

Tariffed On-Bill Investments

CPUC Affordability Proceeding Phase 3 En Banc

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On behalf of the TECH Innovative Finance Team



TECH CLEAN
CALIFORNIA



Tariffed On-Bill Impact on Energy Affordability

- TOB is a technology-neutral inclusive investment solution for the full suite of BTM decarbonization upgrades:
 - Energy Efficiency
 - PV+storage
 - Building electrification
- Tariffed terms require investments with positive cash flows for participants
- TOB investments' impacts on rates for nonparticipants depends on project scope (technologies and buildings), customers, and locations

Tariffed On-Bill Investments for beneficial electrification offers ratepayer protections against increasing gas prices

Feb. 2021 En Banc found that...

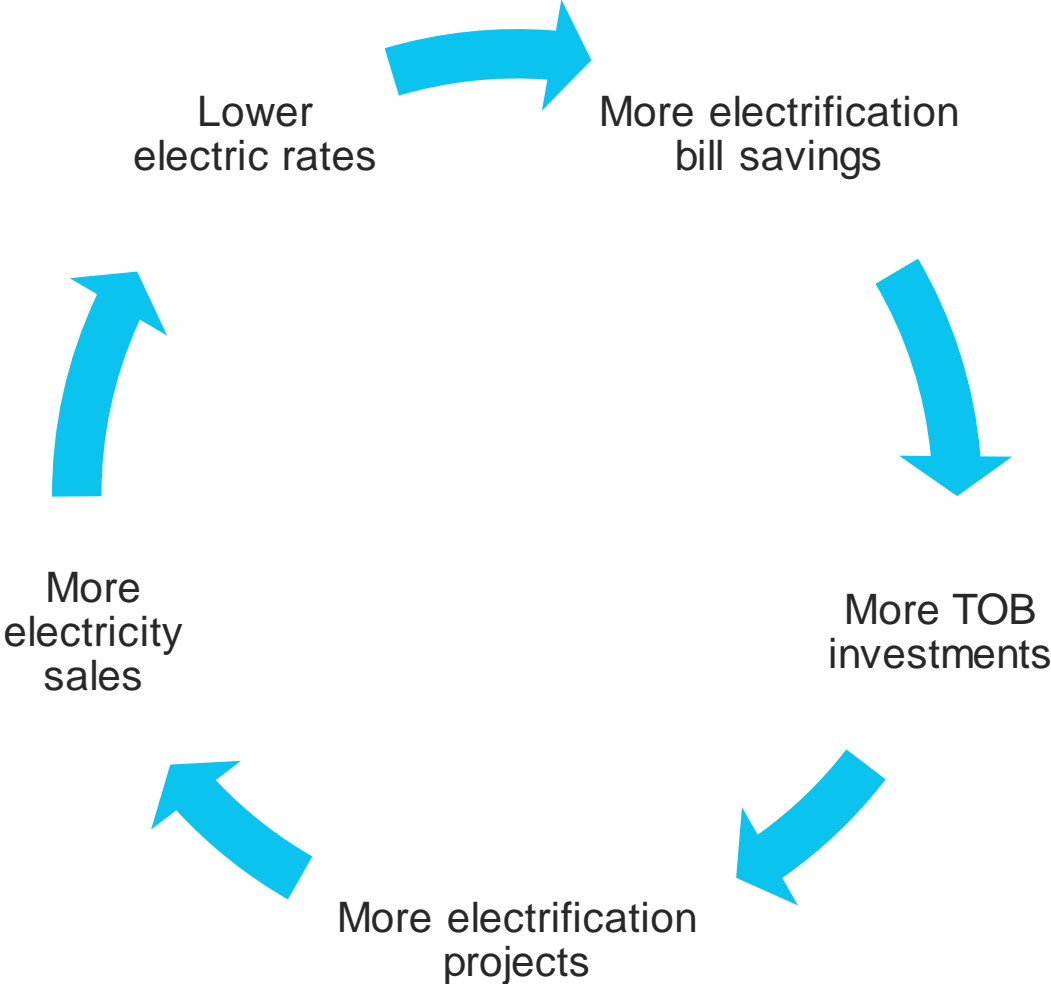
- Electrification can lead to lower household energy costs, however, the up-front investments in EVs and other DERs for lower-income Californians may be a barrier to participation.
- NEM and DER customers are disproportionately wealthier homeowners that are able to arbitrage rates and reduce bill impacts by investing in solar PV, storage technologies, electric vehicles, and other behind-the-meter (BTM) solutions.
- Conversely, Lower-income customers are less likely to participate in BTM offerings and more likely to pay for incremental costs displaced by BTM customers.

TOB helps lower-income customers gain access to BTM investment opportunities in a way that more incentives and more consumer lending cannot.

TOB for beneficial electrification contributes to lower electric rates in virtuous cycle

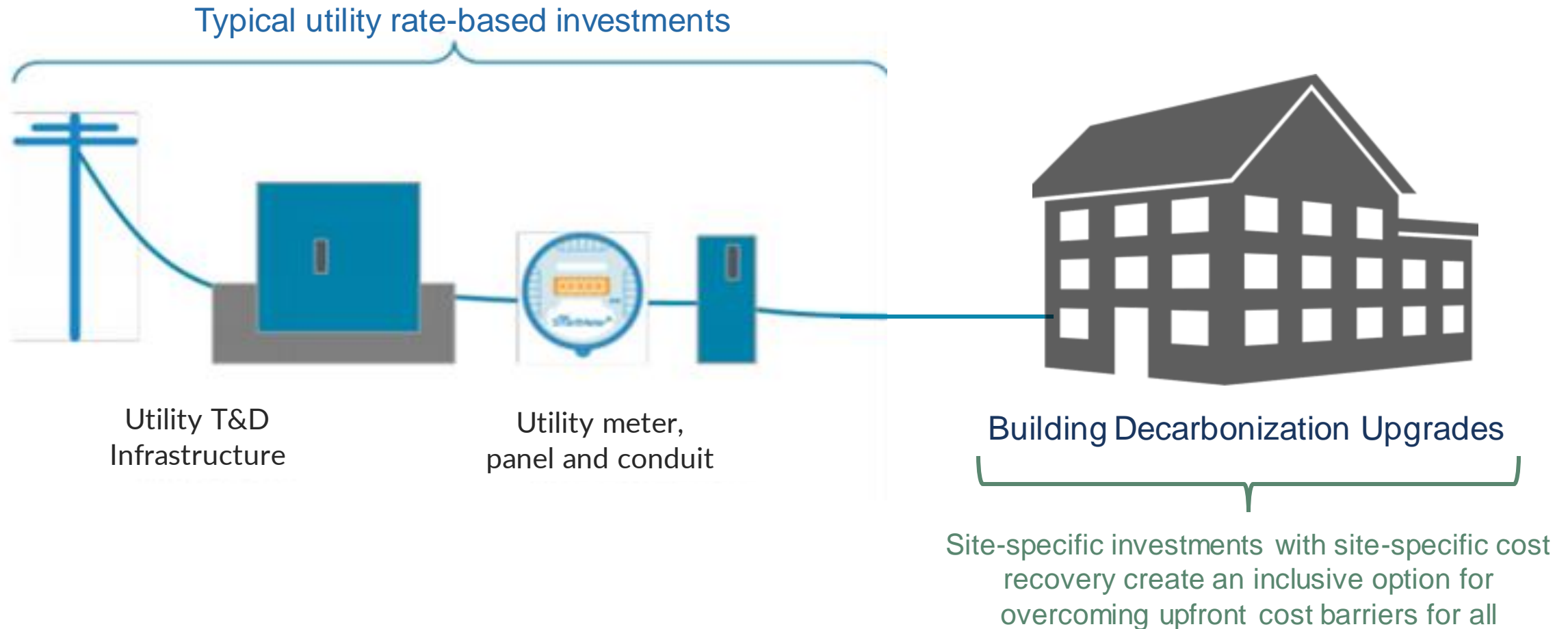
Feb. 2021 En Banc found that...

- Residential rates for the three IOUs would fall by 1.4-2.1c/kWh under the High Electrification scenario (because increase in sales exceeds increase in revenue requirements)

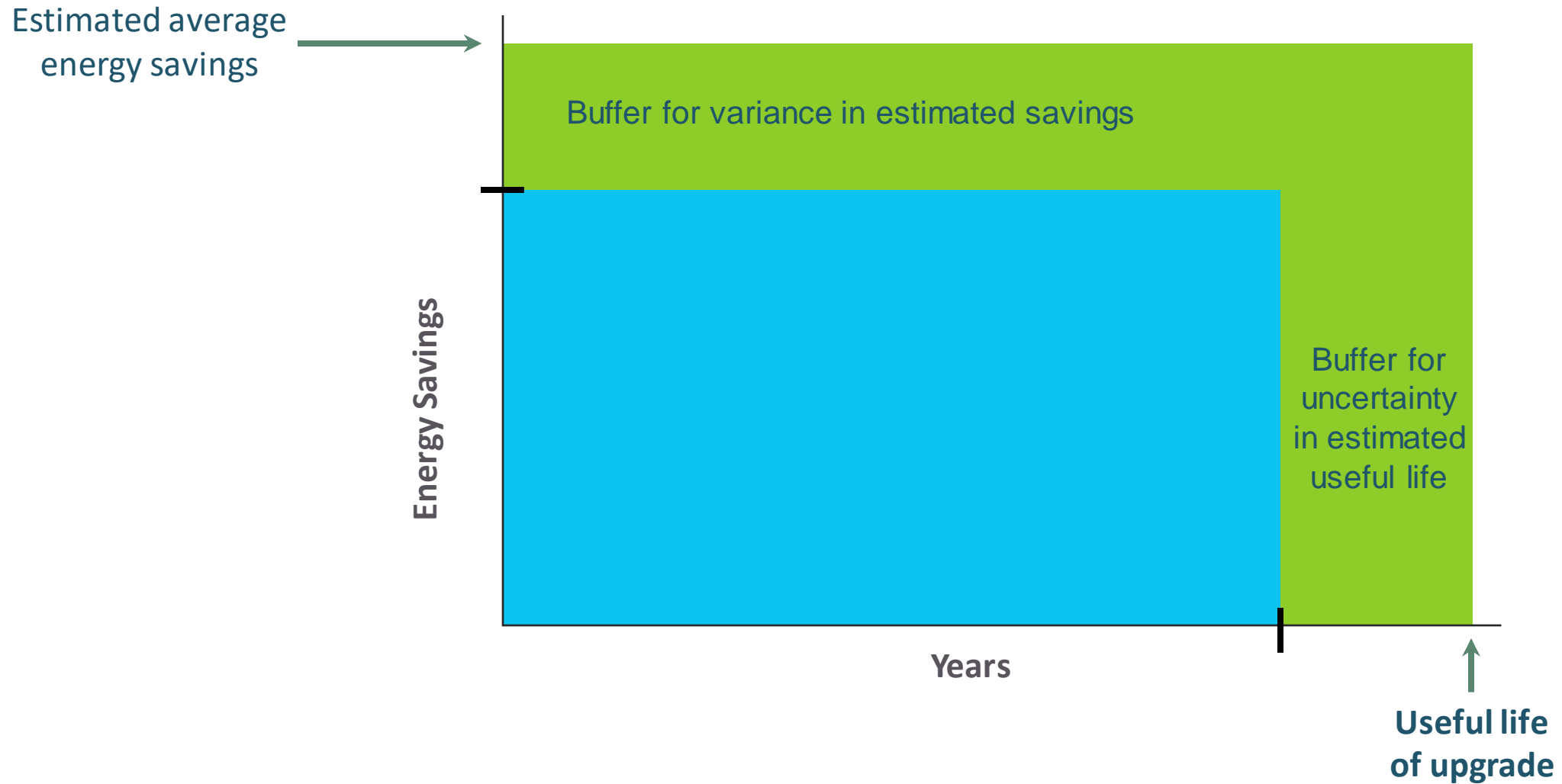


Q. What are Tariffed On-Bill Investments?

A. Site specific investments on tariffed terms with on-bill cost recovery



Assurance of net savings via tariffed on-bill investment



Attributes

On-Bill
Loan

TOB
Tariff

- No upfront participant cost for cost effective upgrades

✓

?

- No credit or income qualification required

✓

- Renters are eligible

✓

- Estimated savings must exceed cost recovery charges

✓

- Participant accepts an opt-in utility tariff tied to the location

✓

- Cost recovery is through a fixed charge on the utility bill

✓

✓

- Cost recovery subject to same repayment obligation as the rest of the bill

✓

- Payments end if upgrade fails and is not repaired

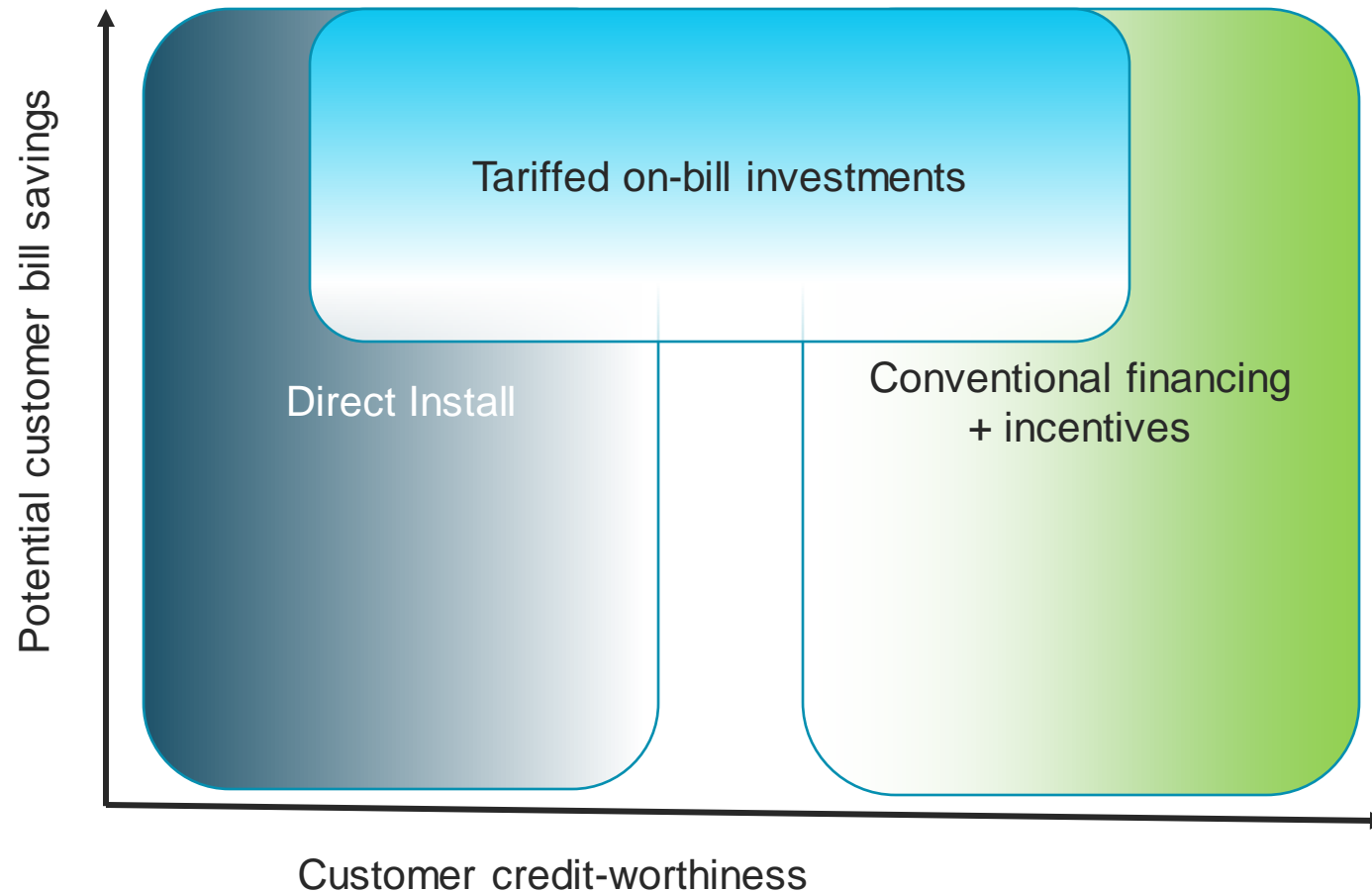
✓

- Cost recovery runs with the location and remains in effect for subsequent customers at that site until cost recovery is complete

✓

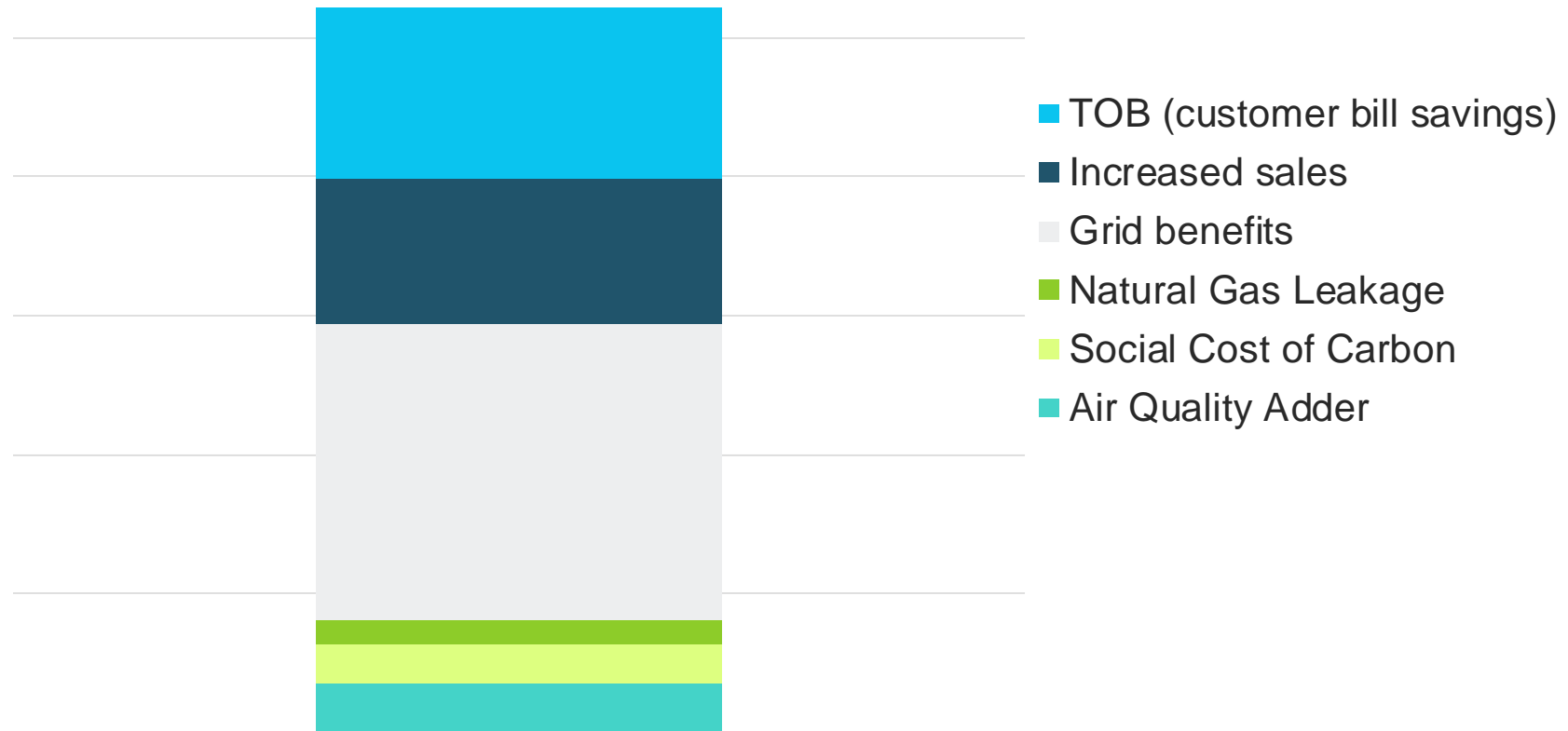
TOB's Role in the Program Portfolio

- Expand residential customer access to decarbonization upgrades and accelerate investments



Building Electrification Requires an Integrated Approach

- TOB investments mobilize capital tied to customer bill savings
- Multiple value streams must be monetized to complete the project capital stack, include values to ratepayers and society at large



Thank You

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Tre'Laine



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