

Application of San Diego Gas & Electric
Company (U-902-M) for Approval of
Electric and Natural Gas Energy Efficiency
and Budgets for Years 2006 through 2008.

Application 05-06-____

CHAPTER III

PREPARED DIRECT TESTIMONY

OF

FRANK SPASARO

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

JUNE 1, 2005

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CHAPTER III

TESTIMONY OF FRANK SPASARO

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I. PURPOSE

The purpose of my testimony is to sponsor SDG&E's proposal in response to Commission guidance in Decision (D.) 04-09-060 to provide "...options to remove barriers to rapid energy efficiency deployment, including on-bill financing." SDG&E agrees with the Commission that on-bill financing ("OBF"), where a customer's energy efficiency loan is funded by the utility and is repaid through the customer's utility bill, could be a very effective tool for certain market segments to increase the amount of energy efficiency than would otherwise be achieved, and SDG&E is excited about adding to its energy efficiency portfolio. Implementing an on-bill financing program, however, raises certain issues that are outside the traditional scope of an energy efficiency filing but must be addressed by the Commission as part of its review and approval process of SDG&E's 2006-2008 Energy Efficiency Application if on-bill financing is to be implemented.

The OBF Program ("Program") SDG&E has developed incorporates key elements of successful programs being implemented in other states. This proposal includes a two-phase implementation: Phase 1 is a robust "pilot" that will allow SDG&E to test the Program under actual conditions. During this phase, SDG&E will first deploy a manual system and fine-tune the requirements for the Program's operational requirements. Concurrently, SDG&E will also begin an effort to create an automated billing process; automation of the process should be transparent to the customer. Phase 2 will incorporate the results of Phase 1 in what is expected

1 to be the next generation program (where target markets and program elements may change from
2 the pilot effort).

3 My testimony is organized as follows: Section II contains relevant background
4 information from the Commission, as well as an overview of lessons learned from other utility
5 programs; Section III is a summary of the OBF Program proposal; Section IV discusses in detail
6 the key issues to consider in approving the Program; and Section V contains the conclusion.

7 **II. BACKGROUND**

8 Over the last several years there has been a growing desire that California utilities
9 implement an on-bill financing option for customers. First, the energy efficiency marketplace
10 has been increasingly interested in utility financing as a tool to promote energy efficiency.
11 Second, there have been two key Commission decisions recently issued that make the 2006-2008
12 program cycle an opportune time to implement on-bill financing. The first is D.05-01-055, in
13 which the Commission set forth its new path for energy efficiency administration with the
14 Investor-Owned Utilities ("IOUs") as the administrators. The second is D.04-09-060, "the Goals
15 Decision", where the Commission set aggressive new targets for energy efficiency. In D.04-09-
16 060, the Commission stated that the IOU's should develop an "on-bill" financing option for
17 energy efficiency as part of their program filings for 2006-2008 programs:

18 In order to meet today's adopted goals, program administrator(s) should
19 aggressively pursue programs that support new building and appliance standards
20 and submit for our consideration an analysis of a wide range of promising options
21 to accelerate energy efficiency deployment, including on-bill financing options.¹
22

23 The Commission noted the previous hurdles that have hindered the implementation of on-
24 bill financing in California:

¹ D.04-09-060, mimeo page 49 - Finding of Fact 27

1 For this purpose, we encourage the program administrator(s) to aggressively
2 develop program design options during the next program cycle that will address
3 major barriers to energy efficiency deployment. We expect program
4 administrator(s) to submit for our consideration an analysis of a wide range of
5 promising options to remove barriers to rapid energy efficiency deployment,
6 including on-bill financing of energy efficiency measures. In doing so, program
7 administrator(s) should look to the practices used in other states to resolve the
8 ratemaking, cost allocation and consumer protection issues raised by the parties in
9 this proceeding regarding on-bill financing.²

10 The Commission provided additional direction for developing an on-bill financing
11 program:

12 Submit an analysis of a wide range of promising options to remove barriers to the
13 rapid deployment of energy efficiency with the PY2006-2008 program plans,
14 including on-bill financing of energy efficiency measures. In doing so, program
15 administrator(s) should look to the practices used in other states to resolve the
16 ratemaking, cost allocation and consumer protection issues raised by the parties in
17 this proceeding regarding on-bill financing.³

18
19 In developing the on-bill financing proposal, SDG&E looked at many different current
20 and past utility-based financing programs for energy efficiency initiatives that have been
21 implemented in the United States and Canada. SDG&E also obtained input from its Program
22 Advisory Group ("PAG") and other public processes, in addition to obtaining valuable
23 information through the Internet (see Attachment 1 for a summary of some of the other utility
24 programs). The key lessons learned from this effort are:

- 25 • On-bill financing options appear to give customers expanded opportunity to participate in
26 utility energy efficiency programs;
- 27 • Certain market segments (e.g., small businesses) are capital constrained;
- 28 • On-bill financing can be an effective tool to access hard-to-reach markets;
- 29 • "Successful" programs use an unsecured, zero percent interest loan, in addition to a
30 rebate, where the balance of the installed cost is 100% financed;

² D.04-09-060, mimeo page 34

³ D.04-09-060, mimeo page 52, Ordering Paragraph ("OP") 4.c.

- 1 • Using contractors as part of the program delivery process is important;
- 2 • Ensuring that the bill savings from the new measures pays for the loan is important to the
- 3 long-term viability of an OBF program;
- 4 • Using customer billing and payment history is a good indicator of creditworthiness (and
- 5 helps minimize loan defaults);
- 6 • The “small business” segment seems to be a better target for on-bill financing, compared
- 7 to the residential market; and,
- 8 • California lending laws are extensive and impose more compliance requirements than
- 9 many other states.

10 Based on the results of this effort, SDG&E has designed an OBF program that addresses
11 the capital constraints certain customers have in investing in energy efficiency, helps minimize
12 lost opportunities and facilitates access to energy efficiency programs. The Program is also
13 designed to be “easy to use” for customers, while maintaining adequate controls to contain costs
14 over time.

15 **III. SUMMARY OF PROGRAM PROPOSAL**

16 SDG&E customers have many financing tools available to them today, ranging from
17 traditional lines of credit to specialized programs such as SAFE-BIDCO for commercial
18 customers and Volt ViewTech’s energy appliance financing program (which is backed by Fannie
19 Mae). Some customers can even enter into shared-savings contracts with energy service
20 companies as a way to manage the costs of implementing energy efficiency activities. However,
21 none of these programs are provided directly through a utility energy efficiency program, nor are
22 any paid through the customer’s utility bill. SDG&E’s OBF Program is designed to fill this gap,
23 and is expected to be complementary to the other existing offerings.

1 The OBF Program is simple in concept: it offers eligible customers the option to finance
2 their energy efficiency project through an on-the-bill re-payment of the cost (after rebate) of
3 installing qualified energy efficiency measures. The customer will have a new line item on their
4 bill, specifying the monthly charge for the loan repayment. An additional page will be added to
5 each bill, detailing the status of the loan. During Phase 1, the basic design is a zero-percent,
6 unsecured, non-transferable loan targeted at small businesses, certain multi-family building
7 owners and local government facilities (schools, etc.), where the loan is repaid over 2-5 years as
8 an additional component of the regular, monthly energy bill (by adding a new line item on the
9 bill). Customers meeting OBF eligibility requirements (described later in this testimony) will
10 then be eligible for a reduced rebate/incentive, plus 100% financing of the remaining balance of
11 the installed costs of the project. SDG&E plans to use a network of qualified contractors and
12 account representatives to work with the targeted customer segments to qualify projects. The
13 minimum loan amount will be \$5,000, the maximum \$25,000, with up to \$5 million available for
14 the loans.⁴ The 3-year administrative budget for the Program is \$3.75 million.⁵

15 A copy of the OBF Program Concept Paper, which contains the details of these and the
16 remaining components of the OBF Program proposal is in Witness Besa's testimony at Chapter
17 II, Attachment C. The following highlights the key program design assumptions and
18 components that have implications for the Commission's consideration and approval of on-bill
19 financing (the issues associated with these assumptions are then discussed in Section IV):

- 20 • Implementation in phases:
- 21 ○ Phase 1: As indicated earlier, SDG&E's proposal is comprised of two parts—
22 the first part is a "manual" billing process, and the second part is automating
23 that process. In either case, the customer bill will look the same (i.e., a single

⁴ The initial loan fund will be borrowed from SDG&E working cash.

⁵ The administrative budget will be funded from energy efficiency funds.

1 line item for the loan charge). The manual billing process can be
2 implemented with limited modifications to the billing system in order to allow
3 for processing of the monthly loan charges. The second part is a concurrent
4 effort to automate the billing systems. These cost estimates are also being
5 coordinated with SDG&E's Demand Response ("DR") filing being made
6 current with this application. SDG&E expects to transition to the automated
7 system by the end of 2006.

- 8 ○ Phase 2: SDG&E proposes to file an Advice Letter in late 2007 summarizing
9 the status of Phase 1 and including a request for the next generation program,
10 which would be implemented in 2008. Reconciliation of costs in Phase 1, a
11 proposal for the funds necessary to create a sustainable loan pool, and an
12 associated request for cost recovery will be included in the Advice Letter
13 (including authorization for any funding requirement modifications). The
14 Advice Letter will also summarize the results at that time of the Phase 1
15 implementation, including SDG&E's assessment of:

- 16 • Incremental program participation
 - 17 • Incremental energy savings achieved
 - 18 • Customer acceptance
 - 19 • Program design criteria--simple, manageable, convenient
 - 20 • Determination of the level for a future loan pool
 - 21 • Cost effectiveness; savings contribution to portfolio
 - 22 • Actual default rates
 - 23 • Lending/privacy law compliance burden
 - 24 • Free-ridership
 - 25 • Overcome market barriers, e.g., capital constraints
 - 26 • Assess risks/issues for next generation program, including
27 appropriate target markets
 - 28 • Investigation of other program strategies, like PAYS®.⁶
- 29

⁶ PAYS: Pay As You Save™ (PAYS®) program being implemented in New Hampshire.

1 • Program Design:

2 Phase 1 implementation of the OBF program will target three markets: Small
3 Businesses (20kw to 100kw), Local Government (less than 500kw) and Multi-Family
4 owners (who do not live on premises). Financing will be offered as an option to
5 SDG&E's Multi-Family Rebate Program, the Statewide Nonresidential Express
6 Efficiency Program and the Small Business Super Saver Program. Each of these
7 programs will count the energy savings accomplishments within their respective
8 program area. DR measures (e.g., smart thermostats) offered under the Demand
9 Response Technology Incentive Program will also be eligible for OBF in conjunction
10 with the qualifying energy efficiency projects. DR loans will be capped at 10% of the
11 total loan pool (i.e., \$500,000). The interest and default charges due to any loans for
12 DR measures will be charged to the Advanced Metering Demand Response
13 Memorandum Account.⁷ During Phase 1, SDG&E will evaluate the opportunity to
14 expand OBF into other markets and programs.

15
16 • Initial Eligibility:

- 17 - Customers must be an SDG&E customer (active account) for at least
18 two years at the same address;
19 - In the last 12 months the customer must not have received more than 3
20 over-due notices, no disconnect notices, and no 48-hour shut-off notices;
21 - Customer should not currently show a deposit on hand.

- 22
23 • Participation Process: Program participants must first qualify for a loan under the
24 eligibility criteria. A key next step will be determining that the project meets "simple
25 payback" criteria, which will be tied to the loan term (e.g., a two-year loan term will
26 use a 30 month or less simple payback threshold). Once the customer's project is
27 approved, they will be required to sign both an OBF contract (containing the terms
28 and conditions of the loan), and the applicable program contract (which details the
29 measures and rebate components of the project).

30

⁷ See D.03-03-036, Ordering Paragraph 8 and D.05-01-056, mimeo at page 66-67.

- 1 • Billing Process description: Once funds are dispersed and the project installation is
2 verified, SDG&E will post and process the loan to the customer's account. SDG&E
3 will start billing the customer on the next appropriate billing cycle. The loan
4 repayment will be calculated each month in accordance with the terms and conditions
5 of the loan contract. This loan repayment amount will be added to the customer's
6 subsequent bill for utility service. A single line item will cover all the scheduled
7 payments due when the bill is generated (e.g., the current amount due plus any past
8 due amounts). An attachment to the bill will detail the charges presented (e.g.,
9 payments made to date, pay off balance, etc.). While the process initially will be
10 manual, the customer will not be aware the bill was manually calculated. Over time,
11 our internal processes will be automated to improve the internal quality and efficiency
12 of providing the service.

13
14 The customer will be notified when the loan is paid in full.

- 15
16 • Bill Remittance and Collection Process:

17 The customer's loan obligation will be treated as if it were the customer's obligation
18 for the utility's energy services. Collection procedures and disconnection for non-
19 payment shall follow the same Rules that SDG&E uses for the energy-only
20 component of the bill. It is important to note that SDG&E may terminate for payment
21 defaults, including non-payment of the loan balance.

22
23 Customer may elect to make partial or additional payments in any given month. Such
24 payments will be applied to energy charges and the loan charges according to current
25 utility payment posting routines. Over-payments will be tracked and credited, and
26 may mean re-adjusting the monthly loan charges. In instances of partial payment, the
27 payment will be equally allocated to the gas, electric and loan charges, and the
28 customer may be considered to be in default of both the energy bill as well as the loan
29 obligations.

30

- Late charges will apply as they are implemented for the regular energy bill. There will be no incremental late charge tied to the loan.

IV. KEY ISSUES

As noted, utility financing of customer energy efficiency projects, particularly through the use of the energy bill, raises a number of issues that are not normally considered in a traditional energy efficiency filing. While none of these issues is insurmountable, each is critical to this proposal and will require special consideration and approval in this proceeding. Some of these fall into the traditional energy efficiency program approval process, while other items do not and will require special consideration by the Commission in this energy efficiency proceeding.

1. SDG&E requests that the Commission approve this program by October 1, 2005, with specific authorization to begin charging against the authorized 2006-2008 program budget on October 1, 2005 or concurrent with the effective date of this decision. This authorization is necessary to provide sufficient lead-time to modify the billing systems and internal procedures, such as developing the proper internal controls, establishing review and approval levels, filing and document retention procedures, setting up financial and regulatory accounting records, and bill form modifications. SDG&E plans to make the Program available to customers in the first quarter of 2006. An effective and early implementation of Phase 1 will ensure sufficient time to evaluate and adjust the Program during the program cycle.

2. Legal Issues Regarding Lending Laws:

There are several Federal and state laws that apply to the offering of a financing program:

- i. Privacy Law Requirements—Federal and state privacy laws will have a limited impact if any on Phase I of the Program. While there are many requirements regarding the confidentiality and security of information

1 collected in consumer transactions (such as notice and disclosure
2 requirements and security procedures), this burden is less for commercial
3 customers.

4 ii. Licensing Requirements --- Credit laws generally distinguish between
5 consumer debt, incurred for personal, family or household purposes, and
6 commercial debt, incurred for a business purpose. Under the California
7 Finance Lender's Law, no entity (with certain exceptions) may make
8 consumer or commercial loans without a license. A different license is
9 required for each place of business in which consumer loans are made. A
10 bond is required, and there are certain reporting and record keeping
11 requirements. The estimated costs of licensing and a bond are included in
12 the proposed budget.

13 iii. Requirements Imposed on Consumer Debt -- Consumer debt is subject to
14 a variety of federal and state legal restrictions and disclosure requirements.
15 For example, at the federal level, the Fair Credit Reporting Act and Equal
16 Credit Opportunity Act govern the credit application process. The Truth-
17 in-Lending Act requires certain credit disclosures, and the Fair Debt
18 Collection Practices Act may apply to collecting defaulted debts. In
19 California, the Finance Lenders Law contains disclosure requirements, as
20 well as limits on repayment schedules and interest rates. The Rosenthal
21 Fair Debt Collection Practices Act applies to collection of consumer debt.
22

23 In order to keep the primary focus on the operation of the pilot and to minimize
24 ratepayer-borne financial burdens associated with compliance costs, SDG&E intends to
25 limit the scope of Phase I of the Program to commercial debt. In order to be considered
26 "commercial" debt, such loans would not be made to individuals, and would each exceed
27 \$5,000, since loans of a lesser amount are treated as "consumer debt" under the Finance
28 Lender's Law, regardless of the purpose for which the loans were obtained. SDG&E
29 believes that the inclusion of multi-family housing in Phase I will allow it to preliminarily
30 gauge residential demand for OBF. If the Program evolves to include Consumer debt,
31 there will be additional costs that result from the increased disclosure and reporting

1 requirements. Moreover, there will be costs associated with protecting the privacy and
2 security of consumer information, which also will add to the costs of the program. These
3 costs can include additional hardware, software and administrative costs necessary to
4 comply with California and federal law.

5
6 3. SDG&E plans to lend the Program up to \$5 million from SDG&E working cash to create
7 the loan fund for the Phase 1 implementation (this fund is incremental to the
8 administrative budget identified earlier in my testimony and is not part of the submitted
9 program budget in Witness Besa's testimony (in Chapter II). SDG&E is requesting that
10 the Commission authorize that the cost of loaning these funds be reimbursed to the
11 utility. This cost of funds is to be calculated at the weighted average cost of capital rate
12 of 8.43%.⁸ Also, SDG&E requests that the Commission authorize SDG&E to update the
13 rate based on the outcome of SDG&E Application A.05-05-012 (the 2006 cost of capital
14 application filed May 9, 2005). In addition, SDG&E requests authorization to recover
15 any loan defaults against the loan pool. The cost of funds and defaults will be recorded in
16 the Post-1997 Electric Energy Efficiency Balancing Account for electric-related on-bill
17 financing and the Post-1997 Gas Energy Efficiency Balancing Account for gas-related
18 on-bill financing. The monthly cost of funds shall be calculated at the annual rate of
19 8.43% on the average monthly balance of the net funds loaned. The Program budget
20 includes an assumption for defaults of 2% (based on the United Illuminating experience).
21 Loan repayments will not be recycled to fund additional loans during Phase 1.
22 The Phase 2 Advice Letter filing (noted earlier) will include the actual default rate and a
23 request for an adjustment accordingly (i.e., refund, reallocation or cost recovery), as well
24 as a proposal to create a sustainable loan fund for the next generation program. SDG&E
25 requests authorization to file this Advice Letter on the Phase 2 proposal, including any
26 funding requirement modifications.

27
28 4. SDG&E is requesting the Commission to authorize SDG&E to treat OBF customer bills
29 as they would otherwise be treated under existing tariffs/rules for partial payments, shut-

⁸ Market Indexed Capital Adjustment Mechanism (MICAM) Advice Letter filings: SoCalGas 3199-A; SDG&E 1630-E/1479-G.

1 offs, defaults and collections. If approved, SDG&E would file necessary revisions to the
2 applicable rules and/or tariffs as a Compliance Advice Letter filing within 30 days of the
3 effective date of the decision on this program.

4
5 This Advice Letter will include a copy of the Financing contract with all terms and
6 conditions, and a pro-forma bill.

7
8 5. Uncollectibles (energy charges): Under SDG&E's recent Cost of Service decision (D.05-
9 03-023), SDG&E was authorized a process for treating "Uncollectibles" (i.e., the
10 nonpayment of the energy charge). To the extent that SDG&E gains experience with
11 how the addition of financing programs to the customer bill impacts non-payment of the
12 energy portion of their bills, SDG&E may come back to the Commission to seek special
13 treatment of higher than estimated uncollectibles.

14
15 6. Program Duration: The OBF Program incorporates loan repayment schedules of up to 5
16 years. Accordingly, even if only the Phase 1 effort is implemented, this initial program
17 covers up to 7-years (i.e., loans given in late 2007 will not be paid back in full until late
18 2012). Since there would be a need for resources to manage the loans through 2012,
19 SDG&E requests the authority to reallocate remaining administrative funds for this effort.
20 SDG&E would file this result and request appropriate Program modifications as part of
21 the Phase 2 Advice Letter.

22
23 7. Demand Response: As part of the Integrated Demand Side Management ("IDSM")
24 program effort, this proposal incorporates allowing SDG&E customers to include in the
25 loan certain demand response measures (e.g., smart thermostats) along with qualified
26 energy efficiency measures. This request is being coordinated with the Demand
27 Response filing, and the estimated costs of the interest reimbursement and defaults
28 related to DR are budgeted in SDG&E's DR filing.

29 This concludes my prepared direct testimony.

1 **QUALIFICATIONS**

2
3 My name is Frank A. Spasaro. My business address is 555 West Fifth Street, Los
4 Angeles, California 90013-1011. I am employed by Southern California Gas Company
5 (SoCalGas) as the Market Strategy Manager in the Customer Services Mass Market Department.
6 My responsibilities include developing overall market plans for Mass Market customers (i.e.,
7 residential and small business), for both San Diego Gas & Electric Company (SDG&E) and
8 Southern California Gas Company.

9 I attended the University of Southern California and graduated with a Bachelor of
10 Science degree in Civil Engineering. Since joining SoCalGas in 1983 as an energy systems
11 engineer in the marketing department, I have held positions of increasing responsibility,
12 primarily working with the core commercial and industrial market segments on demand side
13 management/energy efficiency programs and policy. I assumed my current position in April
14 2004. I have previously testified before this Commission.

15 The purpose of my testimony is to sponsor SDG&E's On-Bill Financing Program
16 associated with the PY 2006 – 2008 energy efficiency programs application.

ATTACHMENT

ATTACHMENT

Summary of Other Utility Financing Programs

1. United Illuminating Company's "Small Business Energy Advantage"

- Evaluates customer energy use
- Recommends energy-savings measures
- Performs installations
- Rebates pay for up to 50% of total cost
- Interest free financing for the remainder
- Financing appears on regular energy bill and offset by monthly energy savings

2. Connecticut Light & Power's "Small Business Energy Advantage"

- No upfront costs
- Pays up to 50% of lighting measures; up to 100% of other eligible services
- Zero percent financing option for customer balance; customer must have good credit standing with CL&P
- Loan repayment based on estimated energy savings so customer pays about the same amount per month as would have before measure installation
- Loan repayment rolled into monthly electric bill; convenience of paying by one check
- Eligible customer has 12 month peak demand under 100kW

3. Western Massachusetts Electric Company's "Small Business Energy Advantage"

- No upfront costs
- Pays up to 50% of lighting measures; up to 100% of other eligible services
- Zero percent financing option for customer balance
- Loan repayment based on estimated energy savings so customer pays about the same amount per month as would have before measure installation
- Loan repayment rolled into monthly electric bill; convenience of paying by one check
- WMECO provides oversight and inspection
- Eligible customer has 11-100 kW average 12 month peak demand with program emphasis on loads below 50 kW
- Measures: lighting, occupancy sensors, HVAC, programmable thermostats, and anti-condensation door heater controls

4. NSTAR's "Small Business Solutions"

- Average demand use of 100 kW or less
- Free energy audit to identify energy saving opportunities
- Pays up to 80% of the total cost for retrofitting qualifying lighting and mechanical systems
- Measures: lighting fixtures, electronic controls, HVAC and refrigeration, and efficiency upgrades to mechanical systems

5. Grid's (MA & RI) "Small Business Program"

- Average demand use of 200 kW or less
- Free energy audit and report with recommendations
- Pays 80% of cost; financing remaining 20% at zero percent for up to 24 months
- Measures: lighting, energy efficiency time clocks, photo cells for outdoor lighting, occupancy sensors, programmable thermostats, and walk-in cooler measures

6. Toronto Hydro's "Energy Efficiency Project Financing"

- Competitive and convenient financing
- Offers leasing and financial support to customers who satisfy a credit review
- No further details available online; phone number for additional information provided

7. Enbridge Gas' "Better Buildings Partnership Program"

- Buildings in City of Toronto eligible
- Retrofits must be carried out by qualified Energy Management Firm (EMF)
- EMF will provide comprehensive package of professional services including development, provision and facilitation of attractive financing packages
- EMF provides upfront financing and repayment can be made from energy and water savings realized from retrofit. These savings can also be guaranteed
- For building owners and managers of small to medium-sized commercial, industrial and institutional buildings who lack commercial bank financing for energy efficiency retrofits and building renewals, the **Loan Recourse Fund** provides competitive loans with no down payments

8. Nova Scotia Power's "Leasing Program"

- Financing available as lease to own contract
- No upfront costs; low monthly payments on NSP bill so no extra bills to manage
- Customers must be pre-approved for financing
- Customer must be owner of home for certain products

- Measures: water heater (with or without installation), heat pump with installation and electric thermal storage system with installation
- Call NSP for more information

9. Public Service New Hampshire's "Municipal Smart Start Program"

- No upfront costs
- Payment for services and products over time with savings obtained from lower energy costs
- PSNH pays all costs associated with purchase and installation of approved measures
- Smart Start Purchase and Installation Charge calculated to be less than monthly savings and is added to monthly electric bill until all costs are repaid
- Contact PSNH for additional information

10. Northwest Natural's "Pilot On-bill Financing"

- Residential and commercial customers eligible
- Loans available between \$500 - \$75,000 on natural gas equipment and installation costs; average loan was \$3,300
- Convenience of payment through utility was attractive
- Customers also appreciated airline travel miles offered as an incentive. New gas customers who bought a gas furnace received 3,000 Alaska Airline miles and a free water heater. Existing customers received 2,000 Alaska Airline miles.

11. City of Barrie's (water utility in Ontario, Canada) "Water Conservation Partnership"

- Rebates provided for low-flow toilets and showerheads
- On-bill financing option available to homeowners who wanted to pay for the cost of installation through interest-free installments on their water bills

12. Manitoba Hydro's "Power Smart Residential Loan"

- Measures: insulation, ventilation, sealing air leaks, windows and doors, lighting, electrical service and wiring, efficient furnace and water heater. No central air conditioning can be financed under this program
- \$500 - \$5,000 loan per residence
- No down payment; maximum term of 60 months; minimum monthly payment of \$15
- Annual interest rate of 6.5%
- Monthly installments included on energy bill
- Hire contractor, or if doing it yourself, contact participating retailer
- Must be Manitoba Hydro customer and owner of home where improvements are made
- Upgrades must be made to the levels recommended by Manitoba Hydro
- **Energy Finance Plan** is similar to Power Smart program:

- Covers many more measures than Power Smart, including many beyond energy efficiency
- Same loan terms except interest rate of 11%
- All work must be done by qualified electrician or contractor
- Credit approval prearranged
- Upgrade work must be completed within 6 months of signing loan agreement
- Loan due and payable when building is sold
- Projects in progress or already completed at time of application are not eligible for financing