

“What a difference it can make to your home environment.”

—Beverly Nichols



The Beverly Nichols Home: An Energy Investment

Beverly Nichols’ home has never wanted for charm: the 19th Century Essex Junction converted school house boasts original woodwork and is still painted a lovely bright red, but in 2009 a roofing contractor noticed a significant amount of heat loss.

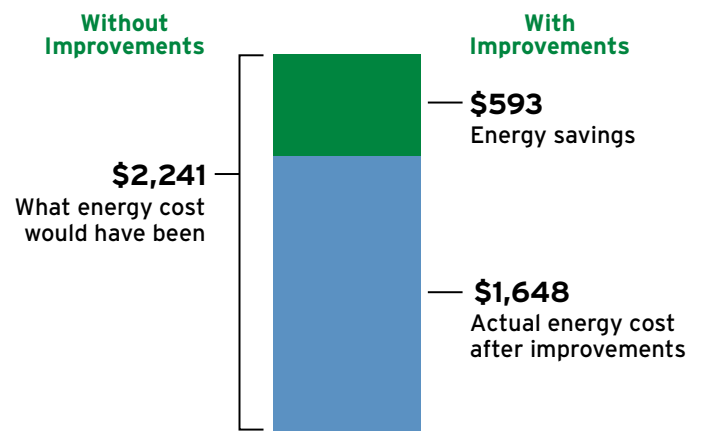
Nichols sought the expertise of Home Performance with ENERGY STAR® contractor Scott Gardner, who completed an energy audit of her home. Gardner provided Nichols with a list of recommended measures, their predicted impact on her energy bills, and the applicable incentives from Efficiency Vermont. Thus informed, Nichols chose which improvements to move forward with to ensure maximum return on her investment. These measures included:

- Whole house insulation;
- Blower-door directed air-sealing;
- Repair of a misdirected dryer vent, which was leaking fumes into the home.

The total project cost for this 2,000 sq. ft. home was \$7,826. Nichols received \$2,500 in incentives from Efficiency Vermont and \$400 in other incentives and she secured a low interest loan for the balance.

Once the improvements were complete, diagnostic tests revealed a 34% reduction in air leakage, within 6% of Gardner’s projected range. Nichols looks forward to many more years of lower bills and increased comfort in her home.

A Summary of Annual Heating Energy Savings and Cost



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Paying for Energy Efficiency Home Improvements

The least expensive way to pay for energy improvements is with cash. Given the typical size of these projects, however, few homeowners have this option available. For Vermonters who are interested in making significant energy efficiency home improvements, appropriate financing can make the investment not only possible, but affordable.

Energy savings can offset fixed monthly loan payments, and the money that would have been spent on energy bills becomes available to make most or all of the loan payments. Although the total cost of a longer loan is higher, increasing the number of payments can reduce the monthly cost and more closely match energy savings.

Beverly Nichols' Project Summary

Total Project Cost	(\$7,826)
Efficiency Vermont Incentive	\$2,500
Other Incentive	\$400
Total Customer Cost	(\$4,926)
Energy Savings	\$593/yr.*

PERSONAL SAVINGS	
Personal Savings Used	\$4,926
Annual Interest Rate	1.00%
Annual Interest	\$49
Annual Cash Flow	\$543

Instead of earning \$49 in interest by keeping the money in her savings account, Nichols would save \$593 on her energy bills, coming out \$543 ahead the first year, and every year after that.

	FINANCING SCENARIOS		
	7 yr. Personal Loan	15 yr. Home Equity Loan	30 yr. Mortgage
Total Amount Borrowed	(\$4,926)	(\$4,926)	(\$4,926)
Annual Interest Rate	7.50%	5.25%	4.75%
Monthly payments	(\$76)	(\$40)	(\$26)
Total Interest	(\$1,421)	(\$2,202)	(\$4,325)
Total Cost	(\$6,347)	(\$7,128)	(\$9,251)
Total Energy Savings During Repayment Period	\$4,149	\$8,891	\$17,781
Cash Flow**			
Monthly	(\$26)	\$10	\$24
Annual	(\$314)	\$118	\$284
Total Cash Flow During Repayment Period	(\$2,198)	\$1,763	\$8,530
	If Nichols decided to use a personal loan, she would need \$2,198 over the term of the loan, in addition to the money from energy savings. Nichols would continue to save \$593* a year after the loan payments were complete.	If Nichols decided to use a home equity loan or mortgage, she could use the money that would otherwise have been spent on energy bills to make her loan payments, and still have money left over. Nichols would continue to save \$593* a year after the loan payments were complete.	

*Assumptions: Energy prices do not change during the life of the loan. All loans are fixed rate. Energy Savings are calculated based on Normal Season Heating Degree Days.

**Cash Flow equals Total Energy Savings during repayment period minus Total Cost.