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I. Introduction
The Louisiana Department of Natural Resources (DNR) will be managing the disbursement of State Energy Program funding from which Home Energy Rebate Option (HERO) funds are drawn as allocated by the U.S. Department of Energy (DOE) according to the 2009 American Recovery and Reinvestment Act (ARRA).

DNR’s grant application and funding distribution strategy were recently approved by DOE and we are proceeding to expedite the implementation of this program. DNR developed a funding distribution strategy to maximize funding availability to all areas of the state while providing an opportunity to increase energy efficiency and the use of renewable energy for the benefit of all Louisiana citizens.

The program is marketed under the name *EmPower Louisiana HERO–Existing Homes Program*. These Program Guidelines provide guidance to Participants on how the EmPower Louisiana HERO Program will be implemented, as well as detail all aspects of the application and reporting process.

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 (ARRA or Public Law 111-5). The stated purposes of the ARRA are to preserve and create jobs; promote economic recovery; assist those most impacted by the recession; provide investments needed to increase economic efficiency by spurring technological advances in science and health; invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and to stabilize state and local government budgets.

2. State Energy Program Formula Grants
The ARRA appropriated funds for the first time to the U.S. Department of Energy (DOE) to issue/award formula-based grants under the State Energy Program. Under this program, DOE provided grant funds to States, Territories and the District of Columbia for eligible projects. The State of Louisiana was allocated a total of $71,694,000 in SEP funds under ARRA, out of which $15,170,448 is allocated to HERO.

II. HERO Program Overview
In 1999 the DNR introduced the Home Energy Rebate Option (HERO) Program in which Louisiana residents would receive up to a $2,000 rebate for making their home more energy efficient. To date the program has saved over 8.7 trillion BTUs of energy for Louisiana residents. Since 2007 the program has been restricted to retrofits of existing homes. With funds from ARRA, the HERO program is expanded to encompass new home construction, existing home retrofits, and commercial property retrofits.

The expanded HERO Program makes $15.2 million available to encourage energy efficiency in homes and commercial properties. The program is designed to support homeowners and businesses seeking to save money on energy and/or reduce their environmental impact through cash incentives for energy efficiency improvements. The program includes three components: New Homes, Existing Homes, and Existing Commercial Buildings.

The *HERO-New Homes Program* encourages the building of energy efficient new homes. Achieving a Home Energy Rating System (HERS) score of 70 qualifies the new home for a $2,000 incentive. The HERO Program will provide a $3,000 rebate for homes that achieve a 50% energy savings for heating and cooling over the 2004 International Energy Conservation Code (IECC 2004) including supplements to that code, where at least 1/5 of the energy savings must come from building envelope improvements.

The *HERO-Existing Homes Program* encourages energy efficiency by providing a cash incentive to Louisiana residents who improve the energy efficiency of their existing home by a minimum of 30%. The incentive is based solely on energy savings expressed in kilowatt-hours (kWh). The incentive will be two cents ($0.02) per kWh savings comparing the pre-improvement home and post-improvement home over 15 years as determined by a HERS rating. The maximum potential rebate is $3,000.
The HERO-Commercial Buildings Retrofit Program is designed to encourage business owners to retrofit their existing commercial properties. The program requires a 10% reduction in annual kWh usage and awards an incentive of one cent ($0.01) per kWh savings comparing the pre-improvement property and the improved property. The maximum potential rebate is $5,000.

III. HERO – Existing Homes Program Goals
DNR created the EmPower Louisiana HERO–Existing Homes Program (Program) to improve the efficiency of approximately 2,300 Louisiana homes by a minimum of 30%. The objective is to make the application process as simple as possible while maintaining the transparency and accountability requirements mandated by Congress in the ARRA. (Guidelines for the Commercial Buildings and New Homes programs are available under separate cover.)

1. Timeline

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Release of New Program Guidelines</td>
<td>May 1, 2010</td>
</tr>
<tr>
<td>Project Eligibility Start Date</td>
<td>July 1, 2009</td>
</tr>
<tr>
<td>Project Eligibility End Date for Preliminary Submittals</td>
<td>August 31, 2011 (or whenever funding is depleted, whichever comes first)</td>
</tr>
<tr>
<td>Project Eligibility End Date for Final Submittals</td>
<td>February 29, 2012</td>
</tr>
<tr>
<td>Program Completion Date</td>
<td>April 30, 2012 (or whenever funding is depleted, whichever comes first)</td>
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</table>

IV. Eligible Applicants
Eligible applicants are owners of existing residential buildings. Rebates can only be awarded to the owner of the property at the time of that final rating. Individual applicants must be Louisiana residents. Business applicants may be for- or non-profit. In the case of partnerships and corporations (including LLCs and other firms), eligible applicants must be licensed to do business in Louisiana and must provide contact information for all principal owners or members.

Individual applicants must be Louisiana residents. Businesses must be licensed to conduct business in the State of Louisiana. Applicants are Subgrantees of the State’s allocated Energy Program Formula Grants and are referenced as Participants below.

V. Eligible Activities
1. Eligible Projects
Eligible projects must be physically located within the State of Louisiana. The Program applies to existing residential buildings of four (4) dwelling units or less. Each residence must be metered separately. If a blower door test is not possible on an existing home, such as a blighted or burned existing home, the home must participate as new construction in the HERO New Homes program. See the HERO New Homes program guidelines for more information. In such cases the energy rater must notify the HERO Program prior to the submittal of the preliminary rating.

2. Ineligible Activities
In order to comply with federal ARRA requirements and to ensure that proposed projects result in the greatest amount of energy savings, and therefore the greatest benefit possible to the State, the following activities are NOT eligible for funding under these guidelines:

(a) Buildings of over four (4) dwelling units.
(b) Non-residential, mixed occupancy buildings, and mobile homes.
EmPower Louisiana HERO—Existing Home Program Guidelines

(c) Portions of a residence. The entire residence must be included in the rating.
(d) Projects begun prior to July 1, 2009.
(e) Buying or leasing property.
(f) Projects that were not rated in accordance with these guidelines prior to the beginning of construction of the improvements.
(g) Only one rebate is available per dwelling unit. Projects are tracked by address. Addresses that have received a HERO rebate in the past are not eligible.
(h) Projects that have received assistance through the State of Louisiana Home Energy Loan Program (HELP) program are not eligible.
(i) Projects that have applied for an ENERGY STAR® rebate through the EmPower Louisiana ENERGY STAR® Appliance Rebate program for the following equipment are ineligible:
   • Room Air Conditioners
   • Gas Storage Water Heaters
   • Gas condensing water heaters
   • Central Air Conditioners
   • Gas Furnaces
   • Electric Heat Pump Water Heaters
   • Gas Tank-less Water Heaters
   • Solar (electric or gas back-up) Water Heaters
   • Air Source Heat Pumps

VI. Eligible Funding Levels
An existing homes project that achieves a 30% reduction in energy use is eligible for up to a maximum $3,000 rebate.

HERO Program rebates are taxable and Participants will receive a 1099-MISC, Miscellaneous Income form from the State of Louisiana for the year in which the rebate is received.

VII. Program Requirements
HERO Program Participants must comply with all program requirements.

1. Project Completion
All projects that receive HERO Program funding from the Louisiana Department of Natural Resources must be completed, including final rating and required documentation, on or before April 30, 2012. The HERO Program will not, without exception, authorize any extensions to the Project Completion Date and reserves the right to terminate a Grant Agreement and de-obligate awarded funds. In such case, the Participant shall not be reimbursed for costs incurred at their risk.

2. HERO Certified Energy Rater
Program energy ratings must be performed by a HERO-Certified Energy Rater (Energy Rater). The term Energy Rater in this document always refers to a HERO-Certified Energy Rater. A HERO-Certified Energy Rater list is available on the program website (http://www.EmPowerLouisiana.org) or by contacting the HERO program hotline at: 1-877-319-1368.

3. Rating and Energy Performance Standards
A preliminary rating of the existing home, as it is before improvements, must be submitted to the Louisiana Department of Natural Resources by the Energy Rater. Existing Homes that do not meet this requirement are disqualified from participation in the HERO Program.

An existing home qualifies for the HERO Program rebate by reducing it energy use by 30% (as determined by the rating process) compared to the home before the energy improvements were made. When the improvements are completed, a final rating will be performed to confirm the energy reduction meets at least the minimum standard.

4. Home Construction Standards if HVAC Equipment is Installed
If new HVAC equipment is installed as part of the improvements the home must also meet the following requirements:
(a) The cooling components of any new air conditioning equipment must meet the minimum Energy Star® efficiency requirements in place at the time of the preliminary rating and new heating components must be of a higher efficiency than what is being replaced. (This is a mandatory requirement. If the replaced cooling side equipment efficiency is less than the minimum Energy Star® efficiency requirements, or any replaced heating side equipment efficiency is equal to or less than the replaced heating side equipment efficiency the home does not qualify for a HERO rebate.)

(b) The home must incorporate improvements from the list below. Each improvement is assigned a number of points. The home must obtain at least 6 points to qualify for a rebate.

1) New Duct System (6 points)
2) Seal and Insulate Chase (3 points)
3) Insulate Knee Walls (6 points)
4) Seal and Insulate Fire Place Opening in attic (3 points)
5) Air Tight Recessed Lighting Fixtures (3 points)
6) Seal and Insulate Attic Access Door (3 points)
7) Increase Attic Insulation (2 points per every R-5 increase)
8) Increase Wall Insulation (2 points per every R-5 increase)
9) Increase Heating System Efficiency (4 points)
10) Increase Water Heater Efficiency (3 points)
11) Window Upgrade (2 points per every three windows)

5. Additional Requirements
Additional requirements are detailed in the document ARRA Requirements that accompanies these guidelines and identifies requirements mandated by ARRA related to federal legislation such as the National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA) Requirements.

VIII. Application Process
In order for an existing home to participate in the HERO Program, the home must be evaluated and rated by an Energy Rater during the planning stages before improvement activities begin. The submission of the rating by the Rater opens a HERO - Existing Homes program application for the project. The typical application process includes the following steps:

1. Participant contacts an Energy Rater. It is expected that the selected Energy Rater will perform ratings throughout the project. If the participant wishes to change raters after the beginning of the process, he/she must contact the HERO Program beforehand.

2. The Energy Rater will verify the availability of funds (via secure internet site). At this time, $3,000 is immediately obligated to the project for 14 days. The Energy Rater will receive a project number (CO#) specific to that property and that property owner.

3. The Energy Rater will perform a preliminary rating on the Participant’s residence and makes recommendations for achieving the energy performance goals.

4. The Participant and the Energy Rater review the energy improvement options and agree on a target performance level and a pathway to compliance.

5. The Energy Rater submits the preliminary rating to the HERO Program.

   (a) Note: The Energy Rater must submit the preliminary rating to the HERO Program within the 14-day obligation-of-funds period to maintain the obligation. If the preliminary rating is not submitted within this period, the obligation expires and the funds automatically revert back to the general HERO program fund.

   (b) Preliminary ratings submitted after the 14-day obligation-of-funds period will be accepted and the process can continue to the next step, but only if funds are available at the time of submittal. If no funds are available, the process ends and the participant will not be able to receive a rebate.
EmPower Louisiana HERO–Existing Home Program Guidelines

(c) Once the Participant’s preliminary energy rating has been submitted to the HERO Program by the energy rater, the participant can monitor the status of the process through the HERO system by going to: http://www.EmPowerlouisiana.org.

6. The HERO Program revises the fund obligation period to 6-months to provide time for project completion and submittal of energy rating documentation.

7. The Participant completes the improvements to the residence and contacts the original Energy Rater to perform the final rating. For the project to receive a rebate, the final rating must verify the required energy performance level.

(a) To calculate a qualifying 30% improvement in an existing home, multiply the preliminary rating score by 0.70, the result of the calculation will be the minimum qualifying score to participate. (Example: If a Preliminary Rating Score is 170, the maximum qualifying Final Rating Score for that home is 119 (170 X 0.70 = 119) i.e. the rating must be 119 or less)

(b) The rebate is calculated by multiplying the annual kWh savings in the improved home by 15 years and awarding 2 cents ($0.02) per kWh saved for the total 15 years, up to a maximum of $3,000.

(c) The final rating and all required documentation must be submitted within the 6-month obligation-of-funds period. For projects not meeting this requirement, rebates will be paid only if funding is still available.

8. The rebate is issued to Participant by the HERO Existing Homes program.

1. Required Documents
The Energy Rater will be responsible for submittal of the required documents, but the Participant is responsible for the accuracy of all documents submitted to The HERO Program. Several of the documents require the participant’s signature in addition to the other information. The list below summarizes the required documents:

<table>
<thead>
<tr>
<th>Required Documents</th>
<th>At Preliminary Rating</th>
<th>At Final Rating</th>
<th>Participant Responsible</th>
<th>Energy Rater Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>HERO Cover Sheet</td>
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<tr>
<td>Form 1119</td>
<td>unsigned</td>
<td>signed</td>
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<td>Tax Letter</td>
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<td>New ENERGY STAR® HVAC Equipment Form</td>
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<tr>
<td>New NON-ENERGY STAR® HVAC Equipment Form</td>
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<td>SHPO Form</td>
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<td>REMRate BLG Files</td>
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<td>Economic Summary</td>
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<td>Energy Cost and Features Report</td>
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<tr>
<td>Quick Analysis for As Is and Proposed/Improved</td>
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2. Description of Required Documents
HERO Cover Sheet. The HERO Cover Sheet summarizes the results of the rating.
Form 1119. This form establishes the final rebate amount. The Certified Energy Rater is responsible for the technical portions of the form. It must be signed by the applicant prior to final submission.

Tax Letter. All cash rebate amounts are currently taxable. The Applicant’s signature on this document demonstrates acknowledgement. The Applicant will receive a 1099 for the year the rebate is received.

W-9. The HERO Program is required to file an information return (1099) with the IRS for all rebates. This form provides your taxpayer identification number (TIN) for that purpose.

Energy Star® and NON-Energy Star® Equipment Forms: List Make(s), model(s), & serial no(s) of any new equipment installed from the list at section III, paragraph 2. item (i) above since the preliminary audit on the building – required for verification purposes.

SHPO Form. Certification that requirements of the National Historic Preservation Act have been met.

REMRate BLG Files: These are input files for the software that performs the rating calculation for your project.

Building Performance Summary Report: This report produces annual pre-improvement and post-improvement energy usage in millions of btu (Mmbtu).

Economic Summary. Projected utility savings of the home over the useful life of energy efficiency measures incorporated into the home.

Home Tax Credit Report. This report indicates if the home meets the requirements of the 2005 EPACT Tax Credit for New Homes

Energy Cost and Features Form. Utility use comparison between as-is and improved home improvements.

3. Receipts for 3rd Party Audits

The homeowner must maintain and be able to provide valid receipts for all of the energy efficiency improvements installed as part of the improvement measures. The homeowner must present a pristine copy of these receipts to the energy rater at the time of the final rating. Neither the homeowner nor the energy rater will submit these receipts to DNR, but both must maintain these receipts for a minimum of three years from the date of the final rating and be able to produce them should the participating existing home be randomly selected for an an independent 3rd party audit during the three year period.