



The Top Three Reasons to get a Home Energy Audit

I recommend a home energy audit for people in any one or more of the following situations:

- 1) You're looking for a high return investment opportunity.
- 2) Your home (or business) utility bills are too high.
- 3) You have comfort or health and safety issues with your building.

An energy audit will help you compare the investment potential of a wide range of energy efficiency and renewable energy options to the "conventional" investment opportunities that exist out there. You will probably be surprised to learn that, now more than ever before, those conventional investments pale in comparison to energy opportunities right under your own roof (literally!).

In past articles I've given a few examples of the return on investment and "positive cash flow" that result from various efficiency upgrades and renewable energy installations such as solar water heating and solar photovoltaic electric systems. These returns typically range from 10% to 25% but can exceed 100% in some cases. If we assume the average stock has provided a 10% average gross return over the last thirty years and that this income is taxable, which is usually the case, the net return on investment for a stock is about 7%.

Because major home energy upgrades can cost thousands of dollars, most of the economic analyses we provide assume the building owner is borrowing the funds and paying interest over the term of the loan. But even after accounting for interest paid on the loan, we can prove the returns are far greater than most any other investment out there and, I should add, far more reliable.

Folks with high utility bills are amazed to learn that an energy upgrade can not only lower (or eliminate) their gas and electric bills, but lower them by more than the cost of loan. In other words the amount of the loan every month is less than the energy savings, so they have a Net Savings (or positive net cash flow) from day one.

Everyone knows how bad the stock market has been doing lately. So it comes as little surprise to see an increasing number of former stock holders selling their poorly performing portfolios and switching their investments into energy solutions for their household or business.

People with comfort and health-related concerns are another ideal candidate for an energy audit. Many homes and businesses have certain areas that just never feel comfortable – too cold in winter and too hot in summer is the most common complaint. In some cases people with allergies or various other chemical sensitivities will have an audit done to find and mitigate the source of their problems. And with the prevalence of wood heating in Nevada County we've had calls from people with back-drafting flues and chimneys.

So it's important to appreciate that the rationale for an energy audit isn't limited just to those suffering from high energy bills. An audit can show building owners how attractive building energy upgrades can be as an investment option as well as how to improve the quality of their indoor environment. Because there are so many energy upgrade options available, and because credit and available cash are both so tight in today's economy, I can't recommend strongly enough that you –

- 1) Make sure all of your possible efficiency and renewable energy upgrade options are covered.
- 2) Be sure a cost/benefit analysis, based on the same economic assumptions, is provided for all of your options.
- 3) Obtain 2 or 3 bids for the various upgrades recommended by the audit. To get comparable bids be sure to provide each contractor with the same set of specifications along with any quality or performance qualifications.



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