Pay It Forward
to Finance Future Clean Energy Solutions

Todd Parker
February 1, 2022

MichiganSaves.org
Transforming Michigan’s Energy Landscape

Michigan Saves is the nation’s first nonprofit green bank dedicated to making energy improvements easy and affordable.

**Our Impact**
From September 2010 through December 2021, Michigan Saves has supported:

- **354 million dollars** Financed in energy improvements
- **1.8 million metric tons** Reduced carbon emissions
- **4,400 full-time jobs** Supported through Michigan Saves

MichiganSaves.org
Credit Enhancement Structure Residential Program

• Each lender has a loss reserve pool equal to 5 percent of the outstanding loan balance
• In a default, a lender receives 50 to 80 percent of the loan balance, depending on customer FICO score
• This structure incentivizes lenders to close loans each month to build their loss reserve
• Lenders can claim losses if they receive no customer payments for 90 days

Benefits

• Yields better rates and terms that match the needs of clean energy market
• Allows more expansive underwriting
Unsecured Loans: Accessible in Low- to Moderate-income Communities

- More than half of Michigan Saves residential financing flows toward households with the highest energy burdens

56% Low- to moderate-income households
(>60%–120% area median income)

44% High-income households
(>120% area median income)
Market Gaps Remain

- Michigan Saves is working to ensure equitable access to energy efficiency and renewable energy improvement for all residents—no exceptions.
Michigan Saves Loan and Rebate Program

• Funded by DTE
  – $1 million over three years

• Intended for homeowners with incomes slightly above utility income-qualified program requirements

• Short-term loan and rebates structured to be cash flow positive with no initial investment
Program Details

• Eligibility
  – Single-family homeowner
  – Income between 200 and 300 percent of federal poverty level
  – Current on DTE utility bill

• Project
  – Up to $7,500 in energy efficiency improvements
  – Loan term four years
  – Interest rate 5 percent

• Loan Options
  – Fixed loan of $868 with $6,632 rebate ($19.99 loan payment)
  – 50/50 cost share with up to a $3,750 loan and $3,750 rebate ($86.37 loan payment)
Implementation Model

- Customer acquisition
- Lead conversion rate
- Strategy to funnel customers who meet DTE’s income-qualified programs to DTE’s Energy Efficiency Assistance program (EEA)
- Performing energy audits
- Subcontractor relations
# Results

## Program Application Summary

<table>
<thead>
<tr>
<th>Year of Loan</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Pipeline</td>
<td>40</td>
<td>30</td>
<td>143</td>
<td>213</td>
</tr>
<tr>
<td>Completed</td>
<td>20</td>
<td>24</td>
<td>64</td>
<td>108</td>
</tr>
<tr>
<td>Denied</td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Withdrawn</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Not Eligible</td>
<td>12</td>
<td>0</td>
<td>59</td>
<td>71</td>
</tr>
<tr>
<td>Not Interested</td>
<td>1</td>
<td>0</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td><strong>Conversion Rate</strong></td>
<td>50%</td>
<td>80%</td>
<td>45%</td>
<td>51%</td>
</tr>
</tbody>
</table>
## Results

### Loan Summary

<table>
<thead>
<tr>
<th>Year of Loan</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity</td>
<td>20</td>
<td>24</td>
<td>64</td>
<td>108</td>
</tr>
<tr>
<td>Project Cost</td>
<td>$136,230</td>
<td>$158,791</td>
<td>$461,492</td>
<td>$756,513</td>
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<tr>
<td>Original Loan Balance</td>
<td>$22,319</td>
<td>$28,739</td>
<td>$78,530</td>
<td>$129,588</td>
</tr>
<tr>
<td>Remaining Loan Balance</td>
<td>$8,433</td>
<td>$12,643</td>
<td>$54,372</td>
<td>$75,448</td>
</tr>
<tr>
<td>Repayments</td>
<td>10</td>
<td>8</td>
<td>15</td>
<td>33</td>
</tr>
<tr>
<td>Defaults</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Defaulted Loan Balance</td>
<td>$3,474</td>
<td>$0</td>
<td>$0</td>
<td>$3,474</td>
</tr>
</tbody>
</table>

### Energy Savings Summary

<table>
<thead>
<tr>
<th>Year of Loan</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Savings (MWh)</td>
<td>7</td>
<td>13</td>
<td>25</td>
<td>45</td>
</tr>
<tr>
<td>Natural Gas Savings (Therms)</td>
<td>2,680</td>
<td>4,346</td>
<td>19,087</td>
<td>26,112</td>
</tr>
</tbody>
</table>
Lessons Learned

• Neighborhood approach and word of mouth drove demand
• Significant customer interest in big-ticket improvements, like windows
• Health, safety, and code improvements were common
• Homeowners at this income level can afford loans
  – But monthly loan payments are inconsistent
• Nontraditional underwriting criteria works when there is sound program design
Testimonial

“I appreciate all that your program has done for me and my family members that participated. I couldn’t thank you enough, I pray that this program continues for many years to come and you continue to bless those in need.”

-Nickita Parker
What’s next?

• Michigan Saves will begin to revolve the loan repayments into new loans

• With clean energy accelerator funds, Michigan Saves would expand the revolving loan fund
  – Organizations must be able to provide loans, grants, rebates, or a combination of all, so that no one is overburdened by energy costs

• Michigan Saves is looking for utility or governmental partners to provide loan and/or rebate capital
  – Municipal and county governments could use federal stimulus funds
Thank you to our partners!

- DTE
- Walker-Miller Energy Services
- Habitat for Humanity of Huron Valley
- EcoWorks
- Slipstream
- Concord

Our success is because of your commitment!