



Efficiency as a Service in the Residential Market

Lessons Learned

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Sealed

ESAs: A better way to increase home retrofit adoption

It's time to modernize home heating and cooling. That's why Sealed is on a mission to make every home to be healthy, comfortable, and clean for the planet.

Sealed finances key home improvements through energy savings. If a homeowner doesn't save energy, they don't pay Sealed.

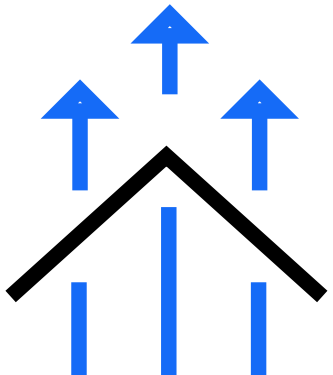
“I am usually skeptical of such things as a win-win but this is clearly one of them! ..Your home increases in value... you are just more comfortable ...and it helps the utility company by reducing the demand of outdated homes.

Rick C.
Pelham, NY.

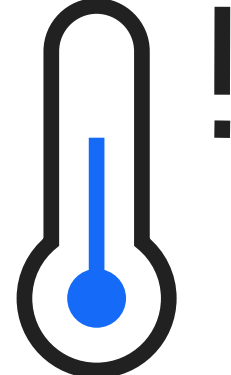


With Sealed, home feels better

It is not about the dollars and the cents - it's about the chills and the sweats



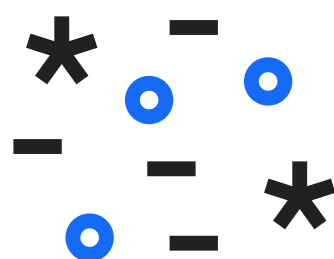
Drafty Rooms
and Icy floors



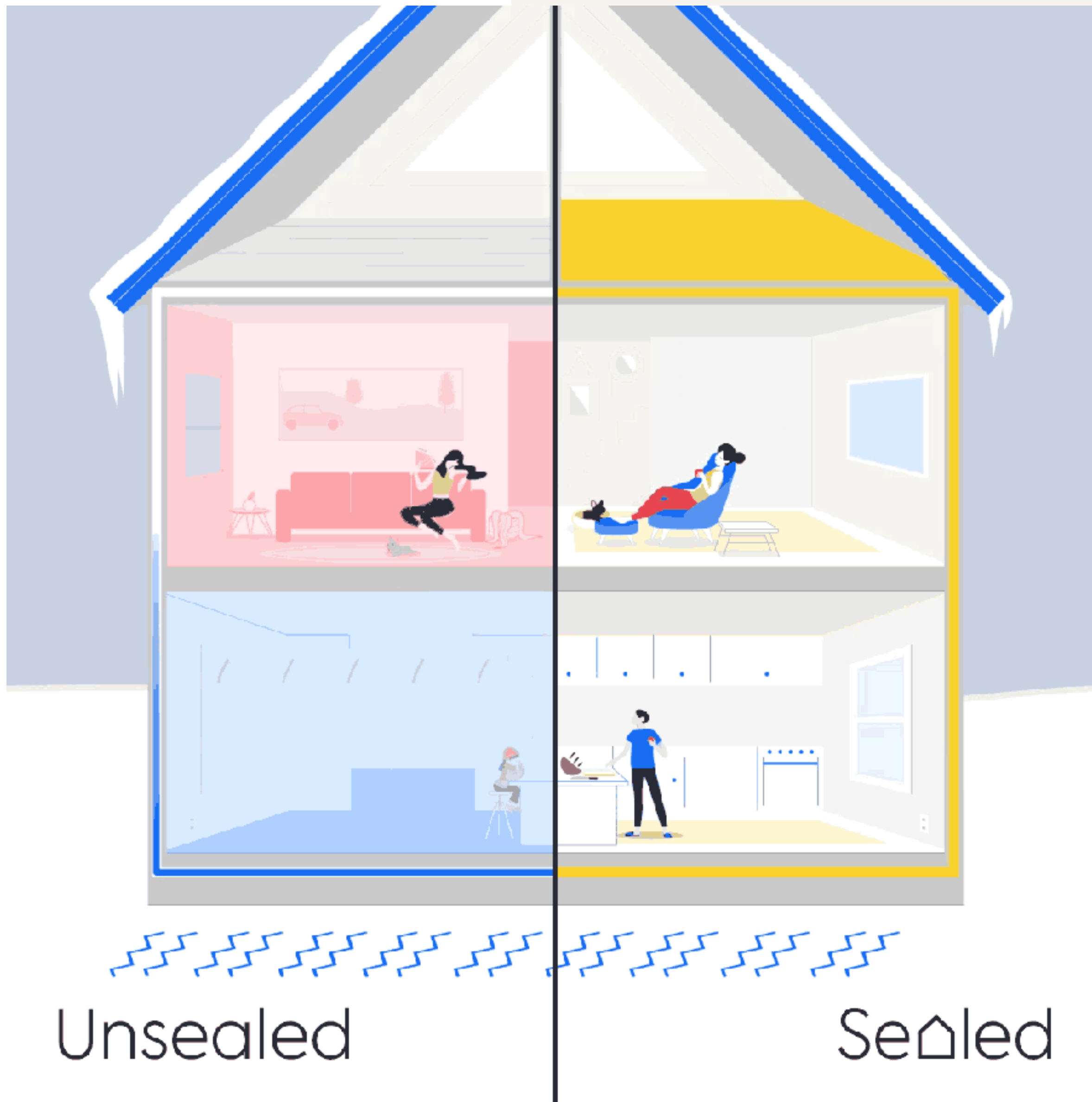
Hot and
cold spots



Out of date
heating and
cooling systems



Poor air
quality



Unsealed

Sealed

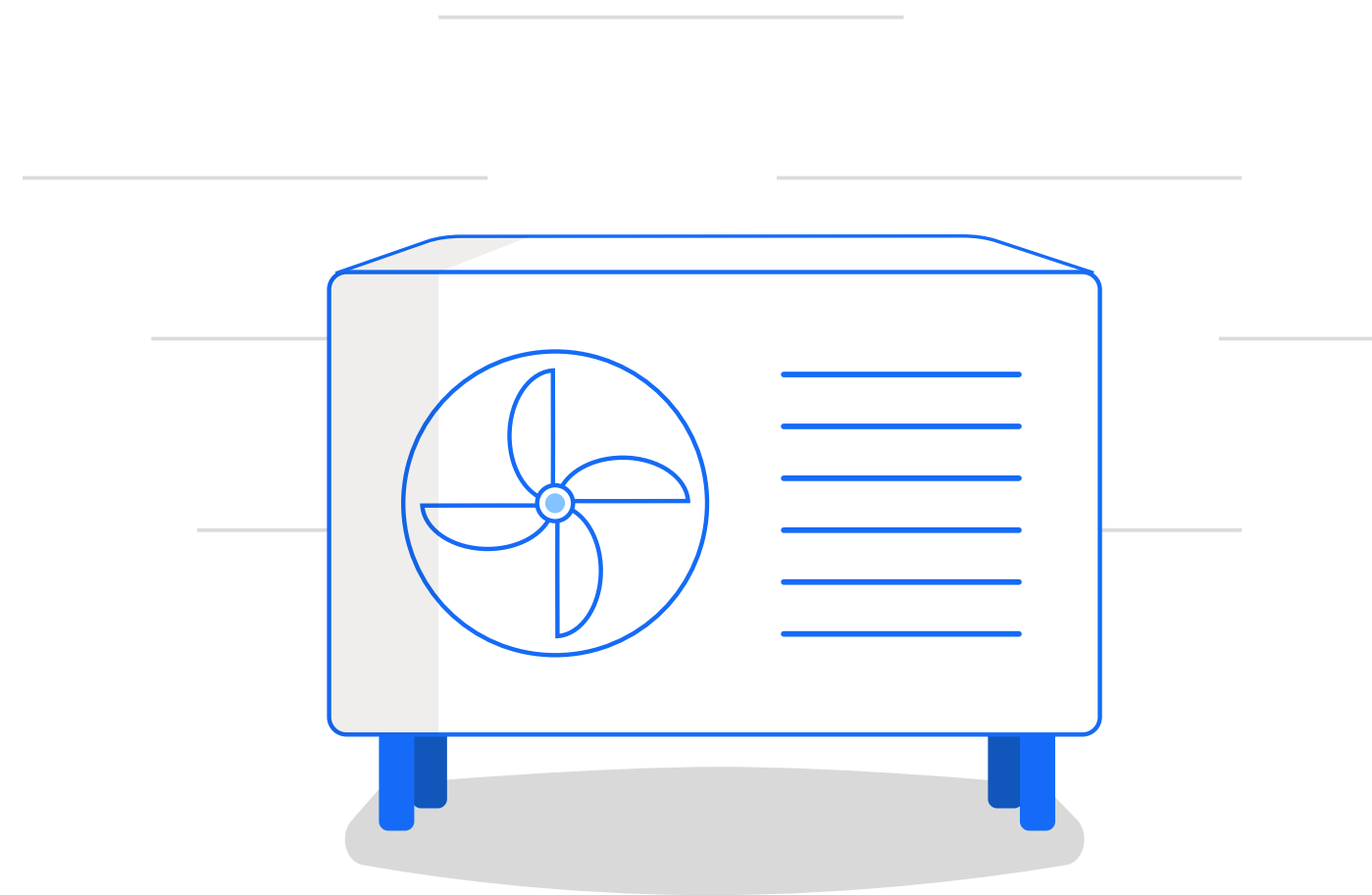


Modernize homes through deep retrofits

We have the technology - we need adoption!



Insulation



HVAC

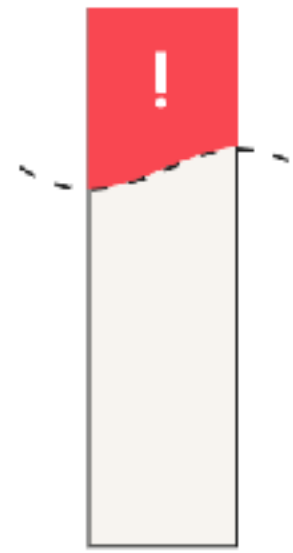


Smart Home Tech



Upfront costs are a barrier to adoption

Homeowners want to improve their home's comfort, value and efficiency, but have limited budgets. Existing financing options are undesirable.



\$10K

Average price of a home retrofit ¹



68%

Homeowners want home retrofit if cost were no factor ²



< \$3K

Budget for all home improvements ³



< 10%

US homeowners that expect to pay with unsecured loan ⁴

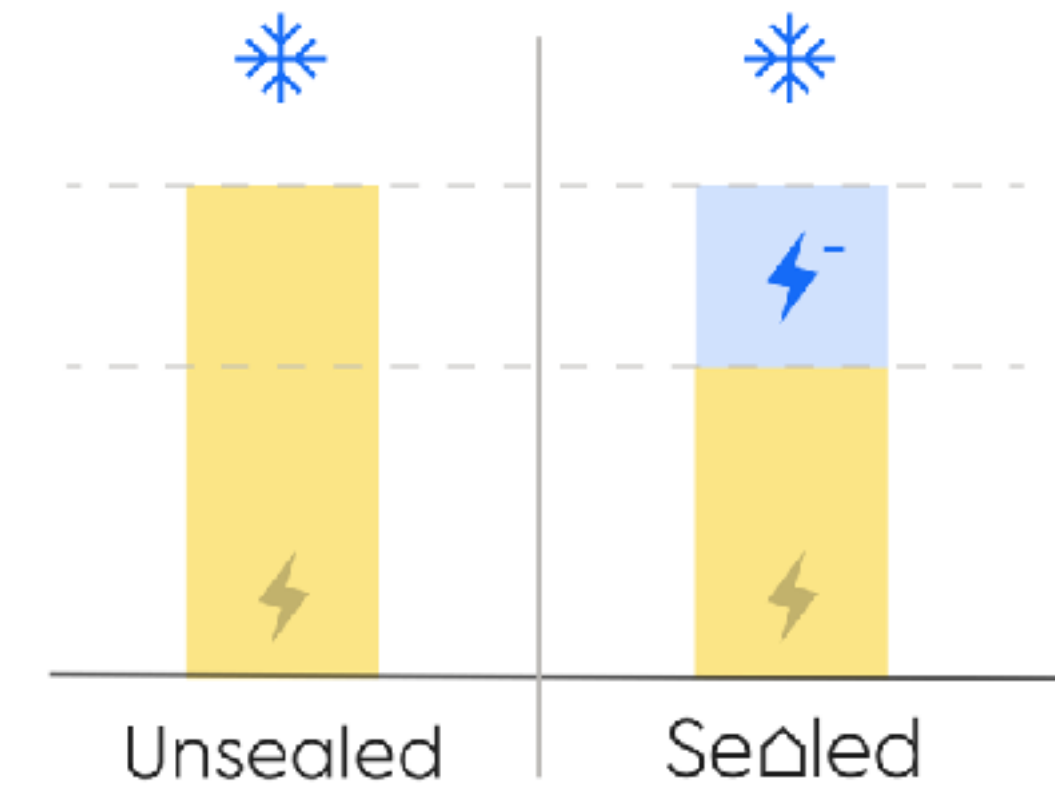
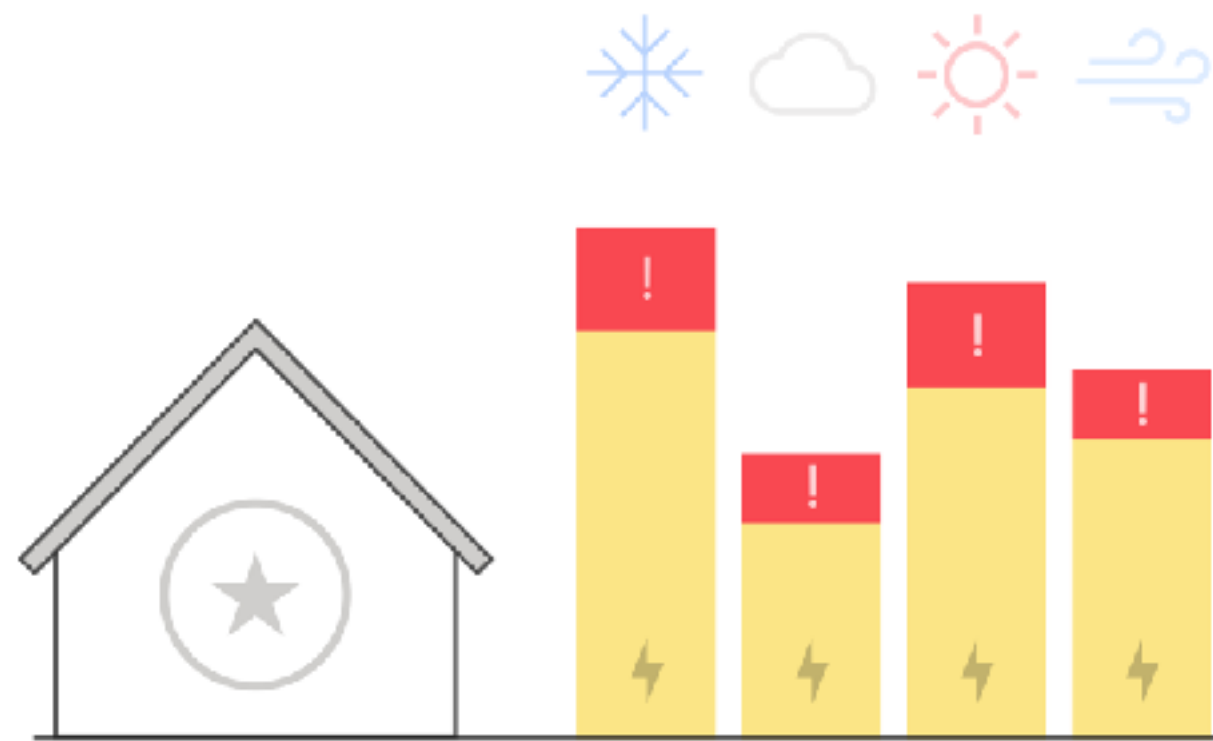
1. Sealed project portfolio analysis
2. Average project price according to Sealed internal data, 7,000+ leads

3. Joint Center for Housing Studies, 2017 report (2015 data)
4. Demand Institute 2015 American Communities Survey



Sealed covers the upfront costs and is paid based on energy savings

We only get paid if the customer saves energy.



① We identify energy waste and make a custom plan for homeowners.

② We find the right contractor and coordinate all the work. At no upfront cost.

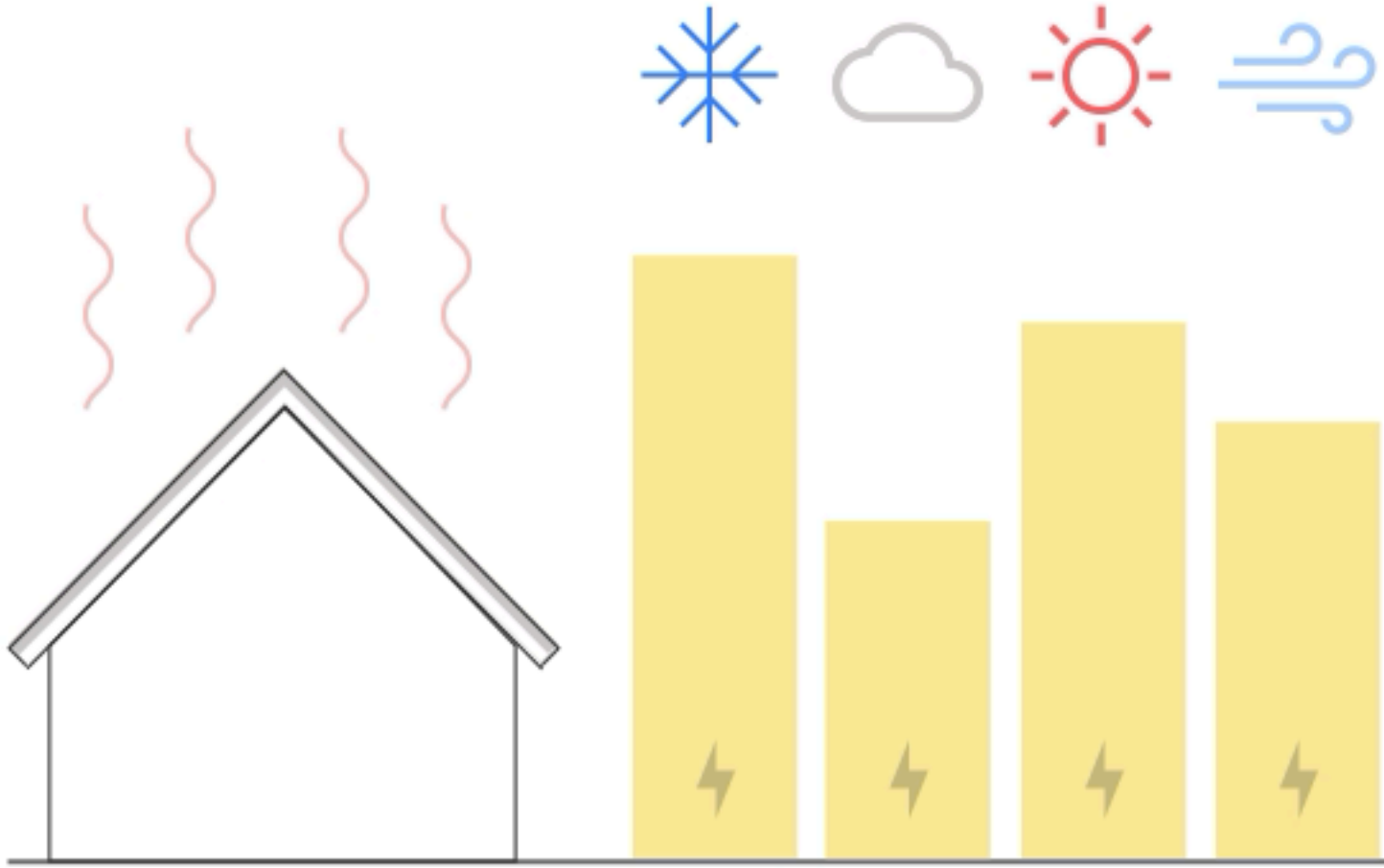
③ Sealed gets paid with the energy saved. No savings, no bill.



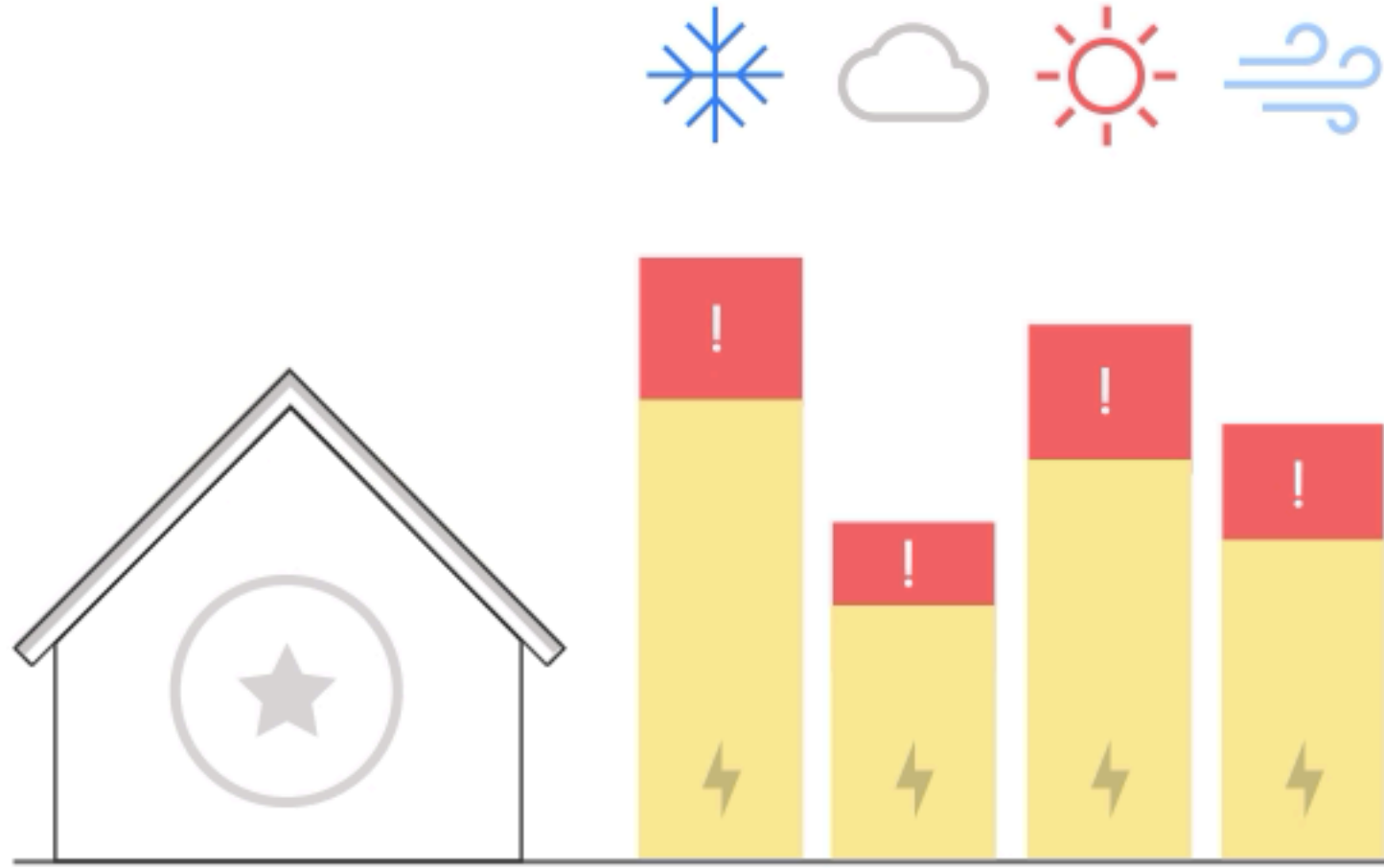
Assess your house's unique energy profile



① Each house has a unique energy profile, which depends on the weather, structure of the house, and the people who live there.



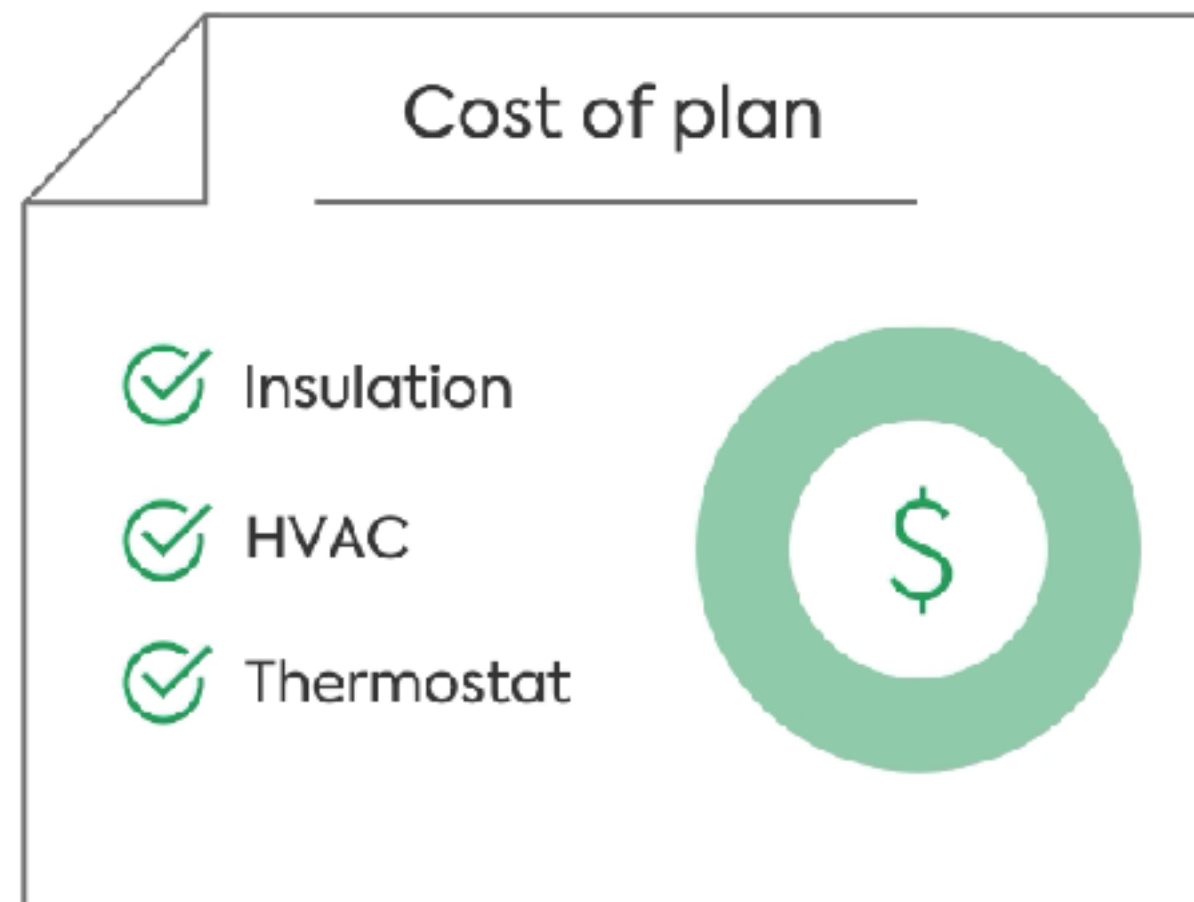
② We analyze your house's structural details and historical energy usage patterns across all seasons.



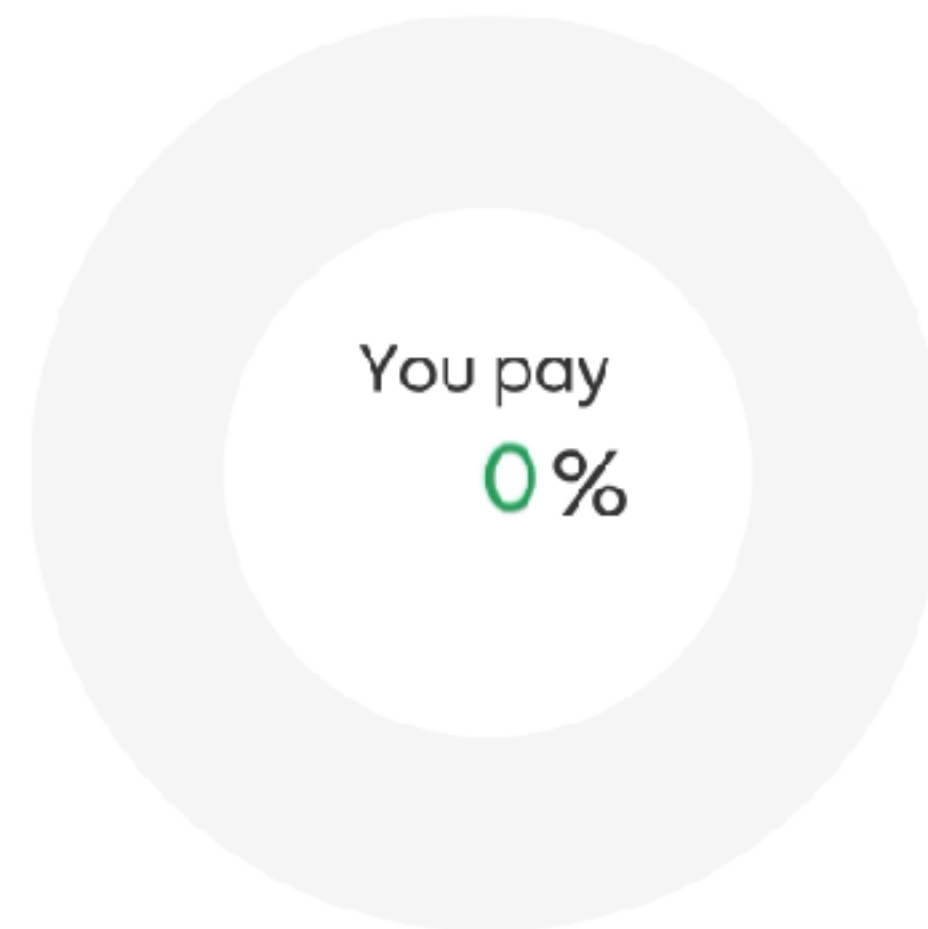
③ Your energy profile tells us how your house is using energy in varying weather conditions, and the possible energy waste.



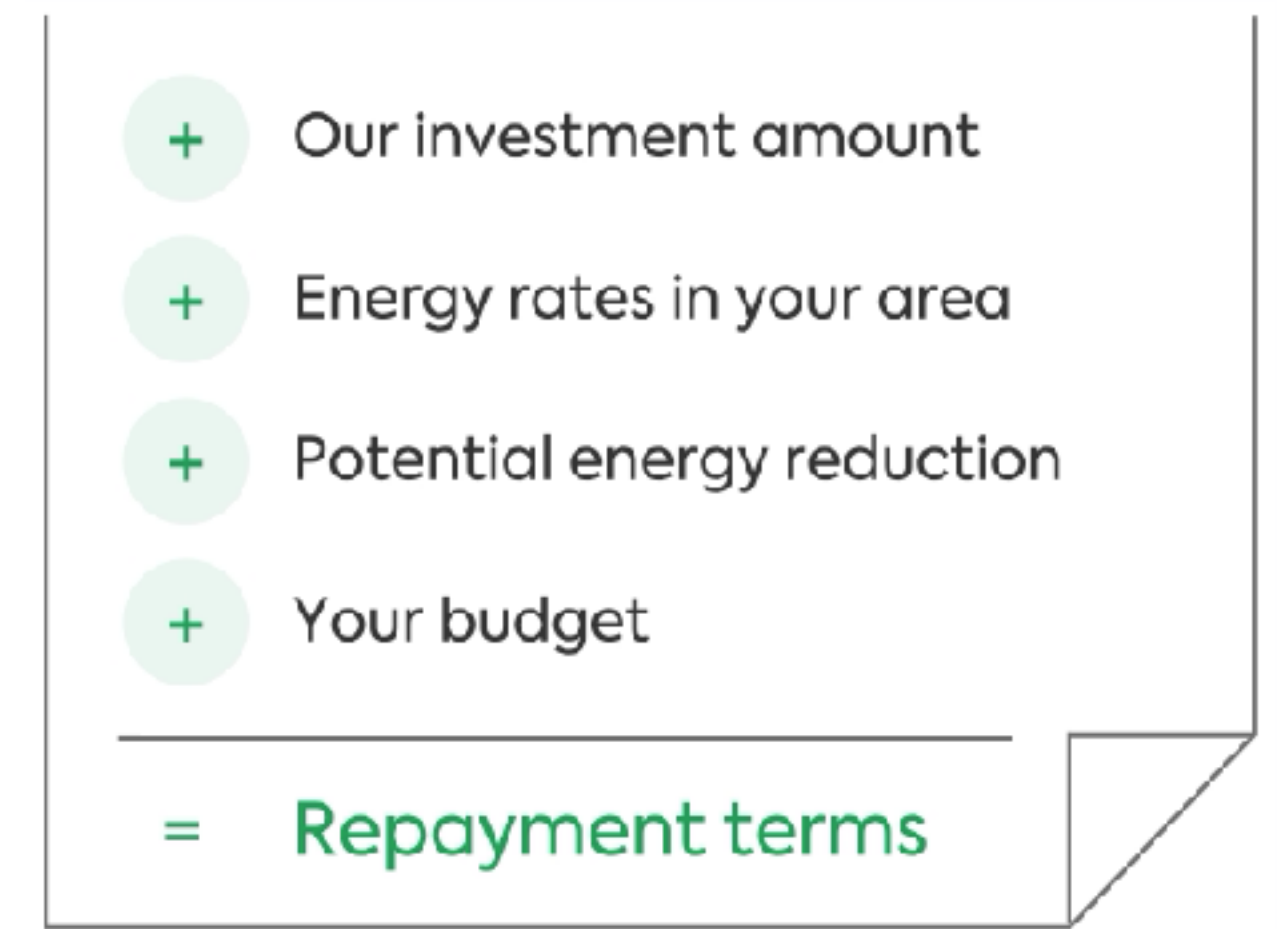
Customize payment terms



1 We pre-negotiate prices with every contractor in our network to ensure high quality work at a competitive cost.



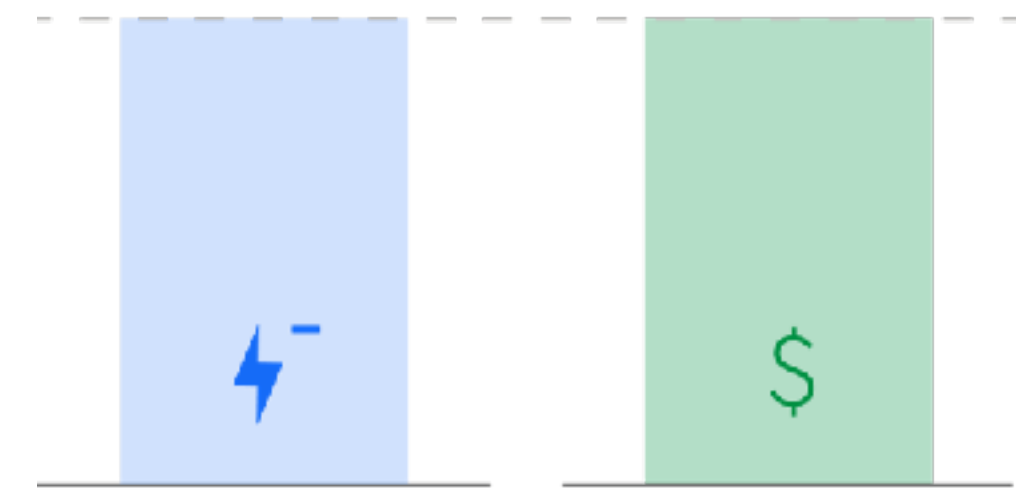
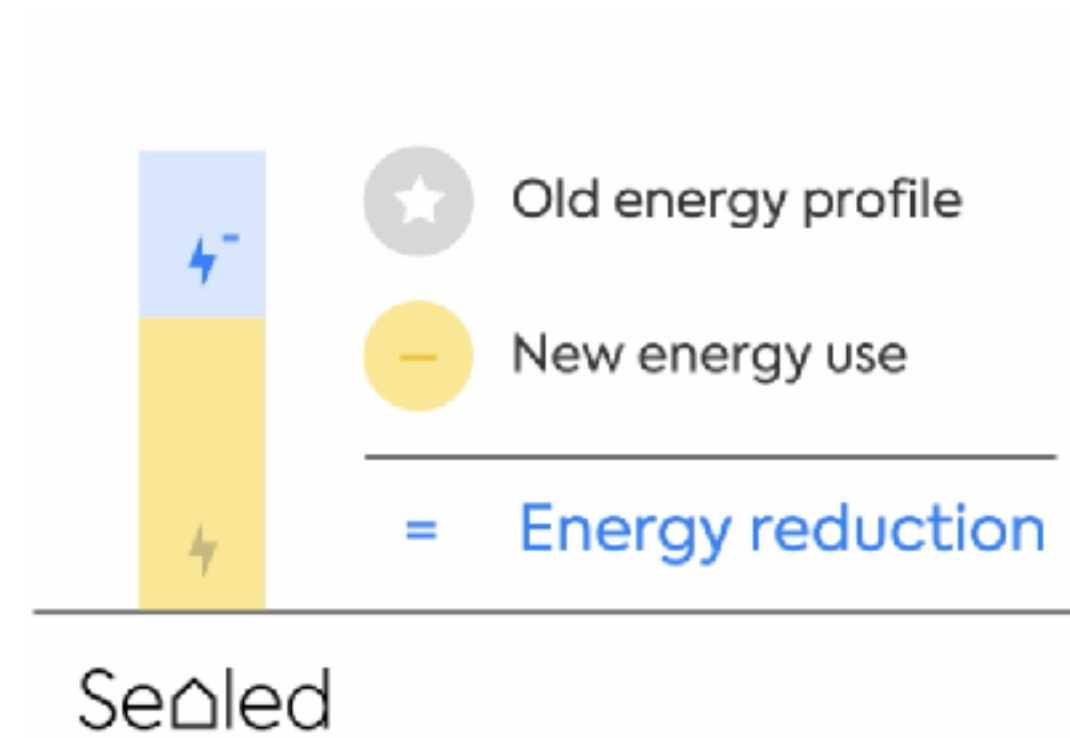
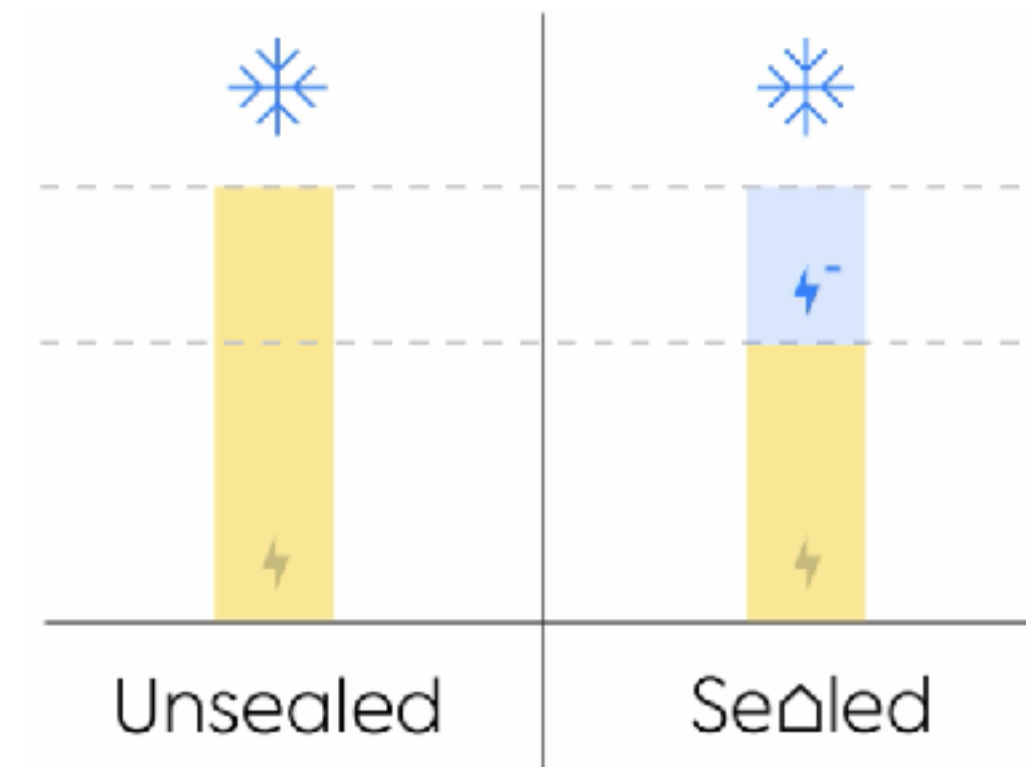
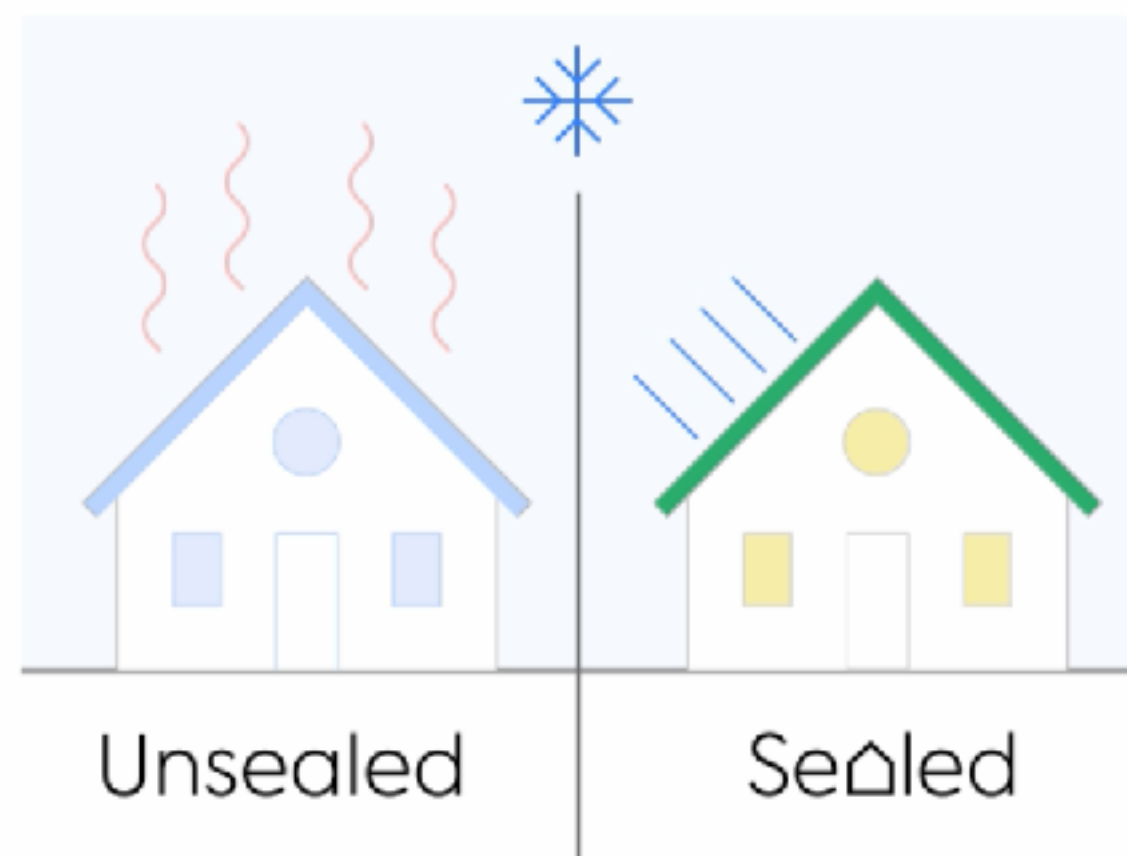
2 Sealed can cover up to 100% of the project costs up front.



3 Your repayment terms are designed to balance low upfront costs with minimal changes to your ongoing expenses.



Pay Sealed based on the energy you save



1 After the upgrades is complete, we review your actual energy use each month from your utility.

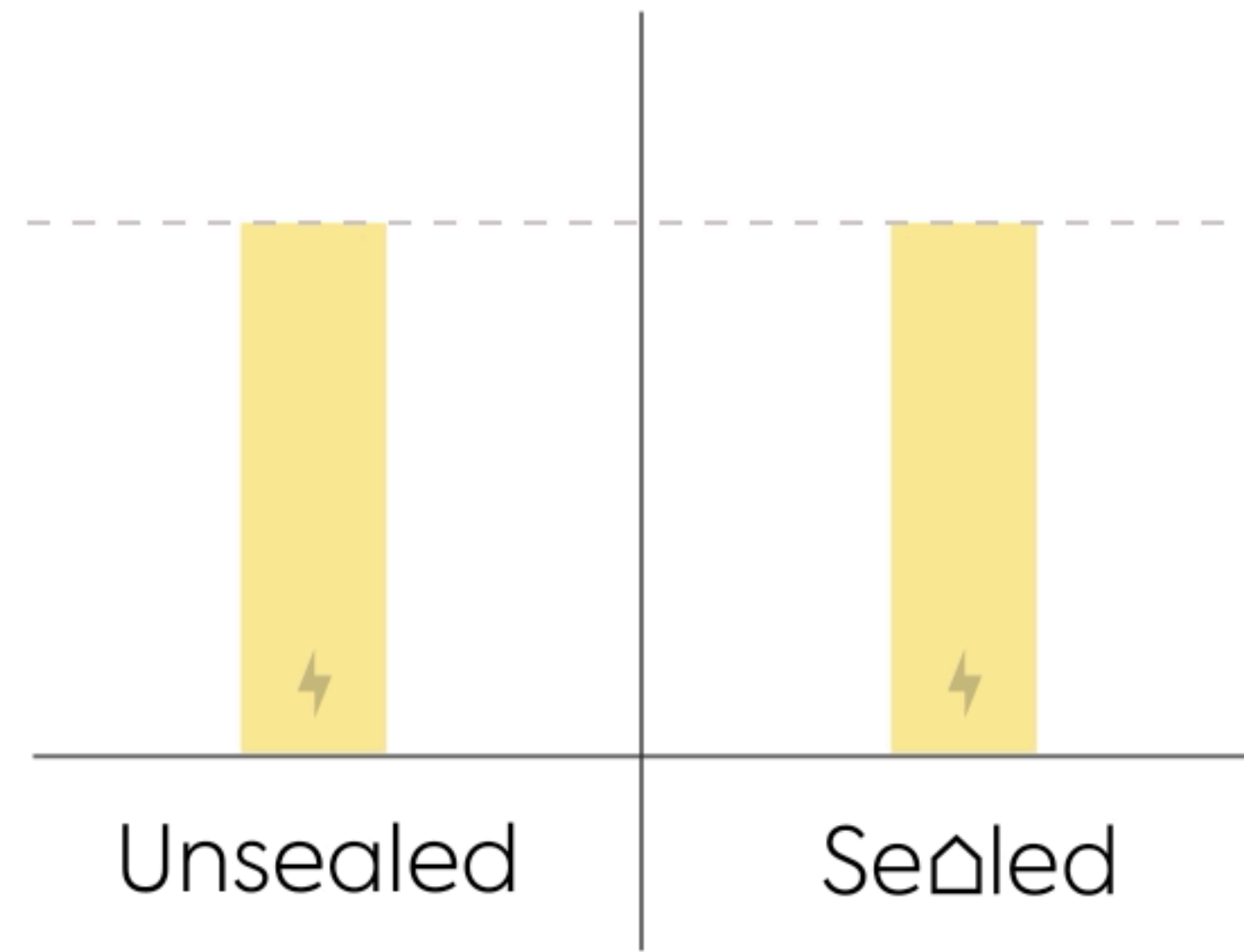
2 We compare your new energy use to your old energy profile in similar weather.

3 The difference between your new energy use and your old energy profile is your monthly energy reduction.

4 Your Sealed bill is based on the size of your energy reduction each month.



No risk: No savings, no payment

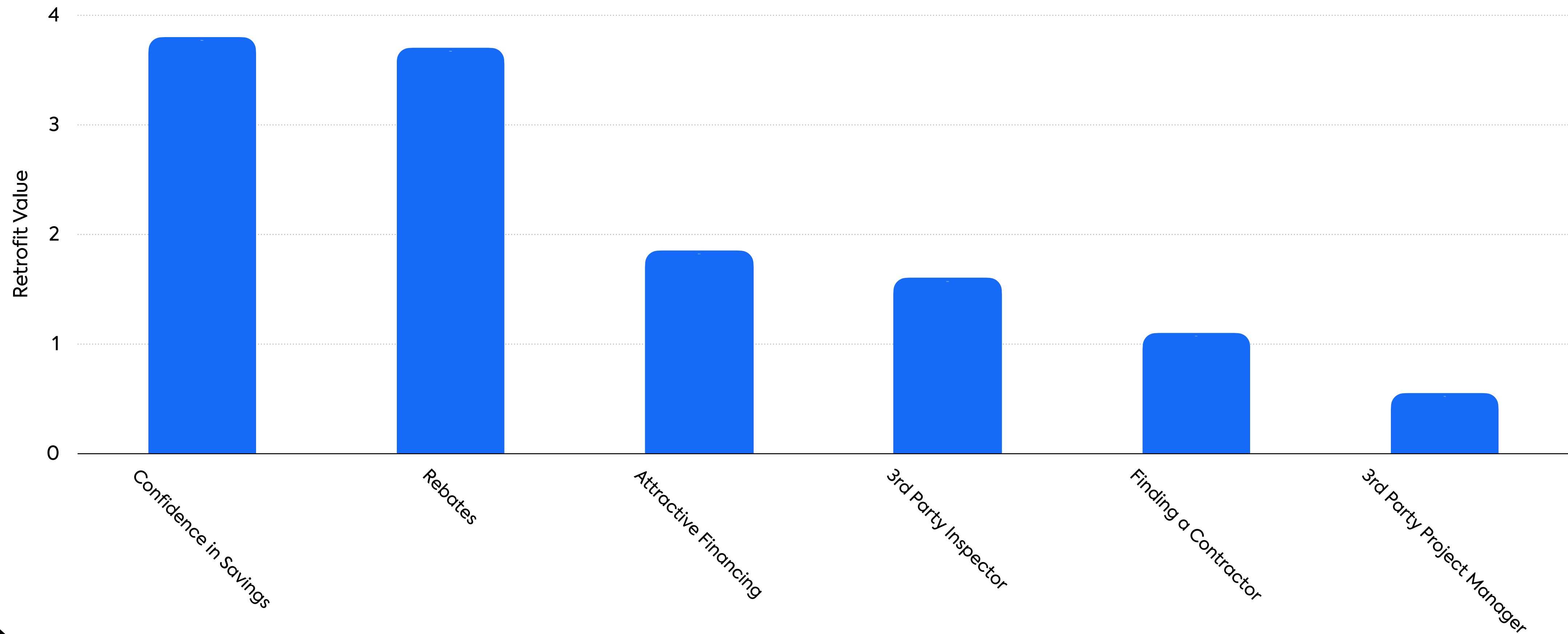


① If your house doesn't save energy during a given month.

② Your payment to Sealed for that month is \$0.



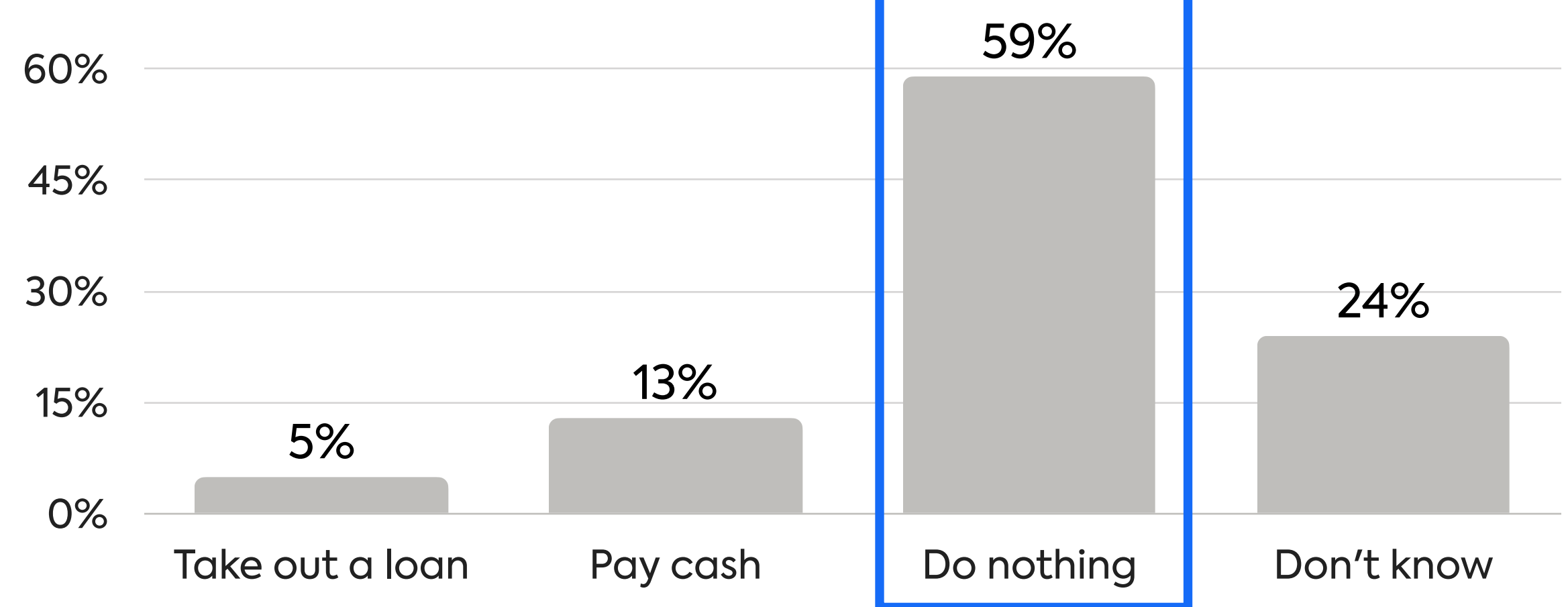
Confidence in energy savings matters to customers



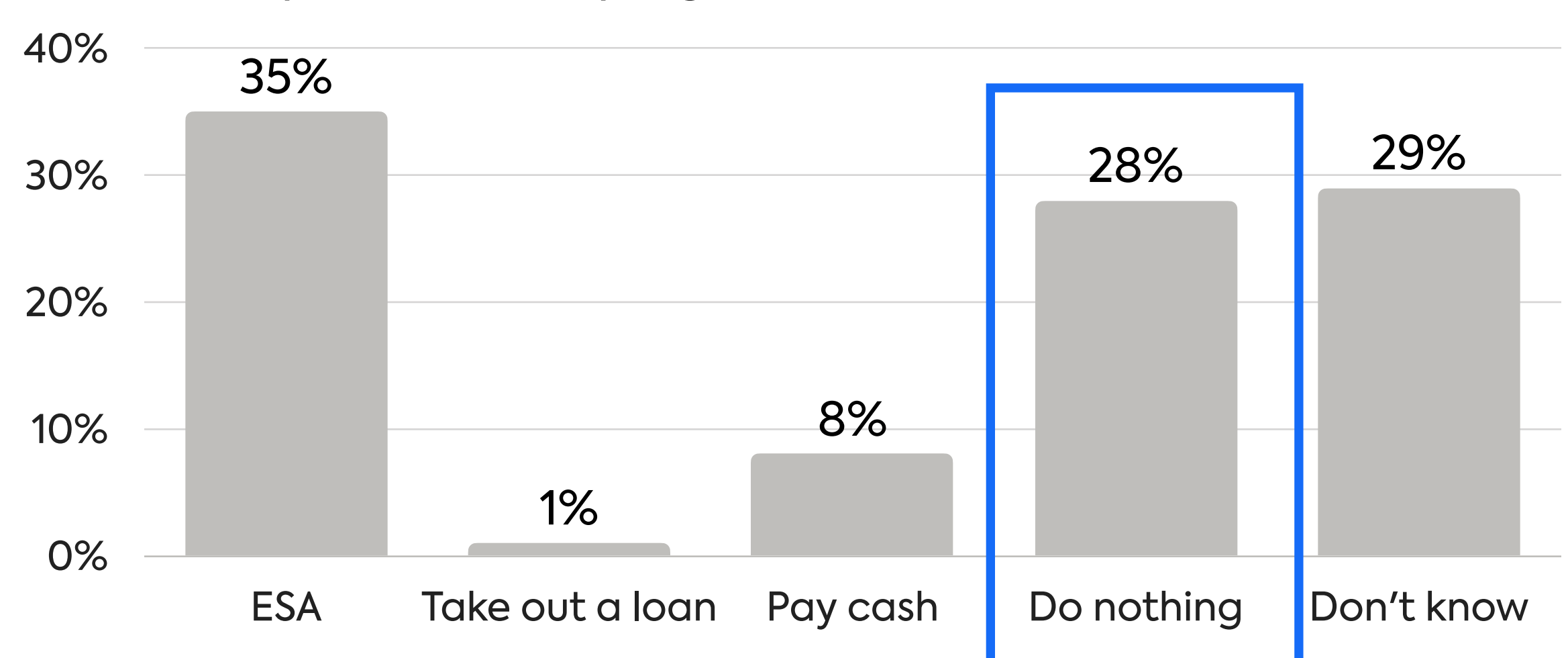
Homeowners want to pay with ESAs

Consumer interest in completing Weatherization upgrades increased 44% when offered an ESA as the payment method

Without a performance program



With a performance program



1. National Grid survey data of Downstate NY single-family homeowners, November 2020; n=463

Portfolio accuracy enables investment and insurance grade savings predictions

Banks



Multi-million dollar credit facility drawn based on projected energy savings

Insurers



First ever residential energy efficiency savings insurance policy

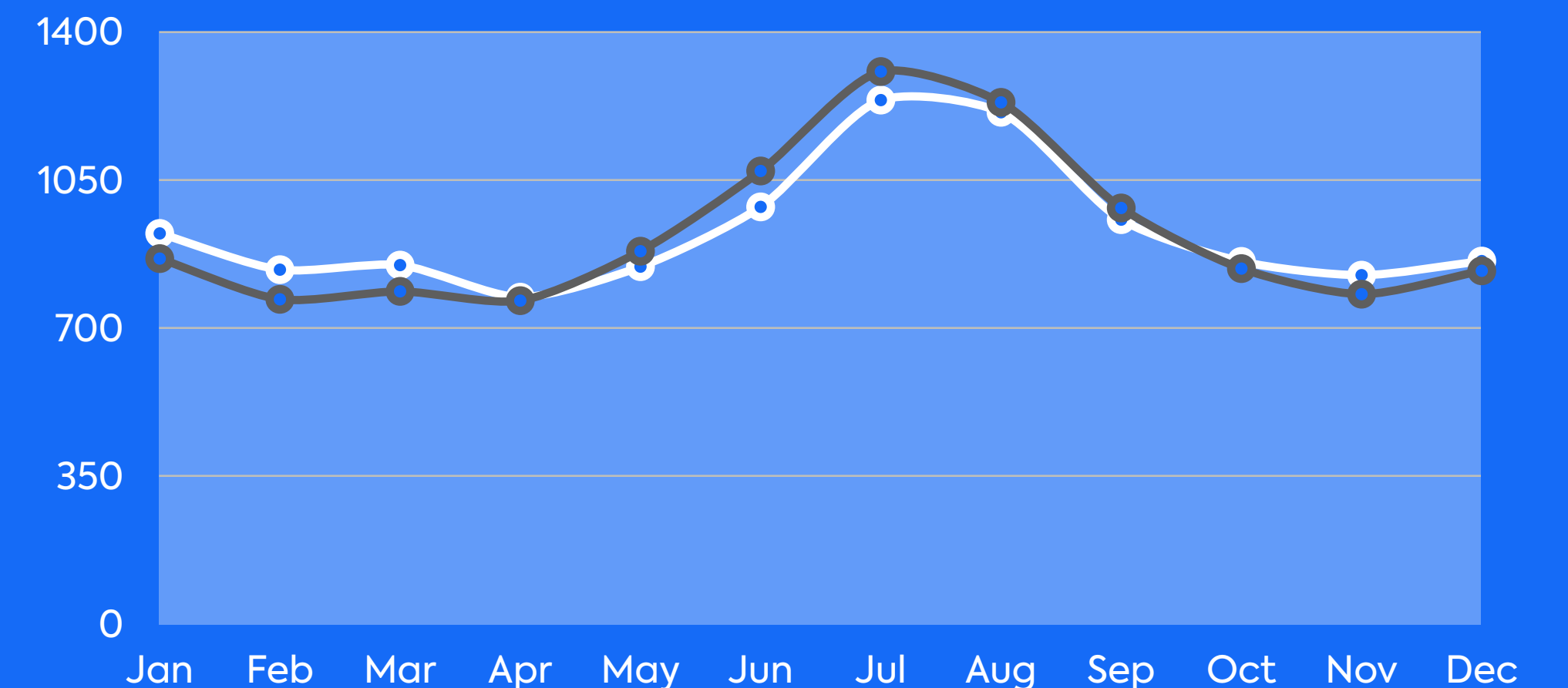


1. Percentage of annual predicted electricity usage compared to actual annual electricity usage in a population of homes in New York; n=338

99% +

Accuracy of energy usage predictions across a portfolio of homes¹

Predicted vs. actual electricity usage (kWh)



ESA Lessons Learned



It is not about energy – it is about living better (affordably)



Data is the key to ESA effectiveness

- ✓ Comfort, health, and quality of life are key drivers of adoption
- ✓ Many customers are willing to pay a premium on their energy budget to receive these “non-energy” benefits
- ✓ Customers value accountability and alignment in their financing partners

- ✓ High quality data sets are difficult to aggregate, but key to create robust energy savings predictions
- ✓ Energy data access is a key driver of success for ESAs – big challenge in most markets
- ✓ ESA portfolio performance data can create better and better lending terms over time





Thank you!

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