
Energy-Efficiency Program Proposal

ThermWise[®] Multifamily Rebates Program

Program Overview

Questar Gas Company (Questar Gas) is proposing to continue the ThermWise Multifamily Rebates Program. This program will be delivered to customers in the Company's Utah service territory and administered by Portland Energy Conservation, Inc. (PECI). The Program will provide rebates for existing multifamily dwellings and new multifamily construction, receiving service on a GS rate schedule. Rebates under the program will be paid directly to property owners, tenants, property managers and builders for installing energy-efficient natural gas measures, which includes high efficient natural gas space and water heating appliances and weatherization measures.

For measures in existing multifamily dwellings, a Company-provided project analysis may be performed to determine baseline conditions prior to installation of any qualifying measure(s). A post-installation project analysis may be performed to verify that the qualifying measures were installed. The project analysis will provide an opportunity to educate owners on opportunities to reduce the cost of property improvements as a result of making investments in energy efficiency. Finally, the project analysis will also serve to help verify energy savings.

Before rebates are paid to builders for ENERGY STAR multifamily projects, ENERGY STAR certification will be required.

The Thermwise Multifamily Rebates Program is designed to encourage property owners, tenants and builders the opportunity to partner with Questar Gas by leveraging the use of the Thermwise program in energy efficiency. This can be utilized through property owner associations, local and state organizations and builders/developers of multifamily projects. This can prove to be advantageous to properties in the marketability of their property as being energy-efficient, assist in reducing tenant's utility bills and help in lowering the cost of property improvements. The program will also assist owners and builders in understanding how to access tax credits and identify low interest loan opportunities by increasing their property's efficiency overall.

The primary objective of the program is to cost effectively deliver a comprehensive offer to multifamily properties that will reduce energy usage for Questar Gas residential customers. Specific strategies and tactics to accomplish these objectives include:

1. Acquire cost-effective savings for Questar Gas GS Customers;
2. Introduce property owners and managers to energy saving opportunities that can improve unit marketability and property value;
3. Insure residential customers, property owners and managers and builders have a positive experience with their participation in the program;
4. Perform project analysis as part of verification, education and recommendation process.

Program Design

Qualifying Customers

Eligibility will be contingent upon who pays for the energy efficient appliance or measure. Individual and centrally metered units are eligible. Qualified customers must be in Questar Gas service territory and have an active Questar Gas account.

ENERGY STAR multifamily projects can include condominiums and town homes.

Multifamily Rebate Measures	Existing Condition	Specification
Gas Water Heaters – 40 gallons or greater	N/A	Tier 1: Energy Factor (EF) 0.62 to 0.66 Tier 2: Energy Factor (EF) 0.67 or greater
ENERGY STAR Clothes Washers	N/A	Tier 1: MEF of 1.80 to 1.99 Tier 2: MEF of 2.00 or greater
Gas Clothes Dryers	N/A	Moisture Sensor Installed
High-efficiency Gas Furnaces	N/A	AFUE of 90% or greater
High-efficiency Gas Boilers	N/A	AFUE of 85% or greater
Tankless Gas Water Heater	N/A	Energy Factor of 0.82 or greater
Solar Assisted Gas Water Heating	N/A	Active system certified OG-100 by SRCC
Wall Insulation	Existing customer / unit, not for new construction	Minimum Increment of R-11
Floor Insulation	Existing customer / unit, not for new construction	Minimum Increment of R-19
Attic Insulation	Existing customer / unit, not for new construction	All completed projects must have minimum insulation levels of R-38 but not greater than R60 Tier 1 requires an R19 to be installed Tier 2 Combined with tier 1 to add R-11 or greater to achieve at least R-38 but not greater than R-60
Replacement Windows	Existing customer / unit, not for new construction	U-factor of .35 or less
ENERGY STAR Multifamily	N/A	ENERGY STAR Certification
Duct Sealing	Existing customer / unit, not for new construction; gas heat; minimum of ten continuous feet of ductwork in unconditioned space*	Performance Tested Comfort System (PTCS) Levels
Duct Insulation	Existing customer / unit, not for new construction ; gas heat; minimum of ten continuous feet of ductwork in unconditioned space*	R-6 or higher

⁴ Unconditioned space = An area or room within a building that is not being heated or cooled, that has no fixed opening directly into an adjacent conditioned space, or which is outside of the building envelope.

List of Qualified DSM Measures

High-efficiency Gas Storage Water Heater

Customers can receive a rebate for installing a high-efficiency gas storage water heater. To be eligible for a Tier 1 rebate, the customer must purchase and install a model with an Energy Factor (EF) of 0.62 to 0.66. To be eligible for a Tier 2 rebate, the customer must purchase and install a model with an Energy Factor (EF) of 0.67 or greater. Qualifying water heaters will have a minimum of 40 gallons in capacity.

ENERGY STAR Clothes Washer

Customers can receive a rebate for installing an ENERGY STAR qualified clothes washer. To be eligible for Consortium for Energy Efficiency (CEE) Tier 1, the customer must purchase an ENERGY STAR qualified model with a Modified Energy Factor (MEF) between 1.80 and 1.99. CEE Tier 2 eligibility will be for models with an MEF of 2.00 or greater.

Gas Clothes Dryer

Customers can receive rebates for installing a gas dryer with a moisture sensor installed.

High-efficiency Gas Furnace

Customers can receive rebates for installing a high-efficiency gas furnace with an AFUE rating of 90% or greater.

High-efficiency Gas Boilers

Customers can receive rebates for installing a high-efficiency gas boiler with an AFUE of 85% or greater.

Solar Assisted Gas Water Heating

Customers can receive a rebate for installing solar assisted water heating system, certified OG-100 by the Solar Rating and Certification Corporation (S R C C).

Tankless Gas Water Heater

Customers can receive a rebate for installing a tankless gas water heater with an EF of 0.82 or greater.

Wall Insulation

Customers can receive rebates for installing wall insulation with a minimum increment of R-11. Only one rebate is offered per premise.

Floor Insulation

Customers can receive rebates for installing floor insulation with a minimum increment of R-19. Only one rebate is offered per premise.

Attic Insulation

Customers can receive rebates for installing attic insulation with a minimum increment of R-19. Installations of an additional R-11 that bring the total to R-30 and above qualify for \$.27/sq ft combined rebate. The final R-value must be at least R-38 but not more than R-60. Only one rebate is offered per premise.

Duct Sealing

Customers can receive rebates for installing duct sealing in an existing home with gas heat.

- Customers must install a minimum of ten continuous feet of ductwork in unconditioned space with a minimum requirement of PTCS levels in order to qualify for a rebate.

Duct Insulation

Customer can receive rebates for installing duct insulation in an existing home with gas heat.

- Customers must install a minimum of ten continuous feet of ductwork in unconditioned space with a minimum requirement of R-6 or higher in order to qualify for a rebate.

Replacement Windows

Customers can receive rebates for installing windows with a U-factor of .35 or less.

ENERGY STAR Multifamily

Builders can receive rebates for building a multifamily residence that meets ENERGY STAR certification. Field verification and proof of ENERGY STAR certification will be required before rebates will be paid.

To receive a rebate, customers will complete and submit an application for a rebate payment after they purchase and/or install a qualifying program measure. Rebate amounts are provided in the table below. These amounts were determined by examining the best available information on incremental costs of the equipment, recognizing the minimum rebate levels necessary to constitute a viable marketing message and overall program cost effectiveness.

Measure	Rebate	Incremental Customer Cost (\$/unit)
High-efficiency Gas Storage Water Heaters Tier 1	\$50	\$100
High-efficiency Gas Storage Water Heaters Tier 2	\$100	\$400
ENERGY STAR Clothes Washers	\$50	\$108
High-efficiency Gas Clothes Dryers	\$30	\$50
High-efficiency Gas Furnaces	\$300	\$675
High-efficiency Gas Boilers	\$400	\$1,300
Solar Assisted Gas Water Heating	\$750	\$6,000
Tankless Gas Water Heater	\$300	\$800
Wall Insulation	\$.30/sq. ft.	\$0.64/sq ft
Floor Insulation	\$.20/sq. ft.	\$0.42/sq ft
Attic Insulation Tier 1 minimum R-19	\$.20/sq. ft.	\$0.50/sq ft
Attic Insulation Tier 2 an additional R-11	\$.07/sq. ft.	\$.20/sq ft
Duct Sealing	\$125	\$425
Duct Insulation	\$150	\$200
Replacement Windows	\$.95/sq. ft.	\$1.30/sq ft
ENERGY STAR Multifamily	\$250	\$881.00

Rebate Limitations

The following requirements apply for all measures:

- Measures must be installed at multifamily properties within the Questar Gas Utah service territory with an active Questar Gas account. A multifamily property description consists of 5 or more units
- Measures must be purchased new, if applicable and not used or leased.
- With the exception of wall, floor and attic insulation, rebates will be paid for up to two of each type of measure purchased and/or installed per exclusive address. For example, a rebate will be paid for up to two high-efficiency furnaces and up to two high-efficiency water heaters, etc., purchased and installed per dwelling unit. Only one rebate per premise is offered for wall, attic and floor insulation respectively.
- Rebates are limited to one ENERGY STAR Multifamily certification per qualifying newly constructed dwelling unit. Each unit will be required to have an exclusive address and will be tracked by Builder as well as site address.
- Duct sealing and duct insulation measures must be installed in unconditioned spaces and will be required to have measures installed by a pre-qualified contractor in order to qualify for incentives.
- Duct sealing and duct insulation measures must be installed on a minimum of 10 continuous linear feet that is in an unconditioned (see previously defined language in measure eligibility) basement, attic and crawl spaces to qualify for the program rebate.
- Duct sealing measures must achieve at minimum of 100 CFM reduction in leakage to the outside to qualify for a rebate.
- Questar Gas customers must install attic insulation meeting tier 1 requirements before qualification for Tier 2. An installation of R-11 alone would not qualify for the 2nd Tier.



Measure	Participants
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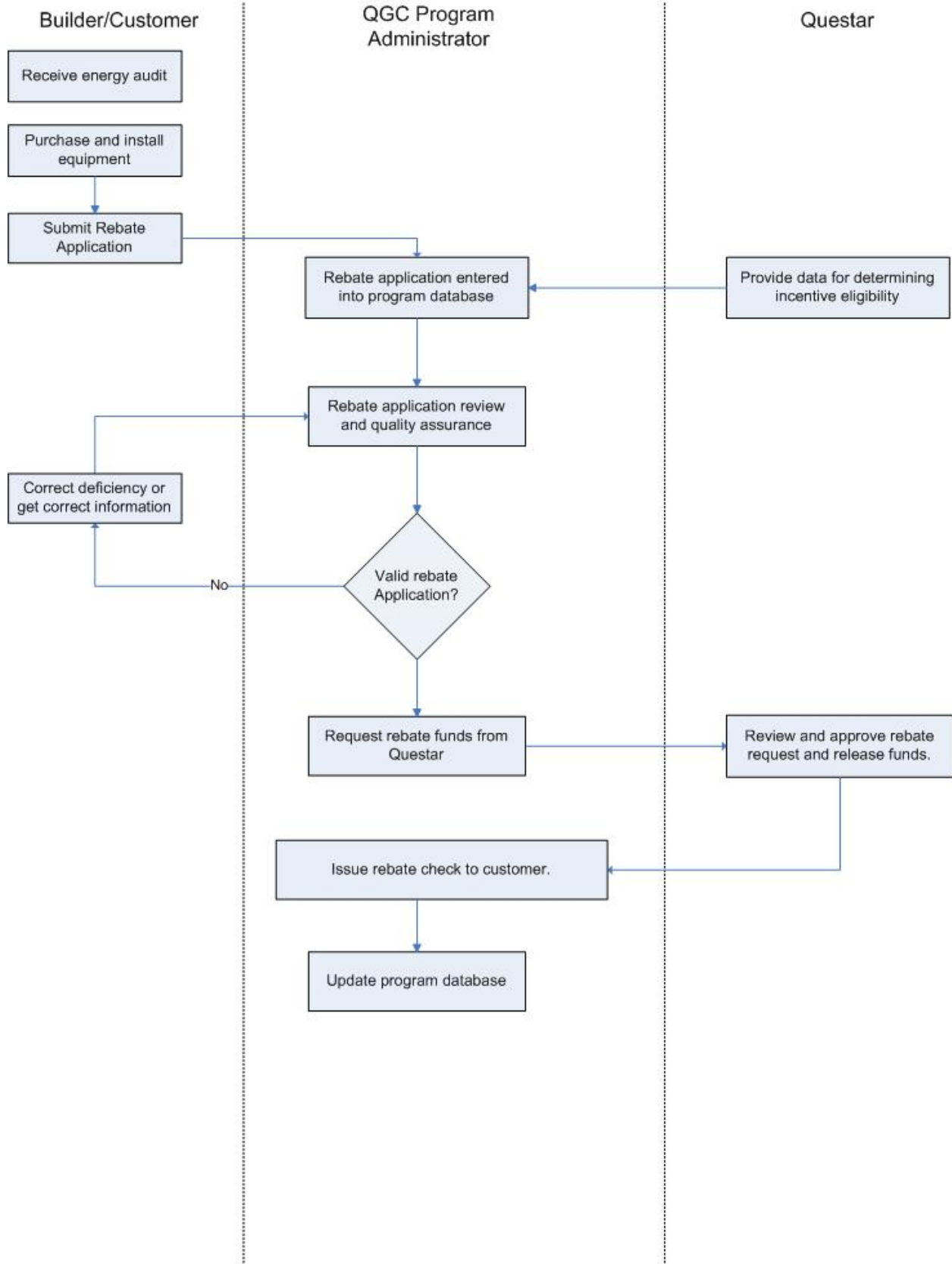
High-efficiency Gas Storage Water Heaters Tier 1	145
High-efficiency Gas Storage Water Heaters Tier 2	5
ENERGY STAR Clothes Washer - Tier 1	100
ENERGY STAR Clothes Washers – Tier 2	450
High-efficiency Gas Clothes Dryers	50
High-efficiency Gas Furnaces	500
High-efficiency Gas Boilers	5
Solar Assisted Gas Water Heating	5
Tankless Gas Water Heater	100
Wall Insulation	10
Floor Insulation	10
Attic Insulation Tier 1	2,250
Attic Insulation Tier 2	250
Duct Sealing	4,000
Duct Insulation	4,000
Replacement Windows	150
ENERGY STAR Multifamily	500
TOTAL	12,530

Process Overview

1. **Receive project analysis** – Some measures may require a project analysis be conducted prior to installation.
2. **Purchase Appliance or Measure** – Customer purchases qualified appliance or installs qualified measure and fills out rebate form or builder builds qualifying ENERGY STAR multifamily project and fills out rebate form.
3. **Appliance or Measure** – Appliance or measure is installed according to program guidelines, if required.

4. **Submittal** – Customer submits the completed rebate form along with a copy of proof of purchase and/or installation and all other required documentation.
5. **Receipt and Data Entry** – Program staff date stamp and enter data into the program database.
6. **Internal Checklist Review** – Data is reviewed for accuracy and qualification according to the following guidelines:
 - Copy of invoice/Proof of Payment – A copy of the customer invoice is required to verify the validity of the sale and purchase information. A proof of payment must be included that indicates the amount and form of payment associated with the purchase.
 - Qualified appliance – The appliance must be on the most current version of the ENERGY STAR qualified model list or meet program eligibility requirements at time of purchase.
 - Qualified weatherization measures – Weatherization measures must be installed in program specified increments. Replacement windows are eligible for rebates only when they are installed with a weatherization measure.
 - Date sold/Date installed – The sale date(s) must be within the valid dates of the tariff.
 - Serial number – The retailer or customer must provide the appliance serial number to prove the individuality of each product.
 - Customer verification – Customer must be a residential customer of Questar Gas and sign the rebate form. Utility account numbers will be used to verify this information.
 - ENERGY STAR certification is required for ENERGY STAR projects
7. **Correction** – If incomplete rebate forms or faulty information is received, customers are contacted in order to correct the application and to advance the application to the approval stage.
8. **Approval** – Payment for the customer is approved after all information is received, entered and completed verification is achieved.
9. **Payment** – Payment is issued and sent to the customer and the database is updated with payment information and efforts are made to stay within a 10 business-day turn-around from receipt to payment.

Customer Application Process



Marketing & Promotion

To optimize market participation in the program, Questar Gas will develop a strategic marketing plan. A marketing campaign will ensure customers, builders, property owners and managers and contractors are aware of the program and the benefits of purchasing and installing energy efficient measures and building to ENERGY STAR standards.

In addition, as with all Questar Gas Demand Side Management programs, market transformation education and awareness advertising will incorporate the program into the overall energy-efficiency campaign advertisements and strategies. All marketing materials will be consistent with existing Questar residential efficiency programs.

Objectives

- Motivate property owners and managers to invest in energy efficiency to upgrade property value and improve unit marketability to tenants.
- Increase Builder commitment to build and offer ENERGY STAR multifamily homes.

Key Messages

- **Enhanced comfort** – Tenants enjoy a home with even temperatures throughout – warmer in winter and cooler in summer – and free from drafts.
- **Savings** – Energy efficient multifamily measures can reduce tenant energy bills every month.
- **Good for the environment** – Choosing to live in a complex that uses less energy helps protect our environment.
- **Enhanced reputation as a quality property owner** – Energy efficiency offers market differentiation.
- **Increased renter satisfaction** – Energy efficient new and existing multifamily homes offer high quality living and ownership experience for homebuyers, leading to tenant retention and pride of ownership.

Builders

- **Increased customer satisfaction** – High performance ENERGY STAR homes offer a high quality living experience for homebuyers and renters.
- **Increased sales and profits** – Today's homebuyers and renters demand and are willing to make an additional investment to enjoy immediate and long-term energy savings.
- **Marketing support and tools** – ENERGY STAR homebuilders can tap into a variety of tools, including cooperative marketing funds, home branding materials and sales tools.
- **Technical assistance and best practices** – Partnering with professional home energy raters and utility field staff helps Builders stay in the know on best practices based on sound building science.

Target audiences:

- Multifamily associations
- Builder organizations
- Low-income organizations
- State and county housing development programs

Tools and Resources

All marketing materials developed will follow approved program style guidelines for consistency and brand and will be developed during the Design Phase. Tools to support the program will include:

- Recruitment Tools
- Tool Kits
- Training Materials
- Website
- Marketing Offers

Strategies and Tactics

1. Identify marketing efforts to access hard to reach markets including low income and fixed income complexes.
2. Identify opportunities to promote incentives that align with other program offerings (low income, state and county housing programs).
3. Promote opportunities for property owners to further reduce investments through the utilization of federal tax credits and/or low interest loan opportunities.
4. Identify opportunities to educate tenants and inform property owners and managers on the challenge of the 'split incentive.' (A result of the incentive disconnect between the parties that pay for the energy saving improvements and those who enjoy the energy bill savings). Include benefits of improved efficiency to increase renter appeal/reduce vacancy rates and improved building quality.
5. Provide homebuilders with tools to market ENERGY STAR homes.

Customer Service Representatives

The program administrator will provide customer service staff to answer customer questions. Staff will be prepared to provide extensive information that includes facts on qualified products, specific benefits of efficient products and current program rebate parameters. The customer service staff will be available during regular business hours (8:00 am – 5:00 p.m. Mountain Time) to respond to inquiries.

Trade allies will also be directed to work with the customer service staff to ask questions regarding rebates, qualified efficient products and any other program-related questions.

Website

Information on ThermWise.com will increase ease of participation and customer service. Information will include:

- Program forms.
- Rebate information and qualifications for easy reference.
- Trade ally materials including training information.
- Contact information.
- Ordering of Thermwise marketing materials

Other

This program will assess other customer service needs as they arise. Possible additions to the customer service toolbox could include:

- Bilingual materials.
- Trainings and exchange of informational materials with the Questar Gas call center.

The trade allies and Home Energy Rating System (HERS) raters represent the critical link to delivering an effective and successful program in the market. The program administrator will develop, maintain and support a strong trade ally network.

Recruitment

A strong trade ally network will be supported through an in-field customer service/marketing staff. Trade ally recruitment will be accomplished through a variety of resources including:

- Field representatives promoting the program through site visits to trade allies.
- Follow up with potential trade allies through phone contact in addition to face to face meetings in order to speed up enrollment.
- Builder Information Kits will be changed to include information specific to the multifamily offering. Delivery of the kits and contact with homebuilders will be made through a variety of resources including:
 - Questar Gas Builder Account Representatives who will promote the offer through their existing sales channels.
 - HERS Raters throughout the region, who will be trained so they can introduce the opportunities to their builders.
 - Introductory letters and Builder Information Kits will be sent to existing Builders in the Questar Gas Utah service territory.

Training

Training will be used to insure quality by builders. Trainings will be provided on many levels from one-on-one scenarios to large group trainings and will be provided through Questar Gas Builder Marketing Representatives, HERS Raters and guest training specialists. Training topics will include:

- Education and assistance for builders regarding program participation.
- Information for builders on energy-efficient building practices.

- Marketing and sales support.

Participation

The program administrator will provide trade allies with resources to support their involvement and help ensure consistent messaging. Field representatives will provide training, marketing materials, rebate forms and general program information.



Measure	Unit Gross Annual Savings (Dth)	Participants	Total Gross Annual Savings (Dth)
High-efficiency Gas Storage Water Heaters Tier 1	1.90	145	276
High-efficiency Gas Storage Water Heaters Tier 2	4.40	5	22
ENERGY STAR Clothes Washers Tier 1	1.58	100	158
ENERGY STAR Clothes Washers Tier 2	2.04	450	918
High-efficiency Gas Clothes Dryers	1.02	50	51
High-efficiency Gas Furnaces	6.77	500	3,385
High-efficiency Gas Boilers	17.90	5	90
Tankless Gas Water Heater	10.20	100	1,020
Solar Assisted Gas Water Heating	15.00	5	75
Wall Insulation	.007/sq. ft.	10	116
Floor Insulation	.009/sq. ft.	10	90
Attic Insulation Tier 1	.007/sq. ft.	2,250	15,750
Attic Insulation Tier 2	.0017/sq. ft.	250	425
Duct Sealing	4.5	4,000	18,000
Duct Insulation	4.2	4,000	16,800
Replacement Windows	.0420/sq. ft.	150	1,260
ENERGY STAR Multifamily	10.65	500	5,325
	Totals	12,530	63,760

The Program is currently in the marketplace so all existing implementation activities will continue without delay assuming program approval. New measures and associated activities will be implemented within 30-45 days after program approval.

The program administration represents the on-going delivery of the program. All internal systems, processes and procedures have been created and are in place. Some modifications may be required due to program changes for 2010.

The database will continue to be updated to capture pertinent and required program information. The database is designed to verify rebate eligibility, provide necessary information for program reporting and collect market information.

Data Tracking

Information collected in the database includes:

- Customer information including name, site address, and account information.
- Equipment details including product name, model number, and serial number.
- Sales data including price, quantity and where purchased.
- Trade Ally information (Builder and contractors performing installations including Builder/company name and contact information).
- Deemed savings of installed measures.
- HERS score for ENERGY STAR homes.

Quality Control

The database is structured to allow for quality control in rebate processing including:

- Prevention of duplicate payments by checking for duplicate entry of site addresses, serial numbers, account numbers, etc.
- Project qualification verified through site location and detailed product information (model numbers, etc.).
- Check for completeness by verifying that all required data has been entered and information is within accepted data parameters.