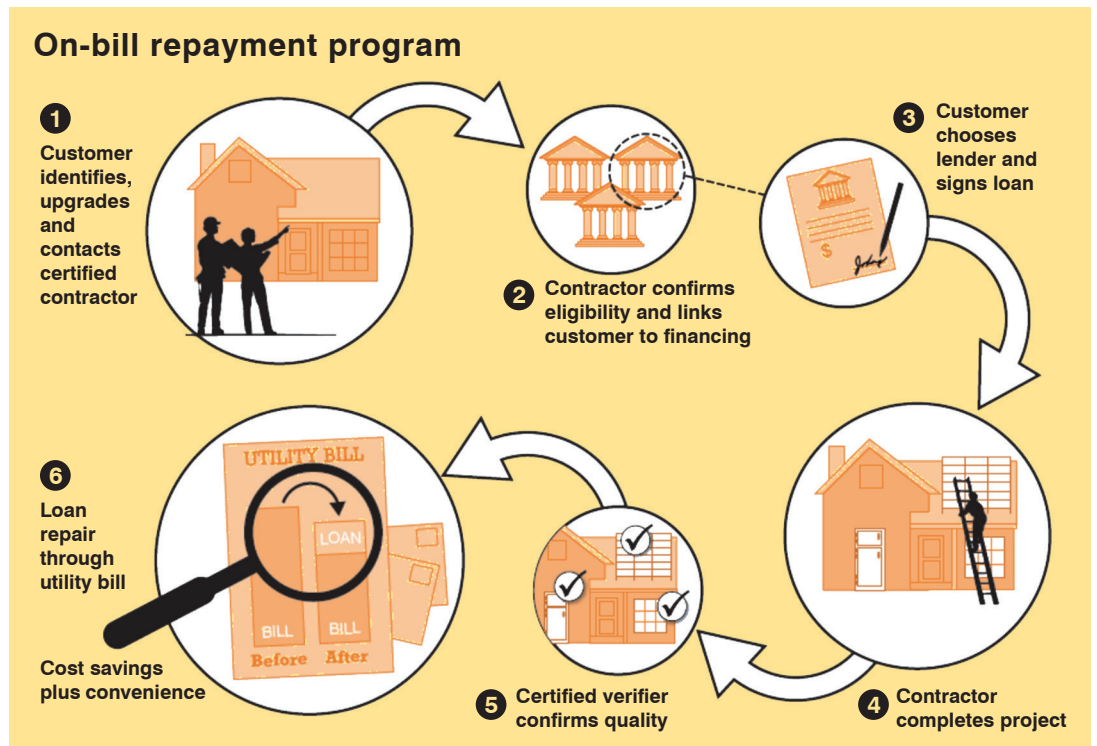# On-Bill Repayment for Utilities

How it works

On-bill repayment (OBR) offers an opportunity for home and building owners to finance energy efficiency (EE) and renewable electricity generation projects through cost-savings loans from third-party investors. The loans are repaid through customers' utility bills and financed at no additional cost to ratepayers.

OBR allows for longer term loans with lower interest rates.

Benefits of OBR

OBR provides a way for lenders to invest private capital in building EE and renewable energy (RE) at competitive rates of interest with long term repayment schedules. It also provides

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

4 Contractor completes project

5 Certified verifier confirms quality

6 Loan repair through utility bill

Cost savings plus convenience

UTILITY BILL

LOAN

BILL Before   BILL After

ENERGY

building owners with access to substantially larger pools of capital than would usually be available through the public sector. Eligibility criteria and program rules can be developed to protect consumers, lenders, utilities and ratepayers.

Other benefits of OBR include:

- No direct costs to taxpayers or ratepayers
- Job creation
- Customer access to low-cost capital
- Acceleration of clean energy investments and emissions reductions
- Reduced program costs through a scalable platform and standardized processes
- Avoided cost of new generation capacity and reduced use of higher-cost generation for ratepayers

An OBR program can be tightly woven into existing utility EE programs, and can be expected to improve the effectiveness of these programs.

The utility's role

With OBR in place, the utility's primary role would be billing and payment processing. However, the utility could also be involved with marketing, qualification of contractors and project inspection.

Why OBR works for utilities

- **Compensation from lenders for providing billing services.** Adding an OBR financing charge to an existing utility bill reduces the billing costs typically associated with direct loans. Lenders will share these costs savings with utilities in the form of a payment for the billing services provided.
- **Credit for much larger pool of EE investments and Renewable Portfolio Standard (RPS) obligations.** Utilities could

realize the benefits of OBR-enabled EE and RE projects. Since OBR has the potential to attract private capital at scale, these investments would increase the volume of EE and RE projects – and, therefore help utilities reach state goals for renewable portfolio standards and efficiency program goals.

- **No requirement to extend beyond core competencies or manage loan delinquencies/servicing.** Utilities are in the business of delivering safe, affordable and reliable power, not managing loans or assessing credit risk. OBR allows utilities to focus on their core business strategy, while letting those with lending expertise manage the financing components of the program. The third-party servicer and/or lenders, not the utilities, are responsible for handling all OBR billing inquiries.
- **Opportunity to build stronger customer relationships through increased interaction.** OBR allows customers to associate their utility payment with cost-saving EE and RE measures. Beyond cost savings, customers are motivated by comfort, health and safety. OBR puts utilities at the center of helping customers achieve these goals.
- **Enhanced customer experience through streamlined financing approval processes run by a third-party.** We expect that a third-party servicer would manage all outstanding OBR financings and serve as a centralized intermediary between utilities and participating OBR lenders. The servicer would aggregate OBR data, manage performance reporting and streamline the overall financing process, reducing the administrative burden for utilities.
- **Increase the delivery and improve the cost-effectiveness of existing utility efficiency programs.** OBR will spur a legion of agents who can help to deliver utility messages and programs.

"EDF would like to design an OBR program that doesn't increase legal liability, minimizes costs and allows utilities to take credit for clean energy upgrades."

–Brad Copithorne, EDF