

9-24-09 On Bill Financing Presentation – Initial Issue Identification

NY Background

The NYS Department of Public Service Commission opened the Energy Efficiency Portfolio Standard docket (07-M-05-48) in 2007 to address the state of energy efficiency in NYS. An On Bill Financing Working Group was created, of which I was a part on behalf of the DPS. The following issues were ones that were raised in NY and many, if not all may be applicable to MA. Most of them relate to residential on bill financing. This list is not exhaustive and many of the issues overlap categories.

General Legal/Regulatory

- Will the repayment obligation run with the meter or with the customer?
- What happens to the repayment obligation if, due to fire, flood, etc., the property is destroyed?
- The Working Group would need to ensure that all state and federal banking laws were adhered to.
- If a customer fails to pay the OBF, would the utility or the 3rd party financier be authorized to seek a lien on the premises?
- What role will DPU have in authorizing this? Is the DPU legally able to authorize a utility to bill and collect for services or products provided by another party that have not traditionally bundled with gas or electric services?
- How, if at all, would OBF affect a low income customers eligibility for HEAP and other services?

Consumer Protection Issues

- What form of notice should be given to customers undertaking OBF – Truth in Lending, full disclosure, easily understood terms, etc.? Additionally, the working group would have to determine what, if any, state and federal laws regarding disclosure must be met.
- How should new customers (for example, customers purchasing a home that has on-bill financed items purchased by the previous owners) be informed of the existence of the EE items, their obligation to pay, how payment is made, etc.? The working group would have to determine what, if any, state and federal laws regarding disclosure must be met. Essentially, these “second-generation” customers would need the same disclosure that the initial customers were afforded when making the decision to pursue OBF.
- What if the savings that were originally estimated for the EE equipment are not realized, e.g. the customer is paying per the agreement but is not realizing the savings?
- Are there any privacy/confidentiality issues involved if the utility examines utility payment history to determine eligibility?

Lender Issues

- If the repayment obligation runs with the meter, who is responsible for repayment in the event that the premises (commercial or residential) are vacant for several months?
- What is the length of the payback? Is it different for residential vs. C&I?
- How is the monthly payment determined – is it based on the savings realized on a monthly basis from the equipment or is it a fixed amount per month?
- Will/should credit checks be performed prior to initiation of the OBF?

- If a customer defaults on OBF and then attempts to institute OBF at a later date/different premises, should that customer be barred from the program? What steps should that customer have to take before being allowed to participate?
- Would there be an interest rate associated with OBF? What rate? How decided?

Utility Issues

- If the repayment obligation runs with the customer and the customer refuses to pay, will the dollar amount remaining on the repayment fall into the utilities' uncollectibles accounts (all customers will have to pay for this)?
- The Working Group has to identify the ramifications of a situation where a customer pays all but the OBF portion of their bill. How would the utility attempt to collect this portion of the bill? Is disconnection an option?
- If OBF is instituted statewide, what process should be followed to determine what impact OBF has on the size of incentives paid to customers for installation of EE products?
- What manner of quality control should be instituted to ensure that the measures are providing savings?

Miscellaneous

- What should be done if the equipment breaks/fails before or after the warranty period?
- Would OBF be available to renters? What role would the landlord play here?