

ON-BILL FINANCING: AN INNOVATIVE APPROACH FOR ENERGY EFFICIENCY FINANCE

NASEO 2017 WESTERN REGIONAL STATE AND TERRITORY ENERGY

OFFICE MEETING

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EESI
Environmental and
Energy Study Institute



Environmental and Energy Study Institute

*Carol Werner,
Executive Director*

- Founded in 1984 by a bipartisan Congressional caucus as an independent non-profit organization (but receives no federal funding)
- Source of non-partisan information on energy and environment policy development
- In addition to policy work, EESI provides direct assistance to utilities to develop “on-bill financing” programs

ON-BILL FINANCING (OBF)

- Utilities finance energy/water improvements to customers' homes (or facilitate 3rd party financing)
- Loans (or tariff charges) are repaid on the customer's monthly utility bill
- Payments are partially/completely offset by savings from the financed improvements
- At least 60 utilities in 22 states offer OBF in some form, with many variations

EXPANDING ACCESS WITH OBF

- Many OBF programs feature:
 - No upfront costs to participants
 - Alternative loan underwriting
(i.e. good bill payment history in lieu of credit check)
- Loan default rates are typically low, even with alternative underwriting
- Gives cash-strapped and credit-poor households a better opportunity to access energy savings
- Provides a wide range of benefits

ON-BILL FINANCING IN THE WEST

- Alaska
 - EESI working with an utility to develop OBF program
- California
 - [PG&E; SDG&E; SCE](#)
- Washington State
 - [Seattle City Light On-Bill Repayment \(OBR\) program](#)
- Oregon
 - [Eugene Water and Electric Board OBF program](#)
- Hawaii GEMS Program for Solar

OBF WITH SOUTH CAROLINA CO-OPS



OBF Pilot

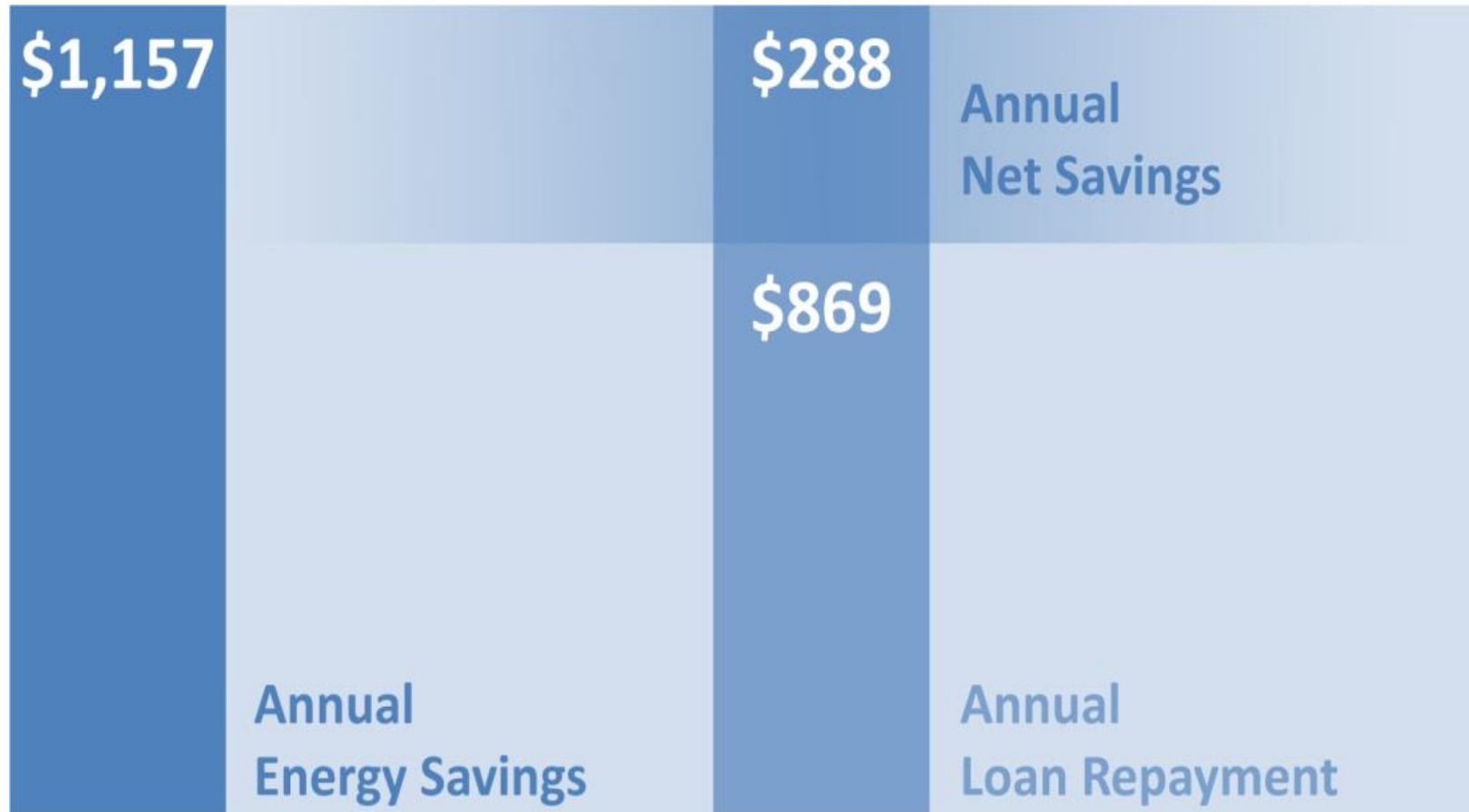
- 2011-2012
- 8 co-ops, 125 homes
- Loan pool from USDA REDLG loans
- 34% energy savings

On-going OBF Program

- 2012 - Present
- 5 co-ops, ~ 500 homes
- Loan pool from additional USDA REDLG & RESP loans

- Tariff program: loan is tied to the meter, not the occupant
- Participants need good bill payment history (no credit checks)

THE AVERAGE HELP MY HOUSE HOME...

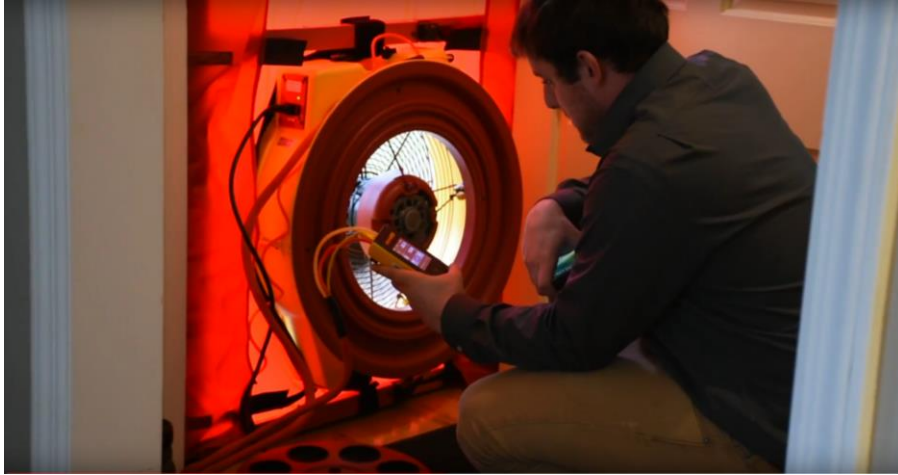


All values are per home averages for a typical meteorological year.

CITY OF HOLLAND - MICHIGAN

- Launched in late 2016; On-bill loan program for deep-energy retrofits (up to 50%); ensure access for low-income households
- Multiple loans per customer up to \$30,000 for whole-house retrofits and solar PV
- Loans are repaid on monthly utility bills, or tax-bills, up to 15 years
- 20+ loans approved; 10 retrofits performed

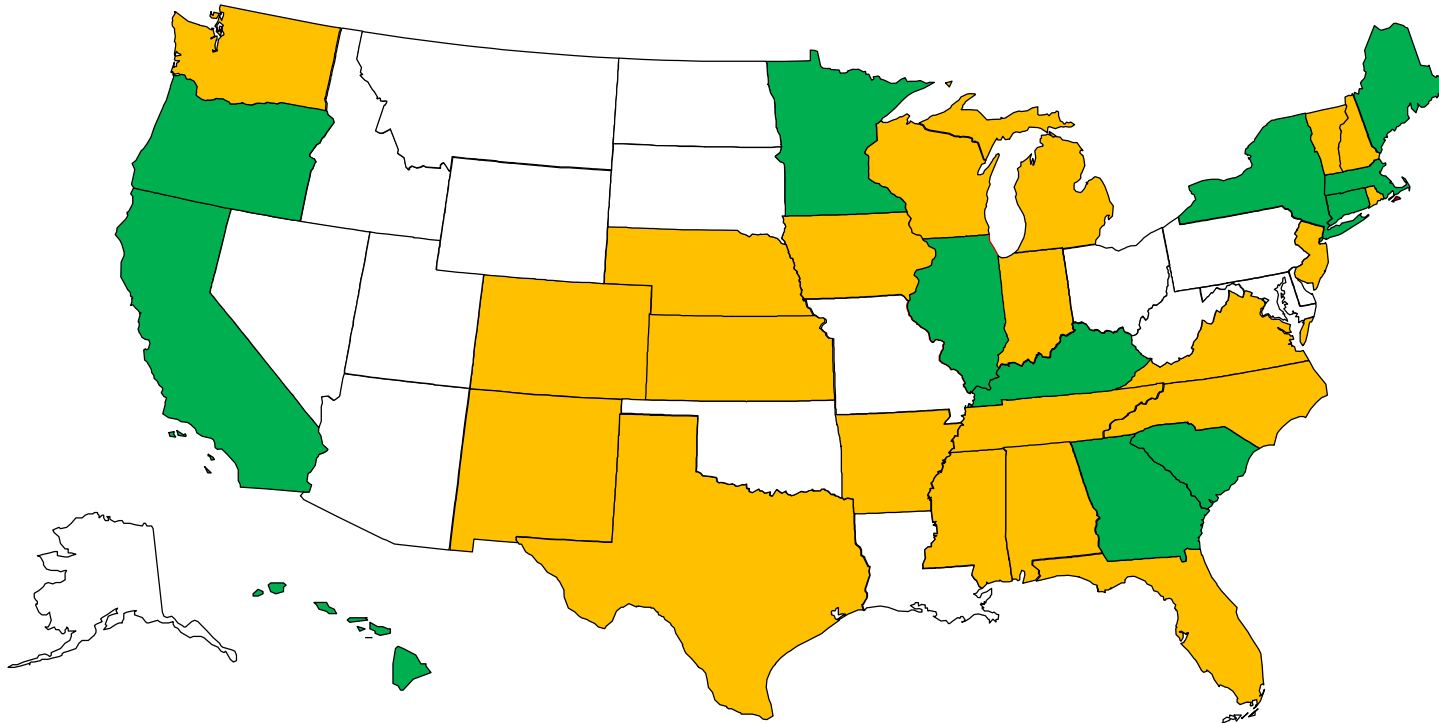
CITY OF HOLLAND - MICHIGAN




HOW TO FINANCE AN ON-BILL PROGRAM?

- USDA
 - Energy Efficiency Conservation Loan Program (EECLP)
 - Rural Energy Savings Program (RESP)
 - Rural Economic Development Loan Grant (REDLG)
- Cooperative Banks (CFC, CoBank)
- Credit Unions
- Community Development Finance Institute (CDFI's)
- Utility Internal Funds

STATES WITH ON-BILL FINANCING LEGISLATION



 States with legislation related to On Bill Financing

 States where utilities have implemented or are developing On Bill Financing programs

Source: National Conference of State Legislatures

ON-BILL FINANCING AND STATES

Energy offices can play a role in on-bill financing programs:

- EESI participates with Missouri and Colorado State Energy Offices in a Energy Investment Partnerships (EIP) Pathways project
 - On-Bill for “hard-to-reach” population
- Tennessee statewide on-bill program
 - Coordinating stakeholders
- Arkansas State Energy Office - Loan Loss Reserve
- On-Bill Financing in Iowa and Missouri State Energy Plans



ON-BILL FINANCING PROJECT ASSISTANCE

EESI offers free assistance:

- Assistance to utilities to design OBF programs and access funding
- Details, case studies, and lessons learned from other working OBF programs
- Resource identification, help overcoming barriers to launching projects
- Advice on program implementation
- [OBF Primer](#) and [OBF How-to-Guide](#)

Contact

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FINAL QUOTE

“What excites me about the Holland On-Bill Loan program is having it on my bill, not having to worry about it. But also the fact that when the house is sold, the loan payment goes with the house”.

Sandy Keirnan, first recipient of an energy efficiency loan under the Holland On-Bill Loan Program



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