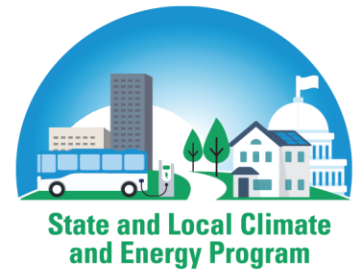




Inclusive utility investments (IUI): tariffed on-bill programs

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Our Tools and Resources Support State, Local and Tribal Stakeholders on Climate and Energy



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Co-Benefits Risk Assessment Health Impacts Screening and Mapping Tool

Quantify and monetize health impacts of reducing emissions



Energy Savings and Impacts Scenario Tool

Analyze energy savings, costs, and multiple benefits from energy efficiency programs



Communicate and Support Policy Implementation



Greenhouse Gas Equivalencies Calculator

Convert a unit of energy to the equivalent amount of CO₂ emissions from using that amount



Heat Island Reduction Program

Resources to implement heat island mitigation policies and projects



Technical Support

Provide 1-1 technical support for state, local and tribal stakeholders



Convene Stakeholders

Engage state, local and tribal decision-makers



Local Action Framework:

A Guide to Help Communities Achieve Energy and Environmental Goals



Energy and Environment Guide to Action:

State Policies and Best Practices for Advancing Energy Efficiency, Renewable Energy, and Combined Heat and Power



Quantifying the Multiple Benefits of Energy Efficiency and Renewable Energy:

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Local Government Climate and Energy Strategy Series:

A Guide to Developing and Implementing Greenhouse Gas Reduction Programs

- On-bill (financing vs loan/repayment)
- Inclusive Utility Investment (IUI): tariffed on-bill (TOB)
- Consumer protections
- Resources

- On-bill financing (utility)

- Utility funds customer energy upgrade, and they are paid back over time through the utility bill with the savings generated by the improvement.
- Liability stays with the utility account holder
 - Non-transferability excludes renters
- Increasingly used as an umbrella term for any financing program with charges on a utility bill.

- On-bill loan / repayment (non-utility)

- Can be coupled with credit enhancements for better terms.

Inclusive Utility Investment

A utility pays for cost-effective upgrades on the customer side of the meter and recovers those costs through a site-specific charge on the bill as defined by a utility tariff.

Fundamental attributes in combination:

- Can pay for 100% of the investment costs
- All customers are eligible regardless of credit standing or home ownership
- Recovery is tied to the premise/meter vs an individual
- Recovery is made on the utility bill
- Strong consumer protections



Energy Justice Lab; University of Michigan

Millions of households are trapped in a "donut hole," unable to secure funds for energy efficiency upgrades.

Inclusive Utility Investment (IUI): tariffed on-bill (TOB)

- Energy upgrade financed through a utility offer that pays for the upgrade under the terms of a new, additional site-specific tariff.
- The tariff includes a cost recovery charge on the bill that is less than the estimated savings from the upgrade.
- Liability associated with the meter at the property.
 - Transferable to a new tenant, who continues to pay the tariff.
 - Renters are eligible!
- PSC involvement - Utilities must seek regulator approval for tariff.
- State involvement - Public capital for financing, credit enhancements, or loan loss reserve.

Inclusive Utility Investment (IUI): tariffed on-bill (TOB)

- No upfront costs.
- No debt.
 - Tariffs describe the terms of cost recovery for the utility investment; they are not a loan.
- Transferable
- Accessible to all customers
 - No credit check or income qualification, but some require bill payment history review.
- Upgrade options: EE and RE (if path to ownership included)
- People pay their utility bills → potential for better financing terms!

Consumer Protections

- Cost effectiveness screening
- Warranties
- Disconnections
 - Allowed in some on-bill programs for non-payment
- Repossession prohibitions
- Release of payment obligation due to upgrade failure
- Communication standards
- Notice to successor customer requirements

Examples

- Ouachita Electric Cooperative – HELP PAYS[®], Arkansas
 - On-bill loan program converted to an IUI program based on the PAYS[®] system
 - Investments: weatherization, HVAC, DR equipment like smart thermostats, and PV.
 - Markets: single-family, multi-family, and non-residential customers.
 - Residential participants have seen an average monthly gross electricity reduction of 20%, resulting in an average cost-recovery period of 12 years.
- Ameren Missouri – PAYS[®], Missouri
 - IOU launched \$15 million program in 2021 to serve single-family residences
 - Utility regulators have approved IUI to have the same earning potential as any other capital investment.
 - Reduced interest rate charged from 4% to 3%.
- Midwest Energy Cooperative How\$mart[®], Kansas
 - Serves residential and small commercial customers
 - Program successfully collaborates with Kansas WAP
 - Cooperative members obtain more comprehensive EE upgrades that WAP funds would not cover.

Resources

- EPA Clean Energy Financing Toolkit
 - <https://www.epa.gov/statelocalenergy/clean-energy-finance-tools-and-resources>
- EPA ENERGY STAR Program
 - Offers technical assistance and connections to existing program administrators.
 - https://www.energystar.gov/products/inclusive_utility_investment
- NRRI - <https://pubs.naruc.org/pub/0E0B2716-947E-B0A8-2899-3DCA0F0C8F16>
- LBNL - <https://emp.lbl.gov/publications/customer-outcomes-pay-you-save>
- Souther Environmental Law Center
 - Analysis of consumer protections:
<https://southernenvironment.sharefile.com/share/view/s347c47c8e80c4ebc91d7485d9629973c>

Clean Energy Financing Toolkit for Decisionmakers

- Intended for state and local government officials and their staff
- Web-based toolkit offering 101 level understanding
- Complements EPA's State Energy and Environment Guide to Action

The screenshot shows the EPA website's "Energy Resources for State and Local Governments" section. The main heading is "Clean Energy Financing Toolkit for Decisionmakers". Below the heading is a sub-heading: "A toolkit of financing programs and policies supporting investments by state and local governments and others in clean energy." A brief description follows: "This toolkit provides information on several types of clean energy financing programs that state and local governments are pursuing to catalyze investment in clean energy, including energy efficiency, renewable energy, sustainable transportation, and electrification. This information is intended to help users understand a range of financing programs across multiple sectors and provides examples from state and local jurisdictions." Below this is a "Directions:" section with two bullet points: "Select characteristics to highlight relevant policies and programs that fund clean energy initiatives." and "Click on a policy or program to learn more about how agencies and others might approach creating and implementing it." The main content area features a filter section with five columns: "Target sectors:" (Residential: Renters, Homeowners, Multifamily; Public, Commercial, Nonprofit; Industrial, Transportation); "Typically funded by:" (Public funds, Private funds, Ratepayer funds); "Level of funding needed:" (High, Moderate, Low level of funding); and "Enabling legislation needed:" (Required, May be required, Not required). At the bottom, there are six buttons for different financing programs: "Community shared solar", "Energy efficient mortgages", "Energy loans and credit enhancements", "Energy project leases", "Green banks", and "Municipal bonds and green bonds".



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