LEVERAGING FEDERAL AND STATE ENERGY EFFICIENCY INVESTMENTS THROUGH ON BILL FINANCING

ACEEE ENERGY EFFICIENCY FINANCE FORUM

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• 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
USDA RURAL UTILITY SERVICE PROGRAMS

• Rural Energy Savings Program (RESP)
  – $52M in zero percent interest loans available to rural utilities to support EE financing programs

• Energy Efficiency & Conservation Loan Program (EECLP)
  – Interest rate is the variable “government rate”
  – Non-competitive; no defined loan caps
  – Broad project eligibility; EE & RE systems
RESP HISTORY

• Bipartisan legislation first introduced in 2010 by Rep. James Clyburn (D-SC)

• Passed as part of 2014 Farm Bill

• Received first appropriation for FY 2016; program launched in June 2016 with $52M available

• Funding for FY 2017 recently passed
RESP ELIGIBILITY

- Rural utilities serving rural areas
- Non-profits controlled by eligible utilities
- “Rural area” is defined as a town of less than 20,000 people
- EE improvements along entire system
- On-Bill Financing as a financial structure
RESP & EECLP OPTION: 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:
  o No upfront costs to participants
  o 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
**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
- 4 co-ops, ~ 510 homes
- Loan pool from additional USDA REDLG & RESP loans

- HMH 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...

<table>
<thead>
<tr>
<th>$1,157</th>
<th>$288</th>
<th>$869</th>
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<tbody>
<tr>
<td>Annual Energy Savings</td>
<td>Annual Net Savings</td>
<td>Annual Loan Repayment</td>
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All values are per home averages for a typical meteorological year.
HMH Structure and Process with RESP

- RUS
- KW Savings
- Co-Op
- Account Rep
- BPI Auditor
- EE Trained Contractor
- Consumer-Member
**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
- 24 loans approved; 11 retrofits performed
City of Bloomfield - Iowa

- OBF part of town’s efforts to implement its energy independence plan
- Whole-house energy retrofits with the aim for bill-neutrality
- Will soon launch 15-home pilot
- AmeriCorps members currently running home energy audits
- City funds for pilot; considering RESP funds for full program
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 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**

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