

Energy Efficiency Financing

Background Information for NH PUC Financing and Funding Work Group

February 21, 2018



Financing - Purpose

- A tool to encourage and enable adoption of energy efficiency measures by customers and/or to install more measures than available cash will allow.
- Removes barriers to customer adoption of energy efficiency measures, helping to meet participation and energy savings goals.
- Lays the groundwork for and encourages market transformation.

Financing Mechanisms Currently Used in NH

- Mechanisms
 - Third Party
 - On-bill
 - Smart Start

- Segments
 - Residential
 - Municipal
 - C&I

Financing Mechanisms Currently Used in NH

Residential Third Party Financing

- Program Administrator works with Third Party lending institution to offer loans for qualified measures.
 - Capital Source – Lending Institution
 - Qualification – Lending Institution Criteria
 - Interest Rate – Varies, market rate or bought down to desired level with EE funds
 - Repayment – Unsecured loan, term based on loan amount
- Lending experts have capacity and process to service large volumes
- Proven model for utilities scaling up with EE

Financing Mechanisms Currently Used in NH

On-Bill Financing

- Utility offers loans for qualified measures, which customers pay back on their monthly bill
 - Capital Source – SBC, LDAC, or RGGI Funds
 - Qualification – Utility Bill History and/or Credit Score
 - Interest Rate – 0%
 - Repayment – Attached to account, term based on loan amount. Must be paid up if customer moves.

Financing Mechanisms Currently Used in NH Smart Start

- On-bill repayment tied to the meter for eligible measures
 - Capital Source – EE Funds
 - Qualification – Utility Bill History
 - Interest Rate – 0% (Eversource), 3% (NHEC)
 - Repayment – Attached to meter, term based on loan amount or scaled with projected EE savings.

Residential – Current Offerings

Third Party and On-Bill Financing

- Third Party

- Available for qualified measures
- Five In-State Lending Partners
- Buy down to 2% interest
- Up to \$15,000 over 7 years



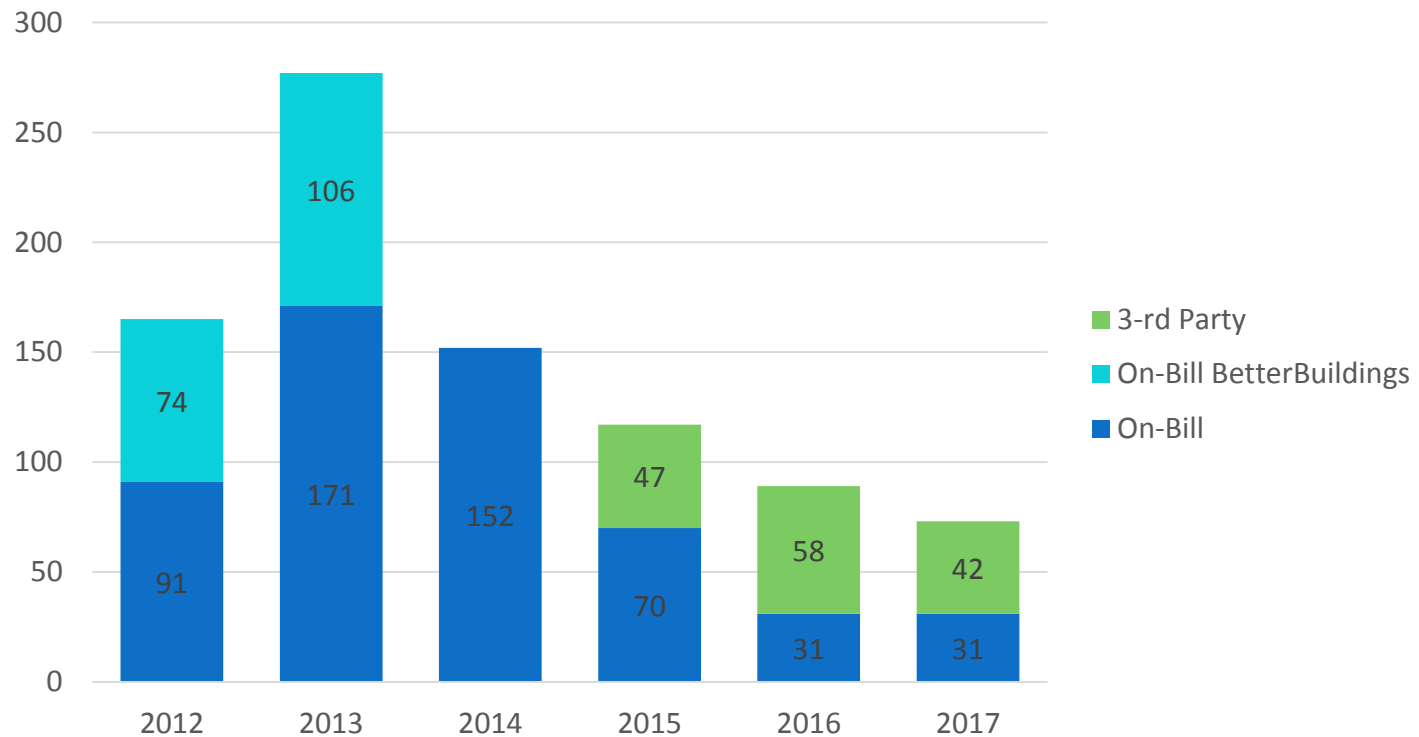
- On-Bill

- \$2,000 or less, for qualified measures
 - NHEC and Unitil increasing to \$4,000
- 0% interest, 2 year term



Residential Loans Over Time

Number of Loans by Type



On-Bill: Up to \$7,500
BB: Up to \$20,000

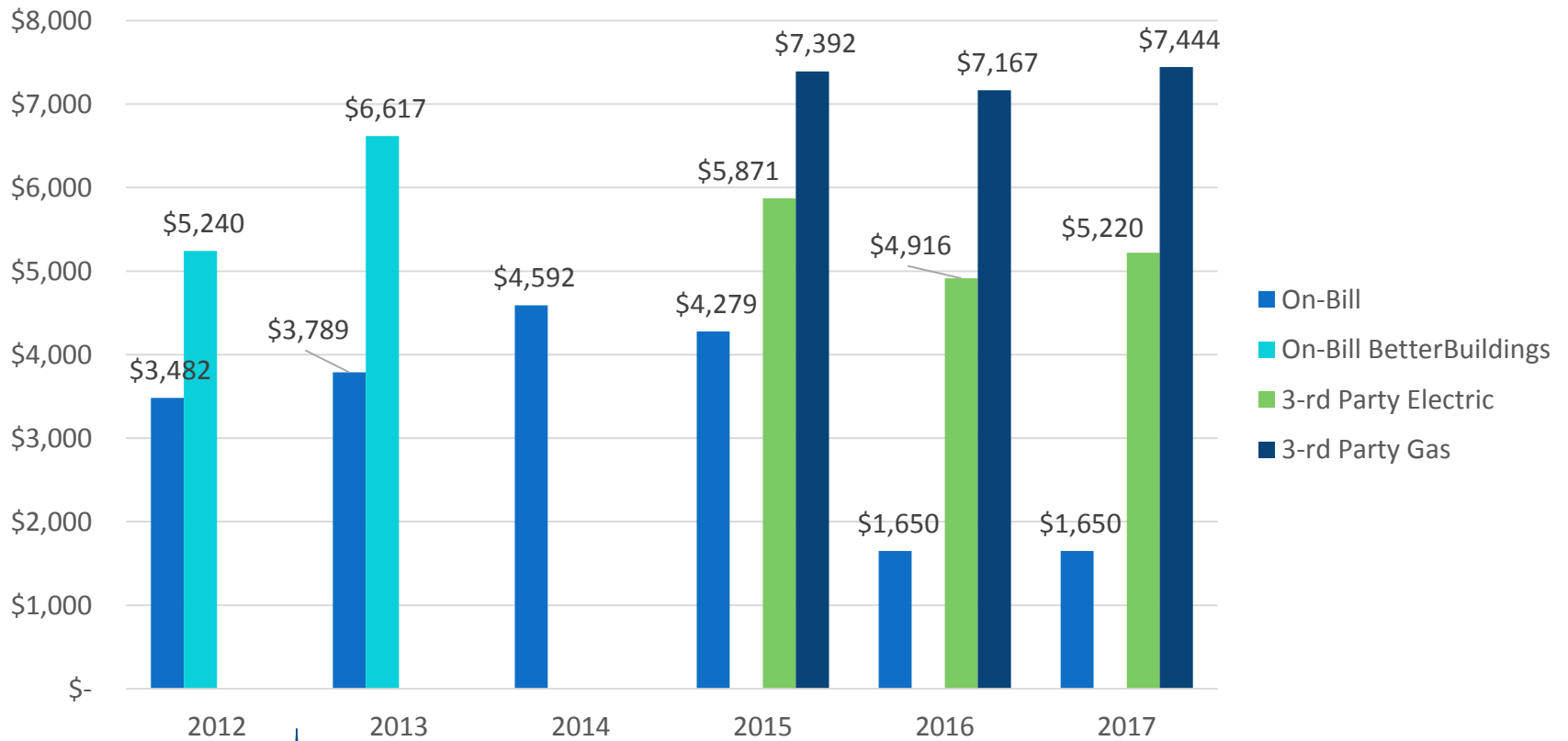
BB: Ends
On-Bill:
Capital
Constraints

Mid-Year: 3rd
Party begins,
on-bill reduces
to \$2,000

All Years: Home
Performance Program
meets energy savings goals

Residential – Eligible Measures make a difference

Average Loan Amount



BB: Includes Pellet Boilers, heating systems, siding, roofing and windows

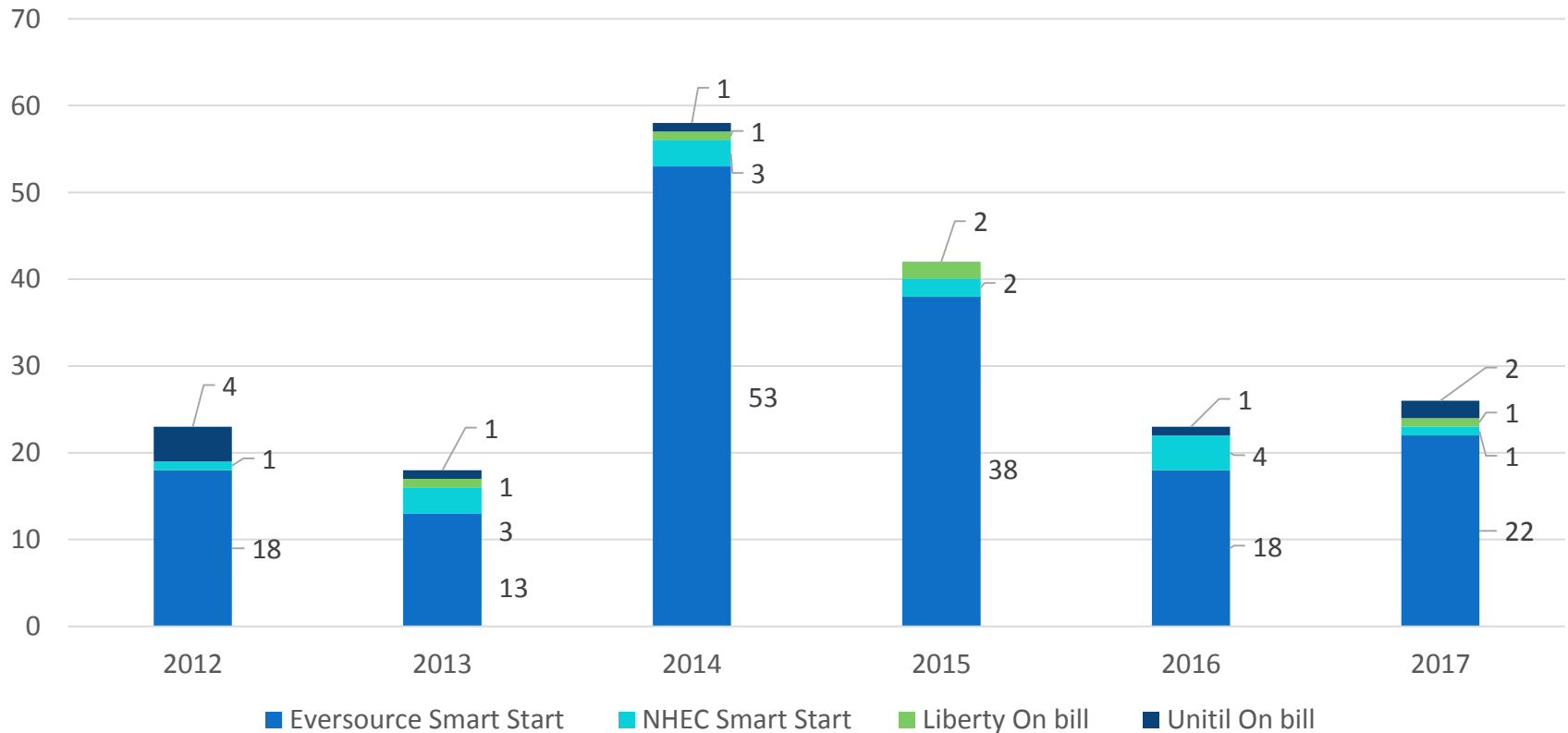
Natural Gas Loans include heating systems

Municipal Current Offerings

- Smart Start Program
 - Eversource and NHEC offering since 2002
 - 0% (Eversource, with a reduction in rebate), 3% NHEC
 - Term depends on energy savings and loan amount
- On-Bill
 - Unitil and Liberty Electric 0%
 - Term depends on loan amount

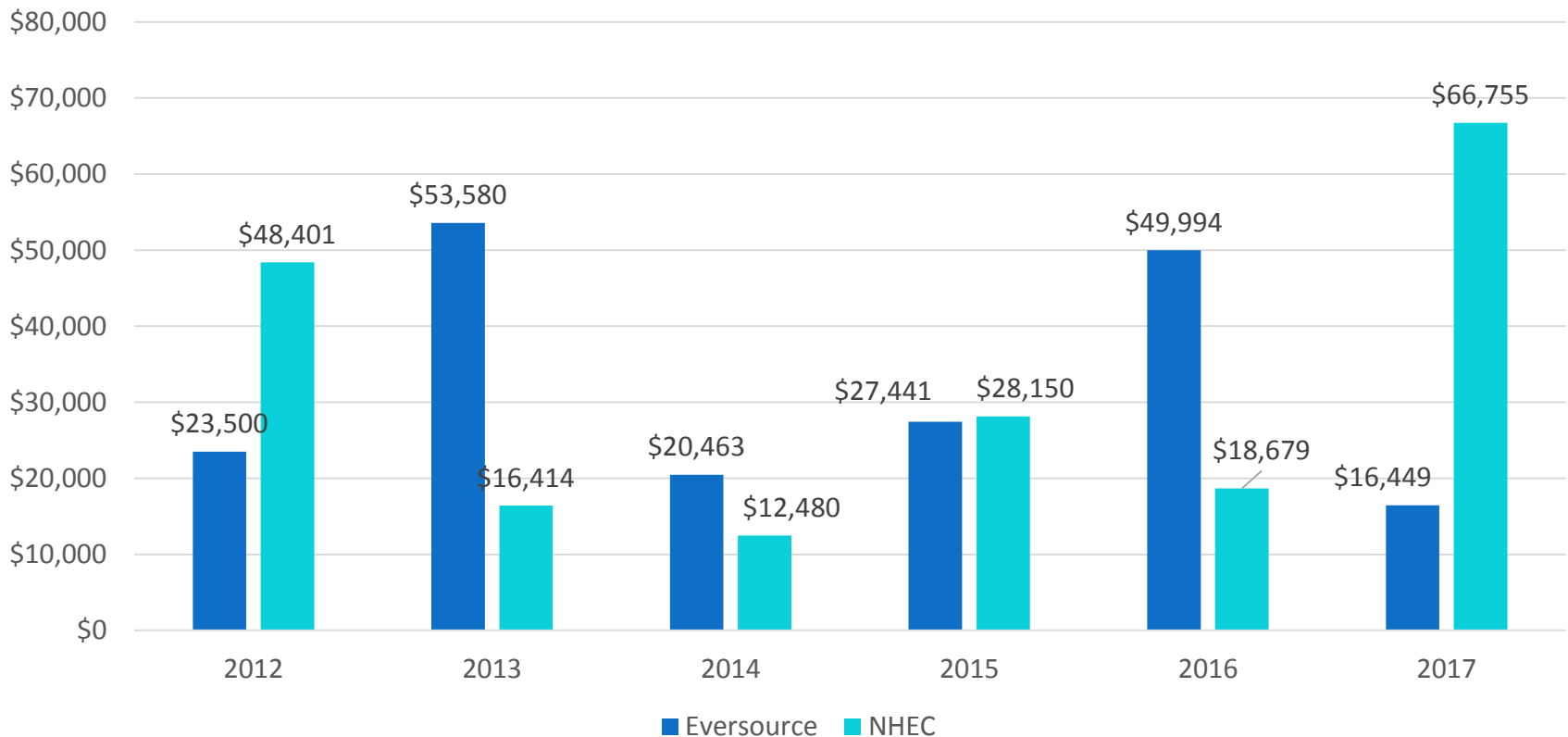
Municipal Loans over Time

Number of Municipal Loans by Utility



Smart Start Loan Amounts

Smart Start Average Loan by Utility



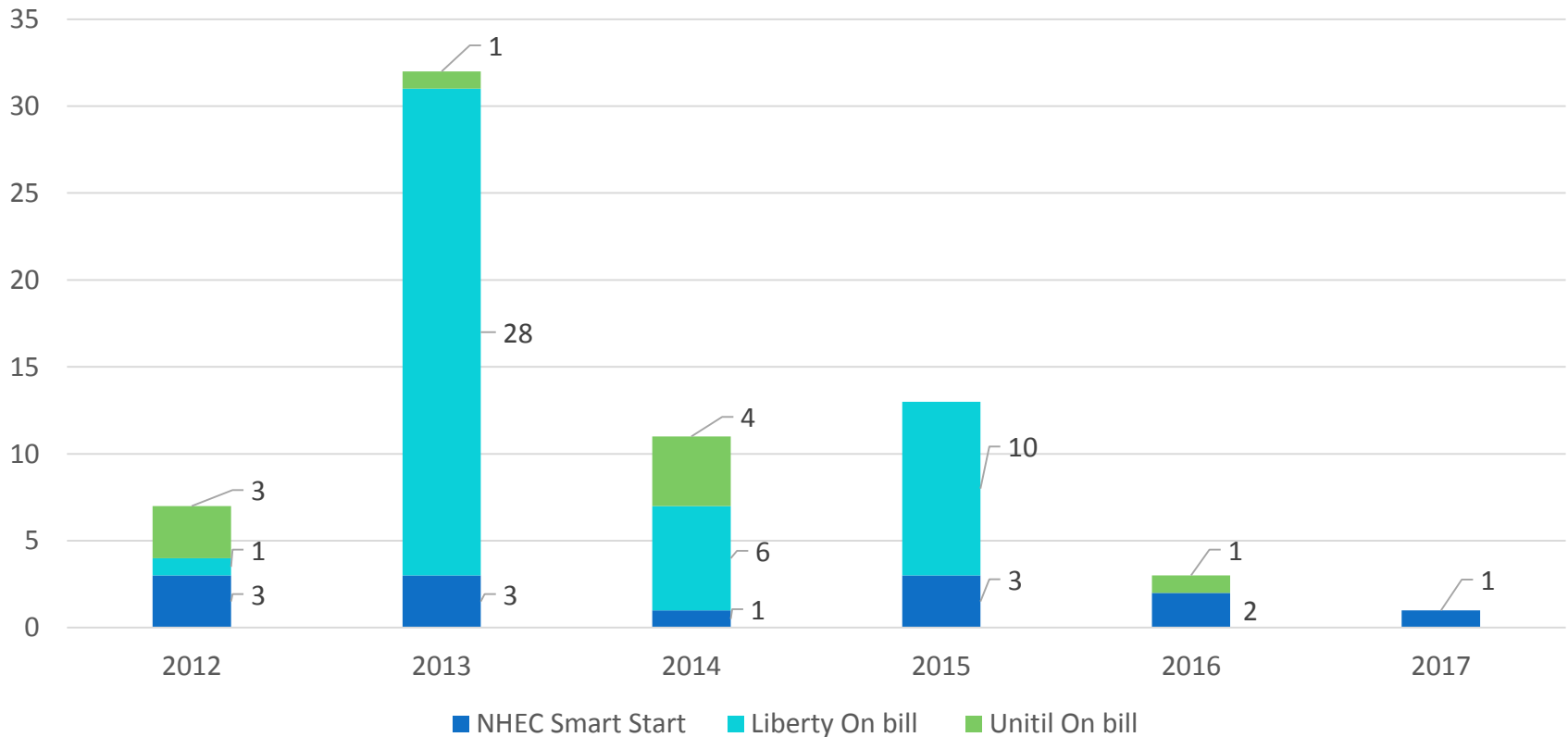
Commercial Loans

Current Offerings

- Smart Start Program
 - NHEC 3.5%
 - Term depends on energy savings and loan amount
- On-Bill
 - Unitil and Liberty Electric
 - 0%
 - Term depends on loan amount

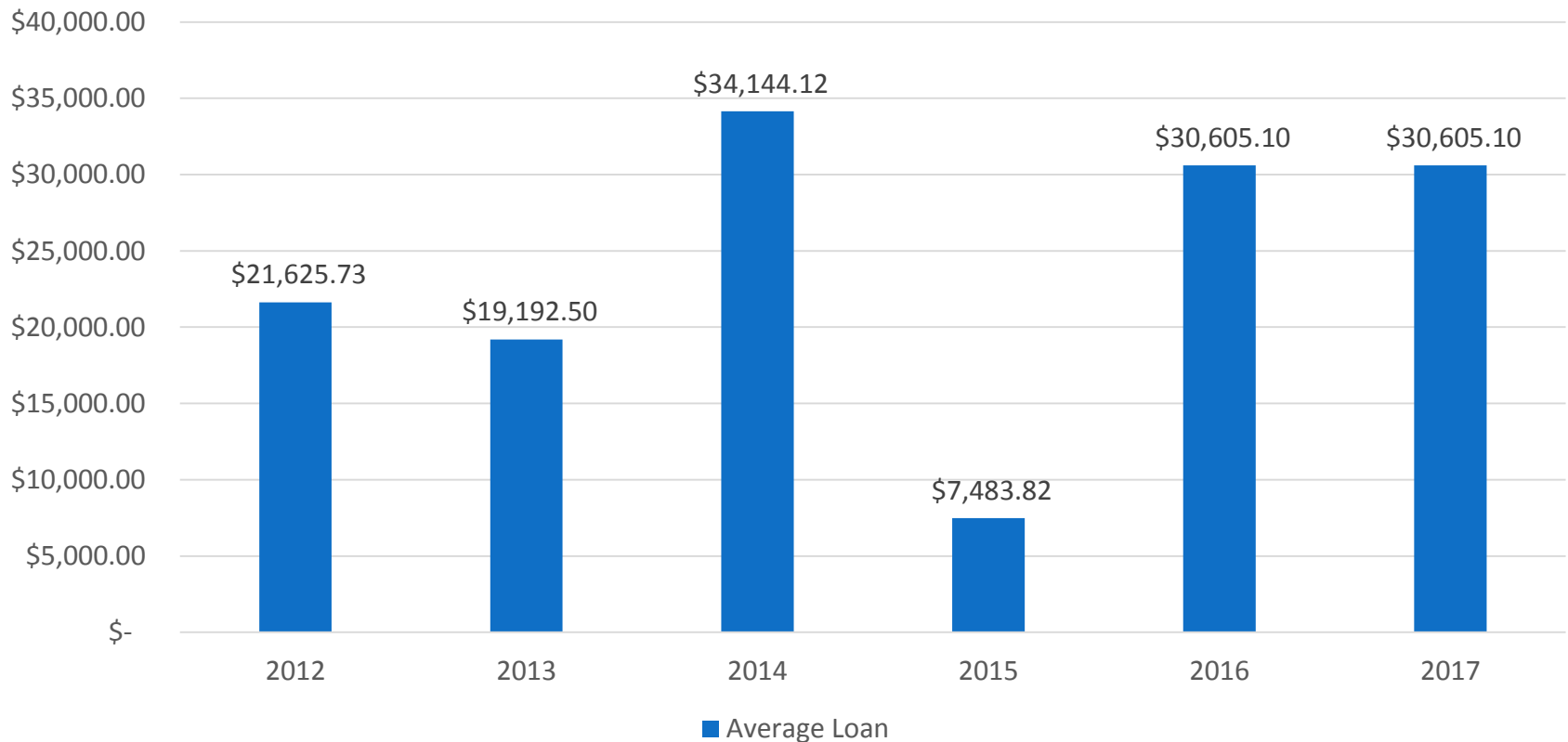
C&I Loans over Time

C&I Loans by Utility



C&I Loan Amounts

Average Loan Amount



Opportunities

- Residential
 - Moderate Income Offering
 - NHEC and Unitil – increasing on-bill finance amount
 - Marketing and Awareness, lessons learned and opportunities
- Commercial
 - Investigate additional options for small business
- EM&V
 - Market Assessment Study
 - HPwES Process Evaluation