



Community and Economic Development in North Carolina and Beyond Blog: Driving Demand for Energy Finance Programs

By Glenn Barnes

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Glenn Barnes is Senior Project Director with the Environmental Finance Center based at the UNC School of Government.

In the 1989 film *Field of Dreams*, Kevin Costner plays a farmer who hears a whisper in the cornfields. "If you build it," the whisper says, "he will come." He is inspired to plow down his corn and build a baseball field that eventually brings Shoeless Joe Jackson and others to play.

Recently, local governments have been hearing whispers as well, many spurred on by the availability of ARRA funds, to create renewable energy and energy efficiency financing programs for residents and businesses. And for communities that are interested in implementing energy finance programs, from rebates to grants to loans, there are resources available from the Department of Energy on program design and capitalization.

But what happens if a local government "builds" an energy finance program but nobody comes? What is the best way to ensure that all of the hard work that goes into creating an energy finance program pays off with a large number of satisfied participants?

A group of experts from the Lawrence Berkeley National Lab set out to answer that question. The result of their research is a comprehensive report called *Driving Demand for Home Energy Improvements*. They profile 14 energy efficiency finance programs across the United States, as well as review the best practices for marketing and present tips from contractors and other experts. While the report specifically discusses residential programs, its findings can be applied to commercial programs as well.

One key finding is that, in order to have a successful program, units of government should actively make an appealing case to participants. Simply providing information and financing is not enough. In general, people tend to maintain the status quo, and often people don't realize how much energy they use, or their potential to save. And the upfront costs of programs often discourage people from participating, no matter how short the pay-back period.

The most successful programs focus on creating a simple product that meets the needs of residents and businesses. The message matters—that energy improvements are a practical means of improving comfort and health while promoting the local economy and reducing energy dependence. And the messenger matters as well. Local opinion leaders and local organizations are key partners for any energy finance program, but perhaps the two most important salespeople are peers and contractors. Successful programs encourage participants to share their stories with their friends, family and co-workers, and these programs also encourage and incentivize the local contractors who will be conducting the work to sell the program.

It is also important to understand other energy finance programs available to your residents and businesses, from other levels of government and from utilities. The North Carolina Solar Center maintains a comprehensive, nationwide database of energy efficiency and renewable energy programs called DSIRE, and it includes a summary of tax incentives, rebates, building incentives and loan programs across North Carolina. Successful programs will complement existing programs instead of competing with them.

The authors of the *Driving Demand* study have given several webinars on their findings, which are archived by the Department of Energy.