



On-Bill Tariff Stakeholder Meetings

May 2021



WELCOME



Connecting our
members and communities
with safe, reliable, affordable
and sustainable energy solutions.



AGENDA

Welcome and Introductions – *Peter Muhoro, REC*

Message from REC Board – *Randy Thomas, REC*

REC Overview and Programs – *John Hewa, REC*

On-Bill Tariff 101 – *Wesley Holmes, SEEA*

On-Bill Tariff in VA Review of SB 754 – *Sam Brumberg, VMDAEC*

REC On-Bill Tariff Draft Program – *Joyce Bodoh, REC*

Breakouts

Report Out and Next Steps – *Wesley Holmes, SEEA*

Closing Remarks – *David Koogler, REC*



SPEAKERS



Peter Muhoro, REC
*Vice President Strategy
& Technology*



Randy Thomas, REC
*Board Treasurer,
Region V*



John Hewa, REC
President & CEO



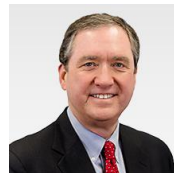
Wesley Holmes, SEEA
*Director of Strategy
& Development*



Sam Brumberg, VMDAEC
*Vice President, Regulatory
Affairs & Counsel*



Joyce Bodoh, REC
*Director, Energy
Solutions & Clean Energy*



David Koogler, REC
*Senior Vice President,
Member Services &
External Affairs*



Randy Thomas
Region V
Board Treasurer



REC'S STAKEHOLDER PROCESS

May 21

Meeting #1 : On-Bill Tariff 101 and VA SB 754 Context

Overview of Rappahannock Electric Cooperative and Programs
Education on on-bill tariff investment programs and model tariff & Virginia law
Overview of REC's draft on bill tariff program and stakeholder listening session

June 30

Meeting #2 : REC Program Design Review and Key Design Elements

Consumer experience (obligations and commitments, protections, billing example)
Program management process and quality assurance protocols

August 26

Meeting #3 : Stakeholder Questions, Clarifications and Feedback

Review summary of submitted questions
Address written questions (via breakout groups if needed) and invite additional requests for clarification in real time



MEGATRENDS IN THE ELECTRIC INDUSTRY



DECARBONIZATION

By 2040, **RENEWABLES** will represent **30%** of global net electricity



DIGITIZATION

GROWING THE NUMBER of connected devices & smart sensors



DECENTRALIZATION

GROWING PENETRATION of distributed resources (renewable, storage, efficient devices)



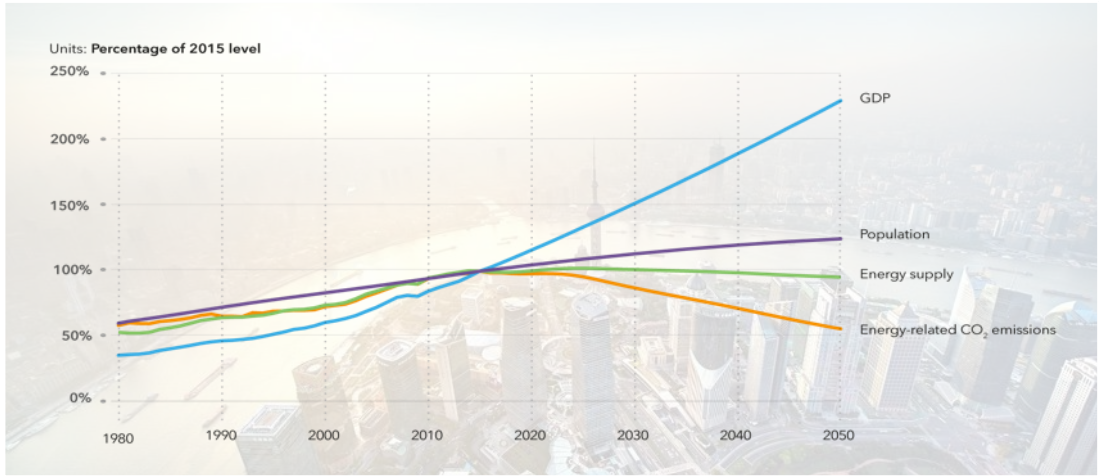
ELECTRIFICATION in energy ecosystem

ELECTRIFICATION OF ENERGY USES, transport (EVs) and heating

Source: GE



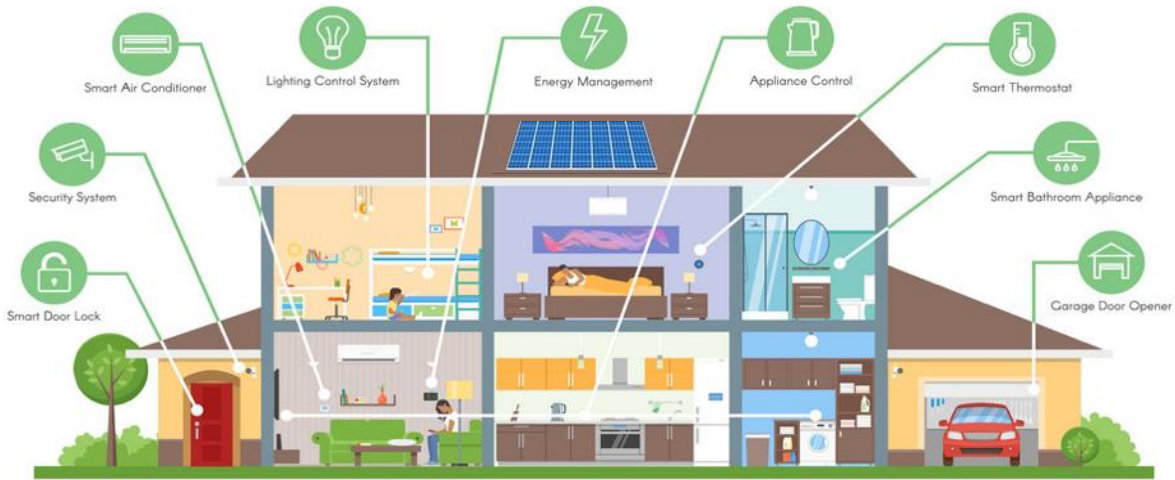
WHAT'S IN STORE FOR THE FUTURE?



Source: DNV GL

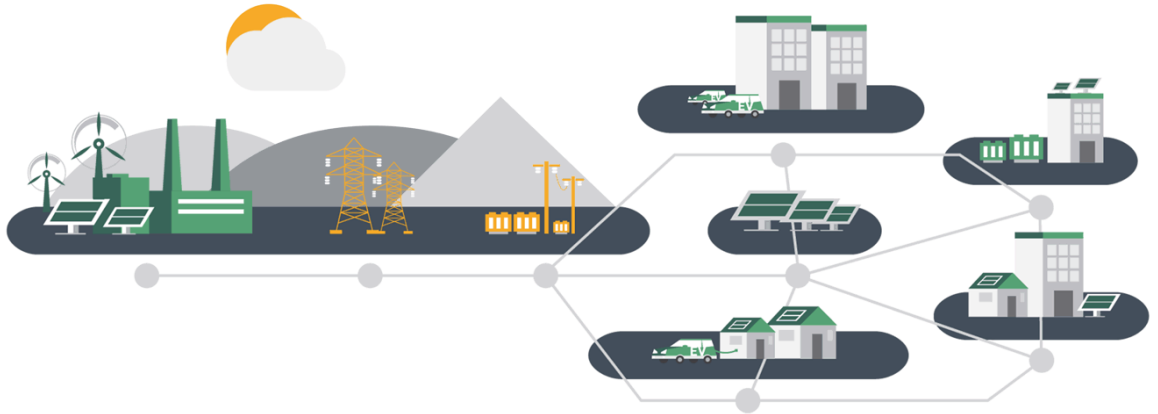


THE CONNECTED HOME





A WHOLE NEW GRID



Source: EPRI/Wood Mackenzie



John Hewa, Dr. Eng.
President & CEO



REC QUICK FACTS



22 Counties

4,000 sq. mi. Territory

170,000 Services

17,000 Miles of Line

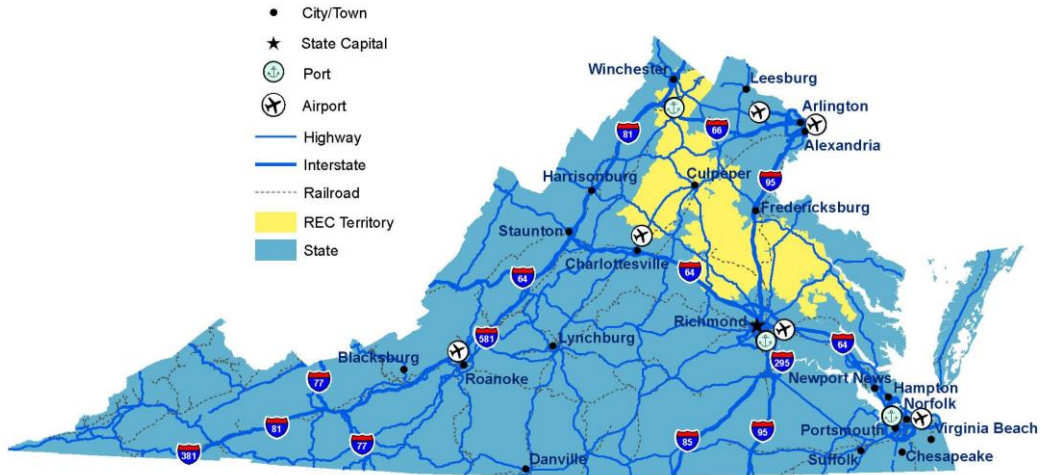
10 Accounts per Mile

\$460M Revenue

430 Employees



REC SERVICE TERRITORY





A CONNECTED CULTURE





CORE VALUES

CARING



INTEGRITY



RESPECT



SERVICE





COMMITMENT MATTERS

2019-2023 Strategic Plan

**Business
Continuity &
Cooperative
Strength**



**Member &
Community
Engagement**



Affordability



**Technology
Optimization**



**Environmental
Stewardship**





LEADERSHIP PRIORITIES

WITHIN THE ORGANIZATION

Taking care of Employees

Strengthening Our Systems

Preparing for the Future



MEMBER-FACING

Focus is on
Delivering on our
Core Business

Expanding Our
Programs &
Offerings

Engaging &
Facilitating in the
Community

Modeling Co-op
Innovation &
Strength



RESULTS

Exceeding Member Expectations



REC Energy Services and Solutions





WAVE OF TECHNOLOGY

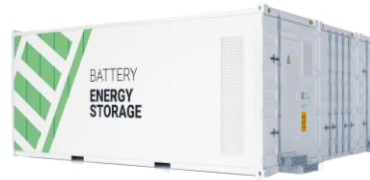
Distributed Energy



EV Charging



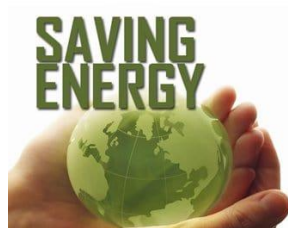
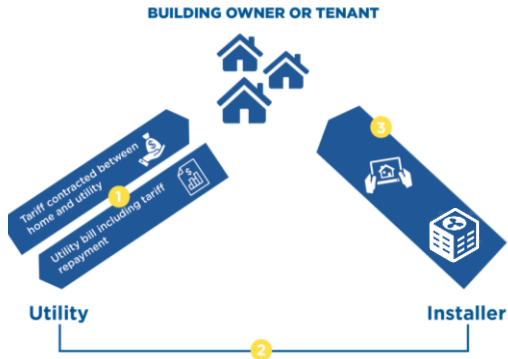
Energy Storage



May 21, 2021



FOCUS: ENERGY EFFICIENCY ON-BILL TARIFF






Wesley Holmes
Director of Strategy
& Development



SEEA

SOUTHEAST ENERGY EFFICIENCY ALLIANCE



The Southeast Energy Efficiency Alliance (SEEA) promotes energy efficiency as a catalyst for economic growth, workforce development and energy security across 11 southeastern states including Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee and Virginia.

SEEA works to expand the availability and accessibility of capital to make energy efficiency investments.

What we learned:

Solutions that work for anyone – regardless of income, credit score, or renter status – are better for everyone.

EE Finance Activities

- 2012-2018 Southeast Energy Efficiency Fund Investments
 - Abundant Power – Commercial Loans (NC)
 - Renew Financial (WHEEL) – Residential Loans (FL)
 - Sunstate Federal Credit Union – Residential Loans (FL)
 - Kentucky Housing Corporation - EE loan program
 - MACED – Kentucky On-Bill Program
 - Jax Metro Credit Union – Residential Loans (FL)
- 2014 Arkansas Energy Office Statewide Financing Options Study
- 2014 North Carolina On-Bill Working Group
- 2017 SEEA Learning Circle for Inclusive Financing
- 2019 Southeast Tariffed On-Bill Cohort
- 2020 – Utility Guide to Tariffed On-Bill Programs

Understanding “On-Bill” Terminology

Financing & Repayment (Utility or 3rd Party Loans)

Tied to the property owner

Traditional loan underwriting

Available only to property owners

No utility service disconnection

Generally not transferable

Tariff

Tied to the meter

Bill payment history

Available to any utility customer

Disconnection for non-payment

Transferable (with consent)

An investment in housing is an investment in the energy system.

Tariffed on-bill programs treat improvements to the energy performance of homes and buildings as an investment in system reliability and as a development of lower cost distributed energy resources, such as energy efficiency. The utility employs its established authority to make investments and seek cost recovery through tariffs using existing mechanisms for issuing bills and collecting revenue.



Tariffs have succeeded where loans failed.



Ouachita Electric Cooperative Corporation

- Located in Southwest Arkansas Delta Region
- 8500 meters, mostly Residential
- Housing stock between 50 and 100 years old
- Average household median income of ~\$29K (AR average is~\$42k.)
- Provided Home Energy Loan Program (HELP) from April 1, 2015 – December 31, 2015
- Converted to tariff model HELP PAYS in April 2016



Participation Tripled

- HELP (Loan) Apr – Dec 2015
 - 70 Single Family Homes
- HELP PAYS (Tariff) Apr – Dec 2016
 - 118 Single Family Homes
 - 82 Multifamily Units
 - 2 Commercial

Average Investment Doubled

- HELP = \$2,280
- HELP PAYS = \$5,600

Total Investment Tripled

- HELP = \$500,000
- HELP PAYS = Over \$1.6 Million

Tariffs reach the “hardest to reach” communities.



Roanoke Electric Cooperative

Your Touchstone Energy® Partner 

- Located in Northeast North Carolina
- 14,500 meters, mostly Residential
- Average household median income of ~\$39K (NC average is ~\$47k.)
- 48% spend over \$200/month (30% is National Co-op average)
- Provided loan program in 2014
- Converted to tariff model (Upgrade to Save) in July 2015



Participation Increased

- Loan Program Enrollment
 - 1000 targeted/15% Showed interest
 - “Handful” qualified/ < .1% participated
- Upgrade to Save Enrollment
 - 250 Single Family Homes

Average Investment Change

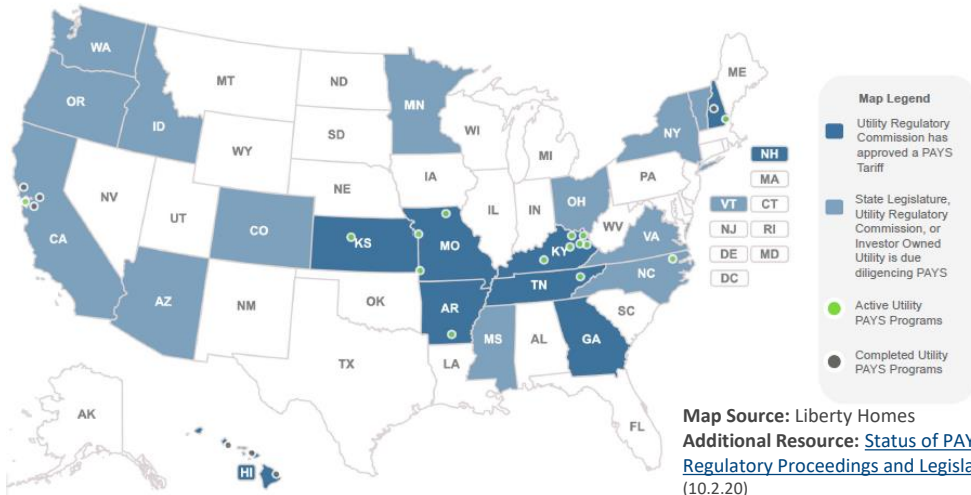
- Loan Program = \$0
- Upgrade to Save= \$7,200

Service Area Total Investment Change

- Loan Model = \$0
- Upgrade to Save= Over \$1.5 Million

TOB adoption is accelerating nationwide, receiving bipartisan political and regulatory support everywhere it has been proposed.

Pay As You Save[®] Utility Program and Regulatory Landscape



Co-ops continue to lead. Realizing cost effective investments and operational savings with zero ratepayer defaults.

	Midwest Energy (KS)	MACED (KY)	Ouachita Electric Cooperative (AR)	Roanoke Electric Cooperative (NC)	Appalachian Electric Cooperative (TN)
Start Date	2008	2011	2016	2017	2019
Customers Reached	4.8%	0.2%	6.2%	8.5%	0.2%
Offer Acceptance Rate	70%	78%	90%	90%	90%, no-pay 77% (Overall)
Average Upgrade Package Size (\$)	\$5,965	\$7,500	\$6,300	\$7,650	\$8,550
Average Annual Savings* (Est. / Evaluated)	20% \$668	18% \$519	26% \$644	23% \$709	24% \$629
Average Monthly Energy Savings (\$)	\$55.67	\$43.25	\$55.33	\$50.08	\$52.42
Average Monthly Tariff (\$)	\$44.53	\$34.60	\$44.26	\$47.26	\$41.93
Charge-offs	<0.1%	<0.4	Zero	Zero	Zero

*Coming in 2022, Rappahannock Electric Cooperative (VA)



Source: Energy Efficiency Institute, 2019:

<http://www.eeivt.com/wp-content/uploads/2019/05/2019-PAYS-Status-Updates.pdf>



Sam Brumberg
*Vice President of
Regulatory Affairs
& Counsel*



A Touchstone Energy® Cooperative 

History of On-Bill Tariff (Financing) in Virginia & Va. Code Sec. 56- 585.7

Sam Brumberg

Virginia, Maryland & Delaware Association of Electric Cooperatives

On-Bill Tariffs

- Commonly called “on-bill financing” or “on-bill repayment.” An example is the “Pay As You Save” or “PAYS” model.
- Allows member-consumers to purchase energy efficiency upgrades, appliances, and other upgrades through their electric bills.
- This is done through a **tariff** to which the member-consumer subscribes, like any other utility rate.
- Convenient for the member-consumer, regardless of consumer credit history. Simple terms and convenient repayments.
- Co-op takes on risk, but with a strong incentive towards repayment.
- In Virginia, the energy savings charge is not a consumer credit purchase, so we use the term “on-bill tariff” instead of “on-bill financing.”

Legislative History

- What is now Va. Code Sec. 56-585.7 started out as Senate Bill 754 (Sen. Dave Marsden).
- It was approved unanimously by the General Assembly.
- Bill was originally sponsored by Powered By Facts, an energy advocacy group. The proponents wanted to create a mechanism to make EE improvements to those rural homes which needed it most, in partnership with the Co-ops.
- VMDAEC strongly supported the bill.
- Significant input came various parties including:
 - SELC
 - VPLC
 - NHT
 - Virginia Office of Attorney General
 - ...and many others!
- Became law on July 1, 2020.
- First Co-ops could begin OBT on and after January 1, 2021.

Why needed?

- We wanted to be able to offer member-consumers options and convenience!
- Cooperatives around the nation have had success with these programs, and Virginia Co-ops were eager to participate. However, \$50,000-\$150,000+ of initial investment in the regulatory proceeding alone was a big deterrent.
- The solution was the legislation, which allows for a Cooperative initiated, but ultimately-Commission-reviewed process using an informational filing.
- Co-ops are not-for-profit and owned by their members, so there is no incentive to recover anything beyond the costs of the program.
- A stakeholder process was added to ensure broad engagement, consultation, and participation.



The Process

Va. Code Sec.
56-585.7

- Stakeholder process takes a minimum of 3 months.
- Open to Co-op member-consumers, and others.
- External stakeholders have been invited from:
 - SELC
 - VPLC
 - National Housing Trust
 - VAEEC
 - SCC Staff
 - Solar Advocates
 - Consumer Advocates
 - OBT Contractors/Providers

Va. Code Sec.
56-585.7

- Stakeholder process may include anything, but must include:
 - Program Design
 - Consumer Safeguards
 - Selection, Oversight, and Licenses of Vendors
 - Evaluation, Measurement & Verification (EM&V)
 - Consumer Disclosures & Notifications, including VCPA
- We should also discuss...
 - Targeted & Selected Member-Consumers, Eligibility (especially post-COVID)
 - The OBT Agreement
 - Dispute Resolution & Consumer Relief
 - Impact of Existing Residential Disconnections Moratorium

A decorative background featuring several concentric, curved lines in shades of gray, some solid and some dashed, creating a sense of motion or energy. A prominent red callout box with a white border and a downward-pointing tail is positioned on the left side of the slide.

Things to Remember

- This program is designed to ***benefit member-consumers!***
- The member-consumer will always be better off using this program in terms of overall electrical consumption.
- The end goal is ***lower electric bills over time.***

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Thank you!

Contact Me:

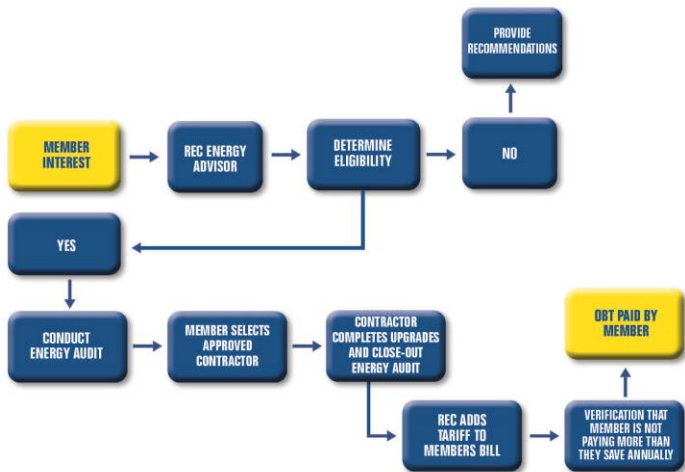
sbrumberg@vmdaec.com



Joyce Bodoh
Director of
Energy Solutions
& Clean Energy



ON-BILL TARIFF PROCESS



Stakeholder Listening Session



STAKEHOLDER LISTENING SESSION

PROCESS

- Attendees will be divided into three breakout rooms
- Each room will be facilitated by a SEEA staff member
- Questions and comments will be received verbally and via chat
- Questions will not be resolved during this session

GOALS

- Better understand stakeholder needs
- Identify key areas of interest
- Inform the next scheduled session
- Improve REC's program planning and design

Stakeholder Discussion

What do you hope to gain from this stakeholder process?

What questions or input do you have about REC's program design?

What outcomes do you want to see from this program?



WHAT HAPPENS NEXT?

- REC will send an email to all attendees following this presentation.
- Attendees will be provided with
 - A copy of all slides
 - A shareable registration link for the next session
- If you have additional questions about this process or REC's program design, you can contact REC directly.



Joyce Bodoh

Director - Energy Solutions
& Clean Energy
jbodoh@myrec.coop



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THANK YOU



**#WE
ARE
REC**

