NASEO
On-Bill Financing Programs
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On-Bill Financing Program Overview

- Program Design
- On-Bill Loan
- On-Bill Tariff
- Interest-Rate Buy-Down
- Program Results
- Challenges
- Benefits
Georgia EECBG Market Titles

Local Governments
$13.3 M

Green Communities Fund
$2 M

Residential On-Bill Financing
$5 M
The program is designed to improve **energy efficiency** in the state of Georgia by providing **low-cost** financing to **residential** homeowners for the **purchase and installation** of energy-efficient equipment and home envelope energy-efficiency improvements.

*Loan repayment is added to customer’s monthly utility bill.*
On-Bill Financing Options

On-Bill Loan
- Loan stays with customer
- $5,000 loan max

Interest-Rate Buy-Down
- Loan stays with customer
- $7,500 loan max
- $750 buy-down max

On-Bill Tariff
- Loan stays with the home
- $5,000 loan max
Eligible for Funding:

- Purchase and installation of ENERGY STAR appliances
  - Refrigerators, dishwashers, freezers, washing machines, etc.
- Purchase and installation of ENERGY STAR qualified HVAC
- Purchase and installation of home weatherization products
  - Insulation, duct sealing, air sealing, etc.
- Purchase and installation of renewable energy products
  - Solar hot-water heater
GEFA Awarded $5 Million – Competitive

- Oglethorpe Power Corporation - $3,600,000
- Electric Cities of Georgia - $700,000
- Municipal Gas Authority of Georgia - $700,000
Planning Stage: 6-8 months

- Created program guidelines
- Application templates
- Created marketing tools for municipals
  - Bill stuffers, press releases
- Identify preferred contractors
- Created guidelines & procedures for submitting applications
  - Included quality and assurance procedures
- Secured third-party lenders
OBF Process Flow: MGAG & ECG & Oglethorpe

Customer gets quote/estimate from contractor or retailer on approved list. EMC/Municipals maintain list of approved contractors.

Customer applies to EMC/municipal or credit union for loan.

Loan application is approved by EMC/municipal/credit union and sent to Utility for final funding approval.

The customer is notified of approval and hires contractor or purchases from retailer.

The EMC/Municipal physically inspects each location when installation is complete. A check is issued to contractor/retailer.

Five Step Application to Payment Process
On-Bill Loan Program

Municipal Gas Authority of Georgia

Loan Terms

- $5,000 max loan amount
- Zero percent Interest rate
- Maximum five-year loan term
- Grant funds are used as capital for loan program
Municipal requirements:
- Establish credit evaluation procedures
- Minimum 12 month good payment history with municipal
- Agree to contractor procedures
- MGAG reporting requirements, and agree to branding requirements

Utilized the program to supplement already established campaigns, rebate programs, efficiency programs

MGAG charged **admin fee** to create a loan loss reserve fund
- Flat $3.50 admin fee
On-Bill Loan Results

Nine Member Participants:

- Program live for 11 months
- Total number of loans – 244
- Average loan amount - $3,116
- High efficiency gas furnace loans – 147
- Water heater loans – 97
- Contractor involvement sold this program
On-Bill Loan Program

MGAG is expanding the program because of high municipal demand for the program

- $700,000 in grant funds allocated fully by November 2011
- MGAG board voted to supplement the program with $250,000 additional funding
- MGAG is considering further expansion to a multi-million dollar program in 2012-2013
Loan Terms

• $5,000 max loan amount
• 36-60 months
• Zero percent interest
• Loan is tied to the home
• Secured by a lien on the property
• Payback is structured as a facility fee on utility bill
On-Bill Tariff

Loan Terms

- Residential Customers
  - 12 month history with utility
  - Current with no more than one bill late over 12 months

- Maximum $5,000 Loan
  - Payable over 36 to 60 months
  - No interest on loan
  - Municipal may charge small admin fee/month
    - Creating a Loan Loss Reserve fund
What happens when a customer sells the home with an outstanding balance due??

- Loan is secured by a **lien** on the home
- Account must be settled at closing
- Account may be transferred to new owner
  - As they are receiving the benefit of energy savings/new retrofits as new owner

Program performed very well – funds exhausted in 8 months
GEFA increased award amount by **$400,000**
Interest-Rate-Buy-Down

Two Offerings:

- On-Bill Loan Program
- Interest-Rate-Buy-Down Option
  - Held group and individual meetings with EMCs to promote and educate members on program benefits
  - Resulted in 23 of the 39 members participating in OBF
  - 95% of municipalities choose to utilize partnership with credit unions and offer the interest-rate-buy-down option
    - GEMC Federal Credit Union
    - Robins Federal Credit Union
Loan Terms

- **Credit unions** determine credit eligibility
  - Minimum 660 FICO
- Loan max at $5,500
- 3 year loan term
- Max **grant** funds per home - $750
  - Zero percent interest rate
  - Loan repayments on utility bill
- Credit unions take loan loss risk
START SAVING YOUR ENERGY DOLLARS

Join other smart homeowners in your community who are making energy-efficient improvements with the help of the HomePlus loan program.

homePlus

Finance all of your energy-efficiency home improvements with a HomePlus loan from your EMC. www.governorsenergychallenge.org
23 Electric Municipal Cooperatives across Georgia

- Closed 2,002 loans in 12 months
- Over $10,000,000 in closed loans
- $2,100,000 in grant funds used ($1,100,000 remain)
- Average loan amount $4,850
Interest-Rate-Buy-Down

- Pro – Strong leverage of private funds - 1:5 ratio
- Pro – Created more jobs & more investment in short run
- Pro – Put risk on credit unions not EMC/municipals.

- Con – Slower spend rate
- Con – Program will end when grant funds deplete
OBF Program - Number of Loans

- ECG
- MGAG
- Oglethorpe

INVESTING IN GEORGIA'S ENERGY, LAND & WATER RESOURCES
Takes time to build a program’s momentum and get partners engaged (not much time to get started)

Cooperatives were concerned about loan loss risk
- Credit Union partnerships helped

Communicating and maintaining compliance with “qualified improvements” takes continuous and ongoing communication with all stakeholders

Loan volume can change by season
OBF Program Benefits

- Job Creation
  - Providing work & increased business for approved, local contractors and business owners during an economically difficult time

- Providing Customer Service with Energy Savings
  - Reduce monthly bills to residential customers

- ‘Feel good’ factor from Utility/Municipal to Customer Base
  - Being GREEN

- Provides Alternatives for Cooperative Customers
  - This program provides a low cost solution for many homeowners who otherwise could not afford energy efficiency improvements
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