

House Bill 5397

Municipal Utility Residential Clean Energy Program Act

- 1. Voluntary:** Only customers who want to can participate.
- 2. Saves money:** Facilitates customers saving energy so that they can save money.
- 3. Local effort:** Local communities are trying to make things better. Reduces existing barriers to self-sufficiency. This potential Act helps ensure that state law is not an impediment.
- 4. No State or Federal issues.** On-bill financing enables monthly electric bills to be voluntarily increased by an increment equal to the savings generated by the home energy retrofits for participating municipal utilities. Once paid back, net savings go to homeowner.
- 5. No private business impacts:** Bankers, realtors, assessors were consulted in advance. This potential Act models what other state's allow regarding voluntary **on-bill financing**. Increases private investment in the State.
- 6. Increases in property values:** Building energy labels mean greater resale values and a stronger, more competitive State.

Ryan Cotton, City Manager, City of Holland
270 South River Street, Holland, MI 40423
(616) 355-1310

*On behalf of Mayor Kurt Dykstra, the City Council and
the Holland Board of Public Works*

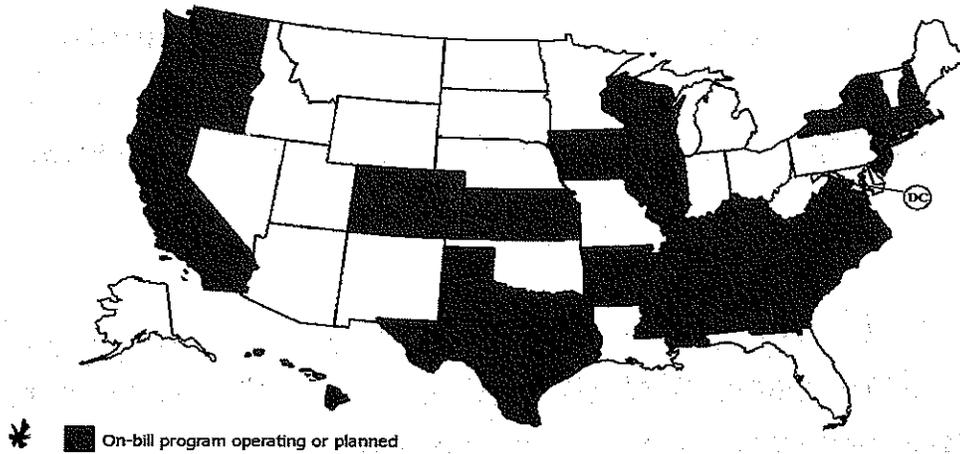


Figure 2-1. States with on-bill programs (shaded)

For ease of presentation, and because the importance of specific program design elements differs across consumer classes, we segment the 30 programs into those serving primarily residential (single & multi-family) consumers and those serving primarily non-residential consumers (commercial, industrial & institutional).

Table 2-1. Summary statistics for surveyed on-bill programs³⁰

Sector	Number of participants	Lifetime Loan Volume (nominal \$)	n =	Average Size of Loan	Median value and range of default rates	n =
Residential	182,324	\$1.055B	20	\$5,787	0.08% (0 to 3%)	15
Non-residential	50,339	\$775M	7	\$15,400	0.9% (0.6 to 2.9%)	7
Total	232,663	\$1.83B	27³¹	\$7,867		22³²

Twenty-two of the 30 programs (73 percent) targeted residential consumers and generated about 78 percent of overall financial product volume by number of loans to consumers and 58 percent of volume based on dollars

³⁰ Throughout this report, where sample size for summary statistics is less than 30, it is because programs either have not yet launched or have not provided sufficient data for a specific analysis.

³¹ Three programs discussed in this report (California's emerging on-bill pilots, Hawaii's emerging on-bill pilot and Oregon's just-launched MPower pilot) are not included in the summary statistics because data was not available as of December 2013.

³² Default rates are not included either because programs have yet to launch (2), or have less than one year of data (5), or failed to provide data (1).