



On Bill Financing

An energy saving access to
capital solution for
Pennsylvania small businesses

SB-Cal OBF website:

http://www.smallbusinesscalifornia.org/Action_Initiatives_OBF.htm



Small Business California

Statewide non-partisan small business advocacy organization

www.smallbusinesscalifornia.org

Core Issue Areas:

[Healthcare](#) [Workers compensation](#) [Workforce development](#) [Government regulation](#)
[Energy](#) [Access to capital](#)

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Mr. Ryan also serves as an Intervener in the CPUC Energy Efficiency Rulemaking Proceedings representing California small businesses on behalf of the Small Business California

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The Problem

- High Energy Costs
- Lack of Verifiable Energy Savings
- Small Business Cash Flow Issues
- Small Business Unwillingness to Take Out Loans
- Paperwork / Complicated & Invasive Loan Apps



On Bill Financing (OBF), is a utility based method of providing seamless “sign on the dotted line” 0% interest financing through the monthly power bill for small business energy efficiency improvements.

Several successful On Bill Financing programs exist in New England. All address electricity based savings.

OBF” provides more small businesses with the opportunity to address energy costs as a "controllable", thus helping the bottom line.



“Interest-Free”

- Project costs financed by Utility Partner
- Usually 0% financing to Customer
- Utility interest costs often paid by “PPP” Funds

“Good OBF program designs = low defaults”

United Illuminating Small Business program had
16 defaults after over 1700 installations through 2005.

In 2006, loans totaled \$1.8M and defaults totaled \$13,000



The United Illuminating Company
 Call us anytime at 1-800-7-CALL-UI
 (1-800-722-5584). In the Greater New Haven
 calling area, dial 499-3333.

Account Number
 010-000001-0000

Payment Due Date Amount Now Due
 01/20/04 \$ 1,803.87

Please make your check payable to:
The United Illuminating Company.
 Please Indicate Amount Paid

CONG [REDACTED]
 C/O ACCOUNTS PAYABLE
 0005 PARK RD
 BRIDGEPORT, CT 06604

The United Illuminating Company
 PO Box 9230
 Chelsea MA 02150-9230

Please consider adding \$1 for Operation Fuel to your payment this month.

Your Account Information
 Customer Name key: CONG
 CONG [REDACTED]
 C/O ACCOUNTS PAYABLE
 BRIDGEPORT, CT 06604

Account Number: [REDACTED]
 Meter Number: 014017008
 Trans and Dist Rate: GS Time Of Use
 Generation Rate: Standard Offer
 Billing Period: 11/20/03-12/21/03
 Statement Date: 12/23/03
 Next Meter Reading Date: 01/23/04
 (on or about)

Previous Charges & Credits

Amount of Previous Bill	11/24/03	\$1,926.41
Payment Received, Thanks!	12/15/03	\$1,926.41-

Balance Forward

New Charges and Credits

Generation Services Energy	10640 kWh x \$0.04644	\$494.12
Total Generation Services Charges		\$494.12
Transmission per kwh	10640 kWh x \$0.005408	\$57.52
Distribution Basic Service		\$33.30
Distribution per kw on-peak	35.5 kW x \$1.57	\$55.74
Distribution per kw off-peak	1 kW x \$1.42	\$1.42
Distribution per kwh on-peak	2480 kWh x \$0.029031	\$72.00
Distribution per kwh off-peak	8160 kWh x \$0.004744	\$38.71
Systems Benefit Charge	10640 kWh x \$0.00065	\$6.91
Competitive Transition Assessment per kw	35.5 kW x \$5.18	\$183.89
Competitive Transition Assessment per kwh	10640 kWh x \$0.008762	\$93.23
Conservation & Load Management Program	10640 kWh x \$0.003	\$31.92
Renewable Energy Investment	10640 kWh x \$0.00075	\$7.98
Revenue Adjustments	10640 kWh x \$0.002114-	\$22.49-
Total Delivery Charges		\$560.13
Small Business Program		\$749.62
Total New Charges		\$1,803.87

Amount Now Due \$1,803.87

All charges are due as of your Statement Date. Any unpaid charges will be subject to interest as of your Statement Date, at the rate of 1.25% per month, if not paid on or before your Payment Due Date, **Jan 20, 2004**. As authorized by law, for residential accounts, we supply payment information to credit rating agencies. If your account is more than 60 days delinquent, a delinquency report could harm your credit rating.

Electricity Usage

Meter	Service Period	Meter Current	Reading Last	Multiplier	Kilowatt Hours	Demand kW
014017008	032 days	0000763 -	0000732	80	2480	35.5
Shoulder	032 days	0000744 -	0000709	80	2800	34.8
Off Peak	032 days	0001300 -	0001233	80	5360	36.5

POD ID : 2150045623020



“Cash Neutral”

- Payments spread across pay-back period
- Pay-back period equal to project pay-back
- Customer payment equal to slightly less than \$\$ amount of energy saved
- Net neutral result on monthly energy bill
- After payback period all monthly savings goes to the business bottom line.



- The UI Small Business Energy Advantage in Connecticut averages \$7800 per installation value with an average of \$5200 of small business owner investment and an average \$2600 rebate.
- A project with a 24 month payback averages \$2600 per year in energy savings.



Comprehensive

OBF installations should address a large % of the energy use in the facility

This ensures savings will be visible on the energy bill.

Ease of Entry

Key element for customer acceptance

Avoid long applications – customer should be able to simply “sign on the dotted line.”



Savings Example: Small Grocery Store



Refrigeration Equipment

1 Walk-in cooler with 14 heated glass reach-in doors located in retail area. 1 Walk-in cooler with 5 heated glass reach-in doors located in retail area. 1 Walk-in freezer for storage

The Economics

Total Project Cost = \$7,175.00 Annual Savings = 36,047 KWH or \$3,200 per year @ 9 cents/KWH Given 35% rebate, Payback = 1.5 years.

Given 2 year On-Bill Financing

Positive Cashflow = \$72 per month during Financing Period

Positive Cashflow = \$266 per month after Financing Period



Another Important OBF Advantage: “Workforce Development”

On Bill Financing programs in New England have been in place for years, thereby nurturing contracting firms who can build long term staff intelligence and company reliability.

That equals a better business growth model for energy efficiency. Therefore, contractor management is key for successful OBF.

Well designed Contractor/Project management software developed by UI may help OBF develop with other investor and publicly owned utilities.



On Bill Financing arrives in CA!

\$11.5M budgeted beginning in 2006

Southern California Edison \$1.5 M, San Diego Gas & Electric \$ 5 M

Southern California Gas \$ 5 M

- Municipal and other public SoCalGas customers will have a
 - maximum 5 year OBF payback period.
- Business customers will be allowed a 30 month payback period
 - although that may expand to 5 years.
- The current minimum loan amount is \$5000.
- As of January 19th, 2007, 23 OBF loans have been applied for in California.



New areas where CA OBF programs offer possible solutions

•Solar / PV

Because generation of electricity can be measured exactly, OBF may be an excellent access to capital tool for deploying renewable energy. Current efforts are aiming towards solar Multi-Family pool heating applications for SDG&E/SoCalGas

•Compressed Air

•Demand Ventilation for Food Service

•Water

With water delivery and wastewater treatment consuming more electricity than any other use, combining the efficient use of electricity, gas and water savings is of key importance.

OBF may an important access to capital tool for publicly owned water utilities offering water efficiency programs.