

## On-Bill Financing

Frank Spasaro

SCE/SCG All Partners Meeting  
June 14, 2010

© 2002 San Diego Gas and Electric Co. and Southern California Gas Company. All copyright and trademark rights reserved.

## What is *On-Bill Financing*?



On-Bill Financing (OBF) provides easily accessible, low to zero interest, *on-the-utility bill* financing for purchasing and installing qualified energy efficient equipment. It is targeted to overcome the barriers of capital constraints, administrative and/or time burdens.

## Legal and Regulatory Considerations

- Lending Laws: State and Federal
  - Federal Truth in Lending Act
  - Equal Credit Opportunity Act
  - Fair Credit Reporting Act
    - and the full panoply of federal and state laws which deal with privacy and the safeguarding of information about consumers.*
  - DOC Licensing
  - Disclosures
- Regulatory – Rules, Tariffs and Billing...Reporting!
- Credit checks



## SoCalGas/SDG&E Program Design: 2010-2012 Program Overview

- Businesses only (commercial, industrial, taxpayer-funded, and non-owner occupied MF).
- Customers receive both an OBF loan and a rebate/incentive from an energy efficiency program.
- Energy savings covers the loan installment
- Zero-percent interest, unsecured, non-transferable
- Minimum loan \$5,000; Maximum \$100,000 / \$250,000
- Monthly loan payment is included on the utility bill
- Loan Default = Meter shut-off
- Coordination with SCE program, when available



## SoCalGas/SDG&E PROGRAM DESIGN: Current Eligibility/Rules



**Project:**

- ✓ Must qualify for a utility rebate/incentive program (business programs)
- ✓ Loan term is tied to the payback period: cap of 10 years for *taxpayer-funded*, 5 years for all other businesses (*or useful measure life*).

**Credit:**

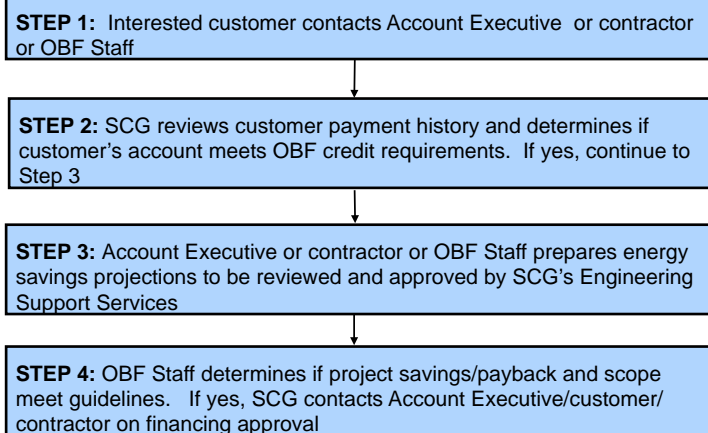
- ✓ Applicant's account must be in good standing
- ✓ Applicant must be a customer of the utility (active account) for at least 24 months in the same business, with at least 12 months of energy usage data at the current location.

**Other Requirements:**

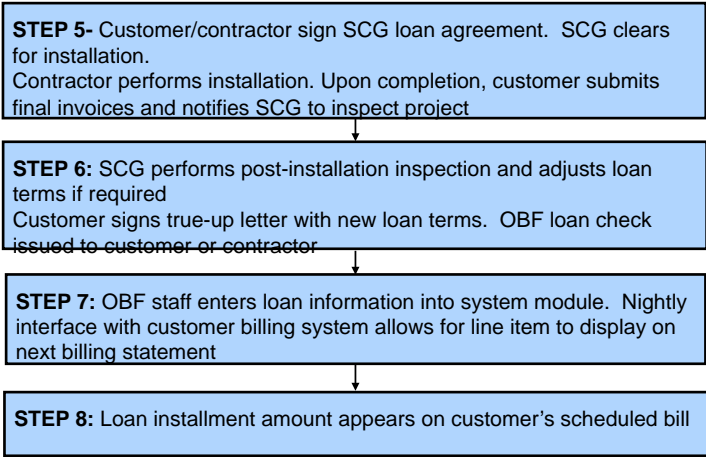
- ✓ Audit; pre-/post-inspection



## On-Bill Financing – Step by Step



On-Bill Financing – Step by Step *continued*



Program Status (thru 5/10):

	<u># of Loans</u>	<u>Amount(\$)</u>	<u>Avg. Loan (\$)</u>
SDG&E:	<b>332</b>	<b>7,458,223</b>	<b>22,465</b>
SoCalGas:	<b>13</b>	<b>516,955</b>	<b>39,766</b>
<i>Defaults:</i>	<b>3</b>	<b>55,829</b>	



Program Status (thru 5/10):



	<u># of Loans</u>	<u>Amount(\$)</u>	<u>Avg. Loan (\$)</u>
<b>Institutional:</b>	<b>90</b>	<b>3,158,077</b>	<b>35,090</b>
Public Schools	80	2,720,312	34,004
Governments - Local	5	308,692	61,739
- State	5	129,072	25,814
<b>Non-Institutional:</b>	<b>255</b>	<b>4,817,101</b>	<b>18,891</b>



An OBF Example



- Customer: A business customer of The Gas Company who processes specialty beef.
- Size: Approx. 100,000 therms a year
- Without modifying the production process to include a high efficiency water heater, half of the steam from the steam boiler is used to heat up water, a rather inefficient process.
- Project: Installing a 1.5 MMBtuh 94% thermal efficiency water heater to offload hot water loads from its existing 81% thermal efficiency steam boiler. Cost: \$34,753.66



## An OBF Example (Continued)

- Estimated annual energy savings: 13,112 therms or \$8915.93
- Business Energy Efficiency Program (BEEP) Incentive amount after reduction of \$500: \$9131.50
- Loan amount: \$25,622.16 (project cost minus reduced BEEP incentive)
- Simple Payback period: 2.87 years
- Loan Term = 35 months (2.87 years in months plus one month)
- Monthly payment: \$722.06



## Getting Started is Easy!

- SoCalGas: [www.socalgas.com/business](http://www.socalgas.com/business)
- Call 1-800-427-6584 (select option 6) or email [scgobf@semprautilities.com](mailto:scgobf@semprautilities.com) to contact The Gas Company's On-Bill Financing Program Staff
- SDG&E: [www.sdge.com/obf](http://www.sdge.com/obf)
- Call SDG&E Energy Information Center at 1-800-644-6133 or email [sdgeobf@semprautilities.com](mailto:sdgeobf@semprautilities.com) to inquire about On-Bill Financing

