

ON-BILL REPAYMENT

November, 2012



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
- Utilities follow standard collection procedures



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

COMPONENTS OF OBR

- OBR is a network, not a prescribed program
 - Flexible enough to accommodate variety of contractor and financial business models
- 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
 - Credit for energy savings

HOW OBR WORKS: STEP BY STEP

ON-BILL REPAYMENT PROGRAM

1
Customer identifies upgrades and contacts certified contractor



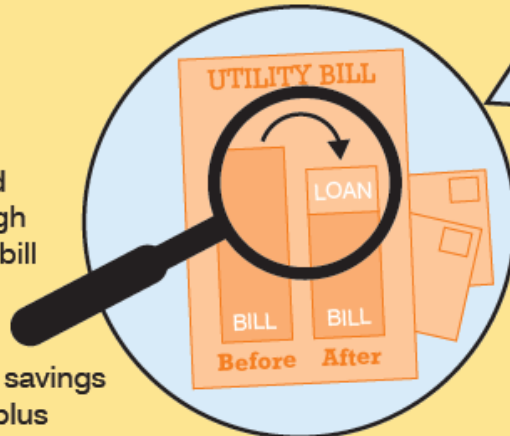
2
Contractor confirms eligibility and links customer to financing



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



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
- 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 closely with stakeholders to design a program that maximizes flexibility
 - The IOU's consultants, Harcourt Brown & Carey, released pilot proposal on 10/19
 - CPUC Administrative Law Judge has requested (on 11/16) supplemental information and comments on the proposed pilot, with parties' comments due 12/14
 - Expected to be operational Q1 2013
- Existing On-Bill Finance Program for small commercial will be extended
- EDF will pursue legislation in 2013 to extend OBR to residential properties, and make renewables projects eligible for OBR
 - 40 entities, including non-profits and private companies, have written letters in support of statewide OBR legislation, on behalf of EDF
- Potential Pilot Project with Municipal Utility
- 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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