

# ON-BILL REPAYMENT: A Proposal to Increase Investment in Texas

## Austin Chamber of Commerce

# EDF PROPOSAL: ON-BILL REPAYMENT

- **Private** financing for qualifying *Energy Efficiency and Renewable Energy* projects
- Loan is repaid on utility bill
- Repayment obligation becomes tariff on meter
- Projects originated by contractors
- Projects required to produce net monthly savings
- REPs follow standard collection procedures



***Tying the obligation to the meter and requiring repayment on the monthly utility bill lower credit risk for lender***

# HOW OBR WORKS: STEP BY STEP

## ON-BILL REPAYMENT PROGRAM

**1**  
Customer identifies upgrades and contacts certified contractor



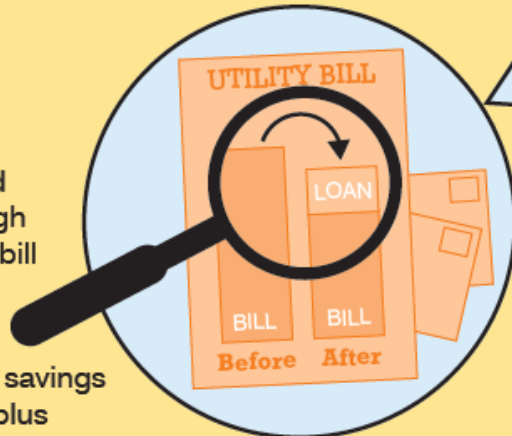
**2**  
Contractor confirms eligibility and links customer to financing



**3**  
Customer chooses lender and signs loan



**6**  
Loan repaid through utility bill



Cost savings plus convenience

**5**  
Certified verifier confirms quality



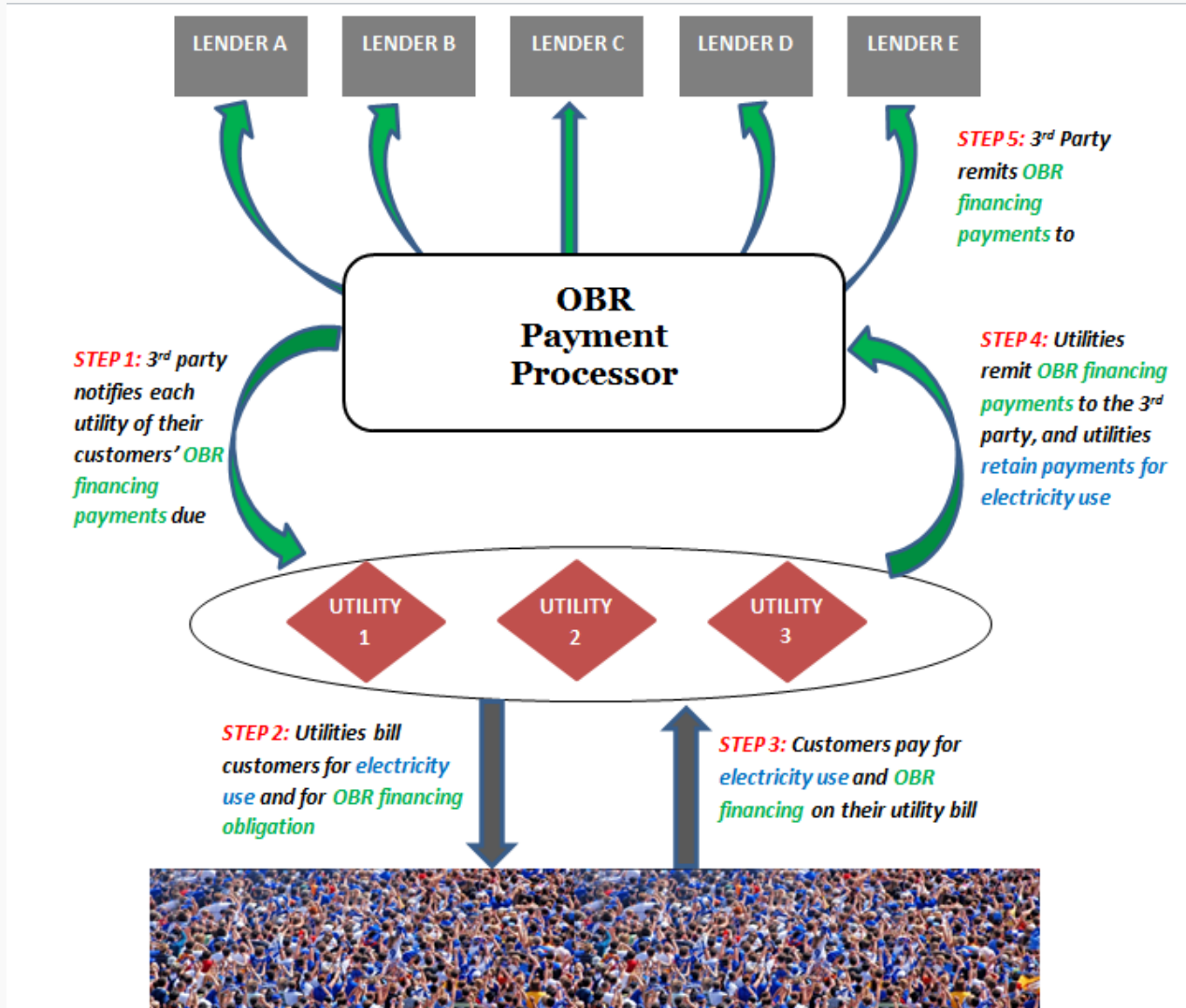
**4**  
Contractor completes project



# COMPONENTS OF OBR

- **OBR is a network, not a prescribed program**
  - Flexible enough to accommodate variety of contractor and financial business models
  - Customer retains ability to choose REP
- **Third-Party servicer would process payments**
  - Reduces the administrative burden on utilities
  - Creates uniform standard for contracts, lowers transaction costs
- **Scale and standardization can reduce costs**
  - Recommend uniform statewide programs
- **Utilities should be adequately compensated for services**
  - Fees from lenders/investors for REPs
  - Credit for energy savings for TDUs

# PAYMENT PROCESSOR ROLE



# OBR OFFERS FLEXIBILITY

A well-designed OBR program maximizes ***Flexibility*** with a range of eligible property types, transaction structures, and projects

## ***Property Types***

- Single Family
- Multi Family
- Small Business
- Commercial
- Industrial
- Public

## ***Structures***

- Loans
- Leases
- Energy Service Agreements (ESAs)

## ***Projects***

- Retrofits
- Renewables / CHP
- Energy Star Appliances

# BENEFITS OF OBR

- 1.** No direct costs to taxpayers or ratepayers
- 2.** Creates jobs
- 3.** Provides low cost capital to consumer
- 4.** Accelerates clean energy investments and emissions reductions and increases reliability of service
- 5.** Scalable platform
- 6.** For ratepayers: avoided cost of new generation capacity and reduced use of higher cost generation
- 7.** For utilities: receive payments for billing services and improved performance of utility EE programs

# WHERE WE ARE TODAY

- The California PUC passed a decision in May requiring the state's IOUs to implement On-Bill Repayment for commercial properties
  - EDF is working with stakeholders to design a program that maximizes flexibility
  - Proposals were released for public comment on October 2, 2012
  - Expected to be operational Q1 2013
- EDF will pursue legislation in 2013 to create OBR programs for residential and commercial properties in Texas, Ohio and North Carolina
- Potential Pilot Projects with Municipal Utilities
- 2013: EDF expects to pass legislation enabling OBR for all customers in California

***EDF continues to make significant progress in California, expects to pass enabling legislation in 2013, and is working towards establishing OBR programs in Texas, Ohio, and North Carolina***



**THANK YOU**

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**[edf.org/energy/obr](http://edf.org/energy/obr)**