

RACINE ENERGY EFFICIENCY PROGRAM

Racine, Wisconsin

COWS is partnering with the City of Racine and the Delta Institute to implement the Racine Energy Efficiency Program (REEP). REEP is a Property-Assessed Clean Energy (PACE) financing program that allows homeowners to invest in significant energy efficiency improvements to their homes with no upfront cost – and to pay off the investment over time from the savings.

COWS has developed a program that provides value to homeowners, creates jobs, and has the potential to scale up to retrofit much of Racine's residential building stock. REEP is open to all residents of the City of Racine who meet program criteria – having a house built between 1946 and 1975, and having total energy- and water-usage costs of over \$1700 per year. REEP, which launched in March 2010, is the first operational PACE program in the Midwest.

This case study is current as of April 2010. For more information, visit www.retrofitracine.org. You can also contact James Irwin at jirwin@cows.org.

TIMELINE

In May 2009, the Wisconsin Legislature amended a statute to allow local governments to bill for PACE programs in the same way they bill for other services. In August 2009, the Racine City Council passed a resolution directing the city to use this new law to finance residential energy efficiency work. The mayor launched the program on March 13, 2010. As of April 2010, with no publicity other than the launch announcement, the city has received more than 100 applications. An initial group of ten homes is being assessed for efficiency measures.

REGION

City of Racine

OBJECTIVE

REEP seeks to reduce energy costs for homeowners, reduce energy use, create local jobs in energy efficiency work, and maintain and revolve a pool of funds for ongoing work in energy efficiency. The program initially is targeting owner-occupied homes, with capital to support up to 100 projects, but will consider expanding to small commercial properties. Additional commercial and industrial projects will be considered if the city receives funding as part of a Milwaukee-Madison-Racine Retrofit Ramp-Up grant proposal submitted to the Department of Energy.

PARTNERS/ALLIES

The City of Racine has partnered with COWS in planning and advocating for this program. COWS, in turn, has worked with the Delta Institute, based in Chicago, on some of the technical issues regarding making loans that will be cost-effective for homeowners, and with Home Energy Options, a Racine-based home auditor, to develop an assessment protocol. Racine's State Assembly representative, Cory Mason, has worked on favorable enabling legislation for PACE. The city has engaged local contractors, many of whom already work on existing housing programs, and has coordinated with the local low-income weatherization program.

CONSTITUENTS

Residents of Racine seeking to improve the efficiency, comfort, and value of their home; community members looking for career opportunities; citizens looking to reduce energy use and emissions.

WHAT IS THE SOURCE OF CAPITAL/FINANCING?

Initial funding comes from a portion of the City of Racine's Energy Efficiency Conservation Block Grant, received by formula under the American Reinvestment and Recovery Act (ARRA). Racine has also contributed some city development funds, and is providing staff to operate the program. Through the Delta Institute, there is the possibility of using private capital, available at a very low interest rate. The City of Racine is also party to a Retrofit Ramp-Up grant application to the U.S. Department of Energy, which would allow Racine to expand its efforts to commercial and industrial energy efficiency.

WHAT IS THE PAYBACK MECHANISM?

Customers will receive coupon books with monthly payment slips, which they can mail; the city already has a similar arrangement for other types of housing financing. Alternatively, customers can have their payments automatically debited from a bank account.

JOB TRAINING/CREATION

The program requires contractors to have an office within 20 miles of Racine, and to pay workers at least \$12 an hour for REEP work. A bill pending in the legislature would require a prevailing wage and set stricter local-hire rules, as well as apprenticeship requirements, for all PACE programs in the state.

CHALLENGES

The relatively small scale of the program has also made it difficult to include comprehensive labor standards. In addition, while Racine has been eager to implement a program, its relatively small size – population 80,000 – means it has a relatively small staff with many other duties, so REEP implementation has been back-burnered at times.

RESOURCES

For more information, visit www.cows.org.