



# ON-BILL FINANCING WORKING GROUP

July 9, 2021



# **AGENDA**

- **Introductions**
- **2021 – 2022 DSM Settlement**
- **Working group plan**
- **Current offer**
- **On-bill options**
- **Project scope, requirements, and goals**
- **Discussion**

# Introductions

- Stakeholder participants
- Xcel Energy project team
  - DSM Product Managers
  - Trade Relations Managers
  - Regulatory/Policy
  - Billing/Accounts Payable
  - IT

# 2021–22 DSM Settlement

Public Service shall work with stakeholders in 2021 to evaluate the potential for an on-bill financing offering (tariffed on-bill financing, or other model) that could potentially expand customer adoption of various technologies, **including EE and Beneficial Electrification technologies**, across a number of customer types, specifically focusing on solutions aimed at **credit-constrained customers** and **tenants and landlords** facing a split incentive challenge.

The Settling Parties agree that Public Service shall bring an on-bill financing proposal forward to the Commission for approval if the Company and the parties reach a general agreement on an approach through the stakeholder meetings.

# 2021–22 DSM Settlement (cont.)

Discussion topics shall include but are not limited to:

- source of capital;
- loan loss reserve establishment;
- program design and structure;
- consumer protections;
- applicable market sectors;
- underwriting criteria;
- inclusive design (IQ and moderate-income customer accessibility); and
- how such an offering may be implemented and brought forward to the Commission

# Working Group Plan

- Meetings:
  - Monthly cadence
  - Meeting agendas
    - Today - requirements and introduction of options
    - Evaluation of options compared to goals established today
    - Company proposal

# Current offer

RENU - partnership with Colorado-based credit unions offering low interest loans for our customer's energy improvements.

- Loans from \$500 - \$50,000
- Loan terms up to 15 years
- Rates as low as 2.75%
- Minimum credit score of 580

# On-bill Options

## On-bill Financing (OBF)

- Xcel Energy is the underwriter of the loan and provides the capital
- Traditional eligibility requirements apply (credit score or minimum income level)
- Loan is with the customer account, not the property (non-transferrable)

## On-bill Repayment (OBR)

- Same as OBF except a third-party lender provides the underwriting and determines if customers are eligible
- Loan is collected through the utility bill and the capital is forwarded to the lending third-party

## Tariffed On-bill (TOB)

- Not a true loan - traditional eligibility requirements do not apply (credit score or minimum income level)
- Loan is with the property, not the customer account (transferrable)
- PAYS® program is one option within TOB



# Project Scope, Requirements, and Goals

Key design aspects:

- All inclusive eligibility for our residential customers
  - Program design consideration given to low – moderate income (LMI) customers and renters
    - IQ customers are eligible but encouraged to participate in IQ programs instead
- All inclusive design for energy efficiency upgrades
  - Traditional energy efficiency upgrades included
    - Permanent installed measures
  - Design would incorporate beneficial electrification measures
    - Mini-Split Heat Pump
    - Air Source Heat Pump
    - Ground Source Heat Pump
    - Heat Pump Water Heater
- Goal is to reduce upfront cost burden for energy efficiency upgrades
- Training program for residential trade partners



# Discussion



