keeping the financing process as simple as possible in order to facilitate projects. Both of these lenders want additional marketing materials, such as one page briefs, that are addressed to trade allies rather than customers. Cadmus notes that one such document already exists, but lenders did not seem to be aware of it.

Residential lenders who promote mortgage products said there is a disconnect in the current marketing approach. One lender said there is little value in promoting the Energy Saver Mortgage, since the eligibility criteria are so narrow. The bank wants this product to be available for customers who need it, but does not intend to promote it heavily.

Another lender, which offers PowerSaver loans, sees potential for growth, but has been unsure of its role in marketing the energy-efficiency financing. This interviewee originally thought Xcel Energy would be designing marketing materials and coordinating marketing, but now thinks lenders are expected to lead the marketing effort. The lender also acknowledged that their institution is changing what loan products it offers for energy efficiency, so marketing has been de-prioritized. Once the bank settles on a product, it will reevaluate the program marketing approach. The lender expects to aggressively pursue the solar market, and is uncertain how that will affect its relationship with the utility.

Perception of Xcel Energy Brand

All of the interviewed lenders see some value in co-branding with Xcel Energy, but most also acknowledge obstacles to doing so. One commercial lender noted that internally, the bank is still testing the concept of energy-efficiency lending, so it is not a priority. In addition, the bank is very protective of



its logo, and is hesitant to co-brand. Instead of having both logos on a page, this lender suggests designing marketing with the bank information and logo on one side and the Xcel Energy information and logo on the other side. In this way, neither logo is subject to branding rules from the other organization, but the customers see the association. This lender hopes Xcel Energy can create materials that target specific types of businesses or specific types of projects.

Another commercial lender said it is not important to co-brand, and is willing to use primarily Xcel Energy branding on any materials. This lender's main priority is to develop a relationship with the trade ally, for which branding issues are less important. They suggested that Xcel Energy develop more marketing materials directed specifically to trade allies.

The third commercial lender said the Boulder and Denver programs have more relevant brands for their program than Xcel Energy's brand, and for now they prefer to co-brand with those organizations over the utility.

On the residential side, one lender noted that his organization does not expect Xcel Energy to promote loans, and they are not planning on promoting rebates, although they did affiliate their brand with energy efficiency to an extent. A second residential lender said co-branding would be very useful, but they do not see a path to developing co-branded materials. This lender stated they do not know who is responsible for developing such materials.

Satisfaction

Overall, lenders were fairly neutral in terms of their satisfaction with the program, with the exception of one commercial lender who ranked the program as a 10 out of 10. The remaining lenders either had low expectations or acknowledged that internal changes, in particular the changing loan products, are hindering program development. These lenders ranked the program between 5 and 7 out of 10.

Lenders said that to increase their program satisfaction, Xcel Energy could provide more proactive marketing, better linkages to participating trade allies, and more consistent rebate options (to avoid distancing trade allies from the program). This last request was related to the Solar Rewards Program begin shut down before the end of 2013.

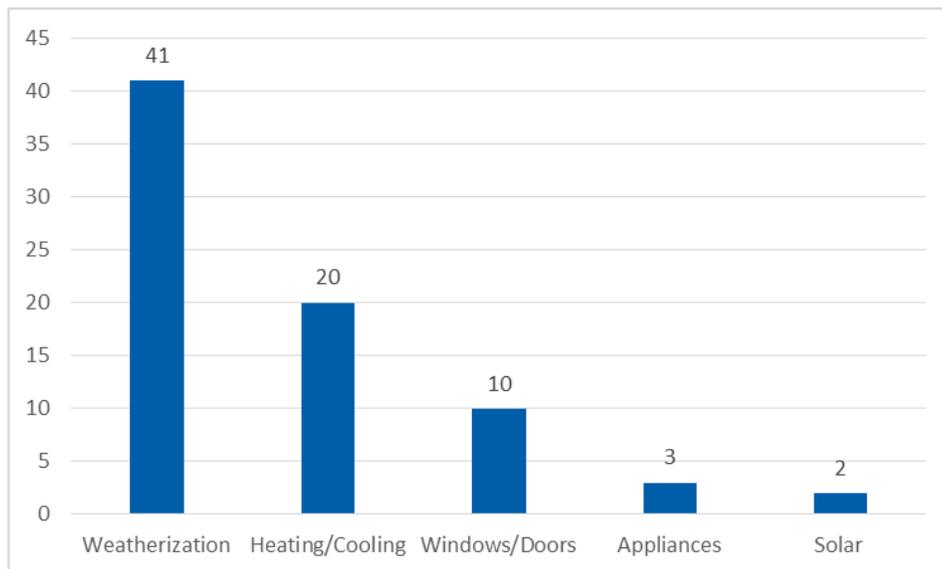
Residential Customer Surveys

Cadmus conducted a survey of residential customers that obtained financing through Elevations Credit Union from May 2013 through March 2014. We conducted surveys using a census approach, as the number of participants available was 75. We achieved 30 completions for a 40% response rate.

Measures Installed and Rebated

Cadmus surveyed 30 customers who had installed 76 individual measures. Nineteen respondents installed more than one measure, and 13 installed three or more measures. The most common measures were related to weatherization, followed by space heating (see Figure 2). Two of the 76 measures were renewable projects, installing solar PV.

Figure 2. Measures Installed by Survey Respondents



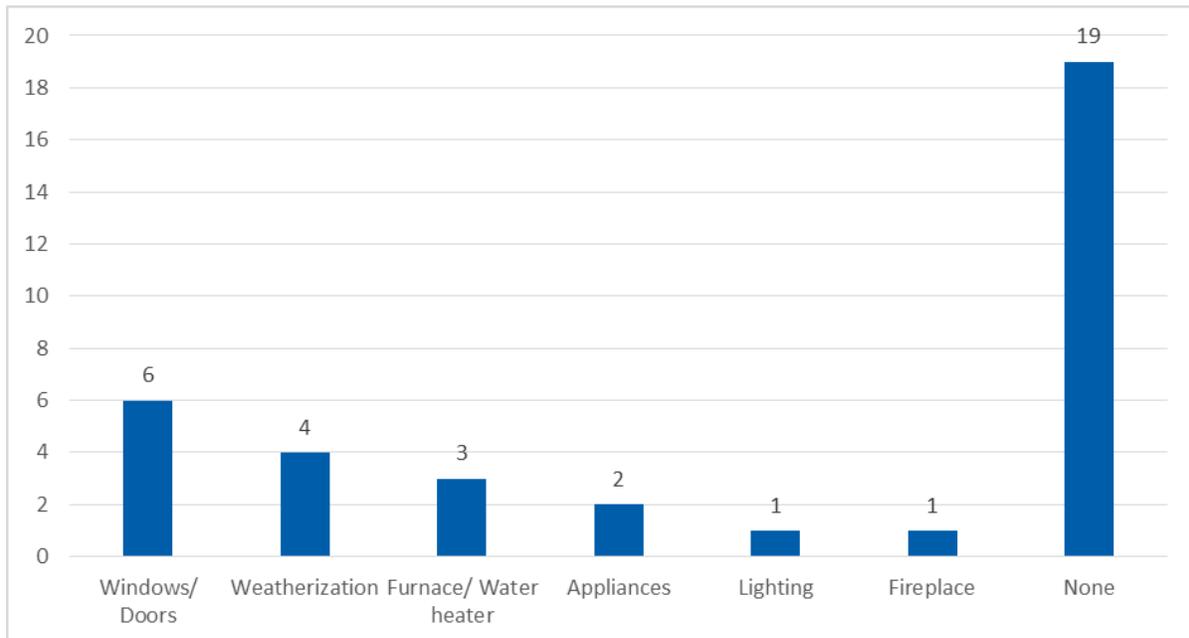
Source: Loan data, Elevations Credit Union. Measures financed. (n=76)

Two-third of respondents (67%) received a rebate for at least one of the measures they financed. Eight respondents (27%) did not receive any rebate, and two (7%) did not know whether they received a rebate or not. When asked why they had not applied for a rebate, four of eight respondents were unsure if they were eligible, two did not know how to apply, and two had recently applied or intend to apply.

When asked what energy improvements they planned to make in the next twelve months, customers had a variety of responses. Eleven customer said they planned additional projects for the coming year, as shown in Figure 3.



Figure 3. Planned Energy-related Projects

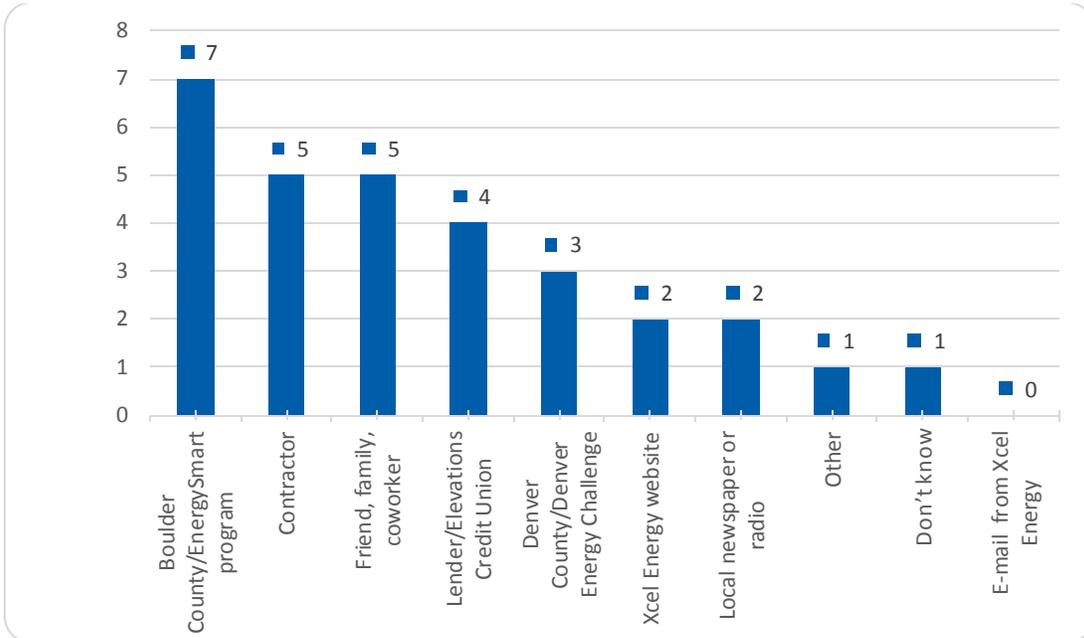


Source: Question 28. What additional energy-related upgrades do you plan to make in the next 12 months, if any? (n=30)

Awareness and Motivation

Cadmus asked respondents how they learned about the loan product they used. The most common source of information (cited by 10 of 30) was either the Boulder EnergySmart Program or the Denver Energy Challenge. Other significant promotional channels were the contractor, word-of-mouth from another participant, and the lender. Two of 30 respondents cited the Xcel Energy website as their source of information, with no respondents citing any other Xcel Energy source. While only two respondents noted an Xcel Energy source directly, Xcel Energy’s promotional campaign could have indirectly contributed to any of the other channels of information.

Figure 4. How Survey Respondent Learned About Financing Option



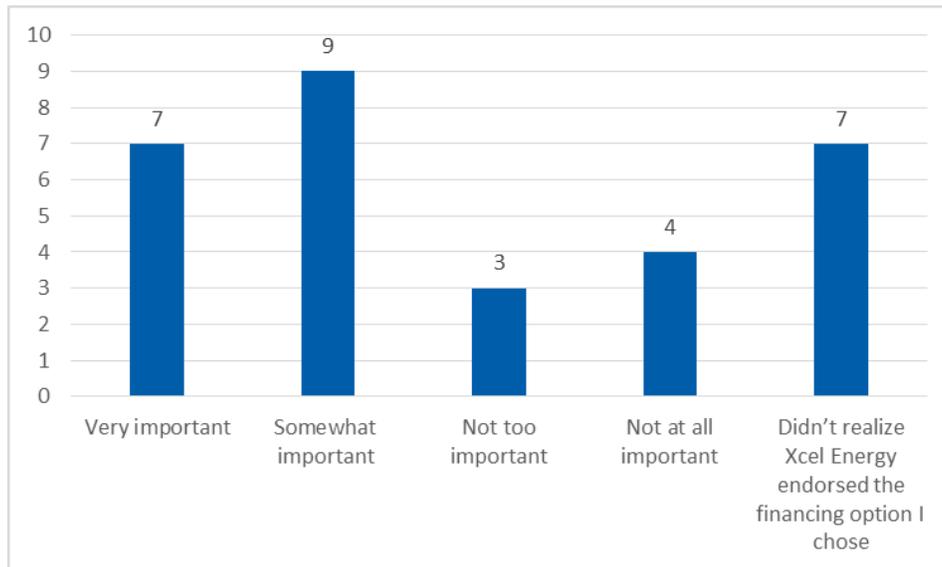
Source: Question 5. How did you learn about the financing option you chose? (n=30)

About half of the respondents learned about the program rebates from the same source that informed them of loan options (53% of respondents).

Cadmus asked respondents how important the Xcel Energy brand was on their decision to use the loan product; nearly one-quarter was not aware that Xcel Energy was endorsing their loan. Over half (53% of all respondents, and nearly 70% of those that were aware of the endorsement) said that Xcel Energy’s endorsement was either very important or somewhat important to their choice in selecting that product (see Figure 5).



Figure 5. Importance of Xcel Energy Endorsing Financing Product



Source: Question 8. How important was it to you that Xcel Energy endorsed the financing option you chose? (n=30)

The respondents had diverse motivations for completing a retrofit. Nearly half of respondents (43%) cited increased comfort as their primary motivation. Thirteen percent were already completing a retrofit, and added the energy-efficiency measures. Ten percent were motivated to save money on bills. Other motivators included saving energy (7%), replacing failed equipment (3%), and investing in their home (3%).

Respondents most commonly chose to finance their project because they did not have sufficient cash available or did not want to use all their available cash (56%). Eleven respondents, 37%, wanted to spread the cost over a longer period. One-fifth of respondents (20%) were motivated by the attractive interest rate. (The total does not sum to 100%, as respondents were allowed to list multiple motivators.)

Most respondents (63%) had not yet decided whether to start their retrofit when they learned about the financing, indicating the financing may have affected their decision. Among those that had already decided (33%), it is possible the financing convinced them to install more measures or more efficient measures.

Retrofit Projects

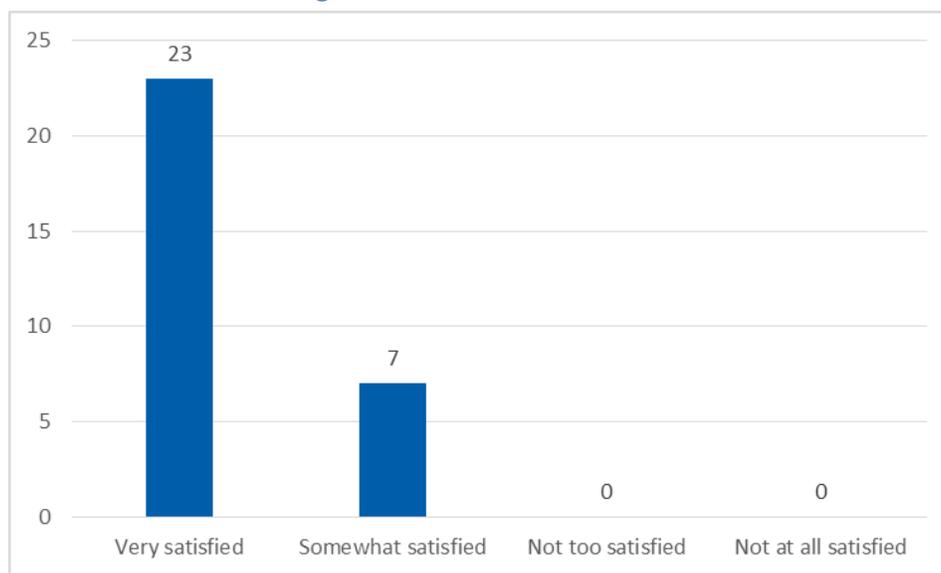
With the surveys, Cadmus also asked respondents for details about the project they installed. The majority of respondents, 87%, did not install additional measures when they installed the energy-efficiency measures; they were only installing an energy-efficiency upgrade. The four respondents who also installed other measures reported projects related to the efficiency upgrade (fixing brickwork that was damaged when windows were installed), as well as independent projects including flooring, reconstructing exterior walls, and repairing a porch.

Over 80% of respondents (n=25) reported that the financing covered the entire cost of the retrofit, including non-energy measures. Loans that did not cover 100% of the cost covered between 75% and 90% of the cost, according to respondents, who said they paid the remaining 10% to 25% with cash.

Customer Satisfaction

Customers reported overall satisfaction with their loan experience (see Figure 6). When asked to specify why they were satisfied, a majority (22 of 30) customers mentioned the easy, straightforward, fast process. Twelve customers mentioned the low interest rates as a source of satisfaction. (Customers were allowed multiple responses.) The majority of customers (26 of 30) also said, “if they could go back in time,” they would use the same financing again. Two customers indicated they would have used a different lender, and two indicated they would have used a different type of financing.

Figure 6. Customer Satisfaction



Source: Question 25. How satisfied are you with the financing overall? (n=30)

Attribution

One of the goals of this evaluation is to assess the proportion of projects that are due to the availability of financing. Cadmus developed a formal approach for measuring this proportion, presented in Appendix 1: Proposed Attribution Methodology. For this first round of evaluation, we incorporated a prototype series of questions into the customer surveys, presented below. While this method does provide an estimate for the portion attributable to financing, it is not as rigorous as the method we propose for future evaluations. This exercise was intended to capture an initial estimate, parallel to the effort of developing a more detailed methodology.

Survey Scoring

For this initial analysis, Cadmus only considered those customers who were aware of both the financing and the rebates when they made their retrofit decision, and who received a rebate.



Cadmus asked these 12 respondents if they would have completed the project without financing, then asked if they would have completed the project without the rebate. Customers said that financing was more important (see Table 2).

Table 2. Whether Respondents' Would Complete Project Without Rebate and/or Financing

Would Complete Project Without Rebates	Would Complete Project Without Financing		Total
	Yes	No	
Yes	3	6	9
No	0	3	3
Total	3	9	12

Cadmus scored each response according to the degree the respondent was influenced by financing (see Table 3).

Table 3. Attribution Score Attributable to Financing

Would Complete Project Without Rebate	Would Complete Project Without Financing	
	Yes	No
Yes	0	1
No	0	0.33 / 0.67

Finally, Cadmus tallied each respondents' score; this is the numerator of the attribution ratio. The number of respondents included in the calculation (n=12) is the denominator of the attribution ratio for those respondents. Table 4 outlines the total attribution ratio for all 12 respondents. The final ratio, 0.64, indicates that over half of the projects completed through the financing program are primarily due to the availability of financing.

Table 4. Projects Attributable to Financing

Aware of Financing (F) and/or Rebate (R)	Number of Respondents	Value	Total
Yes (F) Yes (R)	3	0	0
Yes (F) No (R)	0	0	0
No (F) Yes (R)	6	1	6
No (F) No (R)...Rebate more important	1	0.33	0.33
No (F) No (R)...Financing more important	2	0.67	1.34
Raw Score			7.67
Total Respondents			12
Attribution Ratio			0.64

Conclusions and Recommendations

Goals

Conclusion: The program goals are not appropriate for a newly-launched statewide program; they are overly ambitious. Because financing at a statewide level in Colorado was a new concept introduced through the EEFP, there was no past experience to indicate how this program might perform. The current program goals were based on expert opinion, reflecting experiences in other markets in other parts of the country, and programs that use resources such as loan loss reserves and coordinating rebates in conjunction with financing.

Recommendation: Xcel Energy should file adjusted goals based on their own loan volume to date. Goals should be ambitious, and reflect the anticipated results of continued training, stabilization and expansion of loan products and allies, and streamlined implementation through ongoing experience.

Program Implementation

Conclusion: While there are some areas for improvement, overall Xcel Energy has been diligent and energetic in implementing the programs as intended according to the HBC design. Xcel Energy staff have effectively recruited allies, trained staff, and designed a strong marketing toolkit to target residential and commercial customers. Staff should be commended for their proactive engagement with lender allies to manage changes in loan products available, and in particular for their ability to rapidly build a relationship with US Bank, which is coming in to the program to replace Elevations Credit Union as a commercial lender cooperating with the Denver and Boulder programs.

Though the program is not meeting its stated goals, as noted above, Cadmus recommends adjusting the goals rather than adjusting the program design. Residential customers reported broad satisfaction with their experience. Given the resources Xcel Energy has dedicated to the program, it has both secure Allies and a broad array of loan products on offer, which complement current Xcel Energy efficiency programs.

Conclusion: Xcel Energy offers the SolarRewards program, which may be a strong complement to the financing program. One residential lender said that they intend to focus their marketing efforts on solar, and have experienced success with this approach in other areas. However, this lender also stated they thought that this would be contrary to the goals of the EEFP, since they assumed that solar power is in competition with the utility power.

Recommendation: Meet with each lender to discuss the solar program, and how combining efficiency and solar incentives with financing for a whole package of improvements might be a successful marketing approach.

Conclusion: The financing program relies heavily on internal and external messengers outside the program staff. While staff have conducted several trainings and outreach sessions with call center staff, trade channel managers, and allies, not all of these parties were aware of all of the program options, or



all of the tools available to promote the program. This is not unusual because the financing program is only one of several programs that these other parties need to track and present to customers.

Recommendation: Continue to provide training and outreach to all parties. In addition, **provide organized resources for staff and allies to consult on their own time, when they have specific questions, that will quickly inform them of program updates.** All resources, including a program overview, key contacts, and links to all marketing tools, should be in a central location. Keeping a program log in a simple spreadsheet format, easily available in a single location, could identify for outside parties what changes had occurred since the person was last up to date, and make it easier for them to seek out information and updates on their own.

Program Entry

Conclusion: Customer surveys indicated that virtually no residential customers enter the program based on direct marketing from Xcel Energy. In addition, call center staff reported that customers do not ask about financing options on their own, implying that direct marketing to customers may not be effective.

For many financing programs, trade allies are the single most critical marketing component. After the Boulder and Denver programs, which offered special rebates, contractors and word-of-mouth are the most common paths of entry into the EEFP. However, trade allies have not indicated much interest in the program loans, despite outreach by Xcel Energy staff and presentations by lenders. HBC recommended that Xcel Energy put more resources toward trade ally engagement, and several of the lenders requested that Xcel Energy facilitate better communication between the trade allies and lenders.

Recommendation: Consider focusing marketing on the program entry channels that show the most promise: namely, through the Boulder and Denver programs and the trade ally networks. In particular, Xcel Energy could put more resources toward engaging trade allies in the program. Trade allies can be powerful messengers for the financing options because they are often present when the customer is making decisions. In fact, our research in other programs has shown that trade allies are frequently the most powerful agent for driving customers toward a financing mechanism.

However, trade allies who are likely to use the financing tools may lack the resources to update or modify their sales approach and business practices sufficiently to capitalize on this opportunity. Xcel Energy could provide additional training for trade allies, and highlight contractors that use the program successfully, to help trade allies help their customers leverage the financing option and purchase more energy-efficiency upgrades.

By making a commitment to working regularly with trade allies, Xcel Energy can strengthen their buy-in and make it easier for them to use the program. Here are some examples:

- Communicate regularly with the trade allies through email, events, and social media.
- Identify and recognize trade allies that use the program successfully through public mention, such as on the Xcel Energy website or in direct mail to customers, and possibly some kind of

reward, this will demonstrate the program potential to other trade allies, and create a sense of competition.

- Facilitate relationships between lenders and trade allies by identifying the types of trade allies each lender would prefer to work with, and providing trade ally contacts to the lenders.
- Coordinate closely with the heating and cooling program staff and the weatherization program staff (representing the two most common measure types) to ensure they are promoting the financing option to trade allies.

If possible, Xcel Energy could offer the trade allies a financial benefit when their customers use the financing as a method of engaging them. This financial benefit could include free training, cooperative marketing opportunities, a monetary bonus, or the ability to offer customers an extra bonus. In the future, once the financing is better established, this benefit could be re-targeted to trade allies that are able to use rebates or loans to achieve a greater number of measures, or greater amount of savings, per project.

Recommendation: Xcel Energy should consider ways to increase the contact and relationships between the lenders and the trade allies. Programs such as Michigan Saves, HERO in several counties in California, and the Massachusetts HEAT Loan program all offer good lender-trade ally relationship examples. Generally, matching contractors by project type to size of available or typical loans, or a market a lender is interested in pursuing, is a good fit. As lenders expressed interest building these relationships themselves, sharing trade ally contact information and basic information on services and activity level in the Xcel Energy rebate programs with lenders may be all that is needed. Otherwise, networking events specifically targeted to both lenders and contractors, and perhaps further target to specific types of projects or customers, is a good way to foster communication between the two valuable groups of allies.

Lending Allies

Conclusion: Commercial lenders are committed to continuing with EEPF and continuing to offer the range of available products. US Bank has proven able to issue loans better than Elevations Credit Union, who they have replaced. The commercial side therefore has good stability, good commitment from the lender allies, and a flexible range of financing options.

On the residential side, however, there has been some transition in the loan products that are available, and the most popular product, the unsecured loan, is not available statewide. In addition, there is not an available second mortgage product, which is perhaps more likely than refinancing a first mortgage to be attractive to customers with smaller projects that are more focused on energy efficiency. The residential lenders expressed uncertainty about the market and their interest in pursuing the program with greater commitment.

Recommendation: Identify a residential lender that can offer a statewide unsecured consumer loan product with a fast, streamlined application process. Consider negotiating an exclusive Allies with the



lender such that the loan can only be offered by a registered trade ally and in conjunction with a rebate from Xcel Energy. This way, the lender has the security that the borrower is completing a sensible retrofit that will likely save them money on their energy bills. Highlight to potential lender allies that the type of borrower that pursues this kind of loan is an overall good customer for a financial institution. Potential lender allies are AFC First or Mariner Trust. Cadmus can facilitate meetings with the lenders at Xcel Energy's request.

Conclusion: One of the residential lenders expressed some confusion about their role in the program marketing. Another lender divided the program responsibilities among their staff, and therefore no one staff person is capable of serving as a primary liaison to Xcel Energy.

Recommendation: **Update the program MOU to identify the person or persons at each organization who are responsible for communicating with Xcel Energy,** as well as identifying other responsibilities such as who will be responsible for designing, managing, and funding marketing efforts. In addition, have each lender assign a central point of contact to facilitate the program operations.

Conclusion: The primary reason Xcel Energy offers the EEFP is to achieve savings through rebates on measures financed. However, surveys revealed that roughly 25% of respondents had not pursued a rebate for the measures they installed. Although the sample size is small, four of eight respondents indicated that they did not apply for a rebate because they did not know how. Two additional respondents said it was not worth the effort to complete the paperwork. This information is an indication that Xcel Energy is not capturing savings from a significant number of projects financed through the EEFP.

Recommendation: Modify the MOU so that Xcel Energy obtains enough data to determine if a loan recipient submits a rebate application. **Follow up with loan customers,** using data collected through the loan application process, to remind them of specific rebates available to them. Direct customers to the call center to get assistance with submitting the rebate application.

Marketing

Conclusion: Marketing materials are generally well-designed and attractive. In addition, several different marketing pieces exist to suit different situations. Nevertheless, the compelling, persuasive pieces are more limited than the strictly informational pieces. There is little information on the persuasive materials for a potential customer to identify with.

Recommendation: **Update the marketing materials to include a few briefer pieces that incorporate stories of completed projects,** images of actual borrowers (or people that look like actual borrowers), and other features that will make easier for customers to connect the program with their own situation.

Conclusion: The website is a valuable resource for informing customers about the loan options, helping them digest complicated information, and directing them to more specific information by linking to the lender websites. However, the process puts the rebate application, the most critical piece of the process

for the utility, somewhat at risk by sending customers away from the Xcel Energy website to pursue financing. The lender websites do not readily direct customers back to Xcel Energy, and lender marketing does not emphasize Xcel Energy rebate options even when they are mentioned. This may be detrimental to the lenders, as well as to the utility, since a single package of rebates and financing is potentially more appealing to a customer than two poorly integrated products.

Also, the lenders are failing to leverage the brand recognition of Xcel Energy. Lenders, who have resisted being active marketing allies to some extent, requested more materials specific to trade allies or more targeted to specific types of customers.

Recommendation: In order to provide consistency in messaging, and because lenders are unwilling to invest many resources into promoting rebates, **consider taking a lead role in marketing the EEFP**, and in designing and implementing marketing campaigns. One component might be to develop a “road map” that outlines each step of the process and directs them back to Xcel Energy for additional incentives through other programs. This tool could be used as a leave-behind for trade allies and lenders, or as a direct-to-consumer mailing.

To satisfy allies and gain additional program buy-in, consult each lender and collect ideas for additional marketing pieces that would suit their conception of marketing the program. In some cases, the desired materials may already exist and the lender is simply not aware of them. For other ideas, design and implement the materials or campaign internally to ensure consistency with among materials and with the program, and to provide a service to allies. In cases where lenders are willing, take the lead to develop co-branded materials that encourage loan recipients to also pursue a rebate.



Appendix 1: Proposed Attribution Methodology

For planning purposes, Xcel Energy would like to understand the extent that available financing is motivating customers to conduct energy-efficiency improvements, relative to motivation from available rebates. This appendix presents the approach Cadmus recommends to determine the portion of customer motivation attributable to financing.

This methodology does not include projects that do not receive a rebate, as these projects do directly generate savings for an Xcel Energy program, and therefore there is nothing to attribute to either financing or the rebate. However, we recommend these projects be captured through a net to gross analysis, as they could represent spillover.

This approach is applicable to both residential and commercial customers.

Data Collection

Cadmus will use information gathered during phone surveys with customers who received a loan through one of the participating lenders during the program year.

We will design a separate survey for residential versus commercial customers. We recommend sufficient completed surveys to achieve 90% confidence with 10% precision, but we recognize that participation in the program at this early stage may not support that level of rigor. The number of completes, in that case, should be as high as possible, and Cadmus will determine the confidence and precision of the available data.

Survey responses will establish the percentage of completed rebate projects that are primarily attributable to availability of financing, versus the availability of the rebate.

For future evaluation, Cadmus suggests that Xcel Energy and the lender coordinate data collection so that the list of loan recipients can be cross-referenced with rebate customers, to verify which are also rebate participants, and for which measures the customer received a rebate. In the event this is not possible, the customer survey can screen for customers that did not receive a rebate. If a customer did not receive a rebate, the survey can then include additional questions to screen for possible savings that could be attributed to the financing program that are not captured in other rebate programs.

Analysis

The phone surveys will ask a series of questions to determine how important the financing product was in the customer's decision-making process.

First, the survey will ask respondents whether they made the decision to complete the project before they were aware that financing was available from Xcel Energy's allies. Respondents that answer positively will be asked a series of clarifying questions to determine if receiving financing influenced their decision about their project's timing, size/quantity, and/or efficiency levels. Respondents that

answer negatively will also be asked a series of clarifying questions, but full credit for these projects will not be attributed to financing.

The survey will then ask respondents that had not decided prior to learning about the financing to what degree they would have moved forward with the same project if the financing were not available, and then repeat that question for the rebate option. If the answers indicate the respondent did not fully depend on financing to complete the project, the survey will ask clarifying questions to determine if some portion of the customer’s motivation was due to financing.

Analysis will place customers into three groups:

1. those who would have completed the exact same project (all) without the financing/rebate
2. those who would have completed some portion of the project (some) without the financing/rebate
3. those who would have completed none of the project (none) without the financing/rebate

Cadmus will score the respondent according to the degree to which the financing influenced their decision to move forward. Table 5 shows conceptually how responses will be scored.

Table 5 illustrates the matrix of attribution options:

Table 5. Attribution Matrix

	Without Reb = All	Without Reb = Some	Without Reb = None
Without Fin? = All	A. No influence in either direction	B. Financing no influence, all influence to Rebate	C. Financing no influence, all influence to Rebate
Without Fin? = Some	D. Rebate no influence, all influence to Fin	E. Split influence evenly	F. Majority of influence to rebate
Without Fin? = None	G. Rebate no influence, all influence to Fin	H. Majority of influence to financing	I. Split influence evenly

Those who would have completed some portion of the project but not all without the financing will be further broken out depending on the portion of the project they would have completed without the financing. The survey will ask clarifying questions to determine which measures the customer would have installed, if those measures would have been of the same efficiency level as what was installed, and if those measures would have been installed in the same timeframe as those that were installed. The actual numerical score will depend on the degree to which the respondent was motivated by financing.

To calculate the actual proportion, Cadmus will use the matrix above to determine if the project should be included in the denominator of the ratio (total number of projects attributable to either financing or rebates), and in the numerator, which in this case will represent the portion of the projects attributable to financing.



These customers will be filtered out of the calculation and will count neither in the denominator (total number of respondents) nor the numerator (score of each respondent).

- A. Score of 0, counted in denominator
- B. Score of 0, counted in denominator
- C. Score of 1, counted in denominator
- D. Score of .5, counted in denominator
- E. Score between .1 and .4, depending on whether financing influenced efficiency, timing, or scope of project; counted in denominator
- F. Score of 1, counted in denominator
- G. Score between .6 and .9, depending on whether rebate influenced efficiency, timing, or scope of project; counted in denominator
- H. Score of .5, counted in denominator