

New York On-Bill Recovery Financing

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Unique Features

- Tariffed obligation – charge stays with the meter
- On-bill recovery charge treated like utility charges – consumer safeguards for deferred payment arrangements, notices for termination of service; termination of service; late payment charges
- Mortgage recorded for repayment obligation
- Statewide program with 3rd party funding – not utility funded or utility obligation
- Funding provided to address utility billing system modifications
- Expected to be financed through capital markets

Power NY Act of 2011 (A.8510/S.5844)

- Establishes an on-bill recovery charge for repayment of loans for energy efficiency improvements through GJGNY program
 - Residential, Small Business/NFP, Multifamily
 - Residential program requires comprehensive Home Performance with ENERGY STAR audit and contractor
 - Loan limit - \$25,000 residential; \$50,000 small business/NFP, \$500,000 multifamily
- Utility customers of: Central Hudson, Con Edison, NYSEG, National Grid, Orange & Rockland, Rochester Gas & Electric, and Long Island Power Authority
- Covers electric, gas, and heating fuel measures – charge placed on electric bill, unless the majority of savings result from gas measures, in which case charge billed on gas bill.

Loan Transferability

- Each loan secured by mortgage upon real property
 - Subordinate to any current or future mortgage on property
 - May not be used to force payment or foreclose
 - Prior to sale of property, seller must provide written notice to purchaser – mortgage will appear on title search
- Unless satisfied prior to sale, on-bill recovery charge survives changes in ownership – arrears at time of transfer are responsibility of incurring customer, unless expressly assumed by purchaser

Consumer Protections

- Rights and responsibilities comparable to gas and electric charges – termination/reconnection of service, deferred payment agreements, adjustments to budget billing plans, and late payment charges
- Partial payment of utility bill first applied to utility charges, then on-bill recovery charge
- NYSERDA to establish standards for customer participation; consider alternative measures of creditworthiness that are prudent in order to include participation by customers who are less likely to have access to traditional sources of financing
- Monthly repayment charge cannot exceed 1/12th of projected energy savings

Consumer Notices

- NYSERDA to provide notice to customers prior to closing stating:
 - the financial and legal obligations of accepting loan responsibilities
 - on-bill recovery charge will be billed by the customer's utility and failure to pay may result in termination of service
 - the customer may not lower energy costs over time, based on additional factors that contribute to monthly energy costs
 - complaints handled by NYSERDA;
 - and that the customer may cancel within 5 business days of signing loan agreement provided proceeds have not been disbursed.
- At least annually, NYSERDA shall provide information to utility for inclusion in customer's bill setting forth the amount and duration of remaining on-bill recover charges and providing NYSERDA contact information for resolving customer complaints.

Utility Funding

Utilities shall use existing billing systems, to the extent practicable, and use funding from NYSERDA to defray costs directly associated with the program:

- NYSERDA to provide \$500,000 [from US DOE Better Buildings grant] allocated on a pro-rata basis based on number of utility customers for costs directly associated with changes to billing systems to accommodate on-bill recovery charges
- NYSERDA pays a fee of \$100 per loan to the applicable utility within 30 days of closing
- NYSERDA pays a fee of 1% of loan amount to the applicable utility within 30 days of closing

Schedule

- Process/timeline
 - Within 45 days Public Service Commission (PSC) shall commence proceeding to investigate implementation.
 - Within 150 days, PSC shall make a determination establishing billing and collection procedures for on-bill charges
 - Each utility to offer on-bill financing within 300 days
- Participation initially limited to .5% of each utility company's customers, but NYSERDA can petition to increase limit provided PSC finds that program has not harmed the company or its ratepayers
- PSC can suspend any utility's offering after conducting hearing and finding that there has been significant increase in arrears or disconnections directly related to on-bill recovery