

# NC On-Bill Working Group Overview



## The North Carolina On-Bill Working Group

The North Carolina On-Bill Working Group, a collaborative partnership between Appalachian Voices, the Environmental Defense Fund, the Southern Environmental Law Center, the Southern Alliance for Clean Energy, the Environmental Finance Center at UNC-Chapel Hill and the Southeast Energy Efficiency Alliance, works with North Carolina electric member cooperatives (co-ops) and community stakeholders to provide the education and support resources needed to establish on-bill financing programs for their members and expand access to energy efficiency across North Carolina.

## The Issue: High Energy Costs as a Percentage of Income in North Carolina

- In 2014 the North Carolina Association of Regional Councils identified affordable housing and associated housing costs as one of the key challenges facing North Carolina.<sup>1</sup>
- 1.2 million households in North Carolina have housing costs greater than 30% of their household income.<sup>2</sup>
- 21% of residents are classified as “severely housing-cost-burdened” by the National Housing Conference, spending more than 50% of income on housing costs, including utilities.<sup>2</sup>
- North Carolina median household income:<sup>3</sup>
  - Statewide: \$46,334
  - Rural Areas: \$22,000
- The average North Carolina resident spends \$3,714 annually on energy costs.<sup>4</sup>
- Average percent of income spent on energy per household:<sup>3</sup>
  - Statewide - 8%
  - Rural Communities - 17% (for those below the median it can be as high as 40%)
  - Households at or below 50% of the federal poverty level spent 36% of their annual income on home energy bills.
- Energy costs are projected to rise 1.4% in 2015 and by 1.8% in 2016.<sup>5</sup>

## North Carolina’s Electric Member Cooperatives Can Help

- 26 electric member co-ops provide service in 93 of the state’s 100 counties
- Co-ops account for 23.7% of total electric sales in North Carolina
- Co-ops provide power to 937,000 properties
- Co-ops serve the highest concentrations of low income communities across the Southeast.<sup>6</sup>

## Utility On-Bill Programs for Energy Efficiency Financing

### What is On-Bill Financing?

On-Bill Financing (OBF), is an energy efficiency retrofit finance mechanism whereby the upfront cost of energy saving improvements and equipment is funded by the electric utility, and ratepayers are able to pay down the cost through a monthly payment on their electric bill.

### Benefits to North Carolina Residents

- Expanded access to capital for ratepayers at all income levels including homeowners, renters and businesses
- Performance-based repayment schedules that align the monthly payback with energy savings



- Low to no cost opportunity for the ratepayer to improve energy performance, comfort and value

### Co-Ops Need Support to Establish On-Bill Programs

On-bill financing for specific energy conservation measures has been available for many years, and a number of utilities do offer some manner of financing program or rebate incentive for large energy intensive appliances such as heat pumps and water heaters. In recent years, on-bill financing for comprehensive energy efficiency retrofits is being offered by a number of co-ops throughout the Southeast, including in North Carolina. However, comprehensive on-bill programs are still relatively new, and many co-ops are still trying to figure out how it can work for their co-op and its members. For instance, a number of questions and concerns have been expressed by co-ops on issues such as risk management, staff capacity and expertise, determining appropriate program design models, startup costs, and funding streams. While a number of co-ops are interested in offering an on-bill program, they can use some guidance and support in determining their options and navigating a successful path forward. The North Carolina On-Bill Working Group is here to support those co-ops.

### How We Can Help

#### Education & Outreach

##### *To Co-Ops*

- On-Bill Program Basics
- Financing Option Alternatives
- Best Practice Examples

##### *To Stakeholders*

- Consumer Education & Outreach
- Opportunities to Support Program Implementation

#### Technical Assistance to Co-Ops

- Program Design
- Accessing Financing
- Evaluation, Measurement & Verification Planning
- Program Marketing
- Staff Training
- Contractor Training and Certification



Finding the ways that work

#### References: <http://www.nhc.org/media/files/Landscape2013.pdf>

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5. *Short-Term Energy Outlook* (2015); U.S. Energy Information Administration <http://www.eia.gov/forecasts/steo/report/electricity.cfm>

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