

UTILITY ALLY IMPLEMENTATION MODEL

SOUTHERN CALIFORNIA EDISON: ON-BILL FINANCING PROGRAM



SOUTHERN CALIFORNIA
EDISON[®]

An *EDISON INTERNATIONAL*[®] Company

TYPE OF UTILITY AND LOCATION

Investor-owned Utility
Rosemead, CA

OPPORTUNITY (BARRIER OR CHALLENGE)

Provide a solution to the upfront capital cost barrier in conducting energy efficiency projects

OUTCOME: SHOWCASE PROGRAM

On-Bill Financing Program that has issued over \$10 million in loans and has commitments in place for another \$20.4 million. Loans issued thus far have supported energy efficiency projects with ex ante savings of 17 GWh and 2.8 MW

PROGRAM START DATE

2010

PROGRAM PARTNERS

California Public Utilities Commission (CPUC), Pacific Gas & Electric (PG&E), San Diego Gas & Electric (SDG&E), Southern California Gas Company (SCG)

Overview and Background

Over the last few years, the CPUC has led various efforts to authorize California investor owned utilities such as Southern California Edison (SCE) and PG&E to offer On-Bill Financing (OBF) to customers. Through OBF, customers can fund qualified energy efficiency projects for zero interest and no fees, reduce their monthly electricity usage, and receive financial incentives for installing qualifying energy-efficient equipment. The unsecured OBF loan is used to cover the cost of energy efficiency equipment and installation costs (net of rebates and other incentives). Customers repay the loan in monthly installments, which are added as a line item on their bill.

The OBF program is designed to encourage the purchase and installation of comprehensive, qualified energy efficiency equipment by customers who might not otherwise be able to given capital constraints or administrative burdens.



OBF Program Roadmap

Eligibility – All business customers are eligible (i.e., all Non-Residential Customers). To participate in On-Bill Financing, customers must:

- Apply for and receive approval for incentives under one or more of the following SCE incentive/rebate programs:
 - Express Pending Program (for projects not yet installed)
 - Customized Program
 - Third-Party Implementer Programs
 - Partnership Programs
- Have had an active SCE account in good standing for at least two consecutive years
- Be in good credit standing with SCE, without:
 - A disconnection notice in the past [2 years] [throughout the account’s history]
 - A 48-hour shutoff notice in the past [2 years] [throughout the account’s history]
 - A returned check in the past 12 months
 - A deposit requirement to establish or re-establish credit in the past 12 months

Loan Funding Limits and Loan Terms – Loan funding limits are capped at the Service Account (SA) level. Generally, customers with multiple SAs may have loans up to their SA cap at each SA.

Loan terms are 5 years for business customers (3 years for Lighting Projects) and 10 years for public sector government and institutional customers. If the full Financeable Loan Amount cannot be repaid within the maximum Loan Term, the OBF loan application will be denied.

The following table defines the loan funding limits and terms for different types of Non-Residential customer categories.

Customer Type	Limits	Terms
Business	Minimum of \$5,000 and maximum of \$100,000 per SA	Up to 3 Years for Lighting Projects Up to 5 Years for Non-Lighting Projects
Government and Institutional	Minimum of \$5,000 and maximum of \$250,000 per SA	Up to 10 years

Application – Customers can submit OBF applications alongside their energy efficiency rebate applications online using SCE’s Online Application Tool. The online tool offers several benefits that save time and decrease the risk of applications being rejected (or held) for missing or incorrect information.

- **Tools:**
 - [OBF Program Implementation Plan](#)
 - [Program Outreach Material](#)

Process



On Sept. 18, 2008, the CPUC adopted California's first Long Term Energy Efficiency Strategic Plan, presenting a single roadmap to achieve maximum energy savings across all major groups and sectors in California. This comprehensive Plan for 2009 to 2020 is the state's first integrated framework of goals and strategies for saving energy, covering government, utility, and private sector actions, and holds energy efficiency to its role as the highest priority resource in meeting California's energy needs. As part of this plan, the CPUC identified financing as a way to overcome some of the barriers preventing the achievement of deep and comprehensive energy savings.

In August 2010, SCE launched an On-Bill Financing program, after running pilots during its 2006 – 2008 program cycle. During the 2010 – 2012 program cycle, funds for OBF loans were fully committed due to high customer demand. The CPUC authorized SCE to continue its OBF program in the 2013 – 2014 program cycle, with renewed funding for additional customer loans.

Additionally, SCE is working through the CPUC and with other stakeholders to develop innovative financing solutions for the future, including credit enhancements, on bill repayment using third party financing and more.

Implementing a financing program is an extremely complex task, which involves collaboration and guidance from many stakeholders. Federal and state laws and regulations affecting lending, payment collections, and security of real property; transparency of financing structures and repayment histories; program and technical elements of utility and state-directed energy efficiency programs; and, third party energy efficiency marketing and sales activities must all be considered in the development and implementation of financing programs.

Program Partners



Under the CPUC's leadership, SCE has partnered with PG&E, SDG&E and SCG to develop a statewide model for OBF in California. As much as possible, SCE works with these partners to standardize the OBF offering statewide.



Impact Summary

Over the 2010–2012 period, SCE's OBF program has issued over \$10 million in loans and has commitments in place for another \$20.4 million. The loans that have been issued thus far have supported energy efficiency projects with ex ante savings of 17 GWh and 2.8 MW.

SCE's energy efficiency program savings are subject to rigorous ex-post evaluation, measurement and verification (EM&V) protocols and studies, which are overseen by the CPUC. For more information on these activities to evaluate SCE energy efficiency program performance, please visit the [CPUC EM&V](#) and [California Measurement Advisory Council](#) websites.

■ **Tools:**

- [SCE Energy Efficiency Filings](#)
- [Data and Information on Program Plans and Performance](#)

- [CPUC Energy Efficiency Website](#)
- [CPUC Energy Division's Project Status Reporting System Website](#)