ELEVATE
Equity through climate action

# Building Electrification Program FAQs

## What is building electrification?

Building electrification means replacing equipment that uses fossil fuels with electric alternatives. In a house or apartment, this equipment includes heating systems, clothes dryers, water heaters, stoves, and ovens.

Burning fossil fuels – typically propane or natural gas – to provide heating, cooling, and hot water in buildings creates significant indoor air pollution and greenhouse gas emissions. Removing fossil fuels from our homes reduces carbon emissions, helps fight climate change, and makes our homes healthier to live in.

## Why should I invest in building electrification?

Building electrification has a number of benefits for owners that want to improve their home or property.

1. **Stable utility costs.** Natural gas costs are projected to continue to rise substantially over the next decade due to unstable supply. While electricity costs will also rise, their increase will be less than gas. Switching to an all-electric home is a more affordable and stable option for powering your home or property.
2. **Integration with renewables.** Solar, wind, and other renewables generate energy in the form of electricity, which means this renewable energy can only be used by electric appliances. Electrification means more opportunities to use renewable energy at your home or building.
3. **Added air conditioning.** Heat pumps, the most common electrification option for HVAC system replacement, deliver both heating and cooling through the same system. Electrification of your home or property means adding the benefit of air conditioning.
4. **Safer Apartments.** By removing combustion appliances, electrification retrofits can improve indoor air quality and remove fire and CO hazards.
5. **Climate action.** Burning fossil fuels like gas or oil to provide heating, cooling, and hot water in buildings is a significant source of air pollution and greenhouse gas emissions. If you want to reduce your carbon emissions and energy use, building electrification is a great step to take.

## What is the Building Electrification Program?

Elevate's Building Electrification Program (BEP) provides financial support and a turnkey service delivery model to homeowners and multi-family property owners to implement building electrification retrofits.

BEP is designed to 1) help remove and replace on-site combustion of fossil fuels for space heating, hot water, clothes drying, with clean energy technologies, 2) create a healthier living environment, and 3) generate energy and carbon savings.

BEP leverages grant funding to contribute to the overall costs of these building electrification upgrades.

## Why should I go through BEP to electrify my building?

Participating in BEP gives you access to funding and support from Elevate's team at every stage of the electrification process. Our team will support you with identifying retrofit opportunities, projecting utility bill savings, financing projects, selecting contractors, and overseeing work. By working with Elevate your building electrification project will be backed by decades of experience.

See "What does participation in BEP look like?" below for more details of the participation process.

## How much does building electrification cost?

The cost of building electrification depends on the building configuration and related needs. For example, HVAC equipment could range from $12,000-$20,000 per residential unit, and could increase if ductwork or a more complicated system design (such as VRF) is required.

In addition, the home or property may need electrical service upgrades to accommodate the increased electricity demand, a cost which varies depending on how many panel and meter upgrades are required.

Additional equipment costs can include electric stoves, electric clothes dryers (heat pump or regular), and electric hot water heater (heat pump hybrid or electric resistance).

Additional non-equipment costs may include: permitting, utility fees, staff time for tenant notifications and accompanying contractors, potential patch and paint work, and other general construction, demolition, asbestos and lead remediation, as needed.

## Does BEP cover the cost of electrification projects?

Elevate provides funding through BEP to assist eligible homeowners and with completing an electrification retrofit project by offsetting equipment, labor, and monitoring costs, as well as potential service upgrades.

We fully fund eligible single-family electrification projects. We fund multi-family electrification projects, however the program funding available is typically not enough to offset the full costs of electrifying a multi-family building, depending on the size of the property and scope of the project.

Elevate will only provide grant support to building electrification projects that will result in energy and carbon savings.

## What upgrades/retrofits are covered through BEP?

The following are retrofit measures that are funded through BEP:

- Air source heat pumps (including ductless and central VRF options)
- Electric hot water heaters
- Electric and induction stoves
- Electric dryers
- Electrical improvements including service upgrades
- Solar feasibility analysis

- Normal construction costs that should be expected as part of electrification projects, including items such as general construction fees, demolition, permitting, and utility fees.
- In some cases, BEP funding may cover the costs of weatherization such as air sealing and insulation, as part of a comprehensive retrofit, especially where energy efficiency savings will be necessary to offset added electrical load from electrification measures.

BEP funding cannot be used for:

- Natural gas or propane appliances.
- Upgrades that will increase the overall energy use/cost or carbon intensity of the building.
- Upgrades that are not related to electrification but are planned concurrently. For example, a kitchen renovation could be underway at the same time as the installation of a new stove.

The program will provide estimates of utility and cost savings, but it does not provide a guarantee of savings.

## Who is eligible for BEP?

BEP is eligible to affordable single-family homes and multi-family buildings in Illinois, Wisconsin, and Michigan. Affordable housing can be subsidized or unsubsidized housing that is located in census tracts that are 80% or less of the area medium income (AMI). If you are not located in one of these census tracts but believe you are still eligible, we can assess rent rolls to determine eligibility.

We take an equitable approach to building electrification by providing electrification upgrades in communities that have historically been under-resourced. BEP is specifically aimed for homeowners with lower incomes, renters, seniors, and other people that are more likely to live in older buildings with higher energy costs and face barriers to accessing clean energy technologies.

There are no rent requirements to participate in BEP. However, if costs from the project are expected to be impacted fully on tenants' rent without considering renewables to offset those costs, this will not be an eligible project.

## What do I need to qualify?

Elevate funds BEP projects based on the building's eligibility and potential to reduce carbon emissions and complete electrification upgrades. Buildings with natural gas, propane, and electric resistance heat could all be potential candidates, depending on the expected energy usage reduction from the electrification upgrade.

To qualify for BEP, the owner will need to be willing to provide past utility data to complete Elevate's initial analysis, and site access to complete an energy assessment to determine project feasibility.

If the building is vacant and/or you cannot provide past utility data, we will do modeling to estimate utility usage. We will still require post-retrofit utility data from the building.

## Do I have to make my building fully electric to participate?

While full electrification (removing all fossil fuel use from the home/property) is the ultimate goal, the program will fund partial electrification projects.

A partial electrification project is one in which the HVAC system is upgraded to heat pumps, but other fossil-fuel powered appliances such as hot water heaters or stoves remain in place. The reasons for a partial electrification could include insufficient funding for a full project, capital planning needs, inability to complete a required service upgrade, etc.

## What does participation in BEP look like?

1. **Building and Energy Analysis:** Elevate's team will complete a free preliminary utility data analysis and building assessment to assess feasibility. This may include an on-site assessment to identify specific electrification recommendations and analyze the expected energy use, cost savings, carbon savings, installation costs, solar potential, and potential funding amount. If eligible, this step is provided at no cost with no commitment to completing work needed from the owner. **Elevate will only recommend moving forward with BEP at this point if the project will result in energy and carbon savings.**

2. **Project Scoping and Design**: If applicable, Elevate will then complete a detailed engineering design of new all-electric systems to be used to support the development of bids and permitting process.

3. **Project Plan and Financing**: Elevate will request and evaluate proposals for the electrification upgrades from qualified contractors. After proposals are selected, the project budget will be supplemented with Elevate grant funding and plans to secure additional energy efficiency incentives, and/or low-cost financing, if necessary.

4. **Construction and Oversight**: Once electrical and HVAC work is underway, Elevate's construction team will conduct interim and final inspections, including commissioning to assure that the new systems are all functioning per design. Building facility managers will also be fully trained in equipment maintenance for the new systems.

5. **Ongoing Monitoring:** Post-retrofit monitoring and oversight will be conducted on an on-going basis. Owners are required to share utility bill data for a year post-retrofit. Elevate's construction teams will conduct additional inspections as needed.

## Is there a deadline to apply?

Funding is available on an ongoing basis. Elevate will work with owners and prioritize electrification projects that can occur during the 2023 calendar year.

To avoid interruption to residents during the heating season, priority is given to heating projects that can be completed over the spring and summer. Additionally, heat pumps may face substantial delays due to global supply chain issues, so longer lead times between soliciting bids and commencing construction are expected in 2023.

## Is my building a good fit for electrification?

Elevate conducts assessments and energy analysis on all building types to determine fit, but the following guidance is offered based on the team's experience of what makes a building a good fit for electrification:

- Completed weatherization upgrades (proper air sealing and insulation) or have plans for weatherization improvements to complement the electrification retrofits. Weatherization is a vital step toward maximize the benefits of electrification (savings and performance) and sizing equipment correctly.
- Older equipment (more than 10-15 years old), reaching the end of their useful life, so as not to replace major systems that are newly installed.
- Some operating/capital reserves to help supplement the project costs not covered by the grant.
- Propane buildings are excellent candidates for the program, as they are likely to realize significant annual cost savings. However, they may have higher upfront costs due to more complex design needs.
- Electric resistance heating are less likely to need an electric service upgrade. As a result, they have the potential to move more quickly into construction with lower upfront costs.
- Gas furnaces are likely to have simpler system designs because the ductwork is in place. However, centrally heated gas boiler buildings can still be electrified.
- Solar has been installed or is planned will likely maximize utility cost savings.

## How will electrification impact my energy bills?

The owner and tenant (if multi-family) energy bill impacts will vary depending on the building size, previous energy usage and costs, metering and payment setup, and whether fully electrifying or not, etc. Following the initial building assessment, a utility bill analysis will model expected changes to your utility bills. Elevate will not electrify a building if it will result in increased utility costs without discussing it with the owner first. If the project is expected to increase utility costs we will discuss options to offset increased costs through solar, rate design, etc.

Participating in BEP for a full electrification project will eliminate all common area and tenant natural gas utility bills.

Heat pump technology offers the added benefit of providing central cooling to residential units. In some instances (where there was no air conditioning prior to the retrofit) electricity costs may rise during the summer months.

## Can I see a building that you've completed work at?

Elevate is currently under construction for electrification upgrades in Illinois, Michigan, and Wisconsin. This portfolio spans over 120 residential units.

Hear from a Chicago Lawn homeowner about the electrification at her home in this video: https://www.youtube.com/watch?v=29qqmlc4dO4

## Where does the funding for grants come from?

Elevate has secured grant support funds from national, philanthropic donors to complete retrofit projects and deploy electrification equipment in multifamily affordable housing in 2023.

## How can I apply?

Please see the "Who is eligible for BEP?" section to verify if you think you're eligible for this program. Get started by emailing BEPteam@ElevateNP.org to talk to a member of our team to see if BEP is an opportunity for you!