



On-Bill Repayment: Expanding the Reach of Energy Efficiency

Presented by: Vincent Wynne

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Agenda

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- **The Small Business Energy Advance Program Process**
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EmPOWER Maryland

EmPOWER Maryland: Saving Money and Energy

- EmPOWER Maryland
 - Ratepayer-funded program
 - Simplifies energy upgrades
 - Energy savings year over year
- 784,254 eligible customers:
 - Pepco Commercial - 51,292
 - Pepco Residential - 527,625
 - Delmarva Power Commercial - 26,222
 - Delmarva Power Residential - 179,115
- Goal is for utilities to reduce energy consumption in Maryland by 2% annually
- Cycle 4 began January 1, 2018 and will end December 31, 2020



Energy Savings For Business: The Small Business Program

Energy Savings for Business Program - Small Business



Cash Incentives

Reduce the cost of installing new energy efficient equipment

- Incentives cover up to 70% of total project costs
- Low cost/no cost energy savings measures
- Improve work environment and employee productivity

The Small Business Program Customer Qualifications

- Monthly demand of 60 kW and below
- Commercial account in Maryland
- Pay the EmPOWER Maryland surcharge
- Occupied building in the last ~12 months
- Account can not be temporary



What is On-Bill Repayment?

The “What and Why” of On-Bill Repayment

- On-Bill Repayment is a cash advance that covers customers’ net cost of energy efficiency upgrades (i.e., the remaining cost after utility incentives and other incentives are deducted from the total project cost).
- Payments are collected by the utility until the advance is repaid.
- Depending on rules established by the regulating agency, there may – or may not be – an interest charge.

The “What and Why” of On-Bill Repayment



“I’m interested, but I don’t have the funding.”

- Offered to address the cost barrier that often prevents the installation of energy efficiency (EE) projects by using attractive payback periods.

The “What and Why” of On-Bill Repayment

- The remaining costs are shown as a line item on the monthly utility bill.

Summary of your charges

Balance from your last bill	\$675.62
Your payment(s) - thank you	\$675.62-
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Balance forward as of Jan 25, 2018	\$0.00
New electric charges	\$708.80
New other services charges	\$141.67
Total amount due by Feb 15, 2018	\$850.47

Details of your Other Services Charges

Other Services:	
Small Business Energy Advance	141.67
Total Other Charges:	141.67

Other Services Summary	
Balance from your last bill	\$0.00
Other Services Charges	\$141.67
New Other Services charges	\$141.67

The “What and Why” of On-Bill Repayment

- Ideally, On-Bill Repayment can be leveraged so the customer’s monthly repayment is less than the amount of monthly energy cost savings.
- The customer will generally be in a cash-flow positive position, saving money right from the measure installation date.
- On-Bill Repayment can be offered as an added incentive to increase customer participation and increase overall customer satisfaction with the program.

The “What and Why” of On-Bill Repayment

- The Small Business Program was started in 2012 as part of the EmPOWER Maryland Program
- The On-Bill Repayment Program, “Small Business Energy Advance” (SBEA), was offered to select non-residential customers as a pilot in Pepco’s Maryland territory starting in 2014.
- Based on the success of the pilot, SBEA was offered with an expanded budget throughout the Pepco Maryland territory in 2016 and 2017.
- Beginning in 2018, SBEA expanded to Delmarva Power’s Maryland territories.

The SBEA Process

The SBEA Process

1. The customer finds an approved Small Business Program contractor by contacting the Program Office or by visiting the Program website.
2. The approved contractor contacts the Program Office to confirm the business is eligible to participate in the Small Business Program.



The SBEA Process

3. The contractor conducts a no-charge Quick Energy Check-Up, reviews the report, and installs low cost/no cost measures at no charge.
4. Once the low-cost measures are installed, the customer is eligible for the additional incentives and an Energy Advance. The contractor assists with completing applications for approval and will install the project once approved.



Sample SBEA Energy Efficiency Project

Sample Project	
To qualify for Energy Advance, the minimum total project cost must be \$2,500 (including materials and labor)	
Walk-Through Energy Assessment and Report	No Charge
Low-Cost Measures Installed (LEDs, Smart Strips, Timers)	No Charge
Lighting Retrofit Project	
Number of Fixtures	51
Number of Controls	2
Number of Exit Signs	5
Gross Cost of Project	\$5,500
Incentives (70% of Installed Cost)	\$3,840
Customer Net Cost (This Amount Represents the Advance – See Table Repayment Examples)	\$1,650
Annual kWh Saved	8,000
Electrical Cost Savings Per Year at 15 Cents per kWh (Based on Average Cost of Energy for Commercial Customer)	\$1,200
Simple Payback Period	17 Months

Example of Repayment Options		
Customer Net Cost is \$1,100		
Term	Monthly Payment Added to Electric Bill	Impact on Monthly Cash Flow
6 Months	\$183.00	-\$83
12 Months	\$92	\$8
24 Months	\$46	\$54

By selecting to repay this in 24 months, you will improve your monthly cash flow by \$54.00

SBEA Program Performance Data (2014 – 2017)

- Funding Advances Issued: \$3,249,465 to 938 SB customers
 - Incentives paid - \$6,165,896
 - kWh savings - 10,876,916
- In 2016-2017 30% of SB projects took advantage of SBEA
- Defaults: <5%
- Advance covers at least 30% of the total project cost
- Average Advance - \$3,473
- Average Total Incentives - \$5,936
- Customers who took advantage of the SBEA:
 - Replaced significantly more kitchen & refrigeration equipment per project
 - Saved more energy for less incentive money when completing a lighting project

Questions?

