

Determining Goals for a Statewide On-bill Program

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Michigan Public Service Commission

April 24, 2017

Agenda

- Review stakeholder survey results
- Learn about goal impact on program design and results
- Learn about tensions between goals
- Revisit survey goals and make changes, if any
- Conduct hot dot voting
- Discuss results
- Agree on goals

Statewide On-bill Program Stakeholder Group Survey



Purpose of Survey

- Obtain stakeholder input on program goals and design elements.
- Shape agenda for today's meeting.
- Learn more about who is participating in today's meeting.

Survey Response

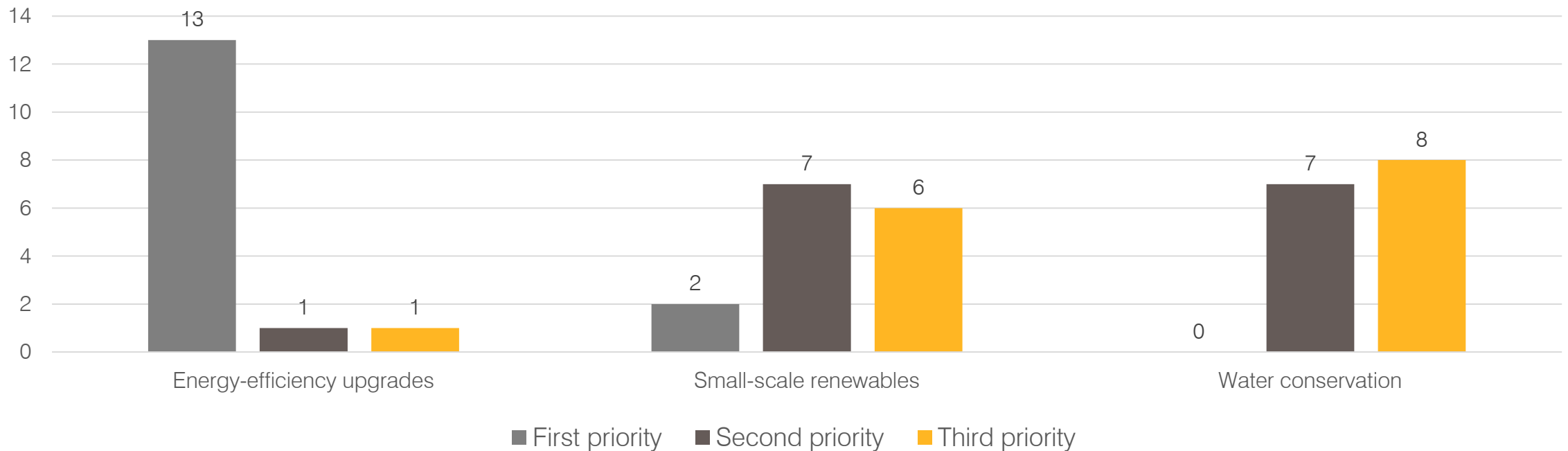
- Twenty-two recipients
- Fifteen responses submitted (68 percent response rate)

Respondent Distribution

Sector	Responses
Government/consumer group	3
Program implementation provider	1
Technology/energy service provider	3
Utility	8
Rural electric cooperative	2
Investor owned	3
Municipal	3

Question One

The Michigan law that authorizes on-bill financing programs stipulates that investment in energy efficiency, renewable energy systems, and water conservation are all eligible. Please rank these in terms of importance.



Question Two

Please rank these goals in order of importance to you and your organization. Rank each set of goals from highest to lowest priority.

- **Three goals ranked high priority**
 - Lower customers' monthly energy bill.
 - Provide the most cost-effective way to encourage energy savings.
 - Make energy improvements more affordable for customers by providing lower interest rates and longer terms than are currently offered in the marketplace.
- **Three goals ranked low priority:**
 - Reduce the carbon footprint for participating utilities.
 - Stimulate the economy and create jobs.
 - Expand access to financing for individuals that have tarnished credit and, therefore, do not qualify for products currently in the marketplace.

Question Two (cont.)

- No consensus on remaining goals
 - Maximize the reduction in energy use/demand per home.
 - Maximize the number of participating customers making energy improvements.
 - Provide motivation to landlords who don't want to take on financing energy improvements because the tenant pays the utility bill and, therefore, the landlord sees no financial benefit.
 - Provide motivation to renters and homeowners who don't want to take on financing energy improvements because the payback will take longer than they plan to stay in their home.

Question Three

What issues, perspectives, and/or concerns do you want to make sure are considered?

- **Program administration**

- Programs can be complex, staff intensive, and costly, while participation rates have been low, historically.
- What privacy issues arise from outsourcing program functions?
- There must be a clear path for customer services.

- **Program design**

- Reduce complexity, expedite/streamline startup process, and maximize participation.
- Follow best practices from other programs.

Question Three (cont.)

- Handling Defaults

- Utilities should not be responsible for credit reporting or paying defaults.
- If there is a late/partial payment, does the amount go first to utility service or on-bill charge?
- Who is responsible for collection?

Impacts of and Tension between Program Goals



Energy Savings vs. Customers Served



Expanding Access vs. Reducing Defaults

Transferability

- The tariff structure may entice people with **short time horizons** to invest in energy improvements, since the obligation will automatically transfer to the next occupant.
- The tariff structure may also entice **landlords to allow tenants** to invest in energy improvements.
- **Half of projects** that have transferability provisions **clear the tariff** when properties change hands.
- **Private capital** providers may hesitate to tie obligations to meters instead of the borrower.

**Based on everything you learned today,
did your goal priority order change?**

Process for Identifying Goals

- Revisit original list of goals
 - Remove, add, or change existing goals
- Hot dot voting
 - Each person gets three dots
 - Place a dot next to the goals you think are most important
 - It is okay to use more than one dot per goal
 - Tally votes and discuss
- Determine group support for goals

Goals

- Increase the number of participating customers making energy and/or water improvements through:
 - Maximizing the long-term reduction in energy and/or water use/demand per household;
 - Expanding access to financing for individuals who may not qualify for financial products currently in the marketplace; and
 - Making energy and/or water improvements more affordable for customers.