

LEVERAGING FEDERAL AND STATE ENERGY EFFICIENCY INVESTMENTS THROUGH ON-BILL FINANCING

ACEEE ENERGY EFFICIENCY FINANCE FORUM

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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

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:
 - 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

OBF WITH SOUTH CAROLINA CO-OPS



OBF Pilot

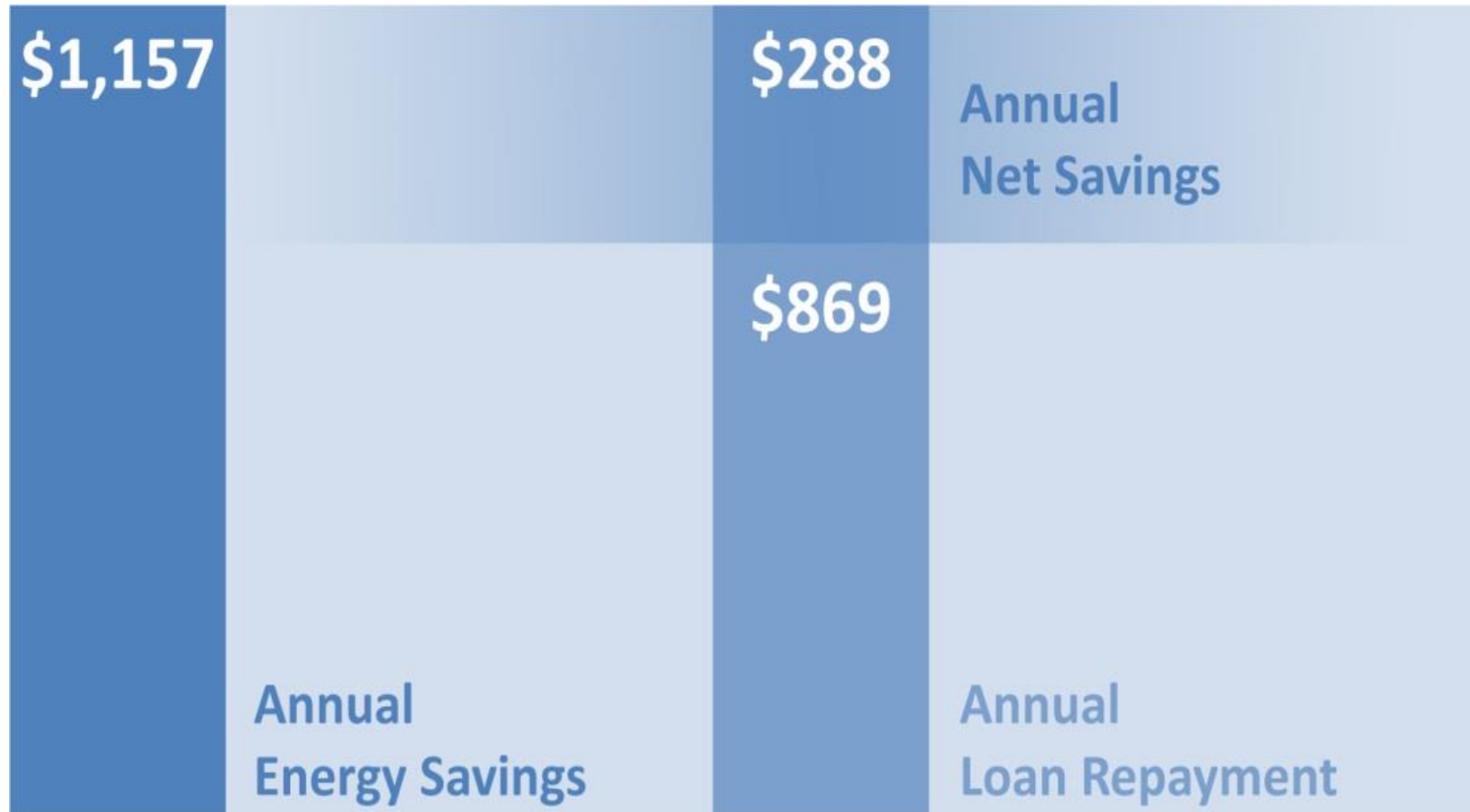
- 2011-2012
- 8 co-ops, 125 homes
- Loan pool from USDA REDLG loans
- 34% energy savings

On-going OBF Program

- 2012 - Present
- 4 co-ops, ~ 510 homes
- Loan pool from additional USDA REDLG & RESP loans

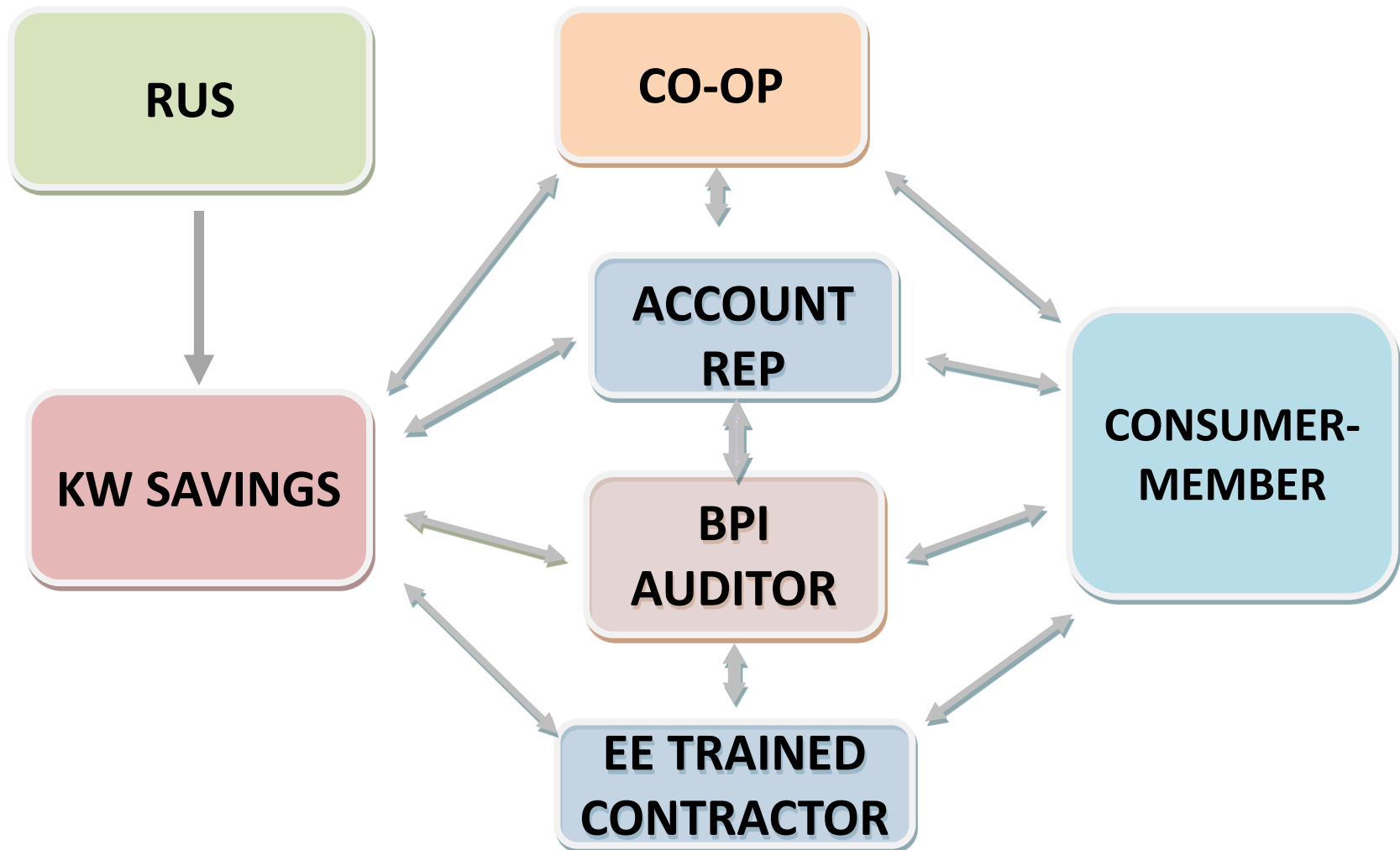
- HMH tariff program: loan is tied to the meter, not the occupant
- Participants need good bill payment history (no credit checks)

THE AVERAGE HELP MY HOUSE HOME...



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

HMH STRUCTURE AND PROCESS WITH RESP



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 HOLLAND - MICHIGAN

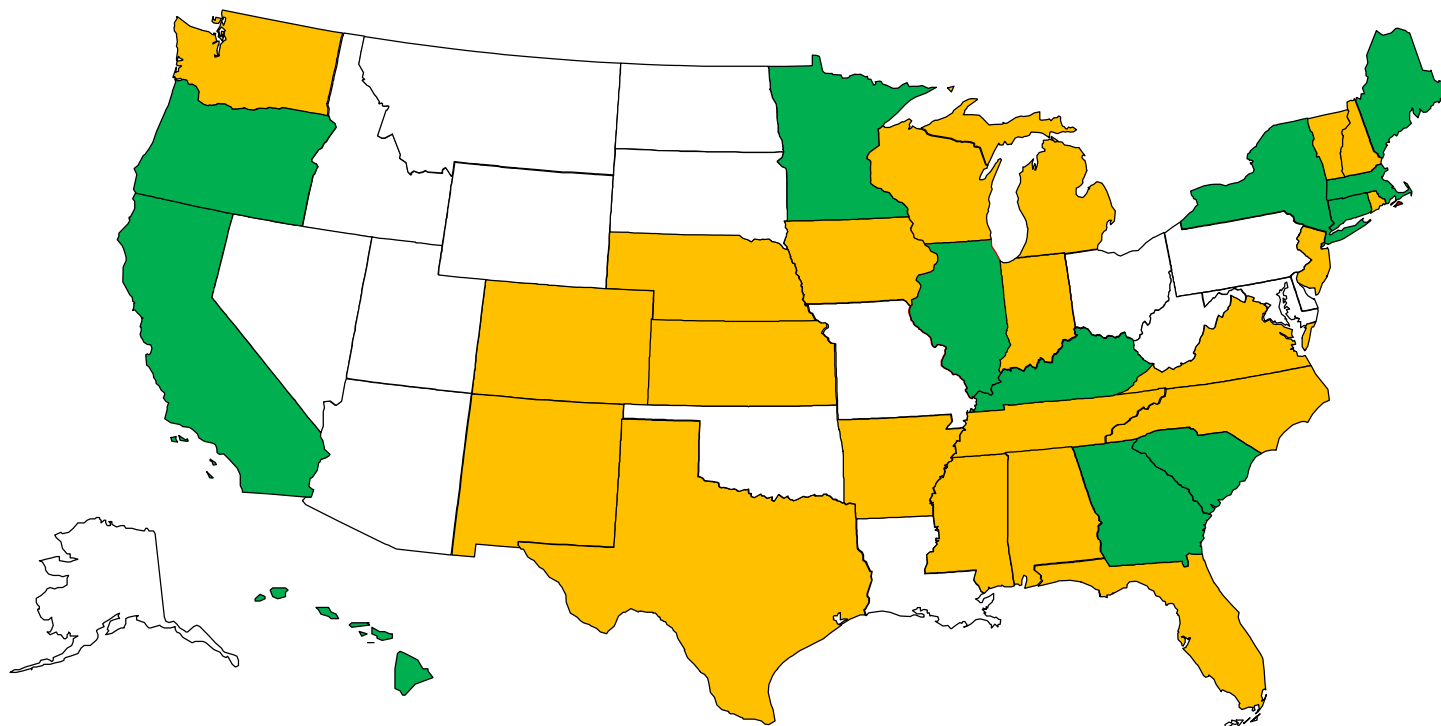


CITY OF BLOOMFIELD - IOWA



- 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 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 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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