



McKnight Foundation Grant Expands EESI's Clean Energy Project in Iowa and Minnesota

\$150,000 Grant to Bolster EESI's On-Bill Financing Program

February 3, 2016—The Minneapolis-based McKnight Foundation has [awarded a two-year \\$150,000 grant](#) to the [Environmental and Energy Study Institute \(EESI\)](#) to support the development of energy efficiency and renewable energy financing programs for households throughout Iowa and Minnesota. EESI will partner with rural electric cooperatives and municipal utilities in both states to help them set up on-bill financing programs for their customers. On-bill financing allows households to pay for energy improvements with loans that are paid back through their energy bills.

EESI is offering its on-bill financing technical assistance to rural electric cooperatives and municipal utilities free of charge, thanks to the McKnight grant and co-funding. EESI is developing guidance documents and toolkits (such as a “how-to” program design and implementation manual, loan document templates, and other turn-key program materials) to make the process of setting up and running on-bill financing programs easier for resource-strapped co-ops and munis. EESI is also assisting rural utilities with their applications to the U.S. Department of Agriculture’s clean energy loan programs.

On-bill financing programs can be designed to give low-income and disadvantaged populations access to energy efficiency and renewable energy improvements. Such improvements can cut energy bills dramatically, but tend to require large upfront spending, which many households cannot afford. With on-bill financing, the utility or partner financial entity provides the necessary money, which the participating households then repay over time as part of their monthly utility bills. If the program is well designed, the average savings from the improvements outweigh the loan repayments, resulting in lower monthly bills. Many on-bill programs waive traditional credit checks in favor of bill payment history, opening up the program to households with poor credit, but without raising default rates.

Thanks to the McKnight Foundation's generous grant, **EESI's on-bill financing project in Iowa and Minnesota will not only support new energy efficiency programs, but will expand the project to include distributed renewable energy.** With the new grant, EESI is now able to provide technical assistance to utilities to develop on-bill programs that finance solar panels (including pay-as-you-go participation in community solar gardens), small-scale wind turbines, geothermal pumps, and other residential renewable energy systems.

Stimulating residential energy efficiency and renewable energy investments in Iowa and Minnesota will provide many local benefits. Households can save money by reducing their electricity bills while enjoying more comfortable homes; efficient homes with renewable energy installations increase in value; utilities can forego or delay the construction of expensive new power plants; harmful emissions of air pollutants and greenhouse gases are reduced; and local economies get a boost as contractors, suppliers, and auditors implement and certify retrofits. Clean energy investments made possible through on-bill financing also can help states comply with the EPA's new Clean Power Plan.

EESI aims to support utility programs that will collectively improve at least 500 homes by the end of the grant period. This should save 3 million kilowatt hours per year, or about \$350,000 (based on expected energy savings of at least 25 percent). These numbers may seem small, but successful programs are expected to build momentum for further expansion in Minnesota, Iowa, and other parts of the Midwest, such as Michigan—where EESI and local partners already are working to implement and scale up on-bill financing. Indeed, on-bill financing programs are highly scalable, yet customizable to local conditions. They lend themselves to replication. Successful programs will also help catalyze federal policy actions, a key priority for EESI.

EESI first became involved in on-bill financing in 2010, when South Carolina's rural electric cooperatives asked the DC-based nonprofit to help develop a program that would improve residential energy efficiency. EESI suggested on-bill financing. South Carolina set up a pilot program with technical assistance from EESI. The average participating home cut its electricity use by 34 percent and saved \$300 per year (after loan repayments). The program's success, and the creation of a Department of Agriculture clean energy loan program (in part inspired by South Carolina's experience), encouraged EESI to offer on-bill financing technical assistance to electric cooperatives and municipal utilities throughout the United States.

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***The McKnight Foundation** (www.mcknight.org), a Minnesota-based family foundation, seeks to improve the quality of life for present and future generations. Program interests include regional economic and community development, Minnesota's arts and artists, early literacy, youth development, Midwest climate and energy, Mississippi River water quality, neuroscience research, international crop research, and rural livelihoods. Founded in 1953 and independently endowed by William and Maude McKnight, the Foundation had assets of approximately \$2.2 billion and granted about \$88 million in 2014.*

***The Environmental and Energy Study Institute** (www.eesi.org) is an independent, non-profit organization advancing innovative policy solutions to set us on a cleaner, more secure and sustainable energy path. EESI educates policymakers, builds coalitions and develops policy in support of energy efficiency, renewable energy, sustainable biomass, sustainable buildings, and sustainable transportation. EESI was founded by a bipartisan Congressional caucus in 1984, and its strong relationship with Congress helps EESI serve as a trusted source of credible, non-partisan information on energy and environmental issues. EESI receives no congressional funding and is supported through contributions and grants.*