



**Accelerating Large Scale Distributed Energy and Storage for Clean Energy, Reliability and Resiliency
Department of Energy Loan Programs Office - Title 17 Innovative Energy Loan Guarantee Program
Orange Button Collaboration Group – April 16, 2021**

Executive Summary

The existing On Bill Repayment structure can leverage the efficiency of the DOE Orange Button enabled digital ecosystem to improve both underwriting information and risk management capabilities, reducing the cost of clean energy and providing resiliency for hundreds of thousands of individual utility customers with DER's added to and complementing large utility scale projects.

Recommendation is for the Department of Energy Loan Programs Office, under Title 17 Innovative Energy Loan Guarantee Program, participate in and fund an On Bill Finance pilot with PG&E and the Orange Button collaboration for \$6 million and establish a digital ecosystem and \$750 million initial loan fund to finance utility administered On Bill Repayment programs with a wholesale rate of 1% available to all utility customers, utilizing the digital ecosystem.

Under the Surety Based Risk Management large portfolio program each On Bill Repayment loan would be conditioned on the borrower providing a digital utility payment surety bond, and each contractor providing a digital performance and payment bond. Providing protection to both the consumer, the utility and the DOE loan fund, promote innovation and competition, and provide a platform to help small business.

The experienced surety market and extensive surety brokerage community, utilizing the expanded DOE Orange Button XBRL taxonomy and digital ecosystem, will efficiently offer surety products and services with a combined cost that is competitive to market rate traditional lending. Incentivized by the low finance cost provided by the DOE program coupled with the professional risk management structure will provide the confidence for consumers to undertake the construction risk and promote more DER's contributing to the grid.

Once the experience and success of the open standards based digital ecosystem is demonstrated private capital and financial markets will replace the DOE Loan program with competitive rates given the surety guarantees and successful track record demonstrated by the DOE loan program.

Funding Request - Grant

Establish Digital Construction Ecosystem

| | |
|---|--------------------|
| Program Set-Up and Initial Administration | \$400,000 |
| Expanding the XBRL Taxonomy for Financial Data Exchange | \$500,000 |
| Education Grant to Participating High Schools | \$100,000 |
| PG&E On Bill Pilot – Demonstration Project with Participating School District | <u>\$5,000,000</u> |
| | \$6,000,000 |

On Bill Repayment Fund with Guaranteed Repayment

| | |
|---------------------------------------|-------------|
| Establish On Bill Financing Loan Fund | 750,000,000 |
|---------------------------------------|-------------|

Leveraging the existing On Bill Repayment structure will deliver key objectives -

1. Make the DOE Loan program available to hundreds of thousands of consumers for solar/storage DER projects.
2. Enable energy equity for both borrowers and contractors in partnership with existing state and local surety guarantee programs, including support services and job training to expand the pool of qualified contractors.
3. Provides the existing ITC credit direct to consumers as additional incentive.
4. Utilizes the existing utility On Bill structure for portfolio loan administration.
5. Utilizes the utility for distribution of the loan program to consumers.
6. Utilizes existing surety qualification and claims handling capabilities for both borrowers and contractors.
7. Provide consumers with a simple ownership option that are more cost effective than PPA's or other expensive "no upfront cost" financing options.
8. Attract private capital and financial markets to clean energy projects.
9. Supports Proposed Net Energy Metering 3



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Appendix

Ready to Implement.

On Bill extensively researched and documented

- [Department of Energy - On-Bill Financing and Repayment Programs](#)
- [American Council for an Energy-Efficient Economy \(ACEEE\) - On-Bill Energy Efficiency](#)
- [Environmental Protection Agency - Clean Energy Finance: On-bill Programs](#)
- [National Conference of State Legislatures - On-Bill Financing: Cost-free Energy Efficiency Improvements](#)
- [National Association of State Energy Officials - On-Bill Financing/On-Bill Repayment](#)
- The [DOE Orange Button initiative](#) has already expanded the [XBRL taxonomy](#) with over 4,000 data elements required by various stakeholders throughout the digital ecosystem.

[California Hub for Energy Efficiency Financing \(CHEEF\) Pilot Programs](#) now [allows On Bill Repayment for solar photovoltaic or battery storage up to \\$5 million for small businesses and affordable multi-family.](#)

CPUC is currently investigating [Clean Energy Financing Options \(CEFO\)](#) to attract private capital for financing energy projects, and the Orange Button collaboration has submitted the On Bill Repayment model.

[PG&E On Bill Finance pilot](#) for the CPUC CEFO and collaboration with the Orange Button collaboration group will evidence implementation and identify more data elements that need to be incorporated into the XBRL taxonomy.

Timeline

\$10,000,000 financing done in 90 days
\$100,000,000 financing done in 260 days
\$250,000,000 financing done in 360 days
\$750,000,000 financing done in 18 Months

Eligibility Requirements Under Title 17 program

1. Funding will accelerate the **commercial deployment of the expanded XBRL as an innovative data technology** leveraging the existing but seldom utilized On Bill Repayment structure in collaboration with the private sector. The private sector, as part of their current underwriting capabilities, will qualify both borrowers and contractors for insurance and surety. In partnership with the SBA the insurance markets can support borrowers securing low cost On Bill financing and improve access to surety credit for small business, including support services and job training for energy equity. With borrower defaults being effectively assumed by the surety markets, low-cost financing from the private sector will replace the need for the DOE loan fund.
2. Implementing XBRL throughout the digital ecosystem will reduce soft costs and improve risk management to make clean energy projects more financially viable, bankable and bondable to help fight climate change by **reducing and avoiding greenhouse gasses.**
3. Every On Bill financed project **would be in the United States**
4. With the surety risk management tools **repayment is guaranteed**

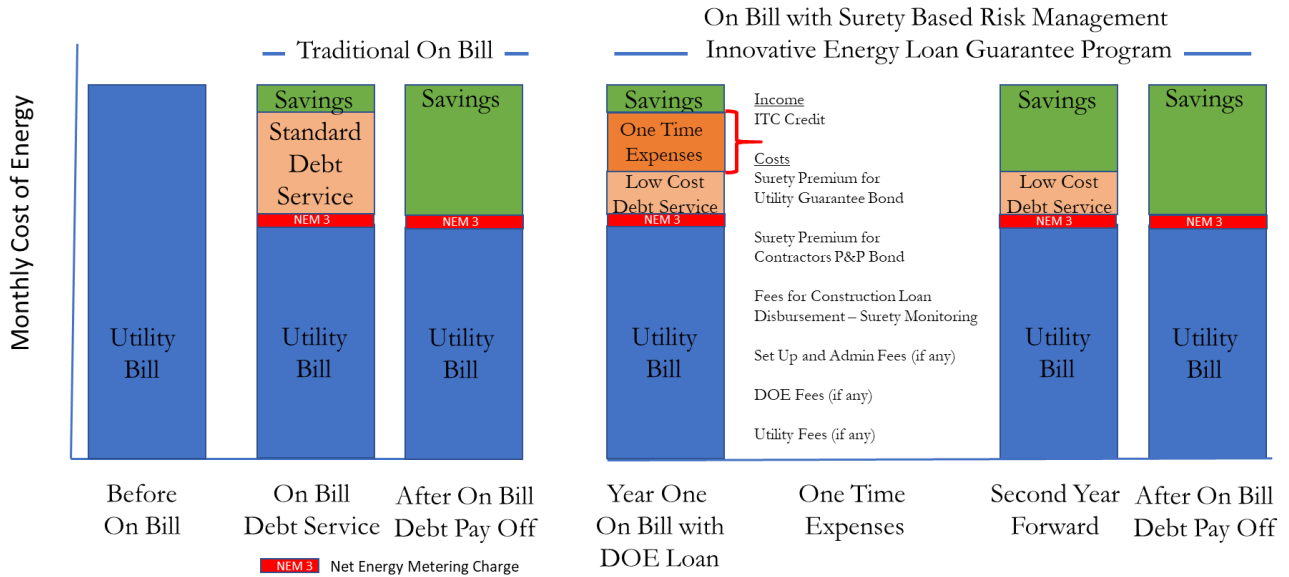


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Traditional On Bill Repayment with market rate lending compared to combined incentivized low cost lending rate and one-time first year costs for surety bonds as financial guarantees to loan fund and consumer.

On Bill Repayment

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Flow chart for On Bill utilizing existing surety markets and surety brokerage community for qualifying borrowers and contractors, and assuming all financial risks association with the project and its loan payback.

