

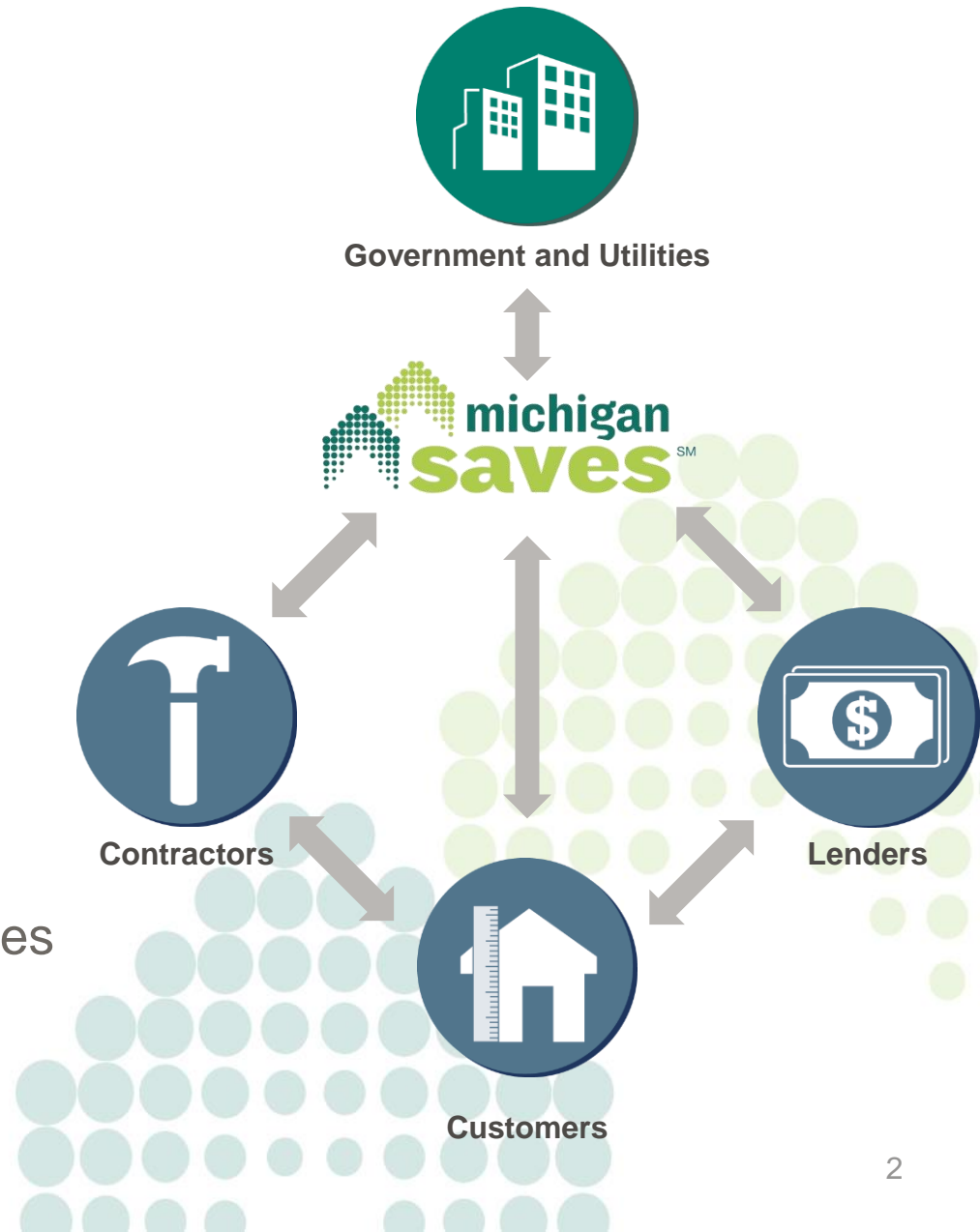
Scaling On-bill Programs in Michigan

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Background

- Nonprofit organization staffed by management contract
- Process driven by research and stakeholders
- Loss reserve for lenders
- Oversight of authorized contractors
- Program guidelines and quality control
- Demand for energy efficiency through outreach and incentives



Home Energy Loan Program (HELP)

Number of Loans

7,460

Value of Loans

\$70,234,554

As of April 30, 2017

Energy efficiency, solar, and geothermal

Affordable, hassle-free loans

- Easier than home equity
- Loans from \$1,000 to \$30,000
- Affordable rates, starting at 4.25%
- Terms up to ten years
- Easy, quick approval over the phone or online

Number of authorized contractors: **300**



www.michigansaves.org



“It just doesn’t make sense to keep letting our money and our energy go out the window.”



—Ruth Lumpkins

Success Factors

- **Easy**
 - Approval within minutes
 - Unsecured loans
 - Ready and available capital
- **Affordable**
 - Below-market rates and extended terms
 - Low monthly payments
 - Little or no money down
- **Smart**
 - Stakeholder engagement early and often
 - Utility, lender, and contractor partners are key



“The assessment gave us the information we needed to make intelligent decisions about our home.”

— Michael Scholten



Why On-bill?

Market Gaps Addressed by On-bill Programs

- On-bill programs expand access to those who don't qualify for traditional loans by using utility bill payment history for underwriting.
- The programs also lengthen terms to 15 years, oftentimes getting close to matching the payments to the savings.
- Tenants can work with landlords to share the costs and realize benefits of improvements.
- Homeowners who expect to move soon may be more inclined to install energy waste reduction improvements if the obligation transfers to next owner.
- One bill makes it easy for customers to pay.

Why Offer a Program Statewide?



A statewide on-bill program will:

- Create economies of scale
- Lower administrative costs
- Make implementation easier for each utility
- Centralize financing expertise
- Offer consistency in program design

Our Approach

- Worked with experts and researched best practices
- Conducted stakeholder interviews to determine interest
- Held several educational sessions with stakeholders
- Gathered stakeholders to set goals and design program based on goals



Statewide On-bill Program Goals

Increase the number of participating customers making energy and/or water improvements by:

- Maximizing the long-term reduction in energy and/or water use/demand per household
- Expanding access to financing for individuals who may not qualify for financial products currently in the marketplace
- Making energy and/or water improvements more affordable for customers



Guiding Principles for Program Design

The following guiding principles were used to evaluate the importance and efficacy of different program design elements:

- Provides uniformity and simplicity in processes
- Addresses gaps in coverage with existing available financing programs
- Is viable for capital providers
- Ensures reasonable participation costs for utility participants
- Leverages existing statewide resources
- Allows program goals to be met

Scaling Statewide

- Create program to achieve goals while maintaining simplicity and speed
- Engage contractors in the process and allow them to remain the lead in the customer interaction
- Make loan approval process fast and reduce uncertainty about whether customers or projects qualify
- Minimize paperwork burden on contractors and customers
- Create consistency statewide to reduce lender, contractor, and customer confusion and complexity
- Keep transaction costs low and interest rates affordable



Questions?

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