



2010 Emerging Technologies Summit

“Accelerating our Energy Efficient Future”

Creative Financing

On-Bill Financing (OBF)

Gary Levingston
November 8-9, 2010



Agenda

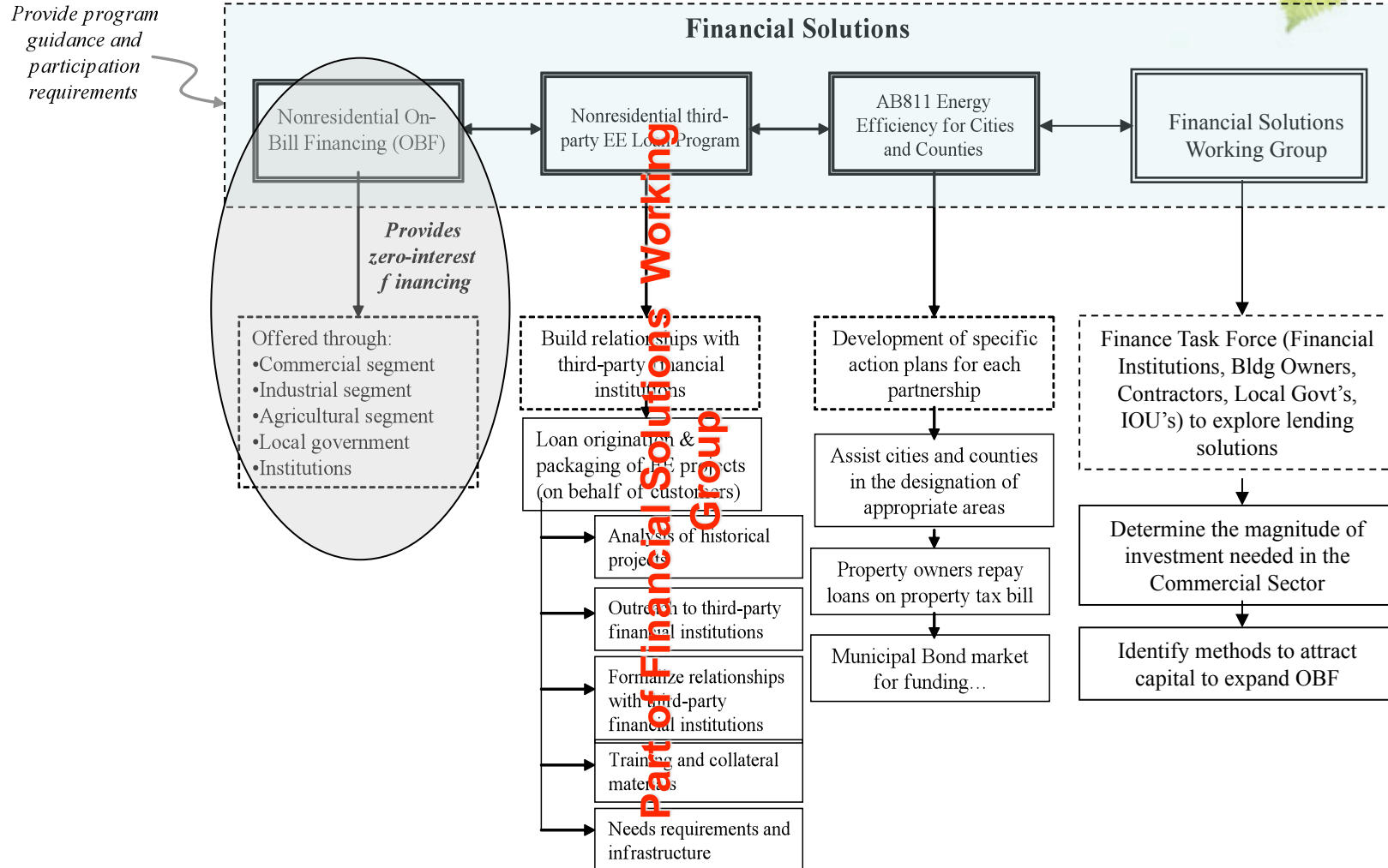
- Background
- 2010 – 2012 Design Elements
- Program Launch Objectives
- Launch Plan & Timeline
- Training & Outreach
- Communications Plan
- Appendix



Background

- Utilities across the nation have offered new public and private financing innovations to support Energy Efficiency projects in homes and for small businesses
- The tested pilot projects of financing usually supported small-scale investments
 - Private Sector Loans, On-Bill Utility Loans, Property and Local Government fee-based financing, Home mortgage-based financing, etc.
- Easier accessible financing at attractive loans terms is an important strategy for the increasing level of EE retrofits occurring across the nation.
- Barriers to EE financing programs elevated by the 2008 – 2010 economic recession
 - Loan defaults were the key problem
 - Transaction costs
 - Lack of Information
 - Uncertainty of energy savings
 - Initial capital investment

Key Design Element *details* for 2010 – 2012 Financial Solutions Program Elements



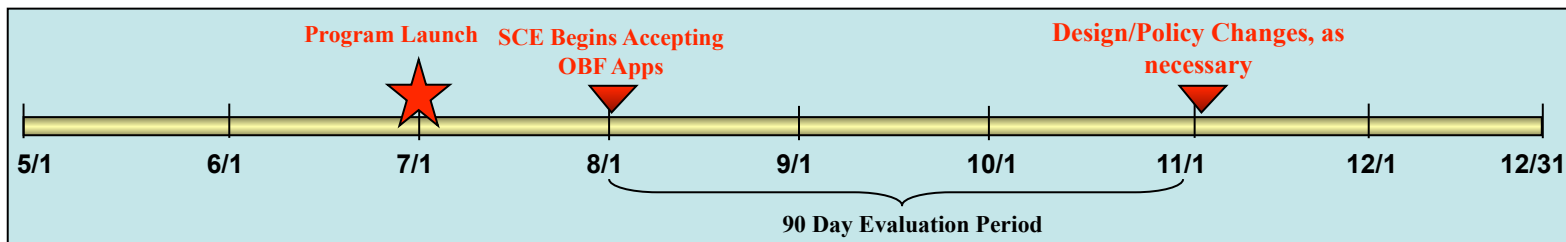


2010 – 2012 OBF Launch Objectives

- Ensure customer equity
- Minimize operational risk and optimize customer satisfaction
 - Reservation Tracking System
 - Assign Application Priority
 - Track Loan Pool Adjustments (customer, segment, key milestones)
 - 90 day evaluation period to determine possible extension or modification of multiple criteria based on demand
 - Loan Caps
 - Allocation of funding pool by customer segment and size
 - Exemplary loan criteria up to a total of \$1M for Institutional customers
 - Eligibility Criteria
- Compliance with intent of CPUC Decision

OnBill Financing Launch Plan

- **Launch July 1:** SCE announces the OnBill Financing Program will begin accepting applications within 30 days for new EE projects
 - Zero-Interest
 - No Fees
 - Monthly loan payment on SCE utility bill – must pass bill neutrality test
- **Eligibility:** All customers in good credit standing with SCE
- **Offerings:** Statewide (C/I/A): Express Pending, Customized
3rd Party Programs: Express Pending, Customized
- **Funding:** Local Gov't & Institutions \$ 12 Mil
Business Customers (C/I/A) \$ 4 Mil
 - Small to Very Small \$ 2 Mil
 - Medium to Large \$ 2 Mil
- **Loan Caps:** Aggregate at customer number*
 - Local Gov't & Institutions Min \$5k, Max \$250k
 - Business Customers (C/I/A) Min \$5k, Max \$100k



*After 90 day evaluation period loan caps may be modified to apply to service account. Plus Institutions may be eligible for loans up to \$1,000,000 (per SA) for unique opportunities to capture large savings and when all other terms have been met. Special qualifying criteria being developed during evaluation period..



Training & Outreach

➤ Training

- Mid-June hold OBF training sessions for program details & how to apply Online (in person & WebX)
 - Business Customer Division
 - Energy Efficiency Customer Call Operations
 - Processing Services Organization, EE Program Reviewers & Inspectors
 - PO Contractors

➤ Outreach

- PO Contractors
 - Staged Notifications (Project Approvals, Installation & Incentive Disbursements)
- Non-PO Contractors
 - Contractor Connection Newsletter
 - Roundtable & Road Shows (In person & WebX)



Communication Plan

➤ Objectives

- To generate awareness of On-Bill Financing Option as a solution that can help customers make energy-efficient business improvements
- Increase customer participation in Demand Side Management programs
- Demonstrate SCE's partnership with customers to help them with smart energy management

➤ Messaging

- Segment specific
- Frequency and channels will vary to ensure all customers have equal opportunity to learn about and request OBF during the evaluation period
 - In these challenging economic times, businesses are looking for ways to save money, and SCE is ready to help. In addition to the variety of rebates and incentive programs, we also offer On-Bill Financing Option as a solution to increase energy efficiency of your business. With On-Bill Financing Option, you will enjoy:
 - 0% financing on qualifying measures and equipment
 - Offset upgrade costs with rebates and incentives
 - Convenience of paying through your monthly SCE bill
 - Lower monthly energy costs

Communication Plan cont.

- Leverage existing channels to generate program awareness
 - Bill Messaging (Business Connection)
 - Customer & Newsletters (Power Bulletin)
 - E-blast
 - Welcome Kit
 - Media Relations/Press Release



- Provide online tools to help customers understand program eligibility and requirements

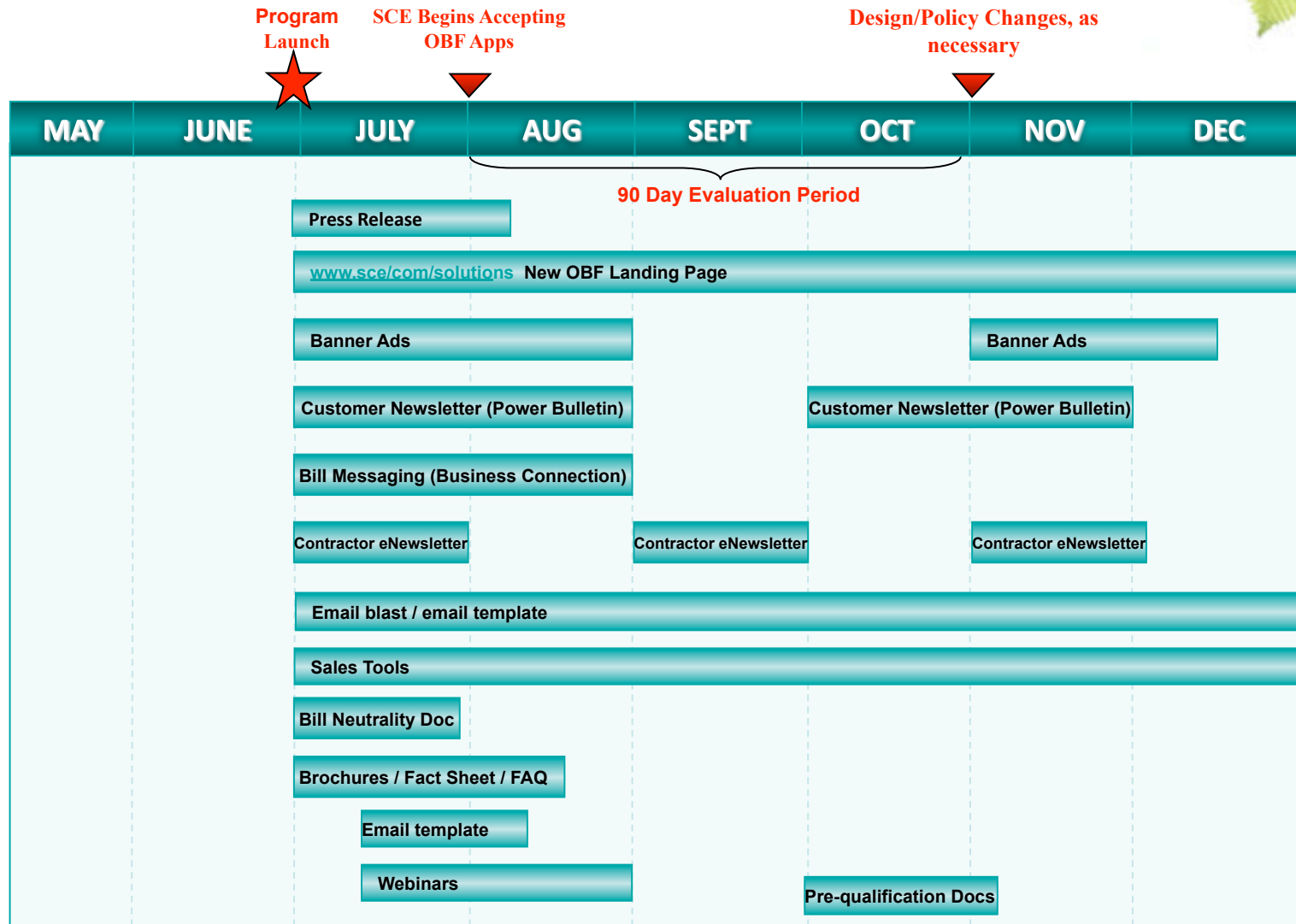
- SCE.com
- New OBF Landing Page
- Online Banner
- Webinars



- Provide support materials to BCD and EECCO to enable them to help customers understand program requirements
 - Fact Sheets/FAQs
 - Bill Neutrality (Loan Term Calc) Worksheet
 - Email Template
 - Pre-approval Process (*after evaluation period*)

Communication Plan cont.

➤ Draft Timeline



OBF Policy Changes based on 90 day evaluation as of November 2, 2010

Soft Launch August 2, 2010		November 2, 2010
1.	Loan amount is capped at the customer number for all customers: <ul style="list-style-type: none"> ○ Business customers (commercial, agricultural, industrial (C,I,A)) ○ Up to \$100,000 per customer number ○ Government and Institutional (G&I) customers ○ Up to \$250,000 per customer number 	Customer number cap is removed for all customers. Loan amount is capped at the Service Account (SA) for all customers: <ul style="list-style-type: none"> ○ C,I,A: up to \$100,000 per SA ○ G&I: up to \$250,000 per SA
2.		G&I customers are eligible for loans of up to \$1 million on a first-come, first-served basis. A G&I customer may designate one SA per facility* to receive the \$1 million maximum loan amount. All other SAs at this facility must abide by the \$250,000 SA cap. This does <i>not</i> apply to C,I,A customers.

* Facility is defined as a building or a single location that provides a particular service or is used for a particular purpose.

All other existing OBF requirements (customer and project eligibility, loan terms, requirements, loan term calculation (LTC) analysis (Bill Neutrality), etc.) will remain in effect. All loans are pending funding availability.

2010 – 2012 On-Bill Financing (OBF) Program as of November 4, 2010

On-Bill Financing*
0% Interest, No Fees or Loan Costs

PLEASE NOTE:
Program is pending CPUC
approval. Applications
will be accepted starting
August 2, 2010.

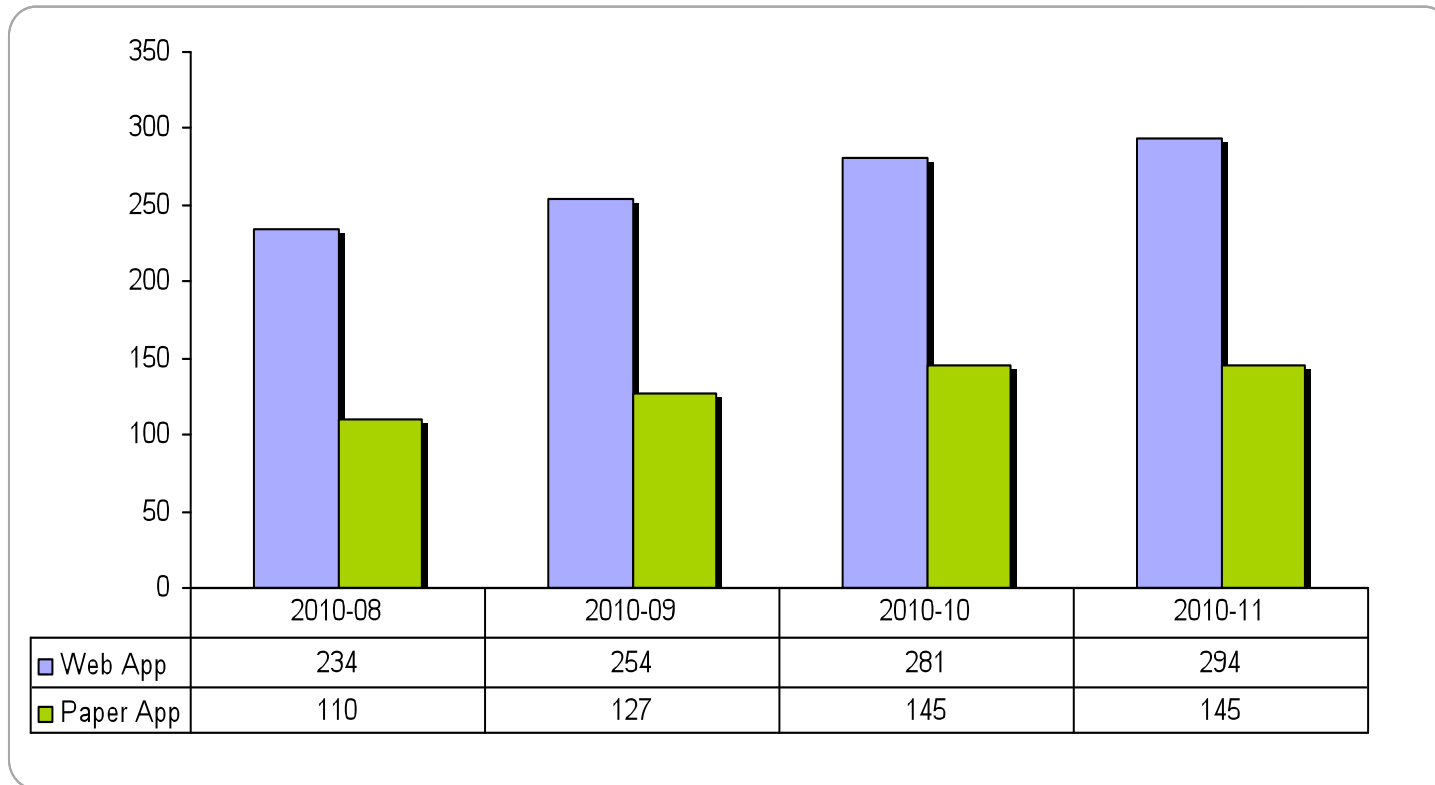
Making Energy Efficiency More Affordable



Customer Type	Budget	Available	Reservation Amt	Wait List Amount	#OBF Loan Apps Rcvd
Large CIA	\$ 2,000,000	\$ -	\$ 1,868,757	\$ 1,763,231	93
Small CIA	\$ 2,000,000	\$ 345,294	\$ 1,077,826	\$ -	188
Govt and Inst	\$ 12,000,000	\$ 5,557,455	\$ 1,701,889	\$ -	156
No Designation	\$ -	\$ -	\$ -	\$ -	2
Total	\$ 16,000,000	\$ 5,902,749	\$ 4,648,472	\$ 1,763,231	439

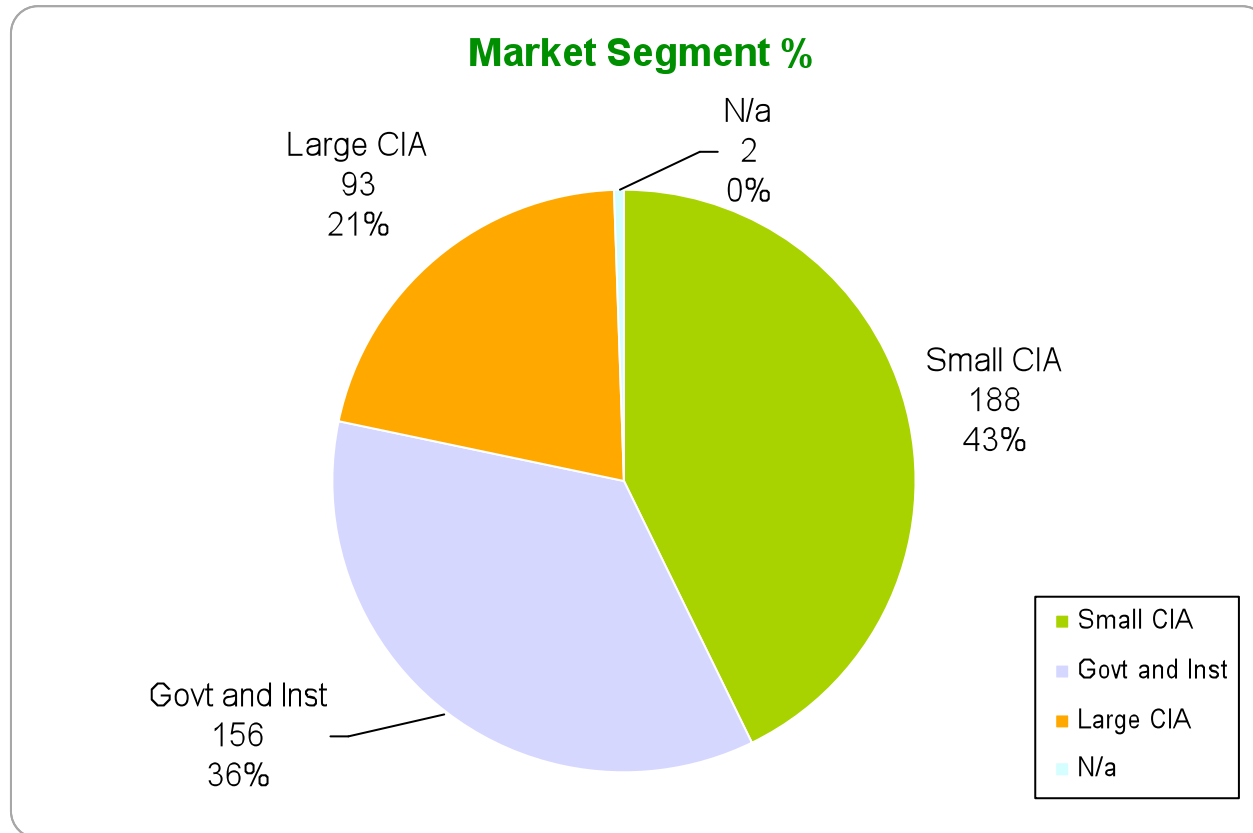


2010 – 2012 On-Bill Financing (OBF) Program Applications received by Web or Hard Copy via mail



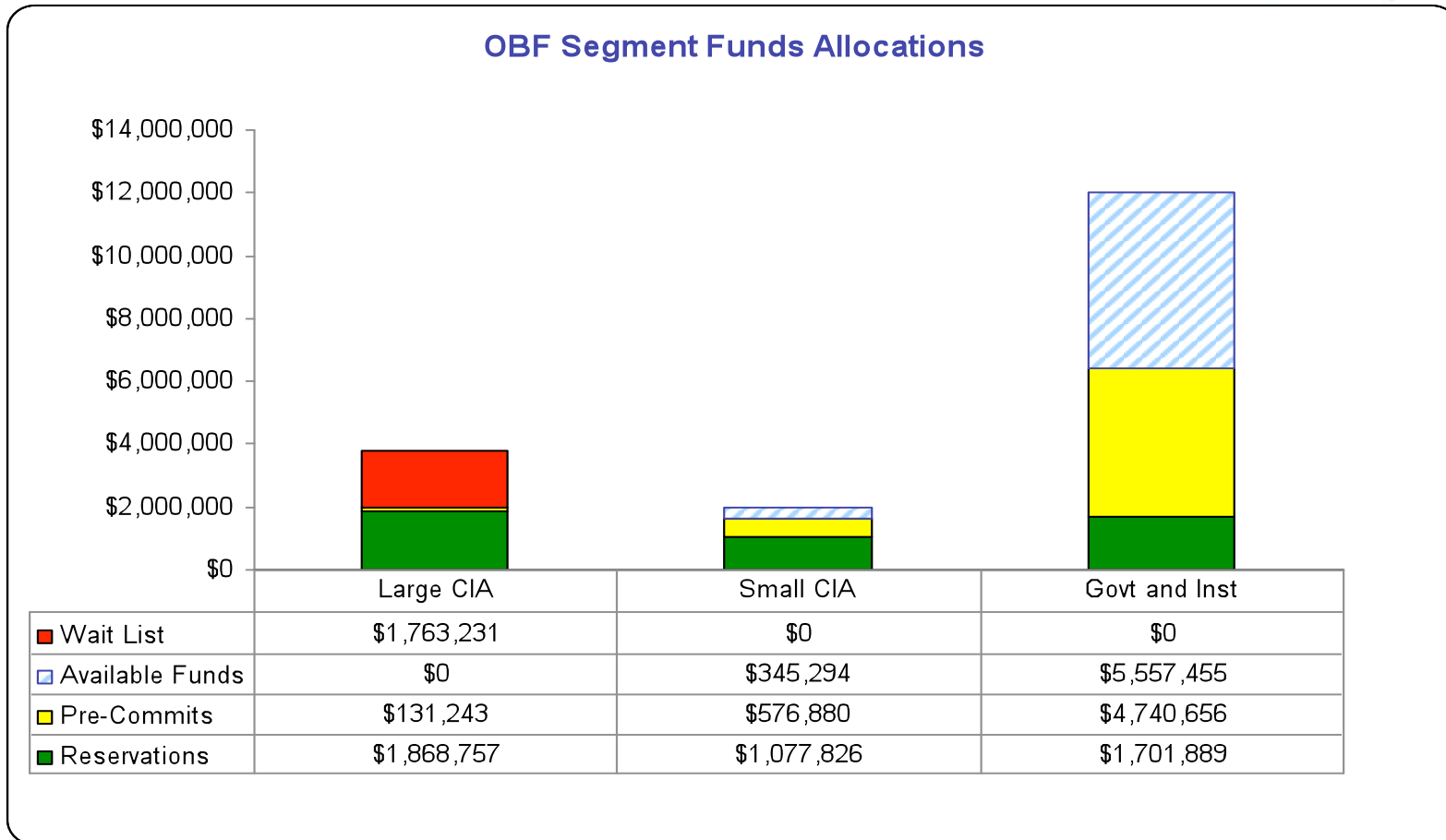


2010 – 2012 On-Bill Financing (OBF) Program Applications received by Market Segment





2010 – 2012 On-Bill Financing Market Segment (\$) Allocation as of November 6, 2010

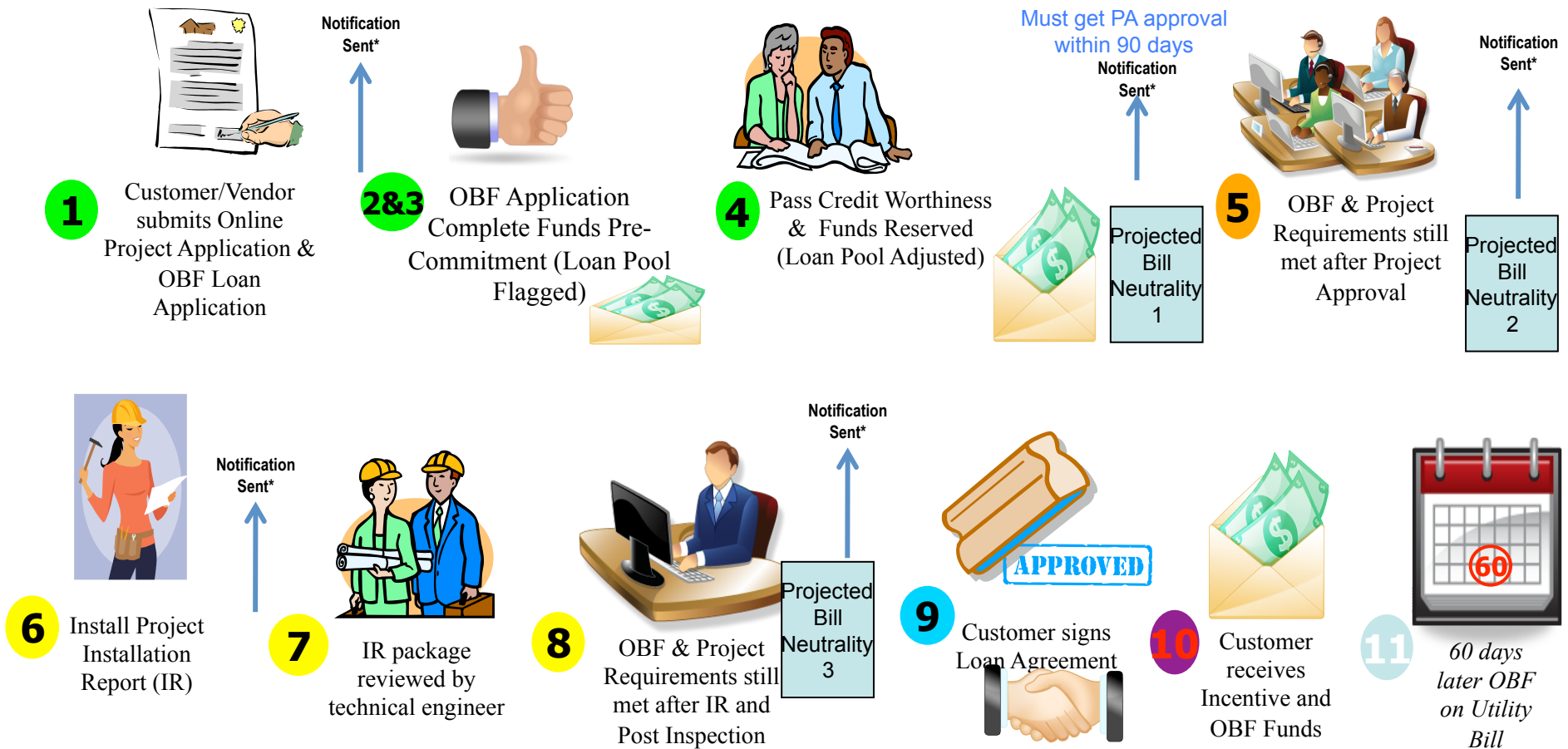




APPENDIX

OBF Application & Reservation Process

The OBF process aligns with IDSM project flow. Funds are reserved for eligible projects per the Customized and Express Pending program terms & conditions.





Challenges/Issues

- Loan pools limits, 90-day evaluation period demand
 - \$12M for G&I
 - \$4M for CIA
 - \$2M Medium/Large CIA >200kW
 - \$2M Very Small/Small CIA <200kW
- Perception exists that customers are waiting until customer cap is rescinded to participate in offering
- Large & medium customers consumed the allocated \$2M loan pool within 30 days of OBF launch
 - \$1M loans in G&I segment would reduce potential to shift funds to other segments
 - \$1M loans may carry political risk
- Authorized Agents & Customers struggling to understand the Bill Neutrality concept
- System issues impacting tracking and reporting