



On-bill Financing Financing Energy Efficiency

2017 Midwest Residential Energy Conference

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East Kentucky Power Cooperative

- Generation and Transmission (G&T) cooperative
- Not-for-profit: owned by our 16 rural distribution coops
- By the numbers
 - Generating capacity : 3,500 MW
 - Meters served: 530,000
 - People served: 1.1 million

Mission: Safely deliver reliable, affordable energy to our Owner-members

How\$martKY™ What is it?

- How\$martKY™ is an on-bill financing program designed to use energy savings to pay for energy efficiency improvements to a customer/member(s) residence on the customer's electric bill over time.
- It is an investment in the Electric Meter by the utility and its not considered a personal loan to the member.

How\$martKY™ Where'd it come from?

- In 2010 a pilot was started to see if an on-bill financing program would work for Kentucky and for cooperative members and the cooperatives themselves.
- The pilot would include four rural electric cooperatives.
 - Big Sandy Recc
 - Fleming Mason Energy
 - Grayson Recc
 - Jackson Energy
- Two more coops were added when the pilot went from pilot to permanent program.
 - Farmers Recc
 - Licking Valley

How\$martKY™

Participating Cooperatives

Electric Distribution Service Areas

PSC Regulated Rural Electric Utilities

- Big Sandy RECC
- Blue Grass Energy Cooperative
- Clark Energy Cooperative
- Cumberland Valley Electric
- Farmers RECC
- Fleming-Mason Energy Cooperative
- Grayson RECC
- Inter-County Energy Cooperative
- Jackson Energy Cooperative
- Jackson Purchase Energy Corporation
- Kenergy Corporation
- Licking Valley RECC
- Meade County RECC
- Nolin RECC
- Owen Electric Cooperative
- Salt River Electric Cooperative
- Shelby Energy Cooperative
- South Kentucky RECC
- Taylor County RECC

PSC Regulated Investor Owned Utilities

- American Electric Power (AEP)
- Duke Energy Kentucky, Inc.
- Kentucky Utilities Company (KU)
- Louisville Gas and Electric Company (LG&E)

TVA Regulated Utilities

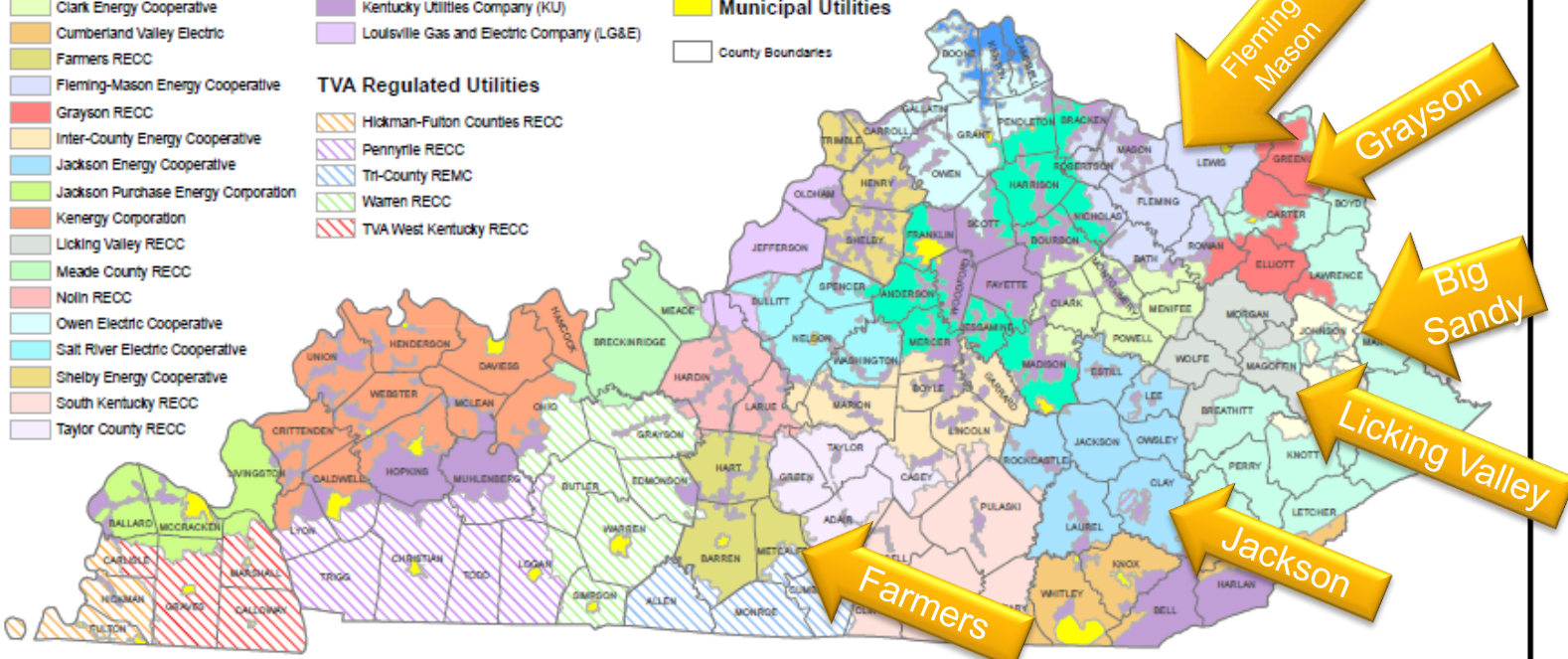
- Hickman-Fulton Counties RECC
- Pennyrite RECC
- Tri-County REMC
- Warren RECC
- TVA West Kentucky RECC

Multi-Service Areas

- Jackson Energy Cooperative & KU
- Meade County RECC & LG&E

Municipal Utilities

- County Boundaries



Kentucky has 30 municipal systems serving over 300,000 customers. Twelve of these are provided wholesale power by the Tennessee Valley Authority (TVA) and are regulated by them. The others are self-regulated by the municipality. The boundaries for the municipal systems were either derived from the Public Service Commission's certified territory maps, or from boundaries submitted for informational purposes to the PSC from the municipals. If the municipal service area boundaries were unknown, a circle was placed around the urbanized area.

The electric service areas are compiled from certified territory maps on file with the Public Service Commission. These are legal documents which define the retail service area of electric suppliers regulated by the Commission (Kentucky Statute 278.017). The legal certified territory boundaries are drafted on 1:24,000 USGS topographic maps, and can be assumed to have an accuracy of 100 feet. This map, which was compiled from the data, is for informational purposes only, and has no legal standing.



Kentucky Public Service Commission
July 14, 2009

How\$martKY™

What is it where'd it come from?

- Working with the cooperative The Mountain Association for Economic Development (MACED) designed a program so that all members could participate by allowing the members utility payment record count as their “credit score” instead of a traditional financial credit score.
- The cooperatives along with MACED act as a general contractor to oversee the retrofit from the Initial energy audit of the home to the contacting contractors.
- The program was designed to use local contractors to do the energy efficiency improvements.

How\$martKY™

Efficiency Savings pays the payment.

The program is designed to provide financing up to 90% of the energy efficiency improvement savings.

- Meaning if the improvements can save the member \$100 dollars then a financing amount with a payment up to \$90 dollars could be possible. Any amount over that the member can buy down the cost of the financing and still participate in the program.
- Helping to keep the financing amount lower the cooperatives provide rebates on certain energy efficiency measures that are applied to the financed amount bring the over cost to the member down.
 - For example switching from resistance heat to a heat pump could be worth up to \$1,000 rebate applied to the financed amount.

How\$martKY™

Efficiency Savings pays the payment.

Typical Improvements:

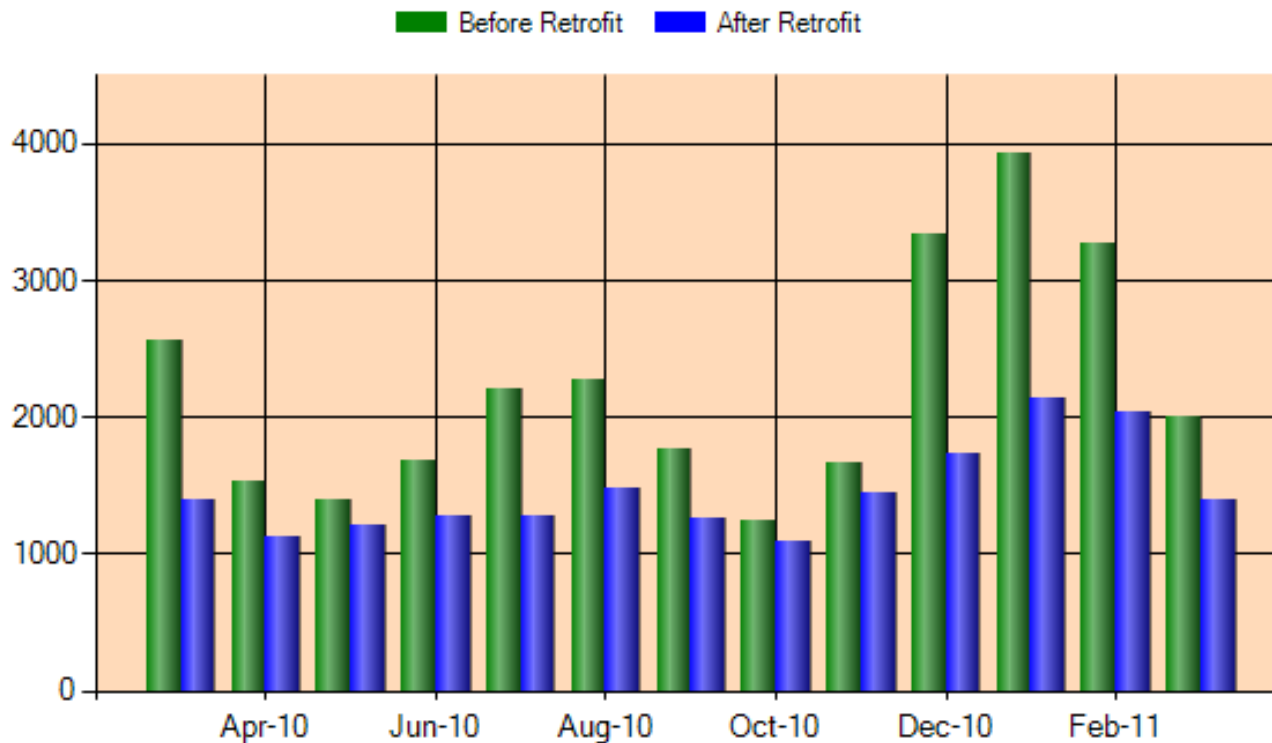
1. Duct Sealing
2. Air sealing
3. Insulation
4. Replacement of electric furnace or an old heat pump

In most cases retrofits do multiple improvements. Most common is Air sealing, Insulation and replacing heating and cooling equipment all in one retrofit package. Doing this allows more rebates to come to the member and bring more savings with it to provide more savings to allow for the monthly payment.

How\$martKY™ Seeing Results

Single Family Home

Comparison Before and After Retrofit



Estimated savings of: \$44

Average Monthly Savings: \$52

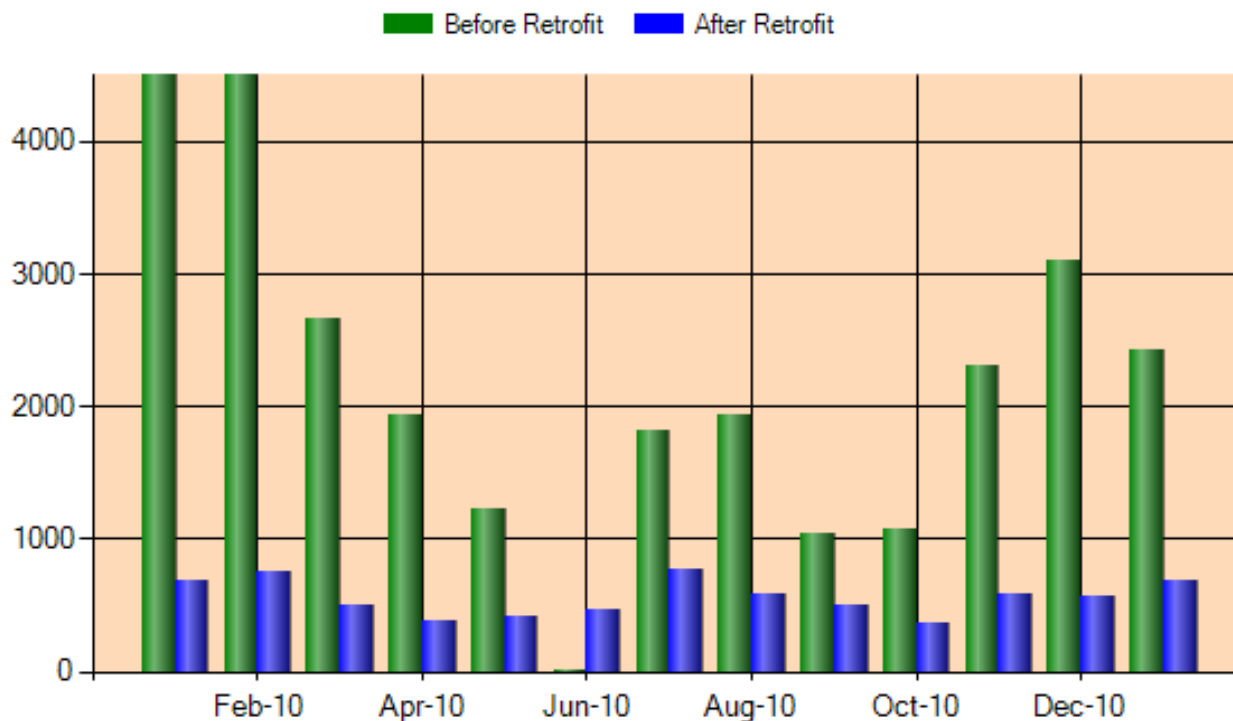
On-bill monthly payment: \$22

How\$martKY™

Efficiency Savings pays the payment.

Manufactured Home

Comparison Before and After Retrofit

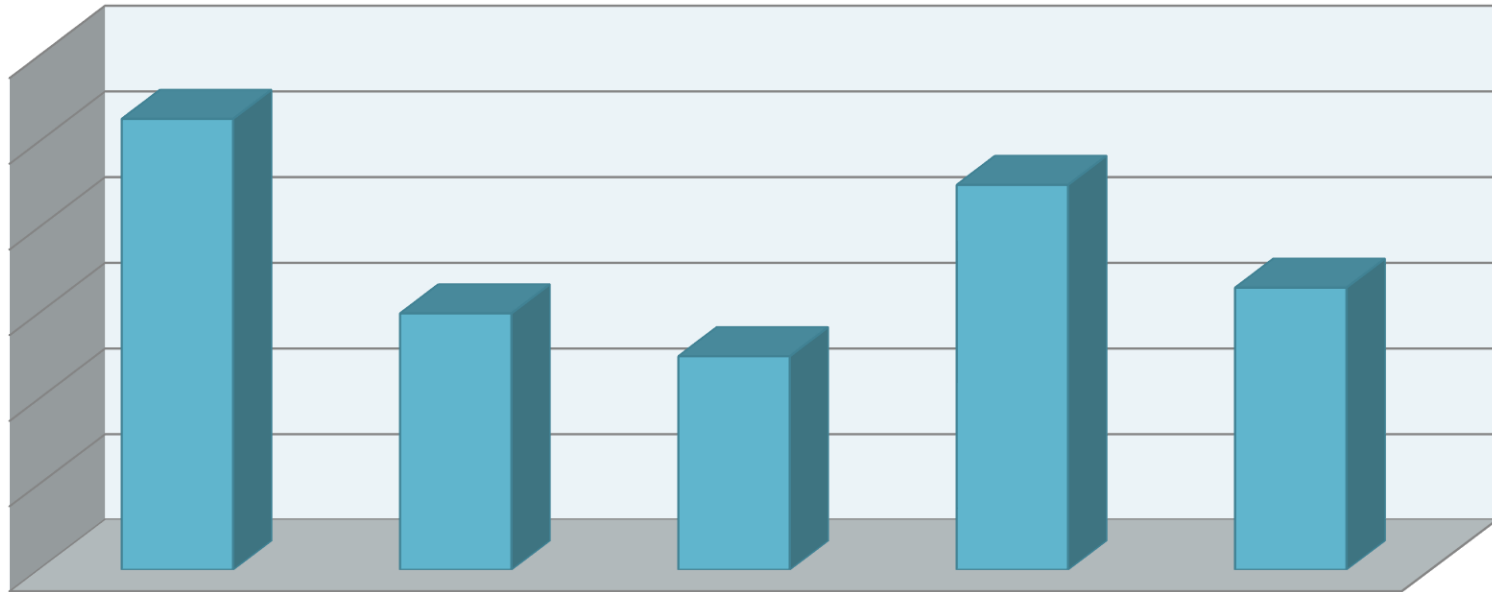


Estimated savings of: \$55

Average Monthly Savings: \$146

On-bill monthly payment: \$30

How\$martKY™ Program Stats:



Average
Projected
Yearly kWh
Savings

5270 kWh

Average
Projected
Cost Savings
Per Home

\$50

Average
Monthly
Payment

\$39

Average
Job
Cost

\$7377

Percentage
Of LMI
Participants

52%

Why is it good for the members?

Lowers utility bills

- While paying back the investment the bill is a little cheaper and when investment payback is complete the bill is even less.

More comfortable home

- With the additional energy efficiency measure their homes are more comfortable.

Energy Efficiency expertise

- Having the utility help with the recommendations and oversight of the installation and test out is peace of mind.

Low cost capital

- Access to low cost capital which in some cases is not available to some members.

Why is it good for the cooperative?

Member Service

- Helping members save money and live more comfortable.

A way to help high bill complaints

- Having a program that provides low cost capital available to actually do the work really helps the member.

Increase participation in other EE

- Helps increase participation in other energy efficiency programs offered by the cooperative.

How\$martKY™

Efficiency Savings pays the payment.





Questions and Discussion