



RHODE ISLAND FINANCING RESEARCH Meeting #4: Recommendations and Next Steps

January 29, 2015



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AGENDA

RI Financing Study: Sub-Committee Meeting #4

January 29: 12:30pm - 4pm

1. Introduction: Recap of study objectives and results 20 minutes

2. Current use of financing in RI 20 minutes

3. Learnings from other jurisdictions 20 minute

4. Recommendations 90 minutes

5. Next Steps 60 minutes



1. INTRODUCTION

FINANCING STUDY APPROACH

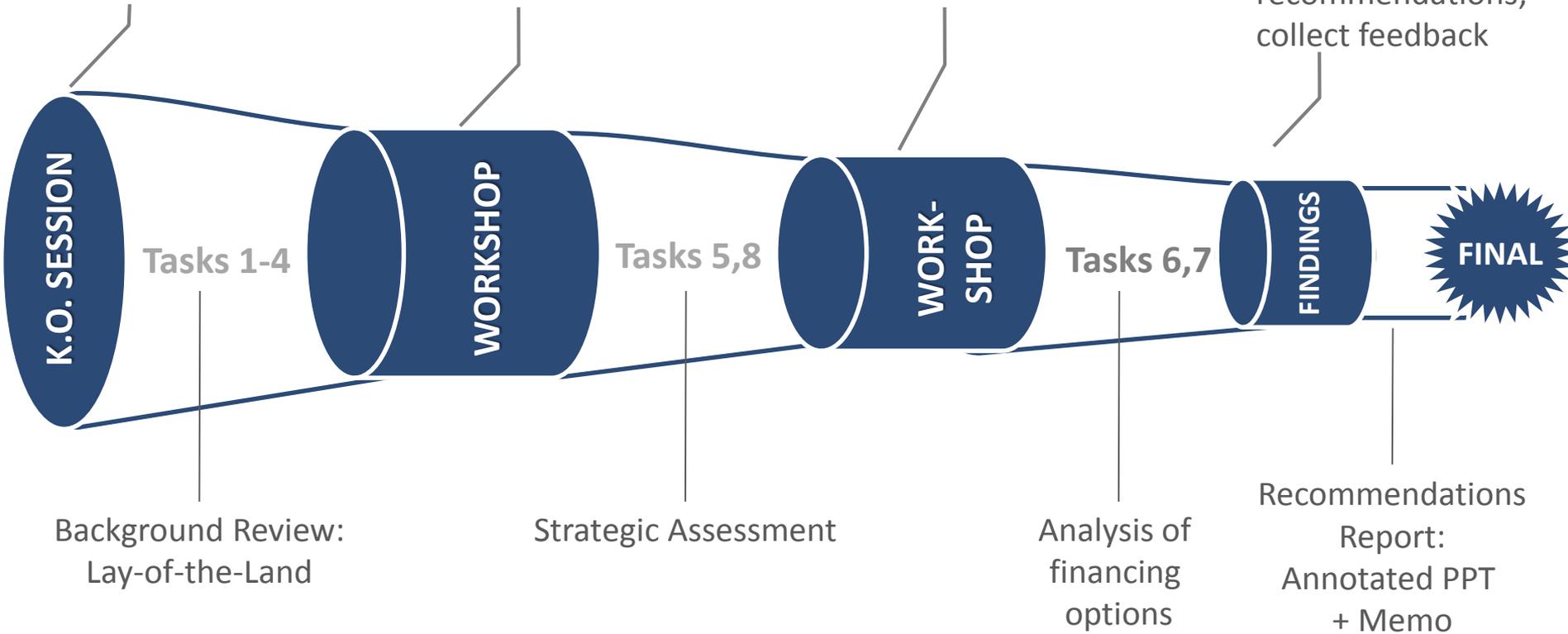


Productive Meeting
Facilitated discussion
+ learning re. R.I.

Half-day session: Oct. 27
present findings; set
strategic priorities for R.I.

Half-day session: Nov. 21
thoughtful consideration
of preferred options for R.I.

Final session: Jan 29
present draft
recommendations;
collect feedback



STUDY GOALS



■ Financing goals:

- ▶ Maximize cost-effective savings
- ▶ Promote EE savings, by leveraging SBCs in the most effective manner
- ▶ Distribute benefits broadly and equitably
- ▶ Link with state's economic and environmental goals

■ Achieve EE savings of greater scales and deeper savings

- ▶ Engage hard-to-reach customers
- ▶ Shift the economy toward EE savings
- ▶ Investigate opportunities in an already mature EE market



What does EE financing success look like for RI?

- Impacts
- Perspectives
- Benchmarks
- Fit with least-cost procurement
- Links with rebates



BACK END

Structures, Partnerships,
Distribution of Funds

How to structure the players
to create new financing
opportunities?

EXAMPLES

- Green Bank/Fund
- Roles for Private Capital
- Uses of SBC – LLR, OBR etc.

FRONT END

Filling the Gaps,
Adjusting Programs

What are the specific and
promising financing
programs for RI?

EXAMPLPES

- Sector by Sector
- Detailing other examples
- Identify specific players and roles

2. CURRENT EE FINANCING IN RHODE ISLAND

FINANCING PROGRAMS OVERVIEW



- Programs supported by three sources of funds
 - ▶ System Benefits Charges (SBC) – Ratepayer money
 - ▶ Regional Greenhouse Gas Initiative (RGGI)
 - ▶ ARRA Funds (PACE)
- Most sectors are served by a least one product: *Residential, Moderate Income, Small Business, Large Commercial and Institutional*
- Financing offered is almost all short term: *exceptions Commerce RI and PACE (to come)*
- 0% interest financing is the current norm: HEAT and OBF
- Limited use of 3rd party capital, heavy reliance on program funds
- Programs are delivered through valuable partnerships with simple administrative processes, and are well integrated with incentives

CURRENT RI PROGRAMS



Program	Sector	Administration	Financing Conditions	Complementary Program(s)	Barriers Addressed	Performance
HEAT	Residential (Est. 2011)	National Grid with local banks and credit unions. <i>Program Funds</i>	0% financing Up to 7 years (5% buy down) \$2,000 minimum \$25,000 maximum	Energy Wise: RISE administered audits and Wx; NGrid Prescriptive incentives	Affordable loans First Cost EE opportunities analysis	Since 2011: \$13M 2,092 loans Average: \$6,600
Capital Good Fund	Moderate to Middle Income	National Grid with CGF <i>Program Funds</i>	0% financing (10% buy down) 2-7 years \$10,000 maximum	Energy Wise: RISE administered audits and Wx; NGrid Prescriptive incentives	Access to credit Low credit scores Access to needed HVAC and weatherization improvements	31 loans by late 2014 \$110,000 total \$3,500 average
PACE	Residential (Pending)	Office of Energy Resources <i>ARRA funds for LLR</i>	Secondary to Mortgage Up to 20 years Loan loss reserve	Energy Wise: RISE administered audits and Wx; NGrid Prescriptive incentives	First cost barrier – especially solar Secures loans through secondary lien and LLR.	N/A
OBF	Small Business (<200kW)	National Grid <i>RGGI + Program Funds</i>	0% financing 12-24 months 15% discount for immediate payment	SB Direct Install Up to 70% incentives (Direct install optional)	Lack of cash on hand Administrative hassles Affordability	5,700 loans per year \$2,700 average 1.1% default rate 13.5% delinquency
	LCI (>200 kW)	National Grid <i>RGGI + Program Funds</i>	0% Financing 12-24 months	Commercial Retrofit Up to 70% incentives, typically on the order of 50%	Administrative hassles Affordability	664 loans totaling \$23M to date \$36,000 average
ERLF	C&I (Est 2014)	Commerce RI	1%-3% interest 5-10 years \$500K maximum	NG C&I incentive programs	Access to capital	\$2.1M in fund, but no applications as of Sept. 2014
REF	Res. and C&I	Commerce RI	\$1.15/W incentive	n/a	Cost of solar PV	

PROGRAM PERFORMANCE DATA



- EnergyWise Impact Evaluations (2008 and 2011)
 - ▶ Obtained annual average savings by project (bill analysis) and participation rates
 - ▶ However, no evaluation since HEAT was introduced
- C&I Free-ridership and Spillover Study (2013 and 2011)
 - ▶ Small Business incentives: 2.7% to 10.2% FR
 - ▶ LCI retrofit incentives: 15%-22% FR
 - ▶ Financing (2013 only): 30% estimated FR
- RI Energy Efficiency Plans
 - ▶ Use and balances of OBF Funds (2013 and 2014)
- Limited Process Evaluations Performed: none touch on financing
- C&I Impact evaluations do not include program wide impacts for C&I in a manner

PROGRAM PERFORMANCE DATA



2014 EE Plan

Table E-10
National Grid
Revolving Loan Fund Projections

Large C&I Revolving Loan Fund

(1)	Total Loan Fund Deposits Through 2013	\$	8,979,678	(1)	Total I
	Estimated Outstanding Loan Balance				Estim:
(2)	Total Value of Disbursed Loans ¹	\$	3,026,711	(2)	
(3)	<u>2013 Repayments from loans²</u>	\$	<u>(1,477,874)</u>	(3)	
(4)	Total	\$	1,548,837	(4)	
	Projected Fund Status, Year End 2013				Projec
(5)	Estimated Outstanding Loan Balance Total	\$	1,548,837	(5)	
(6)	Committed Loans	\$	4,754,205	(6)	
(7)	<u>Uncommitted Funds³</u>	\$	<u>2,676,637</u>	(7)	
(8)	Total	\$	8,979,678	(8)	
	Loan Funds Available in 2014				Loan I
(9)	Uncommitted Funds	\$	2,676,637	(9)	
(10)	2014 Repayments from from loans ⁴	\$	3,181,830	(10)	
(11)	<u>2014 Finance Budget⁵</u>	\$	<u>1,000,000</u>	(11)	
(12)	Total Available for Loans in 2014	\$	6,858,467	(12)	
(13)	Projected Total Loan Fund Deposits Through 2014	\$	9,979,678		

Notes

		LCI Funds	SB Funds
End of 2013	Fund balance (\$,000)	8,980	4,159
	Unallocated (\$,000)	2,676	1,586
	Unallocated (%)	30%	38%
End of 2014	Fund balance (\$,000)	9,980	4,159
	Unallocated (\$,000)	5,057	2,707
	Unallocated (%)	51%	65%

2015 EE Plan

Table E-10
National Grid
Revolving Loan Fund Projections

Large C&I Revolving Loan Fund

(1)	Total Loan Fund Deposits Through 2014	\$	9,979,678	(1)	Total L
(2)	Current Loan Fund Balance	\$	6,589,633	(2)	Current
(3)	Projected Loans by Year End	\$	2,857,696	(3)	Project
(4)	<u>Projected Repayments by Year End</u>	\$	<u>1,325,791</u>	(4)	Project
(5)	Projected Year End Loan Fund Balance	\$	5,057,728	(5)	Project
(6)	<u>Fund Injection</u>	\$	<u>4,000,000</u>	(6)	Fund In
(7)	Projected Loan Fund Balance, January 2015	\$	9,057,728	(7)	Project
(8)	Projected Repayments throughout 2015	\$	2,091,744	(8)	Project

RESIDENTIAL PROCESS BARRIERS



- HEAT loans may be putting pressure on participating financial institutions
- Moderate-to-Middle Income customers (60% - 120% AMI)
 - ▶ HEAT Tends toward the credit worthy – high AMI and FICO – do these people need more free money?
- Marketing of HEAT and TGF may not be adequate, not clear if referrals are taking place
- Audit requirements are restricting access to HEAT and TGF – especially for emergency measures – RISE monopoly
- PACE program has issued RFP and the team is trying to work out some of the administrative challenges
 - ▶ There may be a marketing challenge to introduce a new PACE offering at market rates alongside the 0% financing available
 - ▶ Administration and contractor payment issues

COMMERCIAL AND INSTITUTIONAL PROCESS BARRIERS



■ Commercial

- ▶ Use of RGGI funds in NGrid Revolving Fund limits the OBF program from supporting natural gas measures
- ▶ The 2-year maximum repayment terms may be limiting the impact of the OBF programs.
- ▶ National Grid's revolving fund administrative capacity is limited for longer term and larger loans
- ▶ There is limited capacity to identify and negotiate terms with appropriate private lenders

■ Institutional

- ▶ Current OBF program capped at 24 months (now extended to 60 months) misses big-ticket needs in MUSH sector
- ▶ Overall size of capital pool insufficient to take on large MUSH deferred maintenance projects integrated with EE
- ▶ Institutional and municipal clients face a barrier in taking large EE improvement projects to their capital budgeting process

3. FINANCING IN OTHER JURISDICTIONS

RESIDENTIAL PROGRAM COMPARISON TABLE



Residential	RI HEAT	 PACE (CA)	 CEWO (OR)
Loan size / measures	<ul style="list-style-type: none"> • \$25,000 loan maximum 	<ul style="list-style-type: none"> • \$5,000 - \$200,000 Loans • Extensive measure list, non-energy measures permitted 	<ul style="list-style-type: none"> • \$1,000- \$30,000 loans • Energy savings: tiered to loan size • Windows allowed on projects with 30%+ energy savings • Solar not included
Interest rates, terms and conditions	<ul style="list-style-type: none"> • 0% interest unsecured • 7 year maximum tenor • Non-transferable • Secondary Lien 	<ul style="list-style-type: none"> • 5.95%-8.25% interest rates • 20 year maximum tenor • Transferable upon sale • Secondary to mortgage 	<ul style="list-style-type: none"> • 3.75% - 5.99% interest rate • 20 year maximum tenor • Non-transferable upon sale • Rates reduced for auto payment
Performance	<ul style="list-style-type: none"> • \$13.8M since 2011 • 2092 loans • average \$6,600 	<ul style="list-style-type: none"> • \$104M in loans • 5,890 PACE assessments • \$18,300 average • 3% delinquency rate 	<ul style="list-style-type: none"> • \$33.4M in loans • 2,633 projects: 2011-2014 • \$12,700 average loan • 0%-2% delinquency rates
Eligibility, Underwriting and Security	<ul style="list-style-type: none"> • 3rd party lenders do underwriting • Credit worthiness (AMI, FICO, DTI?) 	<ul style="list-style-type: none"> • Total financing cannot exceed 90% of value • Considers mortgage payment, tax bill payment and bankruptcy history. 	<ul style="list-style-type: none"> • On bill or secured off-bill through UCC filing (lender choses) • 590 Minimum FICO score, 750 average
Source of Funds	<ul style="list-style-type: none"> • Interest rate buy down from SBC 	<ul style="list-style-type: none"> • Local Government bonds. • 100% self-supporting (new LLR pending) 	<ul style="list-style-type: none"> • Private lenders with LLR provided by Energy Trust Oregon - after 2013 no more LLR required by lenders

RESIDENTIAL COMPARISON



- Compared EnergyWise to CEWO:
*more savings per project..
...but with caveats.*
 - ▶ No EnergyWise evaluation since HEAT was initiated
 - ▶ Not clear if all measures are included in HEAT evaluation

	EnergyWise RI (2008-2011)	CEWO (2010-2011)
Average electricity savings per project	430 kWh/yr	1,700 kWh/yr
Average gas savings per project	105 therms/yr	188 therms/yr

- Cadmus 2014 Survey of 15 Residential Programs
 - ▶ Average loan values grouped in two clusters: \$5,000-\$8,000 and \$12,000-\$20,000 ranges
 - ▶ Unsecured loan programs offer shorter term (5-10 years), smaller loans. Secured loan program offer longer term financing (10-20 years) with larger average loan values.
 - ▶ Mass and RI HEAT programs are the only 0% interest rate offers: most offer market rates
- Overall, little evidence is available that 0% interest drives program success
- Cost-effectiveness is difficult to assess because many loan programs include non-energy measures and there is yet to be an accurate capturing of all costs and benefits

SMALL BUSINESS PROGRAM COMPARISON TABLE



Small Business	NG Small Business OBF Program	energize CT SBEA CONNECTICUT	nyserda Energy. Innovation. Solutions.	Small Business Financing
Loan size / measures	<ul style="list-style-type: none"> • \$2,700 per loan average • No gas measures 	<ul style="list-style-type: none"> • Up to \$100,000 (depends on peak kW) • \$8,500 average loan 	<ul style="list-style-type: none"> • OBR option or Participation Loan • NYSERDA provide 50% of the principal at 0% interest up to \$50,000 	
Interest rates, terms and conditions	<ul style="list-style-type: none"> • 0% interest • 24 months tenor • Incentives up to 70% 	<ul style="list-style-type: none"> • 0% (6.3% buy down) • 48 Months tenor • Incentives 30%-50%. 	<ul style="list-style-type: none"> • Financing for up 15 years • 2.5% interest on OBR financing • Incentives up to 70% of project costs 	
Performance	<ul style="list-style-type: none"> • Default rate 1.1% • Delinquency 13.5%. • 67% Closure rate • 50% OBF uptake rate 	<ul style="list-style-type: none"> • < 1% default rate • 1,696 participants in 2013 (98% coverage) • 20,400kWh savings ea • 94% closure rate 	<ul style="list-style-type: none"> • \$515,500 loan book in small commercial 2014 • \$2,942,000 in Multi-Family 	
Eligibility, Underwriting and Security	<ul style="list-style-type: none"> • Up to 200kW - 300kW • Bill payment history 	<ul style="list-style-type: none"> • 10kW to 200kW peak • Tenants eligible, creditworthiness 	<ul style="list-style-type: none"> • Peak demand up to 100-110 kW • Considers business history, credit score, bankruptcy and existing liens, debt service coverage > 1.2 	
Administration	<ul style="list-style-type: none"> • No-cost audits • Direct Install option 	<ul style="list-style-type: none"> • No-cost audits • Direct Install option 	<ul style="list-style-type: none"> • NYSERDA provides pre-approval • 3rd party Lender must approve loan 	
Source of Funds	<ul style="list-style-type: none"> • NG revolving Fund – from SBC and RGGI 	<ul style="list-style-type: none"> • CT EE Fund provides rate buy down and LLR • IOU provides capital 	<ul style="list-style-type: none"> • NYSERDA provides Revolving Loan Fund (\$10M for C&I) • 3rd party lender the rest (50%) 	

COMMERCIAL PROGRAM COMPARISON



- CT SBEA does more with less than National Grid SB OBF program

- Many programs do not differentiate between SB and Large Commercial

	National Grid SB OBF	SBEA - CT Program
Total loans	n/a	\$34,600,000
Number of Loans	n/a	4075
Average Loan Size	\$2,700	\$8,490
Maximum Incentive	70%	40%
Average size of project	\$ 9,000	\$14,151
IOU cost per project including financing	\$6,052	\$4,920

- 0% financing for SB and OBF is common especially for SB segment

- Commercial PACE programs appear to be widely available and successful

- ▶ PACE offerings are often broad, including LCI, MF, SB and Residential sectors

- Beyond simply establishing PACE legislation, organizational infrastructure is needed to make PACE successful

- ▶ Central source of funds; 3rd party private or government pool
- ▶ Central administrator (i.e. PACE Maine) to develop technical underwriting standards and engage in major marketing efforts
- ▶ Large City to tailor its own PACE

LCI PROGRAM COMPARISON TABLE



	RI C&I Financing	CPUC OBF (CA)	Michigan Saves: Business Energy Fund	C-PACE
Loan size / measures	<ul style="list-style-type: none"> 664 loans \$35,709 loan average 	<ul style="list-style-type: none"> \$100,000 maximum loan \$27,700 average 20% maximum for lighting 	<ul style="list-style-type: none"> \$250,000 maximum \$21,300 average size Prescriptive measures Must be cost-effective by audit with modeling 	<ul style="list-style-type: none"> Broad list of eligible measures: No maximum loan size, projects listed as high as \$2M in value
Interest rates, and terms	<ul style="list-style-type: none"> 0% interest 24 month max tenor (now 60) 	<ul style="list-style-type: none"> 0% Interest 5 year tenor (10 year public) 	<ul style="list-style-type: none"> 5.9% minimum rate Up to 5 year tenor Buy down to 1.99%* 	<ul style="list-style-type: none"> Rate project dependent, 5%-6% 20 year maximum tenor
Performance	<ul style="list-style-type: none"> \$3.8M in average loan volume 2013 and 2014 	<ul style="list-style-type: none"> Near 0% delinquency \$16M in loans since 2010 	<ul style="list-style-type: none"> 67 loans for \$1.8M in 2011-12 No defaults to date 	<ul style="list-style-type: none"> 85% of C&I market in municipalities with C-PACE Projects typically achieve 35%-45% energy savings
Eligibility, Underwriting and Security	<ul style="list-style-type: none"> Based on bill payment history. 	<ul style="list-style-type: none"> Renters eligible Utility bill payments history 	<ul style="list-style-type: none"> No information available 	<ul style="list-style-type: none"> Positive cash flow Y1 , LTV ratio, business profitability, debt service ratio, liabilities
Incentives	<ul style="list-style-type: none"> No-cost audits Incentives up to 50% - 70% 	<ul style="list-style-type: none"> Incentives up to 70% 	<ul style="list-style-type: none"> No audit necessary, Program authorized contractors 	<ul style="list-style-type: none"> 3rd party technical review of project required Incentives cover 25%-30%
Source of Funds	<ul style="list-style-type: none"> SBC and RGGI 	<ul style="list-style-type: none"> Rate-payer funds 	<ul style="list-style-type: none"> LLR provided by Michigan saves 	<ul style="list-style-type: none"> \$10M RGGI, 3rd party lenders, CEFA warehousing

4. RECOMENDATIONS



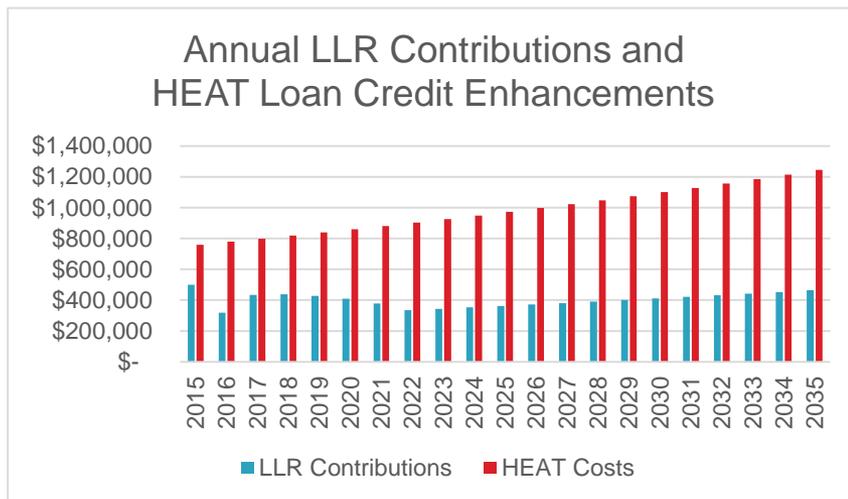
- **Develop a clear strategy for PACE and HEAT to work together**
 - ▶ HEAT loans for shorter term financing, unsecured, based on credit worthiness
 - ▶ PACE loans for customers with equity in their property, deeper measures, longer term
 - ▶ 0% HEAT loan may undermine marketing of PACE

- **Develop Processes to ensure that no viable participant falls through the cracks**
 - ▶ **Integrate through EnergyWise delivery to ensure customers to direct them to appropriate financing**
 - ▶ Improve processes for moderate to middle-income financing – ensure refused HEAT applicants are referred to The Good Fund
 - ▶ Audit requirements and marketing to attract customers
 - ▶ Improve approval rates and eligibility in HEAT loans

RESIDENTIAL RECOMMENDATIONS



- **Re-evaluate the 0% HEAT Loan model at the end its current contract cycle**
 - ▶ The buy-down is expensive, and there is little or no evidence it increases uptake or savings over market rate financing
 - ▶ Direct 0% just to those who have affordability barrier (moderate income)
 - ▶ LLR can be a less expensive option that cover lenders' risk and keep loans attractive in the market place



	Cost to Rate-Payers (NPV of costs: 2015-2035)
HEAT Loan Buy Down (2%)	\$5,736,000
HEAT Loan Buy Down (5%)	\$15,571,000
HEAT Loan Buy Down (8%)	\$25,405,000
LLR (1% default)	\$2,841,000
LLR (2% default)	\$5,326,000
LLR (5% default)	\$12,777,000

RESIDENTIAL ON-BILL REPAYMENT



- **To justify setting up 3rd option, would need strategic evaluation to determine space between HEAT and PACE**

- **Pros:**
 - ▶ Could further secure HEAT-type loans: unsecured, short to medium term
 - ▶ Would fill a niche of customers with poor creditworthiness and limited equity in their homes
 - ▶ Deeper integration with EnergyWise program

- **Cons:**
 - ▶ National Grid not indicating interest here
 - ▶ Limited administration for non-0% loans, and 3rd party financing
 - ▶ Unclear if Rhode Island can support a 3rd residential financing program



- **Improve reporting and evaluation of OBF program and revolving funds and identify opportunities to encourage deeper savings to accompany longer term financing**

IMMEDIATE

- ▶ Clear and consistent Y over Y reporting of OBF balance sheet
- ▶ Include financing consideration in relevant evaluation reports

PROCESS EVALUATION

- ▶ Underwriting process effectiveness and links with delinquency
- ▶ OBF marketing and sales links with incentives
- ▶ Evaluate loan administration process and barrier to non-zero interest rate programs, and 3rd party financing



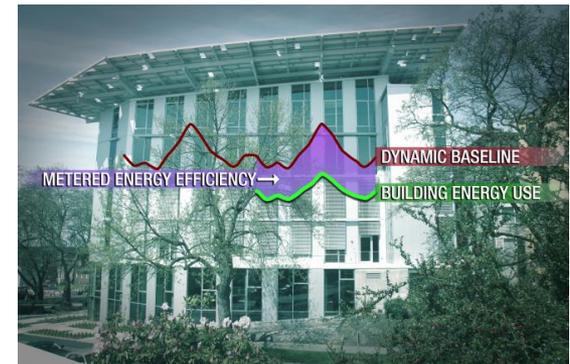
IMPACT EVALUATION

- ▶ Deeper dig on the Free-ridership rates for C&I
 - *Break down by SB vs LCI*
 - *Break down by major measure type*
 - *Further questioning around market for longer term financing (Commercial PACE)*
- ▶ Determine impact of expanding LCI program to 5 years
- ▶ Evaluate cost-effectiveness of the 0% financing coupled with the 70% incentives, and assess potential to reduce incentive levels

■ Change RGGI requirements to include gas measures.

■ Consider other C&I sector innovations to attract new actors and hit hard to reach customers

- ▶ Metered Energy Efficiency Transaction Structure: MEETS



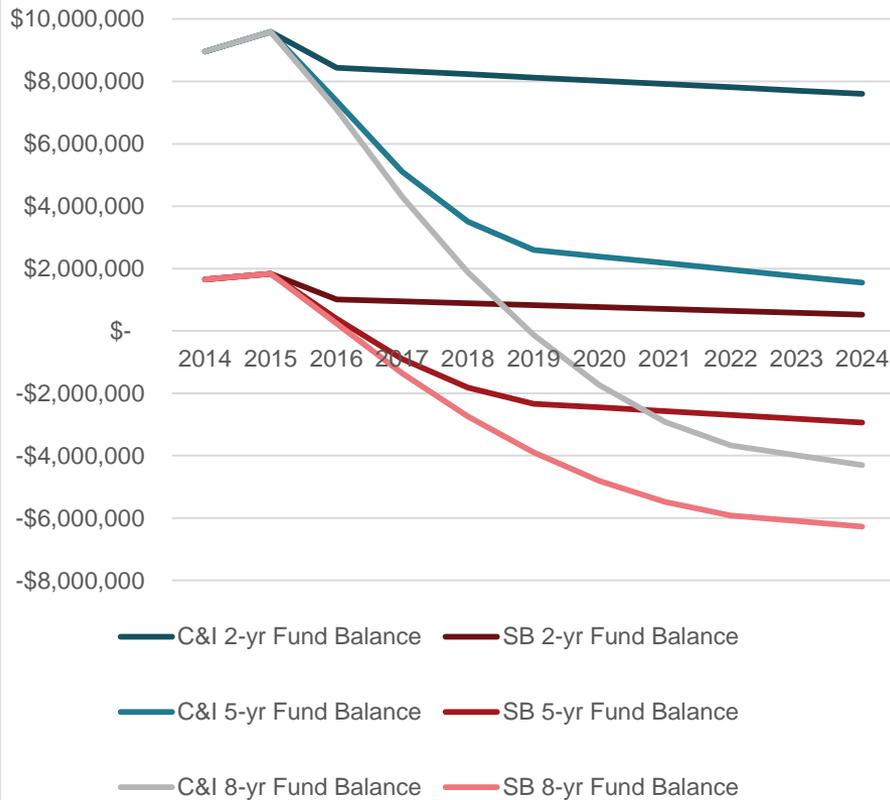


- **Need to attract 3rd party capital to do medium and longer term lending**
 - ▶ Existing OBF has limited capacity to offer a significant volume of medium to long term loans
 - ▶ Longer loan terms and larger loans will exhaust current revolving fund
 - ▶ National Grid currently has a 50% utilization rate, and administers \$7.5M total loan book, limited to 2 year term
 - ▶ National Grid will be challenged to administer a program with longer lending terms (higher risks) and non-zero interest rates
 - ▶ 5 year lending may \$35M to meet needs by 2024
 - ▶ Consider bringing in expertise to define program details and negotiate bilateral arrangements with private sector finance

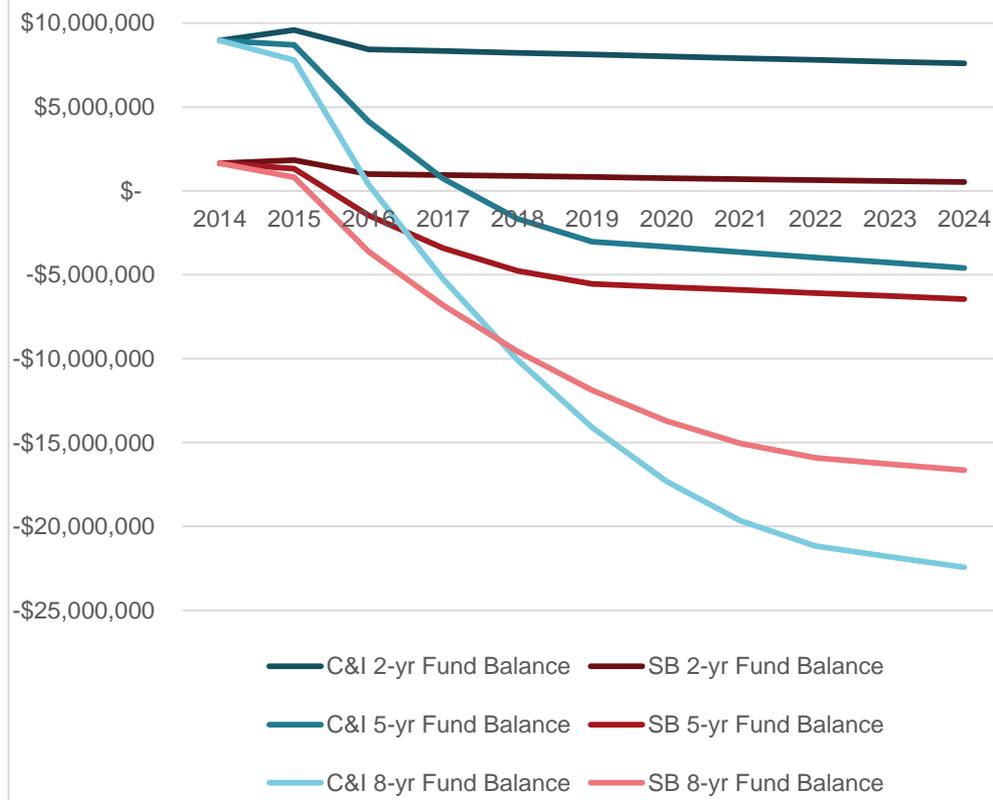
COMMERCIAL RECOMMENDATIONS



Revolving Fund Balance
(2% defaults, 0% Interest)



Revolving Fund Balance
(larger loans, 2% defaults, 0% Interest)





- **Consider expanding PACE legislation to include commercial properties**
 - ▶ National Grid has expressed interest to access 3rd party financing to support its OBF programs. However...
 - *It is unlikely a 3rd party would allow National Grid to underwrite those loans without National Grid taking on some of the risk.*
 - *PACE may be a more effective tool to attract 3rd party capital*
 - ▶ The LLR should avoid using RGGI moneys, or the RGGI rules should be updated to allow investment in gas savings measures.
 - ▶ Could begin by repurposing ERLF's \$2.1M of ARRA funds, and divert new injections of SBC fund from OBF to LLR as needed
 - *Commerce RI's ERLF has uncertain impacts and effectiveness*



■ Establish Pool of funds for MUSH sector using low cost bonds issued by Clean Water Finance Agency (CWFA)

- ▶ CWFA is has triple AAA bonding rating – which allows for access to affordable capital
- ▶ Qualified Energy Conservations Bonds (QECCB) can be aggregated at the state level to streamline the process for municipalities
 - *Look at MA example to see if this can be a fit for RI*
- ▶ Consider special initiative funding, such as a pool to empower municipalities to buy and upgrade street lights (\$50M need)

■ Establish long term MUSH financing mechanisms

- ▶ Couple National Grid's OBF program technical underwriting with a 3rd party lender's (i.e. CWFA) financial underwriting to establish a long term OBR program for MUSH (i.e. 20 yr boiler replacement)
- ▶ Financing through OBR remains an operating expense rather than a capital expense for the borrowers
- ▶ Specialized investment fund with attached EPC process (e.g. LIIF, RENEW)

5. NEXT STEPS

DETERMINING PROGRAM EFFECTIVENESS

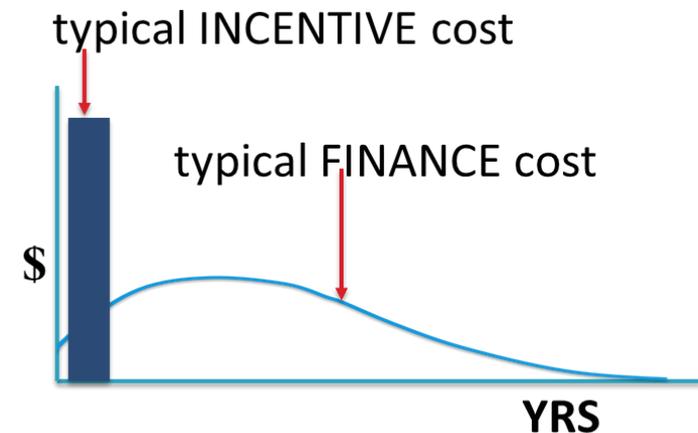


- Evaluation of financing is a complex issue, and a number of fundamentally different approaches can be taken:

- ▶ Cost-effectiveness: TRC, PAC etc.
- ▶ Time and Scope of financing differs from incentives
- ▶ Market Impacts

- Can financing replace (a portion of) incentives?

- ▶ Limited evidence available from elsewhere
- ▶ Need further information to determine current role of financing
- ▶ CE and Attribution between incentives and financing still being developed

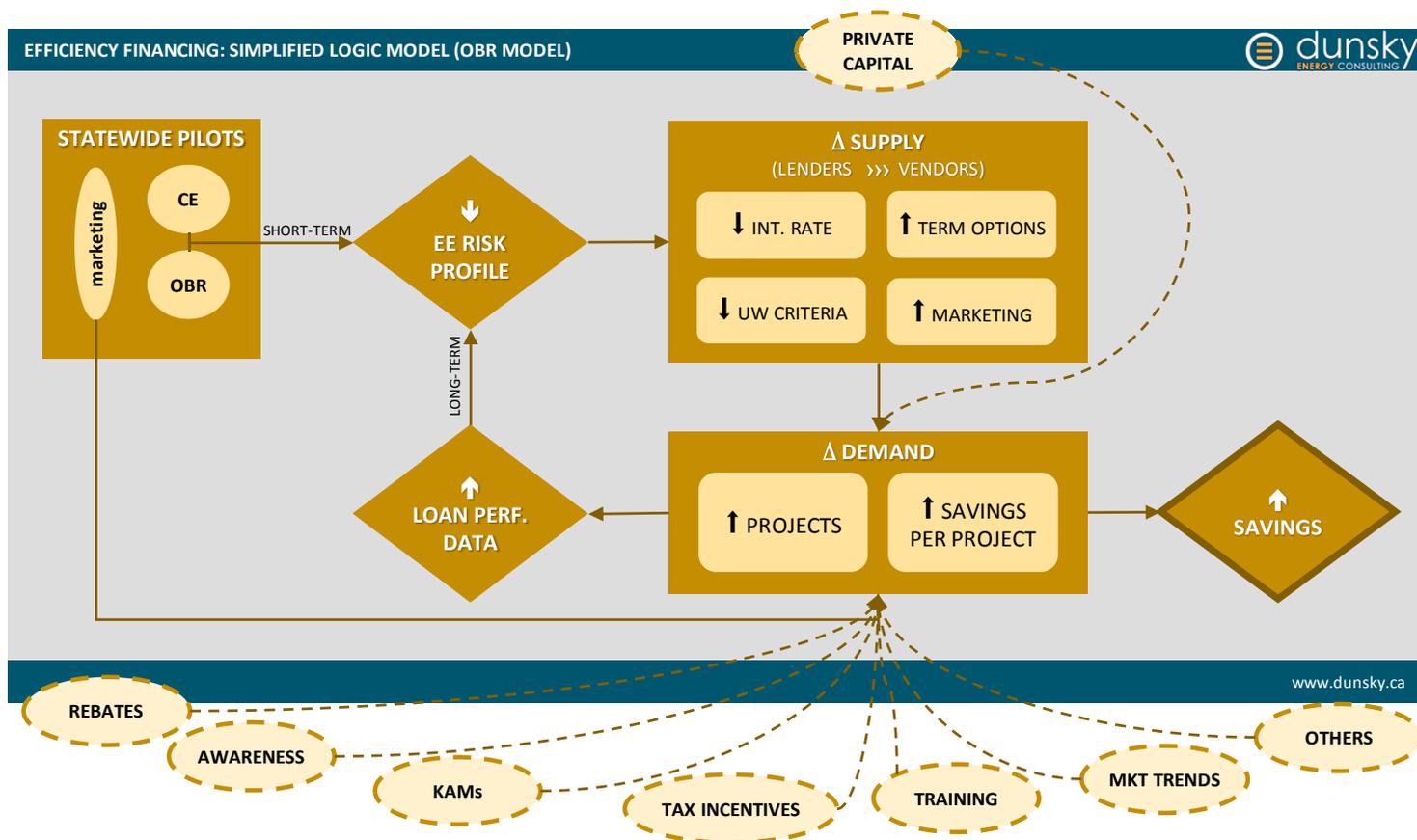


OPPORTUNITIES ANALYSIS

Costs and benefits of EE financing



- Cost effectiveness testing: NEBs, GHG Reduction, Avoided Costs, Demand Reduction



NEXT STEP: DESIGN EVALUATION PROCESS FOR RI FINANCING PROGRAMS



- Immediate **strategic evaluation** of existing programs that can feed into new program design and adjustment
 - ▶ Make existing financing more effective: more savings, lower costs
 - *Assess CE of OBF, and determine likely needs*
 - *LLR assessment and sizing (Res and Com)*
 - ▶ Assess processes to design strategies to overcome process barrier: Integrate HEAT, PACE, CGF
 - ▶ Market assessment to determine which segments demonstrate need: including participant and non-participant surveys
- Present **ongoing evaluation and reporting framework** for all financing programs to track effectiveness and impact
 - ▶ Ensure regular and timely evaluation of programs
 - ▶ Integrate into evaluation cycle for incentive programs
 - ▶ Track progress from incentives toward financing to reduce ratepayer cost

NEXT STEP: UPDATE PROGRAM DESIGNS



- Seamless integration of residential products
 - ▶ HEAT, PACE, The Capital Good Fund
 - ▶ More efficient use of funds

- Broaden commercial offering: Partner with private capital lenders
 - ▶ Bring in expertise to explore and negotiate options with private lenders
 - ▶ Fill in the middle space (2-8 years): OBR, equipment lease, existing private lender products
 - ▶ Create tool for long term C&I lending: Commercial PACE legislation
 - ▶ Offering LLR backing to support attractive lending terms

- Specialized institutional financing mechanism
 - ▶ Explore solutions: talk to specialized financing companies to find the delivery vehicle and what they can offer (such as RENEW, LIIF)
 - ▶ Dedicated pool for strategic MUSH programs

QUESTIONS ?

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