

**TO: Rahm Emanuel**  
**FROM: Rep. Peter Welch**  
**DATE: October 29, 2009**  
**RE: Creating Jobs through Energy Efficiency Home Retrofits**

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A **national energy efficiency home retrofit program** will quickly create jobs while saving homeowners money.

**The jobs:** In the next two years, President Obama can put **600,000-850,000\* unemployed Americans back to work retrofitting over 5 million homes**, saving homeowners \$3.3 billion per year on energy bills, and offsetting the equivalent emissions of over 3 million cars.

**The program:** This program would be based on H.R. 1778, the Retrofit for Energy and Environmental Performance (REEP) program in the American Clean Energy and Security (ACES) Act (Sec. 202) and in the Senate's climate legislation (Sec. 164). The REEP program is designed to scale rapidly, combining a **"prescriptive" first track** (e.g., a \$1,000 incentive for basic efficiency measures such as insulation and caulking) with a more comprehensive **"performance" second track** (where incentives are tied to performance of whole-house energy improvements). The first track can be deployed through existing infrastructure to achieve **immediate short-term job creation**. Limited funds and lower incentives in the first track will drive a market for the more lucrative and longer-term second track, with both greater savings and enduring jobs.

**The cost:** \$20 billion over two years from already appropriated Recovery Act funds.

**The pay-for:** I believe the Administration has legal authority under current law to undertake such a program, **consistent with the Vice President's October 19 initiative**, and could **use existing Recovery Act funds**. These incentives could be deployed as a direct subsidy through a federal office or existing rebate programs at the state level. To further leverage federal resources, innovative financing, including PACE bonds and revolving loan funds, could also be deployed. This federal investment will lay the foundation for a long-term domestic home performance industry providing good jobs that cannot be outsourced.

**The support:** This program leverages the Retrofit for Energy and Environmental Performance (REEP) legislation that is part of both the House and Senate climate bills, and has been thoroughly vetted and received **widespread support from industry** (including the National Home Builders and National Realtors), environmental groups, and labor. Unlike "Cash for Clunkers," the program lays the groundwork for the long-term energy savings and job creation from home retrofits, while also serving as a vehicle to build public support for pending climate legislation.

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\* Calculated by ClimateWorks using external models provided by REMI and McKinsey & Co.