

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 14, 2014

**Advice Letters: 4582-G  
4582-G-A**

Rasha Prince, Director  
Regulatory Affairs  
Southern California Gas  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**SUBJECT: Establishment of Rule No. 43, OBR Tariff in Compliance with D.13-09-044**

Dear Ms. Prince:

Advice Letters 4582-G and 4582-G-A are approved as supplemented; effective November 10, 2014, per Resolution E-4680 Ordering Paragraphs approved September 11, 2014.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division



**Rasha Prince**  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
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*RPrince@semprautilities.com*

December 19, 2013

**Advice No. 4582**

(U 904 G)

Public Utilities Commission of the State of California

**Subject: Establishment of Rule No. 43, On-Bill Repayment (OBR) Tariff in Compliance with Decision (D.) 13-09-044**

Southern California Gas Company (SoCalGas) hereby submits this Tier 2 Advice Letter (AL) for approval by the California Public Utilities Commission (Commission) the establishment of a new Rule No. 43, OBR Tariff, as directed by D.13-09-044, the Decision Implementing 2013-2014 Energy Efficiency Financing Pilot Programs.

**Purpose**

The Investor Owned Utilities (IOUs)<sup>1</sup> were ordered in D.13-09-044 to perform a number of compliance-related activities to implement seven different Finance Program pilots. These activities are sequenced in a manner to allow the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to assume the role of the California Hub for Energy Efficiency Financing (CHEEF) and establish regulations for the seven pilots.

This filing complies with Ordering Paragraphs (OPs) 10 and 11 of D.13-09-044 requiring the IOUs to develop uniform tariff language for the On-Bill Repayment (OBR) financing pilots by December 30, 2013 that reflects the requirements of the decision.<sup>2</sup>

**Organization**

This filing is organized as follows:

- The AL contains a description of the background and compliance requirements associated with submitting the OBR Tariff. SoCalGas has complied with these requirements, as described herein.

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<sup>1</sup> SoCalGas, San Diego Gas and Electric Company (SDG&E), Southern California Edison Company (SCE), and Pacific Gas and Electric Company (PG&E).

<sup>2</sup> SoCalGas notes the IOUs are submitting their proposed tariffs separately, but were developed concurrently with uniform language to cover terms and conditions of the OBR Program pilots. The filings may occur on separate days due to company schedules, but will be made by December 30, 2013 as directed by D.13-09-044.

- Attachment B of the AL contains the proposed Rule No. 43, OBR Tariff and the “Authorization to Add Charges to Utility Bill” (Form 7200).
- Attachment C contains information regarding the consultation process with Real Estate Professionals regarding the OBR Tariff.
- Attachment D contains information regarding the consultation process with Financial Institutions (FIs) regarding the OBR Tariff.

### **Background**

In D.12-05-015, the Decision Providing Guidance on 2013-2014 Energy Efficiency Portfolios and 2012 Marketing, Education and Outreach, the Commission ordered the IOUs to design a new set of financing programs to be offered as pilot programs on a consistent and statewide basis. To perform this activity, the IOUs were ordered to hire an expert financing consultant to design the new financing programs for 2013-2014.<sup>3</sup>

In D.12-11-015, the Decision Approving 2013-2014 Energy Efficiency Programs and Budgets, the Commission indicated that in order to allow time for sufficient review and consideration, the financing pilots were deferred to a separate proceeding with authority delegated to the assigned Commissioner to finalize the design and launch of the pilots.<sup>4</sup>

D.13-09-044 was issued at the conclusion of the assigned Commissioner's review process, and approved seven pilot programs to be deployed in phases, according to the proposed Implementation Plan,<sup>5</sup> which takes into account the potential timing for deployment of each pilot. Authorized pilots included:

- “Fast Track” pilots: Includes two off-bill pilots, the Single Family Loan Program (SFLP) and the Off-Bill Small Business Lease Providers Program. Fast Track Program Implementation Plans (PIPs) were submitted to the Commission on November 19, 2013, and the pilots are expected to be operational by March 2014.
- On-Bill Repayment Pilots: Includes five on-bill pilots. The OBR pilot PIPs are due within 90 days of the issuance of D.13-09-044, and the pilots are expected to be operational by July 2014.

In addition, the decision authorizes “pre-development” of two of the OBR pilots (Energy Financing Line Item Charge and Master-Metered Multifamily) for PG&E and SoCalGas, specifically. These pilots are expected to be operational in December 2013.

Through the OBR feature, FIs will be able to finance EE investments with payments collected through the utility bill to test whether this approach can overcome lending barriers and attract large pools of private capital to EE markets. Transferability of the underlying debt obligation is permitted with written consent, and according to the conditions outlined in the OBR Tariff (i.e., the Rate Schedule or Rules proposed by each IOU). Nonresidential pilots also call for service disconnection for non-payment.

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<sup>3</sup> D.12-05-015, OPs 21 and 22, p. 400.

<sup>4</sup> D.12-11-015, OP 22, p. 135.

<sup>5</sup> D.13-09-044, Appendix G.

D.13-09-044 also required that a minimum of 70 percent of the project loan or lease amount must be associated with Eligible Energy Efficiency Measures (EEEMs) that are contained within the IOU's EE portfolio. Up to 30 percent of the loan or lease amount may be used to finance non-EEEMs. For the OBR without credit enhancement pilot, this Decision also includes DR/DG measures as EEEMs.

D.13-09-044 ordered the establishment of an OBR Tariff to support the pilot PIPs and contain the terms and conditions by which the OBR feature is made available to customers through the Financing Program. SoCalGas provides its OBR Tariff in Attachment B in the form of Rule No. 43 and Form 7200 used to establish On-Bill Repayment with a customer. The SoCalGas OBR Tariff will pertain to the following four OBR programs filed with the Commission for approval on this same date and pending disposition.<sup>6</sup>

- Master-Metered Multifamily Loan Program (MMMFP) Pilot

The MMMFP is a loan program that offers multifamily property owners the opportunity to perform EE enhancements on their multifamily properties with repayment on the master utility bill without the risk of disconnection. Program eligibility is limited to affordable housing properties as outlined in D.13-09-044 and the concurrently submitted PIP. The program features a Debt Service Reserve Fund (DSRF) as a credit enhancement (CE), which uses ratepayer funds to support repayment of the financing products. CAEATFA will establish the final design of the DSRF through its rulemaking. Any delinquent financing charges subsequently collected from customers will offset some or all of the DSRF funds paid out. Key program attributes include:

- An early release version of the program implemented by SoCalGas, limited to up to five properties, that will be implemented without using CE funds by working with the California Housing Partnership Corporation (CHPC) using certified Community Development Financial Institutions (CDFIs).
- The program will be transferred to the CHEEF once the Master Servicer is online and the automated OBR system is functional, as part of the full-scale, statewide program available in all IOU service territories.

- Small Business Loan Program (SBLP) Pilot

The SBLP is a loan program with a Loan Loss Reserve (LLR) that serves as a CE to support repayment of a portion of defaulted loans that are ultimately charged-off by a financial institution. Key program attributes include:

- Program eligibility is limited to Small Businesses as defined by the United States Small Business Administration definitions found at 13 C.F.R. 121.
- The LLR will cover up to 20 percent of the total eligible loan value in the portfolio with a \$200,000 cap on credit enhancement value per loan.
- Final details of the CE structure are to be developed through the CAEATFA public rulemaking process, but CE funds will be available to support secured and unsecured loans.

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<sup>6</sup> PG&E will submit a separate rate schedule to address an additional pilot program, the Energy Finance Line-Item Charge (EFLIC) that is only deployed in that service territory.

- On-Bill Small Business Lease Providers (OSBLP) Program Pilot

The OSBLP enables lease companies to offer leases to the small business sector with monthly payments made through the customers' utility bill. The pilot utilizes a CE to favorably influence the availability and terms of the financing products. CAEATFA will undertake a competitive request for proposals (RFP) process with a goal of selecting at least two lease originators to participate in the program.

The Commission authorized an off-bill version of this pilot to be deployed as a "Fast Track" pilot that will provide some early experience to inform this OBR version.

- Nonresidential Without Credit Enhancement (NWOCE) Pilot

The NWOCE pilot is available to all nonresidential customers and offers repayment of loans through the utility bill. This pilot is not supported by a ratepayer funded credit enhancement. NWOCE differs from the other pilots in that it allows for projects that contain Distributed Generation and Demand Response measures for at least 70 and up to 100 percent of the total cost of the project to be financed.

### **Role of CAEATFA as Finance Pilot Programs CHEEF**

Concurrent with the development of the OBR Tariff submitted herein, CAEATFA is undertaking activities to receive legislative budgetary authority for this fiscal year and establish itself as the CHEEF to run the finance pilots. The role of the CHEEF is to structure the CEs; develop broad terms and conditions for financial products offered through the pilot programs; coordinate and track the deal flow between qualified FIs, IOUs, and customers; protect the integrity of ratepayer funds held as CEs; provide transparency; and ensure program compliance by the FIs and the IOUs.

As of the date of this letter, CAEATFA has not obtained required budget authority to serve as the CHEEF. If it obtains such authority, CAEATFA will develop regulations for each pilot. Because the pilot regulations will be developed after the OBR Tariff is submitted, the IOUs consulted with CAEATFA to ensure that the tariff language addresses the terms and conditions of each pilot as adopted by D.13-09-044, but do not overstep the authority of CAEATFA to institute regulations. These circumstances were communicated to ED during the OBR Tariff consultation process and are reflective of the progression of program implementation outlined in D.13-09-044 (see the Preliminary Implementation Plan in Appendix G).

### **OBR Tariff Requirements**

Appendix C of D.13-09-044 contains suggested elements for the basic OBR tariff and guidance for language and processes to achieve transferability according to the authorized conditions. SoCalGas, in its work with IOUs, CAEATFA and other stakeholders affirms use of Appendix C as guidelines for developing its proposed tariff language.

OP 11 directs SoCalGas to provide a description of the steps taken to consult with CAEATFA, FIs, real estate professionals, and Commission staff to best achieve the program goals.

The IOUs used a statewide team to coordinate development of the OBR Tariff. The IOUs consulted with CAEATFA in the course of the development process.

The statewide finance team, through SoCalGas, consulted with ED staff regarding the development of the OBR Tariff (concurrent with consultations regarding the "Fast Track" and OBR PIPs).

Real Estate professionals were consulted during this process, with a webinar conducted on November 22, 2013. The webinar provided a description followed by an in depth discussion of the OBR process and the financing programs. The most substantive portion of the webinar included discussion of the OBR Tariff proposal and a question/answer session to better understand the perspective and any concerns of the Real Estate industry, specifically with respect to education and awareness, and transferability of the debt obligation to subsequent owners/dwellers. The session resulted in helpful input to development of the OBR Tariff.

FIs were also consulted during this process, receiving a draft of the OBR Tariff for review and comment. The statewide finance team held a webinar on December 10, 2013 to receive comments from FIs. The session also resulted in helpful input to inform development of the OBR Tariff.

Attachments C and D contain copies of the presentation materials for the OBR Tariff shared during the Real Estate and FI webinars, respectively.<sup>7</sup> These webinar materials were developed to provide professionals/organizations with further understanding of the OBR pilot programs and to increase the likelihood of productive input.

Additional OBR Tariff requirements are noted below:

- The uniform OBR tariff and CAEATFA's OBR program rules should be harmonized to both ensure the Commission's goals and requirements of the OBR program and to incentivize FI participation in the structured OBR program (D.13-09-044, section 5.2.2.2., p. 58).

As noted above, SoCalGas along with the other IOUs have consulted with CAEATFA on the development of the OBR Tariff and PIPs in order to ensure harmonization with program rules which will be established through CAEATFA's public rulemaking process.

- Customers with an OBR servicing dispute shall try to resolve directly with an IOU or FI. If customer subsequently contacts the CHEEF should be referred to CPUC Consumer Affairs Branch (D.13-09-044, section 12., p. 88).

See Section I of the proposed Rule No. 43, regarding Billing Inquiries or Disputes. The SoCalGas tariff is consistent with the process for handling disputes outlined in D.13-09-044.

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<sup>7</sup> The FI materials also contain information regarding the OBR PIPs which was also subject of that session.

**Protest**

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this Advice Letter, which is January 8, 2014. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division  
Attn: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No. (213) 244-4957  
E-mail: [snewsom@SempraUtilities.com](mailto:snewsom@SempraUtilities.com)

**Effective Date**

The IOUs believe that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. The IOUs respectfully request that this Advice Letter be approved January 21, 2014, which is the first business day following 30 calendar days after the date filed.

**Notice**

A copy of this advice letter is being sent to all parties listed on Attachment A, which includes the interested parties in A.12-07-003, et al.

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Rasha Prince  
Director - Regulatory Affairs

Attachments

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:

ELC     GAS  
 PLC     HEAT     WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: SNewsom@semprautilities.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric    GAS = Gas  
PLC = Pipeline    HEAT = Heat    WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 4582

Subject of AL: Establishment of On-Bill Repayment (OBR) Tariff in Compliance with D.13-09-044

Keywords (choose from CPUC listing): Energy Efficiency

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.13-09-044

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation: No.

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 1/21/13

No. of tariff sheets: 11

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Rule No. 43, Sample Forms, TOCs

Service affected and changes proposed<sup>1</sup>: See Advice Letter

Pending advice letters that revise the same tariff sheets: None

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Ave.,  
San Francisco, CA 94102  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Southern California Gas Company  
Attention: Sid Newsom  
555 West 5<sup>th</sup> Street, GT14D6  
Los Angeles, CA 90013-1011  
[SNewsom@semprautilities.com](mailto:SNewsom@semprautilities.com)  
[tariffs@socalgas.com](mailto:tariffs@socalgas.com)

<sup>1</sup> Discuss in AL if more space is needed.



**ATTACHMENT A**

**Advice No. 4582**

**(See Attached Service Lists)**

ATTACHMENT B  
Advice No. 4582

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Original 49844-G	Rule No. 43, ON-BILL REPAYMENT, (Pilot Programs), Sheet 1	
Original 49845-G	Rule No. 43, ON-BILL REPAYMENT, (Pilot Programs), Sheet 2	
Original 49846-G	Rule No. 43, ON-BILL REPAYMENT, (Pilot Programs), Sheet 3	
Original 49847-G	Rule No. 43, ON-BILL REPAYMENT, (Pilot Programs), Sheet 4	
Original 49848-G	Rule No. 43, ON-BILL REPAYMENT, (Pilot Programs), Sheet 5	
Original 49849-G	Rule No. 43, ON-BILL REPAYMENT, (Pilot Programs), Sheet 6	
Original 49850-G	Rule No. 43, ON-BILL REPAYMENT, (Pilot Programs), Sheet 7	
Original 49851-G	SAMPLE FORMS - CONTRACTS, AUTHORIZATION TO ADD CHARGES TO UTILITY BILL, (Form 7200)	
Revised 49852-G	TABLE OF CONTENTS	Revised 49389-G
Revised 49853-G	TABLE OF CONTENTS	Revised 48990-G
Revised 49854-G	TABLE OF CONTENTS	Revised 49843-G

Rule No. 43  
ON-BILL REPAYMENT  
(Pilot Programs)

Sheet 1

N  
N  
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A. APPLICABILITY

N

This Rule is applicable to natural gas service to non-residential End-Use Customers, and to residential master-metered multifamily End-Use Customers, who meet the criteria specified in Section E.2, below, and receive service under a Utility gas rate schedule.

The On-Bill Repayment (OBR) Pilots are designed to facilitate billing for loans or leases between Customers and Participating Financial Institutions (FIs) on the Customers' Utility bills (Bills) to finance the purchase or lease and installation of Qualified Measures (as defined below) by Customers at the Customers' Premises.

OBR is available for loans funded and closed by Participating FIs on or before December 31, 2015, or as otherwise directed by the California Public Utilities Commission (CPUC).

B. DEFINITIONS

The definitions of capitalized terms used in this Rule are either defined in this Rule or are defined in Rule No. 1, Definitions. Unless otherwise stated, all references to "Customer" in this Rule will refer to Utility customers who have elected to participate in OBR.

Affordable Multi-family Building: This means a multi-family property with deed restrictions that require the owner to keep rents affordable with income qualifying households occupying at least 50% of units, and the cost of electricity/gas is absorbed in the rental for the individual dwelling unit, there is no separate identifiable charge by such customer to the tenants for electricity/gas, and the rent does not vary with electric/gas consumption.

California Hub for Energy Efficiency Financing (CHEEF): A central enabling entity through which energy users, financial institutions, energy efficiency providers and Participating Utilities can participate in a program to help finance the installation of Qualified Measures. The CHEEF may act through agents or third-party service providers.

Eligible Lease: A lease from a Participating Lessor to a Customer for lease of one or more Qualified Measures that satisfy the requirements for participation in OBR in the OBR Rules.

Eligible Loan: A loan from a Participating Lender to a Customer for one or more Qualified Measures that satisfy the requirements for participation in OBR in the OBR Rules.

Lease Agreement: An agreement between Customer and Participating Lessor to rent or lease one or more Qualified Measures to be installed at the Customer's Premise and recover the Loan Charges through On-Bill Repayment.

N

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4582  
DECISION NO. 13-09-044

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Dec 19, 2013  
EFFECTIVE Nov 10, 2014  
RESOLUTION NO. \_\_\_\_\_

Rule No. 43  
ON-BILL REPAYMENT  
(Pilot Programs)  
(Continued)

Sheet 2

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B. DEFINITIONS (Continued)

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Lease Charge(s): Amounts due during a billing period from a Customer to a Participating Lessor for an Eligible Lease, including any late fees, late payments, or any other fees as calculated by the Participating Lessor pursuant to the Lease Agreement.

Loan Agreement: An agreement between a Customer and a Participating Lender to finance Customer's purchase and installation of Qualified Measures at Customer's Premise and recover the Loan Charges through On-Bill Repayment.

Loan Charge(s): Amounts due during a billing period from a Customer to a Participating Lender for an Eligible Loan, including any interest, late fees, late payments, and any other fees as calculated by the Participating Lender pursuant to the Loan Agreement.

On-Bill Repayment: A process whereby OBR Charges, as defined below, are included in a Customer's Bill, paid concurrently with the Utility Charges and forwarded to the Participating FI.

BR Charge: A Loan Charge and/or Lease Charge relating to work performed at the Customer Premise associated with the Customer's account and included on a Customer's bill pursuant to the Loan or Lease Agreement.

OBR Rules: Rules and requirements for participation in OBR established by the CHEEF.

Participating FI: A financial institution approved for participation in OBR by the CHEEF, which may be either a Participating Lender or Participating Lessor, as the case requires.

Participating Lender: A lender approved for participation in OBR by the CHEEF. Participating Lenders must be approved by the CHEEF pursuant to the standards in the OBR Rules, as may be modified from time to time, and must sign all agreements required by the OBR Rules.

Participating Lessor: A lessor selected for participation in OBR by the CHEEF. Participating Lessors must be selected by the CHEEF pursuant to its competitive procurement process and agree to comply with standards and regulations in the OBR Rules, as may be modified from time to time, and must sign all agreements required by the OBR Rules.

Participating Utility: Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and/or Southern California Gas Company.

Qualified Measures: Measures included in the program implementation plans for OBR and approved by the CPUC for Customers to install at the location associated with the same account to which the OBR Charges will be billed. Which measures qualify as Qualified Measures is subject to CPUC approval and may change from time to time.

Utility Charges: Charges rendered by Utility for gas service, deposits, and related charges approved by the CPUC. OBR Charges are not Utility Charges.

N

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4582  
DECISION NO. 13-09-044

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

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Rule No. 43  
ON-BILL REPAYMENT  
(Pilot Programs)  
(Continued)

Sheet 3

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C. TERRITORY

The OBR Pilots are available throughout Utility's service area, subject to the availability of Participating FIs.

D. RATES

All charges and provisions of the Customer's otherwise applicable rate schedule shall continue to apply. Each OBR Charge will appear as a separate line item (or multiple line items) on the Bill.

E. CUSTOMER ELIGIBILITY

1. Customer must have an Eligible Loan or Lease with a Participating FI and authorize Utility to include the OBR Charge on the Bill. Customers must be current on their Utility charges and OBR Charges at the time the OBR Charge is first added to the Bill (i.e. not in default or in arrears).
2. Owners of Affordable Multi-family Buildings where the electric and gas services are either entirely or primarily master-metered, and do not live on the Premises are eligible to participate in OBR.
3. Customer must purchase or lease and install Qualified Measures funded through the Eligible Loan or Lease at the Premise associated with the Customer Account.
4. If Qualified Measures are primarily installed to reduce electric usage, Customer must be an electric distribution customer of Utility for the Premises where the Qualified Measures are installed. If Qualified Measures are primarily installed to reduce natural gas usage, Customer must be a gas distribution customer of Utility for the Premise where the Qualified Measures are installed.

F. BILLING AND PAYMENT OF OBR CHARGES

1. Utility is authorized to include OBR Charge on a Bill until the Eligible Loan or Lease is fully repaid and discharged unless otherwise instructed by the CHEEF or as provided herein. Upon Customer's authorization, Utility will include the OBR Charge as a line item or items on the Customer's Bill as calculated and transmitted by the Participating FI and communicated to the Utility by the CHEEF. Utility may rely on instructions received from the CHEEF and its agents and is not required to verify the amount of the OBR Charge or undertake any other verification or inquiry with respect to the transactions giving rise to the OBR Charge. OBR Charges may increase or decrease from month to month based on the Eligible Loan or Lease terms.

N

N

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4582  
DECISION NO. 13-09-044

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Dec 19, 2013  
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RESOLUTION NO. \_\_\_\_\_

Rule No. 43  
ON-BILL REPAYMENT  
(Pilot Programs)  
(Continued)

Sheet 4

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F. BILLING AND PAYMENT OF OBR CHARGES (Continued)

N

2. Utility will include or remove OBR Charges on the Bill only pursuant to instructions from the CHEEF or as otherwise required by law. Participating FIs shall inform the CHEEF if the Customer has initiated a dispute resolution process under the terms of the Eligible Loan or Lease. The CHEEF may instruct Utility to remove OBR Charges from the Bill pending the resolution of any dispute between a Customer and Participating FI. If Utility receives instructions from the CHEEF, or other court of competent jurisdiction, to remove OBR Charges, Utility will remove such charges from the Bill no later than the second billing cycle after such instructions are received. All collection and enforcement action with respect to an Eligible Loan or Lease shall be and remain the responsibility of the Participating FI.
3. In the event a Customer uses OBR to install Qualified Measures consisting of both gas and electric measures pursuant to the terms of an Eligible Loan or Lease, and is a Customer of more than one Participating Utility, then the OBR Charges attributable to such Eligible Loan or Lease will be placed on the Bill of the Participating Utility in proportion to the amount of the Eligible Loan or Lease attributable to the service provided by each Participating Utility, as determined by the Participating Utilities.
4. Customer shall pay OBR Charge along with all other charges on the Bill in accordance with the payment terms applicable to the Bill. All payments shall be made to Utility. Utility will forward the OBR Charge payments received to the CHEEF.
5. If Utility does not issue Customer a Bill because of either voluntary or involuntary termination of Utility service, Utility shall notify the CHEEF within 30 days of service termination. On and after such notification, Utility will have no further responsibility for collecting and remitting OBR Charges unless the responsibility to pay such OBR Charges is assumed by a subsequent Customer at the Premises, pursuant to Section H below.
6. Partial Payment: Utility's billing system applies partial payment to the components of the bill in accordance with existing tariff rules. Because non-payment of OBR Charges subject the Customer's account to service disconnection, payments will be applied to past due OBR Charges prior to current charges. Residential service is not subject to disconnection.

If a Customer makes only partial payment on a Bill, the partial payment will be applied to the following components of the Bill according to the priority of these components:

- A. Utility charges, which include utility service and credit establishment charges.
- B. Energy-related charges, which include charges based on energy consumption and tariff schedules.
- C. Other applicable products and services charges, which include all other services billed by the Utility such as OBR charges.

A Customer's failure to pay any of the components of the Bill (other than for master-metered residential properties) will subject the Customer to service termination as set forth in Rule 9.

N

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4582  
DECISION NO. 13-09-044

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Dec 19, 2013  
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Rule No. 43  
ON-BILL REPAYMENT  
(Pilot Programs)  
(Continued)

Sheet 5

F. BILLING AND PAYMENT OF OBR CHARGES (Continued)

7. Termination of Utility Service for Non Payment of OBR Charges: Unless otherwise prohibited by law, non-payment of OBR Charges by Customers other than those who reside in a residential or multi-family Premise, shall subject Customers to Utility service disconnection, consistent with the provisions of Rule 9, Discontinuance of Service, on the same terms and conditions under which Utility will disconnect the Customer for failure to pay Utility Charges. Utility will reconnect service for a CPUC-authorized service fee when the criteria for reconnection, as specified in Rule 11, Discontinuance of Service, have been met and delinquent OBR Charges and Utility Charges have been paid. In order to be reconnected, Customer must only pay delinquent OBR Charges and not any accelerated balance of the Loan or Lease. Upon remedy of delinquent OBR Charges, Customers that have been terminated will also be required to meet the criteria of Rule 6, Establishment and Re-Establishment of Credit and Service.
8. Declaration of Event of Default Under Loan or Lease Agreement: If the Participating FI elects to declare an event of default under the Loan or Lease Agreement it may demand immediate repayment of the entire principal and interest amounts outstanding (acceleration of loan repayment). If the FI chooses to accelerate the loan repayment, the FI must instruct the CHEEF to request the Utility remove all OBR Charges from the Bill. No accelerated loan repayments shall be eligible to be serviced as an OBR Charge. The Participating FI shall be fully responsible for collecting all further amounts due under the Loan or Lease Agreement from the Customer.
9. Customer Bankruptcy: If a Customer enters into bankruptcy protection under the United States Bankruptcy Code, the Utility upon notice, shall remove all OBR Charges from the Bill. If Utility service was disconnected due to non-payment of Utility Charges or Loan Charges, service shall be reconnected if required to comply with Bankruptcy Law provided the Customer complies with Rule 11. The Participating FI shall be fully responsible for collecting all further amounts due under the Loan or Lease Agreement from the Customer.
10. Security Deposit: If Customer has or is required to provide a security deposit to establish or re-establish credit with Utility in order to connect or reconnect service, the OBR Charges will not be included in the calculation of the security deposit pursuant to Rule 6. The Security Deposit and interest earned on the deposit, if any, will not apply to delinquent or current Loan or Lease Charges and Participating Lender or Lessor will have no claim on or interest in the Security Deposit and interest earned on the deposit, if any.
11. Prepayment of OBR Charges: Utility is not responsible for collecting, receiving or remitting any amounts to be attributable to prepayment of Customer's Eligible Loan or Lease. If, in accordance with the Loan or Lease Agreement, the Customer elects to pay some or all of the outstanding Eligible Loan or Lease balance independent of the OBR Charge, the Customer must send such payment directly to the Participating FI, rather than to Utility. Any Prepayments paid directly to the Utility may, at Utility's sole discretion, be applied proportionally to subsequent Utility Charges and OBR Charges and Utility shall have no obligation to credit such prepayments exclusively to subsequent OBR Charges.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 4582  
DECISION NO. 13-09-044

ISSUED BY  
**Lee Schavrien**  
Senior Vice President

(TO BE INSERTED BY CAL. PUC)  
DATE FILED Dec 19, 2013  
EFFECTIVE Nov 10, 2014  
RESOLUTION NO. \_\_\_\_\_

Rule No. 43  
ON-BILL REPAYMENT  
(Pilot Programs)  
(Continued)

Sheet 6

F. BILLING AND PAYMENT OF OBR CHARGES (Continued)

12. Bill Impacts: OBR Charges may increase the amount of the Bill. OBR Charges may or may not be offset in whole or in part by a reduction in Customer's energy usage resulting from the installation of Qualified Measures and Customer shall not be entitled to claim any reduction in OBR Charges based on the extent to which Qualified Measures achieve their anticipated benefits. OBR Charges must be paid by Customer whether or not the Qualified Measures result in a reduction in Customer's energy usage or Bill savings. Utility disclaims any warranty including warranty of merchantability or fitness for a particular purpose regarding any Qualified Measures.
13. Loan Disclosures: Nothing in this Rule shall relieve Participating FIs from any obligation by law to make disclosures or to provide periodic statements or other information to Customers with respect to Eligible Loans and Leases. Utility assumes no responsibility with respect to such disclosures and reporting by virtue of providing OBR services pursuant to this Rule Schedule.
14. Payment Arrangements: Utility will not be able to extend payment arrangements as defined by Rule 11 to Customers with OBR Charges on their Bills.

G. REQUIRED AGREEMENTS

1. Loan or Lease Agreement: Customers participating in the OBR Pilots must execute a Loan or Lease Agreement with a Participating FI which specifies the repayment obligations in accordance with the OBR Rules and any other associated agreements required by the FI.
2. Customer Billing Agreement: Customer is required to sign a "Authorization to Add Charges to Utility Bill" (Form 7200) with Utility that specifies the terms and conditions under which Utility will include the OBR Charges, along with confirmation of Utility disconnect provisions.
3. Customer must sign Form 8204 "Authorization or Revocation of Authorization to Receive Customer Interval Usage Information" or Form 8206 "Authorization to Receive Customer Information or Act Upon a Customer's Behalf" to provide the CHEEF and a Participating Lender or Lessor authorization to access customer billing information.

H. TRANSFERABILITY OF OBLIGATION TO PAY OBR CHARGES

1. Responsibility to pay OBR Charges may be voluntarily assumed by the subsequent customer of record at the same Premise. In order to assume OBR Charges, the subsequent customer at the same Premises must consent to assume the obligation to pay the balance due on the Eligible Loan or Lease in a writing as deemed appropriate by the Participating FI and must fully execute an "Authorization to Add Charges to Utility Bill" (Form 7200) whereby the subsequent customer accepts and assumes the responsibility to pay the remaining OBR Charges on the Bill. Utility will include OBR Charges on the Bill of the subsequent customer only pursuant to instructions received from the CHEEF. At that point, the subsequent customer becomes the Customer for the purposes of this Rule.

(Continued)

(TO BE INSERTED BY UTILITY)  
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N  
N  
N

N

N





SAMPLE FORMS - CONTRACTS  
AUTHORIZATION TO ADD CHARGES TO UTILITY BILL  
(Form 7200)

N  
N  
N

(See Form Attached)

N

(TO BE INSERTED BY UTILITY)  
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DECISION NO. 13-09-044

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# **AUTHORIZATION TO ADD CHARGES TO UTILITY BILL**

You have applied for, or have been given, a lease or loan to finance improvements to your building. The loan or lease is being made by the financial institution described below. By signing this Authorization, you consent to allow the Southern California Gas Company ("SoCalGas" or "Utility") to include monthly loan or lease repayment charges in your monthly utility bill, and you agree to pay those charges, on the terms described below.

Please note that this Authorization contains summary information about the On-Bill Payment (OBR) Pilots. Before you sign this document, you should first review the more detailed program rules regarding the OBR Pilots.

In this document:

**"Loan or Lease Charges"** means any and all principal, interest and other charges and fees payable by you in connection with your loan or lease, as determined by your Financial Institution, including fees for late or deficient payments.

**"Financial Institution"** means the lender or lessor shown in the Account Information section below.

**"Service Address(es)"** means the property or properties serviced by the Utility as shown in the Account Information section below.

**"You"** means you, the customer(s) signing this authorization.

1. **Authorization to Bill Loan Charges.** You authorize the Utility to include Loan or Lease Charges in your utility bills for the Service Address(es) until further notice. The Financial Institution will determine the amount of the Loan or Lease Charge that is to be included in each bill, and the Utility will include that amount in your utility bill. The Utility does not verify the information provided by the Financial Institution. The Loan or Lease Charges may increase or decrease from month to month based on the terms of the loan or lease, the inclusion of late charges and interest, in accordance with the loan or lease terms, and variations in the periods of time covered by each Utility billing cycle.
2. **Payment.** You agree to pay the Loan or Lease Charges along with the other charges in your utility bill by the due date for payment of the utility bill. All payments should be made to the Utility. The Utility will forward your Loan or Lease Charge payments to the Financial Institution. If a funding account for the Utility payment is a credit card or checking account, the Utility will not forward your payment to the Financial Institution unless that account has sufficient available credit to pay the full amount of the energy charges and the Loan or Lease Charges. If your funding account closes or is restricted for any reason, all pending payments to the Financial Institution associated with the account will be cancelled and it is your sole responsibility to make all pending and future payments to the Financial Institution.
3. **Partial Payments.** If you pay less than the total amount of your utility bill (including Loan or Lease Charges), the amount you pay will be allocated to payment as follows: delinquent charges first, current energy charges including deposits, energy related charges, and then any remaining amount will be applied to payment of your Loan Charges and other third party charges.

Please note that, if the Utility stops billing you for Loan or Lease Charges before the Loan or Lease is paid in full, you are still responsible for making loan or lease payments directly to the Financial Institution. Late payments may be subject to reporting to credit agencies by the Financial Institution.

4. **Overpayments.** Overpayments will be applied to the amounts due currently or in the future to the Utility for energy charges and will not be applied to the Loan or Lease Charges. If you want to prepay Loan or Lease Charges, you must send the payment directly to the Financial Institution.
5. **Billing Inquiries and Disputes.** If you have any questions about your Loan or Lease or your Loan or Lease Charges, including any concerns that you may have been incorrectly charged, please contact the Financial Institution at the number shown in the Account Information section below. Any disputes about your Loan or Lease Charges must be resolved between you and the Financial Institution in accordance with your loan or lease documentation and applicable law. The Utility will not be involved in resolving such disputes. Questions about the energy charges on your utility bill should be directed to the Utility at the number shown on the bill.
6. **Transfer of Payment Obligation:** Responsibility to pay OBR Charges may be transferred to the subsequent customer of record at the same location. You must first obtain the permission of your Financial Institution to transfer your payment

# **AUTHORIZATION TO ADD CHARGES TO UTILITY BILL**

obligation to the next customer who occupies the same property where the improvements were installed. If the Financial Institution and subsequent customer agree in writing to transfer the charges, the new customer must sign this "Authorization to Add Charges to Utility Bill" and submit this form to the Utility.

7. **Service Disconnection for Non-Payment of Loan or Lease Charges (Non-Residential Customers only):** You acknowledge that non-payment of your loan or lease charges will result in a disconnection of your utility service consistent with the rules that generally apply to non-payment of your utility bill, until such time that your Loan or Lease payments and your Utility charges are made current. Other rules for reconnection of service, including a requirement to post a security deposit, are set forth in Utility Rules \_\_\_\_.
8. **Jurisdiction.** This Authorization at all times shall be subject to such modifications as the California Public Utilities Commission may direct from time to time in the exercise of its jurisdiction.
9. **Authorization to Release Information.** If you choose to participate in the On-Bill Repayment Pilot Program, you must also sign two additional forms to allow the release of confidential information regarding your utility bill payment history and energy usage: (1) Form 8204, "*Authorization Or Revocation Of Authorization To Receive Customer Usage Information*" to authorize access to the customer's electricity and/or natural gas meter usage data only; and (2) Form 8206, "*Authorization to Receive Customer Information or Act Upon a Customer's Behalf*" to provide the California Hub for Energy Efficiency Financing (CHEEF) and your Financial Institution authorization to access Customer Billing information.
10. **Utility not Liable for Improvements and Loan or Lease Process.** Utility is not involved in the improvements to your building, the assessment of potential benefits and costs associated with the improvements, or Financial Institution's procedures. You acknowledge that Utility does not accept any responsibility for the improvements, the anticipated energy efficiency or energy savings benefits, or other benefits, or for any aspect of the loan or lease process. Any questions or claims regarding those matters should be directed to the Financial Institution or to the installation contractor.

## **ACCOUNT INFORMATION**

*(Please Print or Type)*

### **CUSTOMER DETAILS<sup>1</sup>**

Name(s): \_\_\_\_\_  
Address: \_\_\_\_\_  
Service Agreement Number: \_\_\_\_\_

### **FINANCIAL INSTITUTION AND LOAN OR LEASE INFORMATION**

Name of Financial Institution: \_\_\_\_\_  
Address: \_\_\_\_\_  
Contact telephone number: \_\_\_\_\_  
Loan or Lease Number: \_\_\_\_\_  
Principal amount of Loan/Lease: \_\_\_\_\_  
Estimated Monthly Payment/Duration: \_\_\_\_\_  
*[other identifying information]* \_\_\_\_\_

### **SERVICE ADDRESSES INCLUDED IN THIS AUTHORIZATION:**

\_\_\_\_\_

<sup>1</sup> If there is more than one customer of record for a Service Address, all customers must complete and sign this form.



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**ATTACHMENT C**

**Advice No. 4582**

**Information Regarding the Consultation Process with  
Real Estate Professionals Regarding the OBR Tariff**

**Utility-Real Estate Discussion on  
“On-Bill Repayment Tariff” Development**

Conference call: 323-780-5500 code 8066

Web: <https://sempramtg.sempira.com>; mtg. ID 8066, click ATTEND Meeting; Sign in as a Guest

**Friday, November 22, 2013**

9:00 am PST	Welcome, Introductions, Overview	Frank Spasaro, Southern California Gas Company
9:10 am	California Public Utility Commission’s Perspective	Jean Lamming, CPUC Energy Division
9:20 am	Overview of On-Bill Repayment and new Energy Efficiency Financing Pilot Programs	Matthew Brown, Harcourt Brown and Carey
9:30 am	Description of proposed “On-Bill Repayment Tariff” and Transferability-with-Consent	Jeff Barnes, San Diego Gas & Electric Company
9:40 am	Discussion and Directed Questions regarding OBR Tariff, Transferability, Consent and other Issues	All call participants Led by Jeff Barnes, SDG&E
10:50 am	Any other questions and issues	All Led by Frank Spasaro, SoCalGas
11:00 am	Conclusion	

CPUC Decision and additional materials can be found at: <http://www.caleefinance.com/>

# ON-BILL REPAYMENT FOR ENERGY EFFICIENCY FINANCING

## Real Estate Industry Consultation

California's Investor-Owned Utilities

*November 22, 2013*

## TOPICS COVERED

- ❑ On-Bill Repayment (OBR) overview
- ❑ Energy Efficiency Financing pilot programs overview
- ❑ OBR Tariff
  - Proposal
  - Discussion

# ON-BILL REPAYMENT (OBR) OVERVIEW

## ON-BILL REPAYMENT — GOAL

Improve interest rates and other terms under which financial institutions offer energy efficiency financing to non-residential customers, and to provide access to more affordable financing for these customers, by establishing a system of paying qualifying energy loans on the customers' utility bills.

“The primary goal of the OBR pilots is to test whether the combined single bill payment can overcome lending barriers in the non-residential sector, and attract large pools of accessible private [i.e. non-governmental, non-utility] capital to the markets.” (CPUC Decision 13-09-044)

## ON-BILL REPAYMENT — BASICS (1)

- ❑ With OBR, banks and other financial institutions (FIs) will be able to finance qualifying energy retrofits for non-residential properties and the utility would collect finance payments on the utility bill.
  - Retrofits could include a single piece of eligible equipment or more extensive energy efficiency upgrade
  - Certain renewable energy, distributed generation and demand response upgrades can be included (quantity depends on specific customer and program type)
- ❑ Program will explore whether paying financial obligation on the utility bill will reduce credit risk.
- ❑ Utility can disconnect service for failure to fully pay the retrofit financing, as they do now for failure to pay electric/gas bill.

## ON-BILL REPAYMENT — BASICS (2)

- ❑ Financing obligation may transfer to the subsequent customer when the occupancy or ownership of the building or space changes, if the financial institution and the new occupant or owner formally consent to the transfer.
- ❑ New EE financing “hub” established to facilitate the “many-to-many” relationships among financial institutions, utilities and customers/borrowers.



# ENERGY EFFICIENCY FINANCING PROGRAM OVERVIEW

## EE FINANCING PILOT PROGRAMS

- ❑ CPUC recently authorized California IOUs to implement several innovative new EE financing programs (and re-authorized the ongoing On-Bill Financing):
  - *single-family loan program* with credit enhancement (primarily off-bill)
  - *master-metered multifamily financing program* that includes both credit enhancement and an On-Bill Repayment option
  - *small business* pilots with credit enhancement, on and off-bill, and some that are leasing-oriented
  - *On-Bill Repayment (OBR)* program for *non-residential customers* that
    - “shall not require bill neutrality”
    - “shall allow for pro-rata allocation of payments between utility bill obligations and loan repayment”
    - include “forms and procedures for written consent to achieve transferability”
- ❑ These pilots will be launched over coming months
- ❑ To facilitate operations, especially on-bill functionality, a California Hub for Energy Efficiency Financing (CHEEF) is established

# NON-RESIDENTIAL PILOTS – SUMMARY

	Existing OBF Program	Proposed OBR Program	
		OBR <u>with</u> credit enhancement	OBR <u>without</u> credit enhancement
<b>Credit enhancement</b>	None	<ul style="list-style-type: none"> <li>• No more than 20% of total financed cost</li> <li>• For lease origination: determined by RFP</li> </ul>	None
<b>Eligible customers</b>	All non-residential IOU customers	Small business customers	All non-residential IOU customers
<b>Eligible measures</b>	Existing program guidelines apply, except basic lighting measures may not exceed 20% of total project cost for most customers	<ul style="list-style-type: none"> <li>• All measures eligible for OBF</li> <li>• Projects with basic lighting in excess of 20% of total project cost</li> <li>• “Eligible Energy Efficiency Measures” (“EEEMs”, i.e. all other CPUC-“traditionally”-approved EE measures)</li> <li>• Non-EEEMs may be up to 30% of loan total</li> </ul>	<ul style="list-style-type: none"> <li>• All measures eligible for credit-enhanced OBR.</li> <li>• EEEMs is defined more broadly to also include DG and DR</li> <li>• Non-EEEMs may be up to 30% of loan total</li> </ul>
<b>Interest rate</b>	0%	TBD by FIs	TBD by FIs
<b>Bill neutrality required</b>	Yes	No, but contractor disclosure of projected bill impact required	

## CHEEF CORE FUNCTIONS

- ❑ CHEEF to have overall responsibility for carrying out pilots, under contract to IOUs, and making reports to CPUC
- ❑ California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA, housed in State Treasurer's Office) has been requested to act as CHEEF during pilot period
- ❑ A number of these functions will be subcontracted to a trustee, master servicer or others

CHEEF to act as statewide interface between utilities and FIs:

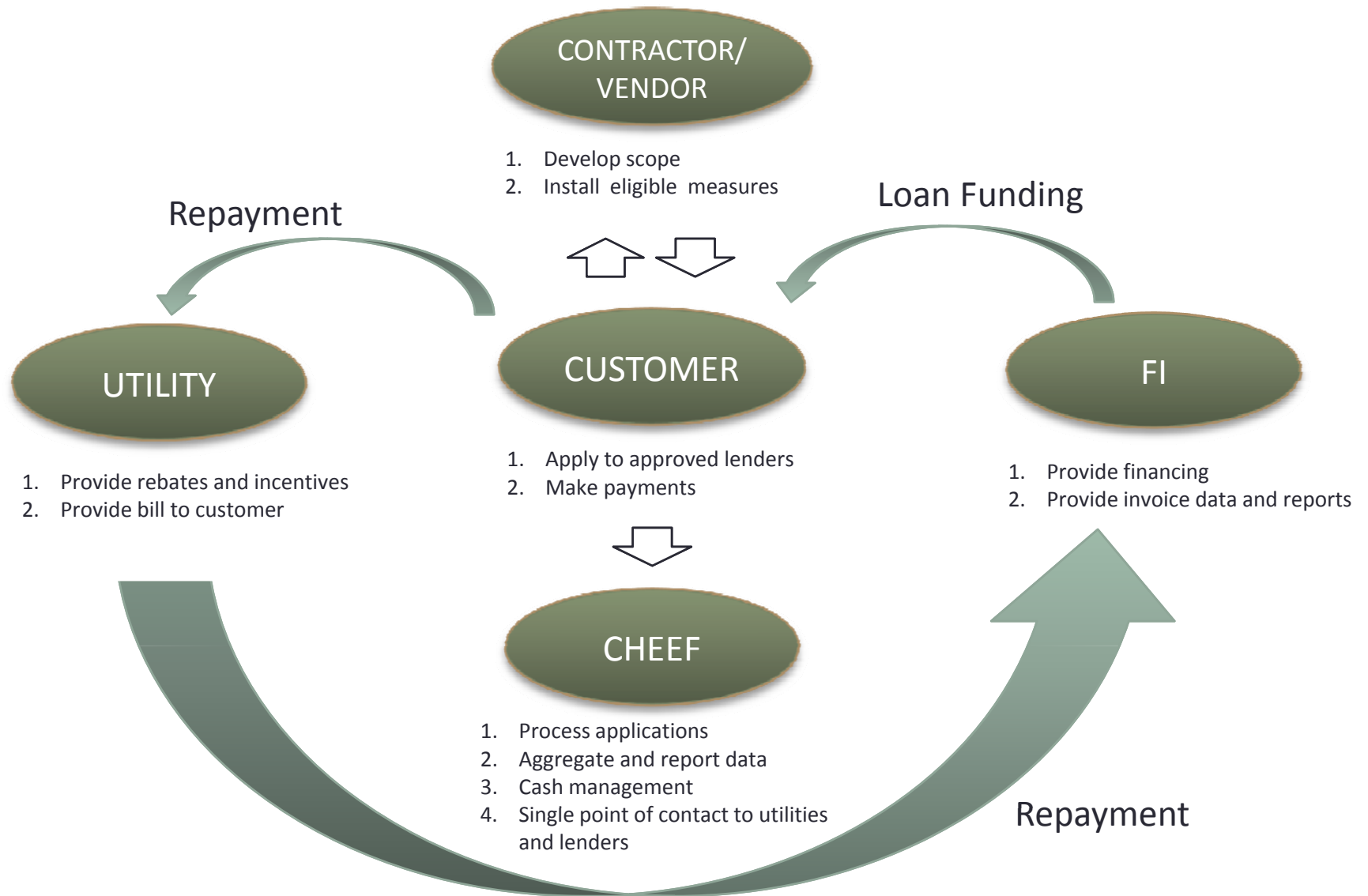
**Finalization,  
provision &  
enforcement of  
pilot guidelines  
to FIs**

**Cash & financial  
data transfer  
between utilities  
& FIs**

**Data collection,  
storage &  
dissemination**

**Credit  
enhancement  
management**

# ON-BILL REPAYMENT PROCESS OVERVIEW



## OBR TARIFF

## OBR TARIFF (1)

### CPUC direction:

- ❑ “The OBR programs are primarily designed to test whether the combined utility bill, with or without [credit enhancements], **with transferability and service disconnection for non-payment of the financing charges**, offer sufficient incentives to [financial institutions] to enter the non-residential market with new capital.”
- ❑ “We do not expect that every FI lending to non-residential borrowers will want or require transferability as part of OBR. However, these pilots will test its attractiveness and enforceability.”
- ❑ “**Transferability of the underlying debt obligation to subsequent occupants (‘with the customer’s meter’), upon change of building ownership and/or tenancy, is both central to the appeal of OBR and a key implementation challenge.** Without a clear and enforceable obligation, owners and tenants might not disclose the debt when selling, leasing, or otherwise transferring an interest in the metered property. However, the Commission finds that the desired results can be achieved through the use of written agreements and a tariff process, as described below.”

## OBR TARIFF (2)

### Draft OBR Tariff Excerpt:

#### **“H. Transferability of Obligation to Pay OBR Charges”**

“1. Responsibility to pay OBR Charges may be transferred to the subsequent customer of record at the same Premise. In order to transfer OBR Charges, the subsequent customer at the same Premises must consent to assume the obligation to pay the balance due on the Eligible Loan or Lease in writing as deemed appropriate by the Participating Financial Institution and must fully execute a Customer Agreement Form whereby the subsequent customer accepts and assumes the responsibility to pay the remaining OBR Charges on the Bill. Utility will include OBR Charges on the Bill of the subsequent customer only pursuant to instructions received from the CHEEF [California Hub for EE Financing]. At that point, the subsequent customer becomes the Customer for the purposes of this Rule.

“2. In the event the Customer ceases to be the Customer of record at the Premises where the Qualified Measures funded by proceeds from the Eligible Loan or Lease are installed, and the subsequent customer does not assume responsibility to pay all further OBR Charges, Customer remains fully responsible for all remaining amounts due under the terms of the Eligible Loan or Lease to the Participating FI pursuant to the terms of the Loan or Lease Agreement, and Utility will have no further obligation to collect the OBR Charges.”



## OBR TARIFF — QUESTIONS FOR REAL ESTATE INDUSTRY (1)

### Rentals, Leases:

1. What issues do you see with transferring a financing obligation on a rental/leased property to a subsequent occupant?
2. What is the best mechanism to obtain consent from the subsequent customer to assume the financing obligation (e.g. a stand-alone agreement, requirement that landlords obtain written consent from existing tenants via a lease amendment, etc.)?
3. When would this disclosure and consent occur during a real estate transaction?
4. Are there barriers or problems you foresee?
5. Would the ease of handling this transaction vary with the size or type of rental/leased property?

## OBR TARIFF — QUESTIONS FOR REAL ESTATE INDUSTRY (2)

### Commercial Real Estate Sale:

1. How are existing second position loans normally handled in a commercial real estate sale?
2. Is a transfer of an obligation such as this to a new building owner more likely than with a rental/leased property?
3. Are there preferred mechanisms to record a second position loan (ex. UCC-1) in the County recorder's office to give notice to potential buyers? Are they workable here?
4. How would transferring a "loan" to a property buyer impact the transaction? If positive, in what ways? If negative, in what ways and how significantly?
5. Do you envision using the transfer process as we've laid it out? Why or why not? Under what circumstances would a property owner be willing to take on additional debt for an energy efficiency retrofit?
6. Based upon your knowledge of the process, are there any features you are aware of that will be deal breakers for your participation in the program?

## OBR TARIFF — QUESTIONS FOR REAL ESTATE INDUSTRY (3)

**Rules for Commercial Leases or Sales are expected to include the following; are these the right forms and elements?**

- a. Mandatory language regarding the financing obligation to be included in the transactional documents (whether a sales agreement, lease or rental agreement)
- b. Consent forms that would allow the financing obligation to be assumed by a new customer
- c. Form language for consent to assignment between financial institution and customer. Should this be part of the program required documents, or should the financial institution use its existing forms?
- d. Form for consent from subsequent customer to pay financing obligation on utility bill
- e. A utility bill impact illustration so that the current or prospective occupants can see estimated monthly utility bills and repayment amounts as a result of the energy upgrade (based on prior occupant's energy usage and occupancy)
- f. Requirement that existing customer retain obligation to pay financial obligation if consent to assignment is not achieved

**ATTACHMENT D**

**Advice No. 4582**

**Information Regarding the Consultation Process with  
Financial Institutions Regarding the OBR Tariff**

CPUC Finance Program OBR Pilots Approved by [Decision \(D.\) 13-09-044](#)

Conference call: 323-780-5500 code 5121

Web: <https://sempramtg.sempra.com>, Meeting ID 5121

**On-Bill Repayment for Energy Efficiency Financing: Consultation with Financial Institutions**

**December 10, 2013, 1:00 – 3:00 pm PT**

**AGENDA**

1. Welcome / Roll Call / Introduction / Opening Remarks from CPUC
2. Purpose of consultation and Overview of agenda
3. Overview of OBR
4. Overview of Finance Pilot Programs
5. General OBR /Pilot Questions and Discussion with Financial Institutions
6. Master-Metered Multifamily Finance Program Description, including Questions/Discussion
7. Energy Finance Line Item Charge Pilot Description, including Questions/Discussion
8. Small Business Pilots Description, including Questions/Discussion
9. Non-residential OBR without CE Description, including Questions/Discussion
10. OBR Tariff Description, including Questions/Discussion
11. Opportunities for FIs to Engage and Next Steps
12. Final FI Comments/Questions
13. Conclusion
14. Adjourn

# CA EE FINANCING PILOTS AND ON-BILL REPAYMENT

## Financial Institutions Consultation

California's Investor-Owned Utilities

*December 10, 2013*

## AGENDA

Objective: Engage Financial Institutions and receive their input on design and implementation of new OBR EE finance pilots

- On-Bill Repayment, CHEEF
- EE Financing Pilots
- Residential OBR Pilots
  - Multifamily Master-Metered
  - EFLIC
- Small Business OBR Pilots
  - Small Business On-Bill Repayment
  - Small Business On-Bill Lease
- Other Non-Residential OBR Pilot
- OBR Tariff regulations
- Engagement Opportunities for Financial Institutions

## ON-BILL REPAYMENT – OVERVIEW



## ON-BILL REPAYMENT — GOAL

The Goal of On-Bill Repayment (OBR) is to:

- ❑ Attract private capital to support energy efficiency investments, by leveraging the additional security created through use of the utility bill to service energy efficiency financing
- ❑ Improve interest rates and other terms under which financial institutions offer energy efficiency financing to customers
- ❑ Enable more customers to qualify for energy efficiency financing than would otherwise be possible in the absence of OBR, and explore if OBR reduces delinquency and defaults.

“The primary goal of the OBR pilots is to test whether the combined single bill payment can overcome lending barriers in the non-residential sector, and attract large pools of accessible private [i.e. non-governmental, non-utility] capital to the markets.” (CPUC Decision 13-09-044)

## ON-BILL REPAYMENT – WHAT IS IT?

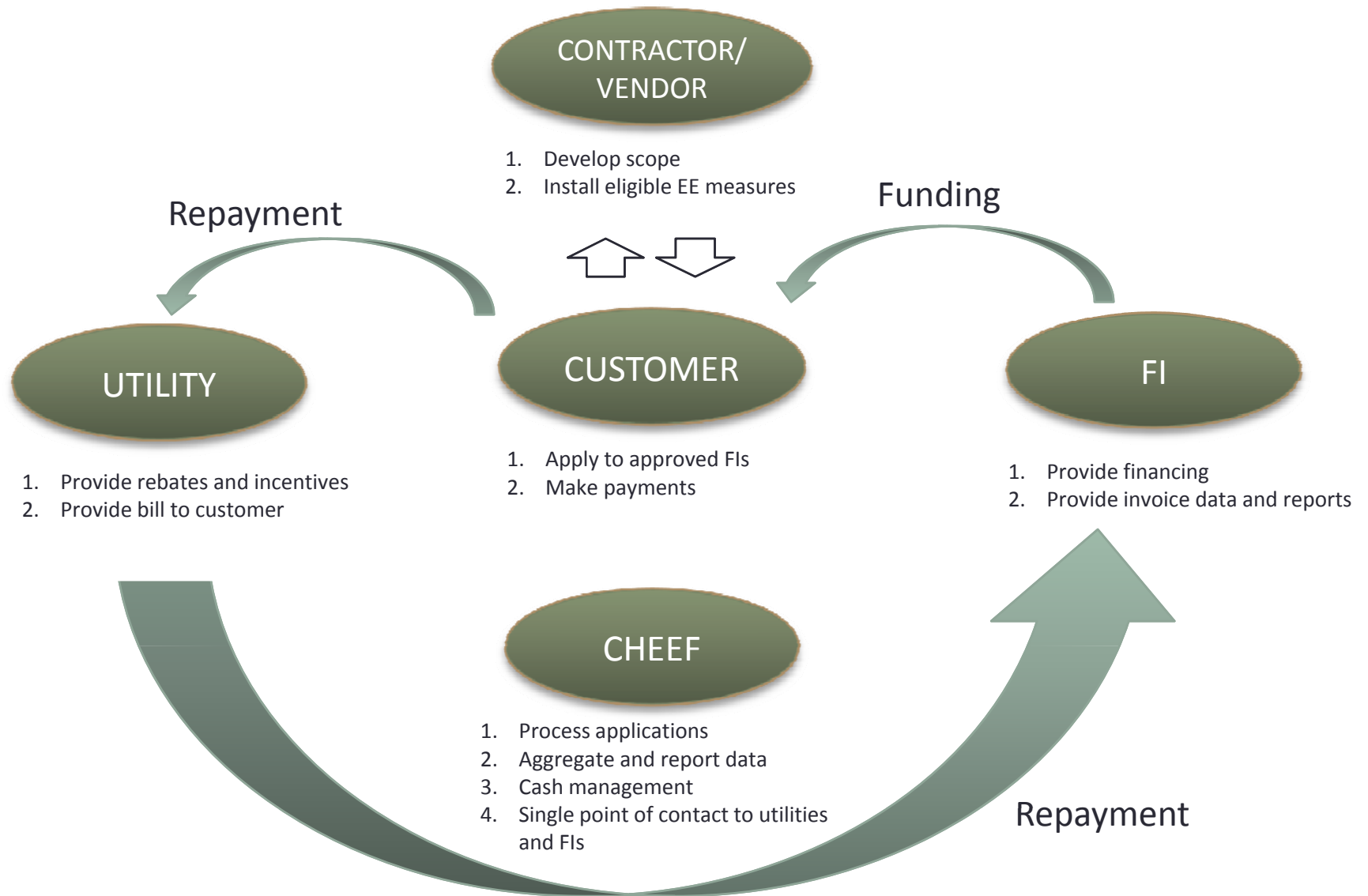
### ❑ OBR provides a mechanism to:

- Allow private, non-utility capital to flow to energy efficiency investments through variety of financial instruments such as loans and leases
- Allow customers to repay financial obligations created under these financial instruments through charge on their utility bill
- Provide investors with some additional security derived from having a charge for energy efficiency on customers' utility bill – particularly disconnection for failure to pay finance charges that are serviced through that utility bill – and option for transferability

### ❑ Eligible use of funds:

- Retrofits could include a single piece of eligible equipment or more extensive energy efficiency upgrades
- Certain renewable energy, distributed generation and demand response upgrades can be included (quantity depends on specific customer and program type)

# ON-BILL REPAYMENT PROCESS OVERVIEW



## ON-BILL REPAYMENT — FURTHER DETAIL

- ❑ On-bill repayment (OBR) program for non-residential customers that
  - “shall not require bill neutrality”
  - “shall allow for...allocation of [partial] payments between utility bill obligations and loan repayment”
  - include “forms and procedures for written consent to achieve transferability”
- ❑ A financing obligation may transfer to the subsequent customer when the occupancy or ownership of the building or space changes, if the FI and the new occupant or owner formally consent to the transfer.
- ❑ A new EE financing “hub” will be established to facilitate the “many-to-many” relationships among financial institutions, utilities and customers/borrowers.
  - This “hub” is known as the California Hub for Energy Efficiency Financing, or CHEEF

## CHEEF CORE FUNCTIONS

- ❑ CHEEF to have overall responsibility for carrying out pilots, under contract to IOUs, and making reports to CPUC
- ❑ California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA, housed in State Treasurer's Office) has been requested to act as CHEEF during pilot period
- ❑ A number of these functions will be sub-contracted to a trustee, master servicer or others

### CHEEF to act as statewide interface between utilities and FIs

**Finalization,  
provision &  
enforcement of  
pilot guidelines  
to FIs**

**Cash & financial  
data transfer  
between utilities  
& FIs**

**Data collection,  
storage &  
dissemination**

**Credit  
enhancement  
management**

## EE FINANCING PROGRAMS – OVERVIEW

## NEW EE FINANCING PILOT PROGRAMS – BACKGROUND

- ❑ CPUC authorized California IOUs to implement several innovative new EE financing programs (and re-authorized the ongoing on-bill financing):
  - *single-family loan program* with credit enhancement (primarily off-bill)
  - *master-metered multifamily financing program* that includes both credit enhancement and an on-bill repayment option
  - *small business* pilots with credit enhancement, on and off-bill, including some that are leasing-oriented
  - *other non-residential programs (primarily medium-large businesses)*
  
- ❑ These pilots will be launched summer 2014.

## ALL APPROVED PILOTS AND BUDGETS

Sector	Pilot	Budget	OB	CE	Dc	Notes
Res	Single Family Direct Loan Program	\$25 M		✓		Loan Loss Reserve
	Energy Finance Line Item Charge	≤\$1 M	✓	✓		Pilot only in PG&E territory
	Master-Metered (Affordable) Multifamily Financing Program	≤\$2.9 M	✓	✓		Debt Service Reserve Fund
Non-Res	Small Business	\$14 M	✓	✓	✓	Includes sub-pilot for lease products
	Medium, Large Business	--	✓		✓	OBR without CE
<b>Subtotal Pilots</b>		<b>\$42.9 M</b>				
All	Marketing, Education & Outreach	≤\$10 M	Statewide total; from EE funds			
	EE Financing Entity	\$5 M	EEFE start up costs, incl. Master Servicer functions			
	IT Upgrades at IOUs	≤\$8 M	For implementing pilots			
<b>Total</b>		<b>\$65.9 M</b>				

Budgets over 2+ year period

OB = on-bill

CE = credit enhanced

Dc = Disconnection allowed

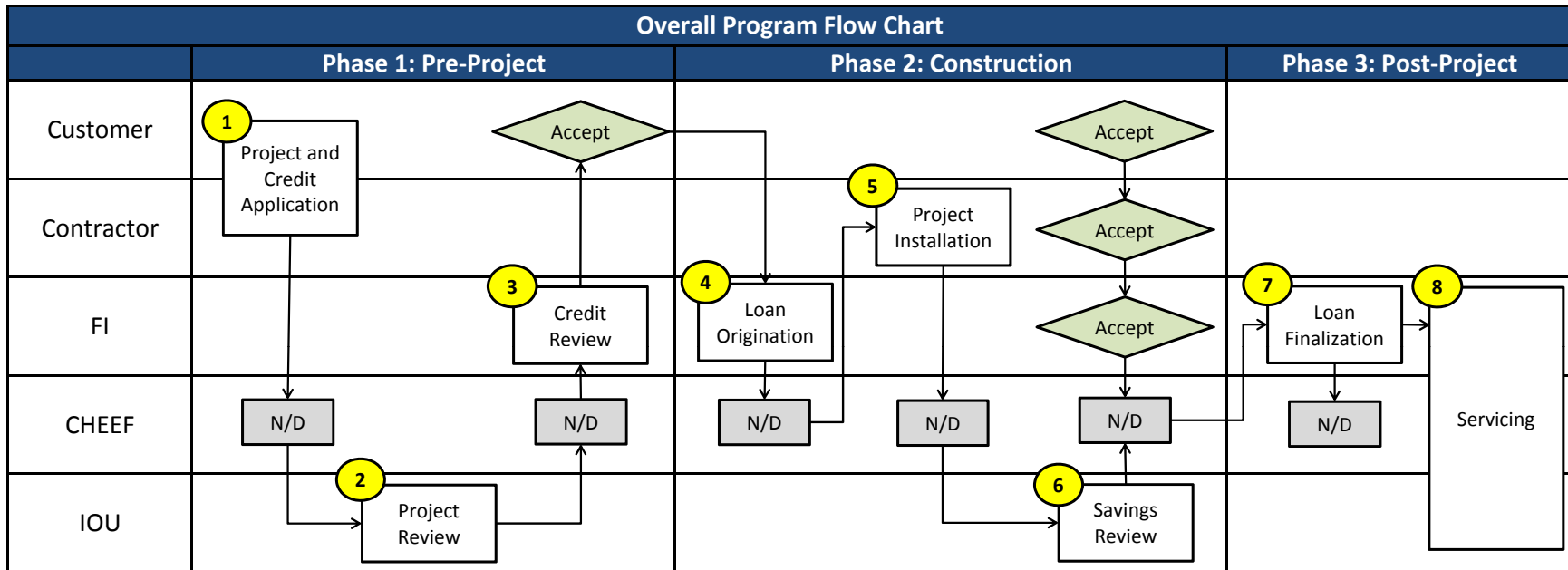


## NON-RESIDENTIAL PILOTS – KEY FEATURES

	Proposed OBR Program	
	OBR <u>with</u> credit enhancement	OBR <u>without</u> credit enhancement
<b>Credit enhancement</b>	<ul style="list-style-type: none"> <li>• No more than 20% of total financed cost</li> <li>• For lease origination: determined by RFP</li> </ul>	None
<b>Eligible customers</b>	Small business customers	All non-residential IOU customers
<b>Eligible measures*</b>	<ul style="list-style-type: none"> <li>• “Eligible Energy Efficiency Measures” (“EEEMs”, i.e. all other CPUC- “traditionally”-approved EE measures)</li> <li>• Non-EEEMs may be up to 30% of loan total</li> </ul>	<ul style="list-style-type: none"> <li>• All measures eligible for credit-enhanced OBR.</li> <li>• EEEMs is defined more broadly to also include DG and DR</li> <li>• Non-EEEMs may be up to 30% of loan total</li> </ul>
<b>Interest rate</b>	TBD by FIs	TBD by FIs
<b>Bill neutrality required</b>	No, but contractor disclosure of projected bill impact required	

\* Customer not required to take a utility rebate or incentive to participate

# FINANCE PILOT PROGRAMS — TYPICAL PROCESS FLOWS



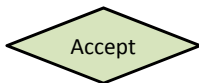
**Key**



**Stage Indicator** = Designates Process Flow Stage



**Notify/Data** = CHEEF notified of Stage completion and data normalized



**Accept and Move to Next Phase** = Acceptance required before project moves to next Phase

Note that a credit enhancement allocation is made at time of loan closing.

## FINANCE PILOT PROGRAMS — PROJECT SEQUENCE

1. Customer potentially meets with IOU Account Executive (AE) and/or contractor, driven by AE/contractor marketing or customer inquiry.
2. *(If yes to above)* AE/Contractor interviews customer, collects site information (possibly including results of energy audit).
3. *(If yes to above)* Contractor proposes a project scope, estimated cost, anticipated energy savings, anticipated bill impact, and incentives (typically utility and/or manufacturer rebates) and provides payment options, including the financing instrument (loans, leases, other instruments depending on the pilot).
4. Customer makes financing instrument and payment decision.
5. AE/contractor may collect application information and provides to **FI**.
8. **FI** collects application information from customer, makes underwriting decision and informs customer (and/or contractor).
9. Customer executes financing agreement.

## FINANCE PILOT PROGRAMS — PROJECT SEQUENCE

10. Customer (or contractor) installs improvements and when satisfactory Customer signs completion certificate
11. IOU performs inspection (if required by rebate/incentive programs)
12. As appropriate, **FI** receives completion certificate and other required documents
- 13. FI funds contractor or customer**
- 14. FI provides appropriate documentation to CAEATFA**
15. CAEATFA directs Trustee to transfer credit enhancement from IOU account to **FI's** account at the Trustee
16. Master Servicer transmits appropriate information to IOU
17. IOU verifies customer data transmitted by Master Servicer
18. IOU places payment obligation on customer's bill and begins OBR collection process

## PILOT PROGRAMS IMPLEMENTATION — KEY DATES

Milestone	Timeframe
IOUs file for approval of OBR program implementation plans and OBR tariff	Dec. 19, 2013
FI recruitment and contractor training begin; development of marketing program	Jan. 2014
CAEATFA issues RFP to select Master Servicer, Data Manager	Jan./Feb. 2014
CAEATFA contracts with Master Servicer, Data Manager	Q1, 2014
Integration of financing with IOU incentive program delivery implemented	Q1 ,2014
CAEATFA directs trustee to establish accounts for financial institutions	Q1, 2014
IOUs launch OBR	July 2014

*Schedule subject to change*

## QUESTIONS FOR FINANCIAL INSTITUTIONS

## QUESTIONS FOR FIS (1)

### Credit Enhancements\*

- The CHEEF is required to demonstrate that CEs are delivering real results (better rates, terms, more flexible underwriting etc., deeper energy efficiency retrofits, more projects). Do you have recommendations for how the CHEEF can meet this requirement for each pilot?
- What type of performance (financial product volume, pre-pay rate and defaults) over what period of time would motivate and allow you to continue to participate in these pilots without credit enhancement?

### Eligible Measures

- Do you have any concerns or interest in what customers are funding?
- Contractors are required to estimate the bill savings financed projects will deliver. Would you value seeing these estimates and/or be willing to incorporate them into your underwriting practices?

\* does not apply to Med.-Large Business OBR

## QUESTIONS FOR FIs (2)

### Data Collection

- The pilots require transmission of data on participant financial characteristics, financial products, installed improvements and energy performance. Originators will likely be required to collect and share this data (along with a consumer data release consent form for Confidential and Personally Identifiable Information; PII will be held and protected by a qualified master servicer). Additionally, originators will be required to regularly report to the CHEEF on performance of financial products that are supported by credit enhancements.
  - How can this data collection/transmission and confidentiality regime best be managed to meet FI (and others') needs?



## QUESTIONS FOR FIs (3)

- Do you have any recommendations on how best to market/co-brand/coordinate between IOUs and participating FIs?
- What volume and in what timeframe would you need to see in a given EE finance program to deem it successful for your company? For example, in a small business on bill repayment program, would it be a certain number of loans? Dollars?
- By having the utility collect payments on your behalf, does this make an impact on your overhead costs? Please consider all aspects such as lower per transaction cost or higher per transaction cost. For example, does the lender foresee putting in place some form of administrative support to manage the interaction between the lender, servicing entity, and IOU?
- Based upon your knowledge of the design of each pilot program, are there any pilot features of which you are aware that will be **deal breakers** for your participation?

## QUESTIONS FOR FIS (4)

- How would transferring a financial obligation such as this to a property buyer impact the transaction? If positive, in what ways? If negative, in what ways and how significantly?
- What issues do you see with transferring a loan obligation on a rental/leased property to a subsequent occupant?
- Do you envision using the transfer process as we've laid it out? Why or why not?
- Do you see value in the threat of disconnection for failure to pay a finance charge? What are the key elements that must be in place in order for disconnection to have value for you?

MULTIFAMILY MASTER-METERED; SINGLE FAMILY EFLIC

## MASTER-METERED MULTIFAMILY PILOT PROGRAM — GOALS

### Goal:

Test the value of OBR in the affordable master-metered MF segment, improve delivery of services across IOUs, building auditors, contractors, and lenders, and gather performance data in a multifamily setting.

“The Commission finds it reasonable to implement an MMMFP that includes OBR without shut-off for non-payment of financing charges, for substantially master-metered affordable multifamily properties.” (Decision 13-09-044)

## MASTER-METERED MULTIFAMILY PILOT PROGRAM — BASICS

- ❑ Debt Service Reserve Fund as the primary CE
- ❑ Net bill neutrality an objective, not a requirement
- ❑ SoCalGas to implement a limited (5 property) early version; subsequently the MMMFP will operate in all IOU service territories across state
- ❑ Eligibility limited to properties that are a customer of IOU
- ❑ Contractors need to have certifications, as established through CAEATFA or IOU requirements
- ❑ Eligible EE measures (EEEMs) as listed on IOU websites
- ❑ Marketing, education and outreach effort to support MMMFP
- ❑ CE Budget: up to \$2.9 million

## ENERGY FINANCE LINE-ITEM CHARGE (EFLIC)

### Goal:

Test the attractiveness of On-Bill Repayment and its impact on residential loan performance, including yielding data on residential utility payment as alternative underwriting criteria.

This sub-pilot will be limited to the PG&E Service Territory.

## EFLIC – BASICS

- On-Bill Repayment for residential customers
- EFLIC loan charges are not dis-connectable charges
- Partial payments are allocated based on a prioritization basis: delinquent charges then current, and within that utility charges, energy related, and then 3<sup>rd</sup> party
- EFLIC payment obligation not transferable to subsequent owners, occupants
- Pilot only in PG&E service territory
- Program is linked to the Single Family Loan Program (SFLP) – contractor requirements, eligible measures are defined in that program
- EFLIC is an additive feature to SFLP – can be offered as a choice to consumers or as the only offering from a given FI
- Marketing, education and outreach effort to support EFLIC
- Budget: up to \$1 million

## QUESTIONS FOR FIs

### EFLIC

- Low & Moderate Income Households
  - In the event that a more substantial credit enhancement is available for FIs/financial products targeting low-to-moderate income households, do you have recommendations for how the CHEEF can best use the tool of additional credit enhancement?
- No shut off
  - Residential on bill repayment does not have a shutoff for non-payment provision. Does this make you more or less likely to participate in this EFLIC pilot and why?



## SMALL BUSINESS PILOTS

## SMALL BUSINESS OBR PILOT PROGRAM — GOALS

### Goal:

“The primary goal of the Non-Residential pilot programs is to build the deal flow necessary to test the value of OBR as a bridge to overcome traditional lending barriers in these markets. [Credit enhancements shall] be offered in connection with OBR because the value of OBR to investors, customers, and contractors is unproven.”

“This pilot program is targeted to owners of [small business] commercial properties that may be unable, or lack business incentives, to obtain EE financing.”

[Decision 13-09-044]

## SMALL BUSINESS PILOTS — SUMMARY

- ❑ Three Small Business Pilots will be offered
  - **On-Bill Loan:** Lenders provide financing for energy efficiency. Financing charges paid through utility bill collections.
  - **On-Bill Lease:** Lease originators selected through RFP will offer equipment leases for energy efficiency. Financing charges will be paid utility bill collections.
  - **Off-Bill Lease:** Lease originators selected through RFP will offer equipment leases for energy efficiency. Financing charges will be paid through traditional lease company collections (no utility bill collections). [This pilot was described in greater depth during an earlier webinar].

The three pilots share many features in common, as described in following slides.

## SMALL BUSINESS PILOTS — BASICS (1)

- ❑ Up to \$14M credit enhancement (CE) – shared among all Small Business pilots –administered by CAEATFA (likely in the form of Loan Loss Reserve, LLR, but possibly in the form of a Debt Service Reserve Fund)
  - Final CE terms & FI eligibility will be set by CAEATFA
  - CAEATFA will hold funds in a trustee account until (and if) defaults occur
  - All credit enhancements available on a first-come/first-served basis to financial institutions
  - As financial obligations are funded, CAEATFA will allocate funds to individual financial institutions' accounts within the trustee
- ❑ Eligibility limited to small business customers (as defined by the SBA) who are a customer of one of the four IOUs.

## SMALL BUSINESS PILOTS — BASICS (2)

- ❑ Contractors need to have certifications, as established through CAEATFA or IOU requirements.
- ❑ All EE measures eligible for an IOU incentive and listed in IOU Finance Program website may be financed through credit-enhanced financial products
- ❑ A marketing, education and outreach budget has been allocated to support this initiative.
- ❑ FIs will be required to collect & transmit to CHEEF (or sub-contractor) data on financial products and customers (and customers will be required to sign a data release consent form).
- ❑ FIs will receive approval to participate in the pilot by applying to CHEEF. Rules for qualification are still to be developed.

## SMALL BUSINESS LEASE PILOTS — GOALS

### Primary Goal:

- Test premise that availability that EE-targeted lease increases small business customer adoption of EE improvements.

### Sub-Goals:

- Increase standardization of EE financing pilot infrastructure with consistent pilot rules and protocols administered by CAEATFA
- Attract lease originators and their investors by:
  - Reducing credit risk with credit enhancements and the threat of shut-off for non-payment;
  - Building financial product volume through a broad definition of small business (based on US SBA), broad measure eligibility (including changes to OBF to channel some projects to the pilots) and focus on strong contractor networks;
  - Measuring performance by collecting data on energy and financial performance;

## SMALL BUSINESS LEASE PILOT — BASICS

- ❑ The Lease Pilots will Competitively select at least two (and up to four) lease originators
- ❑ These lease originators will agree to comply with all features of the small business pilots.
- ❑ The lease pilot will begin solely as an off-bill pilot and, when full on-bill functionality is available, transition to allow for an OBR lease pilot.
- ❑ Originators for the on-bill pilot shall be required to permit small business customers to repay the lease obligation via the utility bill
- ❑ One goal of the on-bill lease pilot is to test and compare the impact of On Bill with the Off Bill Lease pilot

## SMALL BUSINESS OBR PILOT – BASICS

- ❑ Relies on traditional bank loans (business lending) products.
- ❑ All features described for the other small business pilots described earlier are available (credit enhancement, disconnection for failure to pay financing charges etc.)
- ❑ Originators for the on-bill pilot shall be required to permit small business customers to repay the lease obligation via the utility bill
- ❑ Unlike the lease pilot, no competitive RFP shall be required. Lenders shall apply to CAEATFA to qualify as eligible financial institutions, according to CAEATFA-determined rules.



## QUESTIONS FOR FIS

### Small Business Pilots

- Underwriting

- The IOUs' On-Bill Financing pilot declines less than 5% of applicants (relying on utility bill repayment history) and has experienced a lifetime default rate under 1%. Given the strong OBF pilot performance to date, and the credit enhancement available for small business pilots, would you be likely to modify your underwriting, and if so, how?
- If not, do you have recommendations for how to transition from 0% OBF to on-bill repayments of loans/leases/etc.?
- Contractors are required to estimate the bill savings that financed projects will deliver. Would you value seeing these estimates and/or be willing to incorporate them into your underwriting practices?

## NON-RESIDENTIAL OBR

## NON-RESIDENTIAL OBR PILOT PROGRAM — GOALS

### Goal

“The primary goal of the Non-Residential pilot programs is to build the deal flow necessary to test the value of OBR as a bridge to overcome traditional lending barriers in these markets.”

“Moreover, it is important to begin collecting data about the potential value of OBR as an EE market incentive, to stimulate education and marketing efforts, and to energize EE contractors.” No CE due to “...lingering questions about owner interest and need [for CEs]”

## NON-RESIDENTIAL OBR PILOT PROGRAM — BASICS

- OBR without Credit Enhancement
- Any non-residential IOU customer (oriented to medium-large businesses)
- No specified credit enhancement budget
- All EE measures eligible for an IOU incentive and listed in IOU Finance Program website may be financed
- Additionally, EEEMs defined by CPUC to include Distributed Generation and Demand Response
- No fees collected during pilot period
- Marketing, education and outreach effort to support customer, FI engagement
- FIs will be required to collect & transmit to CHEEF (or sub-contractor) data on financial products and customers (and customers will be required to sign a data release consent form).
- FIs will receive approval to participate in the pilot by applying to CHEEF. Rules for qualification are still to be developed.

## OBR TARIFF RULES

## OBR TARIFF (1)

### CPUC direction:

- ❑ “The OBR programs are primarily designed to test whether the combined utility bill, with or without [credit enhancements], with transferability and service disconnection for non-payment of the financing charges, offer sufficient incentives to FIs to enter the non-residential market with new capital.”
- ❑ “...we find the OBR program shall include non-residential shut-off in general conformity with Commission approved shut-off protocols to be approved in the OBR tariff. In addition, non-residential customers with OBR are not precluded from making partial payments for combined energy and debt bill, although partial payments may expose the customer to collections procedures and/or ultimate notice of disconnection.”
- ❑ “Transferability of the underlying debt obligation to subsequent occupants (‘with the customer’s meter’), upon change of building ownership and/or tenancy, is both central to the appeal of OBR and a key implementation challenge...the Commission finds that [establishing and communicating a clear and enforceable obligation] can be achieved through the use of written agreements and a tariff process...”

## OBR TARIFF (2)

### Draft OBR Tariff Excerpt:

#### **“H. Transferability of Obligation to Pay OBR Charges**

“1. Responsibility to pay OBR Charges may be transferred to the subsequent customer of record at the same Premise. In order to transfer OBR Charges, the subsequent customer at the same Premises must consent to assume the obligation to pay the balance due on the Eligible Loan or Lease in writing as deemed appropriate by the Participating Financial Institution and must fully execute a Customer Agreement Form whereby the subsequent customer accepts and assumes the responsibility to pay the remaining OBR Charges on the Bill. Utility will include OBR Charges on the Bill of the subsequent customer only pursuant to instructions received from the CHEEF [California Hub for EE Financing]. At that point, the subsequent customer becomes the Customer for the purposes of this Rule.

“2. In the event the Customer ceases to be the Customer of record at the Premises where the Qualified Measures funded by proceeds from the Eligible Loan or Lease are installed, and the subsequent customer does not assume responsibility to pay all further OBR Charges, Customer remains fully responsible for all remaining amounts due under the terms of the Eligible Loan or Lease to the Participating FI pursuant to the terms of the Loan or Lease Agreement, and Utility will have no further obligation to collect the OBR Charges.”

## QUESTIONS FOR FIS

- ❑ OBR tariff rules are expected to include the following; are these the right forms and elements?
  - a. Mandatory language regarding the loan/lease obligation to be included in the transactional documents
  - b. Consent forms that would allow the financing obligation to be assumed by new customer upon approval of new customer and FI
  - c. Form language for consent to assignment between financial institution and customer. Should this be part of the program required documents, or should the financial institution use its existing forms?
  - d. Form for consent from subsequent customer to pay financial obligation on utility bill
  - e. A utility bill impact illustration (so the current or prospective occupants can see estimated monthly utility bills and repayment amounts as a result of the energy upgrade)
  - f. Requirement that existing customer retain obligation to pay loan if consent to assignment is not achieved



## UPCOMING OPPORTUNITIES FOR FIs TO ENGAGE

- ❑ Policy and Regulatory
  - PIP, OBR tariff filings – provide input
  - CAEATFA rulemakings – provide input
  - Other formal and informal IOU, CPUC and CAEATFA input opportunities
- ❑ CHEEF Roll Out
  - RFPs for Master servicer, data manager – bid
  - RFPs for Leasing companies – bid
- ❑ Participation in Pilots
  - Become a CHEEF-qualified FI
  - Work with IOUs on pilot marketing
  - Work with IOUs, CAEATFA on outreach and engagement of customers, contractors, other market actors
  - Active lender in pilot(s)
- ❑ Stay in contact: Frank Spasaro, SoCalGas, [SCGOBF@Semprautilities.com](mailto:SCGOBF@Semprautilities.com)