



BURLINGTON ELECTRIC DEPARTMENT

Better Buildings By Design Conference
Funding Energy Savings Retrofits in Vermont Climate
BED On-Bill Financing
February 5 , 2015

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BED – On-Bill Financing for Commercial Electric Efficiency Projects & PACE for Residential Thermal Projects

- ▶ For a number of years BED has been investigating financing options for customers to help them more easily participate in our energy efficiency programs and comprehensively treat their energy footprint, including electric energy efficiency, fossil-fuel based weatherization, and the installation of renewable generation.

- ▶ Why?

BED – On-Bill Financing for Commercial Electric Efficiency Projects & PACE for Residential Thermal Projects

- ▶ As both a Distribution Utility (DU) and a Energy Efficiency Utility (EEU), the right financing tools could encourage higher rates of participation, and perhaps deeper savings per project, helping us to meet our aggressive annual savings targets.

BED On-Bill Financing for Commercial Electric Efficiency Projects

- ▶ BED has heard from its customers that, while they appreciate the technical assistance and cash incentives from BED to make electrical efficiency improvements to their buildings, up-front capital is not always available to move forward with recommended efficiency projects. This was particularly true during the recent recession.
- ▶ BED is pleased to report that it has solved a portion of this problem with the start of an On-Bill financing (OBF) service in 2014 for business customers to make electric energy efficiency upgrades.
- ▶ A \$1 million dollar grant to BED from the U.S. Economic Development Agency to start a revolving loan fund was made available with the assistance of Senator Sanders and his staff.

BED On-Bill Financing for Commercial Electric Efficiency Projects

- ▶ OBF gives BED's business customers the option to finance electric energy efficiency improvements on the electric bill. This option requires no out-of-pocket expense and the loans can be structured so that the monthly energy savings are greater than the monthly loan payment, creating positive cash flow for the business.
- ▶ 12-72 month fixed-rate loans. 75% of the Wall Street Journal's prime published rate or a maximum of 4%; current rate is 2.44%.
- ▶ \$2,500 loan **minimum** and \$50,000 loan **maximum**.


BED –On-Bill-Financing (OBF)



- ▶ Eligible Measures- Professionally installed electric energy efficiency measures that BED normally provides incentives towards.
- ▶ Loan eligibility is based on standard underwriting requirements and includes liens, UCC 1 Forms and/or personal guarantees. ~ 70% of our commercial customers lease.
- ▶ The monthly loan repayments stay with BED to be lent out repeatedly creating a revolving loan fund that is dedicated to electric energy efficiency improvements for Burlington businesses for years to come.

BED –On-Bill-Financing (OBF)



- To date, 6 projects have been completed to date using \$70,000 of the loan fund.
- There are 15 proposed projects under development that could utilize about \$360,000 of the loan fund.
- \$430,000 spent and committed funds to date.
- Project example 

The Project

Leonardo's Pizza, Burlington, VT



"Upgrading to energy efficient lighting has been an absolute win-win for our store. While the competing pressures of any business, it can be challenging to take on these types of projects alone. Burlington Electric Department made it extremely easy - increasing the process from start to finish. We see a significant improvement in our electricity bills and store environment. Thanks to BED for being an incredible community partner."

— Kelly Byers

Fluorescent Lighting Retrofit Project/On-Bill Financing Completed September 2013

The project upgraded the existing T12 lighting fixtures to High-Performance T8's (HPT8's). These fixtures use 35-50 percent less electricity than the older T12 technology and can last 1.5 times as long, which means less money spent on replacements and maintenance. HPT8's provide better light quality, including less flicker and "buzz" and a better color rendering than the T12's. Because the HPT8's operate at a cooler temperature there is a reduction in the need for air conditioning.

The Savings

\$1,400 Annual

This project resulted in a decrease of electricity usage of about 10,000 kWh annually - about 20% of their annual electrical use.

The new HPT8 lights are expected to last approximately 30,000 hours (1.5 times longer than standard technology).

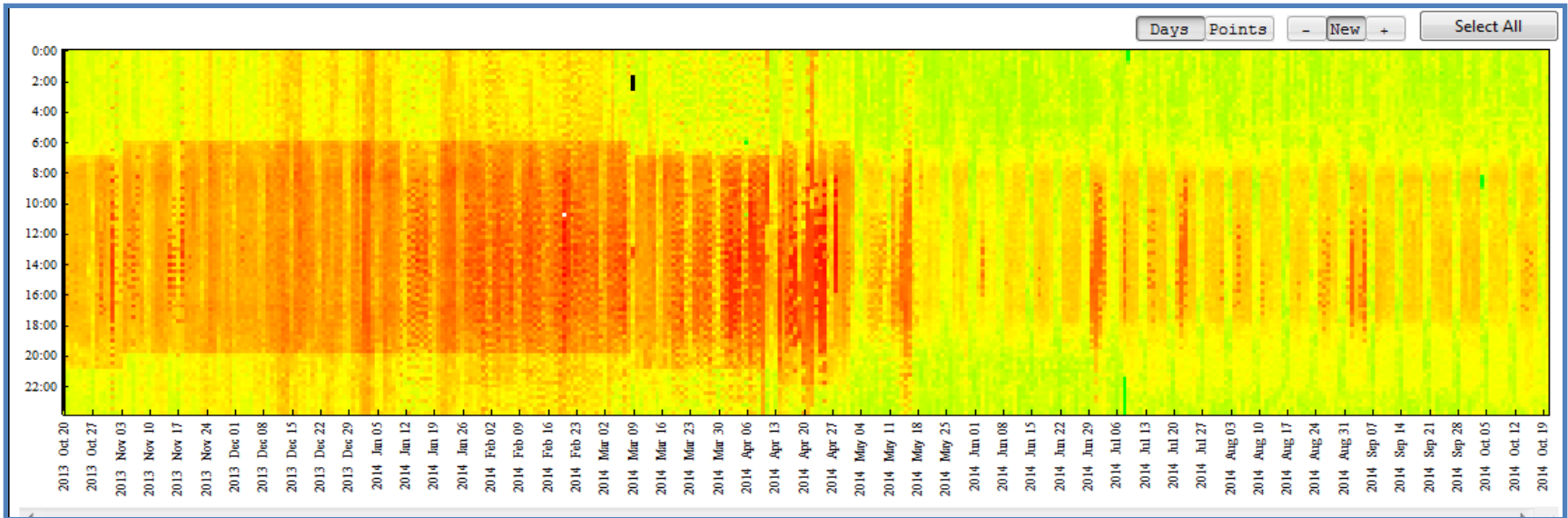
The lighting quality was significantly improved.

Leonardo's used On-Bill Financing to pay for this project, immediately giving them a cash positive result. With On-Bill Financing, Leonardo's pays the monthly cost of the lighting project right on their electric bill. This financing cost is offset by the lowered electric bill, resulting in immediate savings.

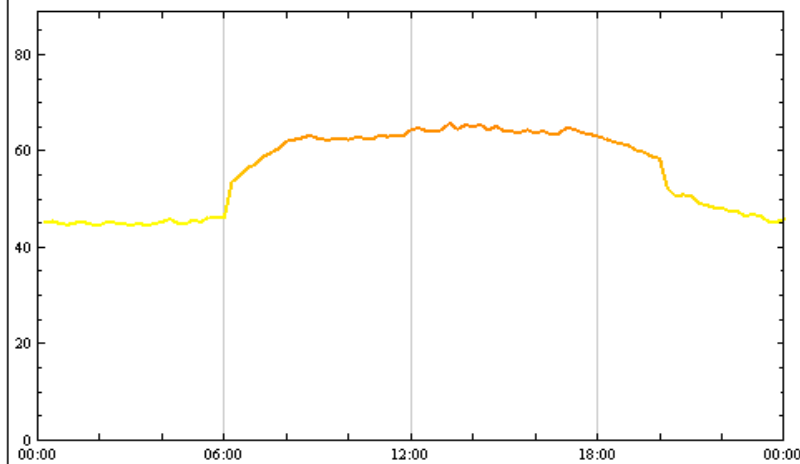


BED Energy Services staff can be reached at 802-865-7342 or BEDinfo@burlingtonelectric.com

Actual Project Results

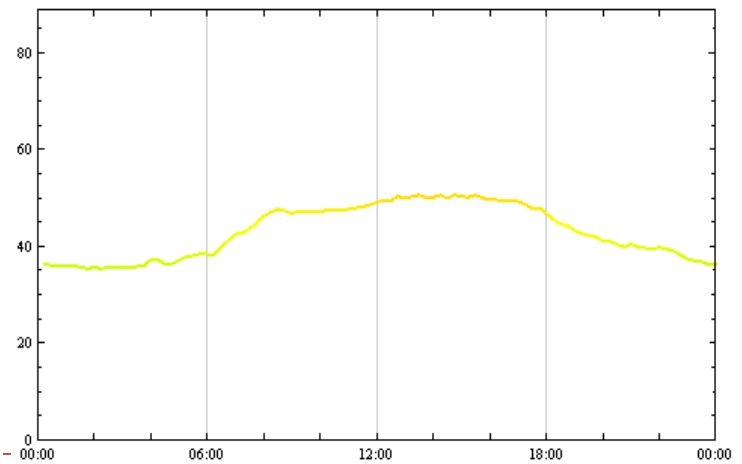


Daily Usage



Average Raw Data

Daily Usage



Average Raw Data

BED – PACE (Residential Thermal Projects)



- ▶ BED offers PACE loans to eligible residential customers; 1 to 4 unit owner occupied dwellings.
- ▶ BED follows the statewide program with the one exception being that customers can repay the loan on their monthly electric bill; currently at a 4% fixed rate.
- ▶ To date, 2 projects have been completed and a 4-unit building has submitted a formal loan application.
- ▶ A single-family home is currently going through the energy analysis process.

BED – The Future of OBF and PACE in Burlington



- ▶ BED continues to investigate other sources of capital to finance customer renewable projects using PACE and/or OBF.
- ▶ BED's goal is to create financing options, potentially using the OBF repayment process, that will allow customers to comprehensively treat their energy footprint, including electric energy efficiency, fossil-fuel based weatherization, and the installation of renewable generation.



Questions?

Thanks!

