



**Why New York needs on-bill recovery:
How on-bill recovery will work with Green Jobs/Green NY to generate 60,000 jobs & \$5
billion for NYS**

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In 2009, we did it! We passed the Green Jobs-Green NY bill to massively scale up NY's green economy: to retrofit a million homes in 5 years at no up-front cost to owners at all income levels, and let energy savings pay for the work over time; and to give communities a strong hand in energy programming as a powerful economic development tool.

The promise of Green Jobs-Green NY is the promise of 60,000 job-years¹ – **over 14,000 people in good, permanent jobs in retrofit contracting – and another 14,000 “indirect” jobs** in related manufacturing and sales driven by those new earners.

We created the Green Jobs-Green NY program. So where are the green jobs?

The Green Jobs-Green NY Act left one critical piece undone – the safe, prudent financing that lets homeowners use energy savings *after* the retrofit to pay for the work: “on-bill financing.”

Without on-bill financing, at least half of New Yorkers can't access the cash or credit needed to pay for retrofits – so they can't benefit from energy savings, and they can't employ contractors to do the work.

Without on-bill financing, New York loses the \$5 billion in private capital that we need to invest in homes – to perform one million retrofits and create those 28,000 jobs. We can't wait till next year: GJGNY is funded by a one-time allocation of \$112 million in RGGI funds, and the law requires NYSERDA to roll out a program in the next few months. If deprived of more innovative financing tools, NYSERDA will have to spend that \$112 million on direct loans and subsidies, instead of using it to leverage \$5 billion. (For reference, that would get us about 900 job-years – instead of 60,000.)

The benefits of GJGNY – the jobs, the energy savings, and the creation of a sustained green economy – are only possible through mass-scale retrofits. For those, we need mass-scale financing. The NYS Legislature claimed a huge victory for green jobs when it passed GJGNY, but if we don't unlock the last door with the on-bill financing law, we'll lose the whole thing.

What's on-bill financing, and why do we need it?

The GJGNY law created a state-run fund that allows major lenders to invest in retrofits of individual homes, and to be repaid by the savings from those homeowners' energy improvements. (It's similar to microlending: large investors won't bother lending to small-fry businesses, but they'll invest in a fund that pools many tiny loans – making capital available to people who never had access before.)

¹ Green job creation is usually measured in job-years (one person working for a year.) In the less-common cases where work keeps going – like GJGNY – those statistics translate into a more meaningful measure: permanent jobs.

On-bill financing lets the homeowner pay back those investments as a small monthly charge on their utility bill. The utility bill savings from the retrofit are matched to the repayment, so the homeowner never takes a hit in the pocketbook. And all the important protections that come with utility bills also apply to the retrofit charge – **making retrofit debt very different from home equity loans or other potentially harmful consumer debt.**

We actually need a range of financing options to cover the wide range of homeowners in New York. On-bill financing only works for electric- and gas-heated homes. PACE financing, which lets homeowners pay back retrofit costs on their property tax bill, can cover all fuels. But only on-bill financing is safe enough for many low- to moderate-income homeowners.

Assuming that households who earn less than \$50,000/year can't take out prudent bank loans for retrofits, then **about half of New York State homeowners need on-bill recovery to access energy-saving retrofits.** If we only provide for retrofits for homeowners who are doing better than most in their area, we simply can't sustain those 14,000 jobs.

On-bill financing is the safest option for giving homeowners access to energy-saving retrofits. PACE loans are also critical, but won't serve homeowners underwater or in economic distress.

	On-Bill Financing	PACE Loan	Unsecured Consumer Debt	Home Equity Loan
Who can get financing for an energy-saving retrofit?	Any homeowner (using electricity or gas heat) who consistently pays their utility bill.	Any homeowner whose home value and income are high enough to qualify.	Any homeowner meeting minimal creditworthiness test.	Any homeowner who can find a willing bank.
What's the worst that can happen if you miss one payment?	You're billed again the next month, and you get a warning letter of possible future service termination.	You're billed again the next month, and a tax lien may be initiated on your home.	Your credit is tarnished by late payment.	Your loan may be demanded in full, and/or terms of loan may change.
What if you never pay up?	Your utility account is closed, and credit is damaged by a write-off (past-due amount only.)	Your home is subject to a lien and potential seizure.	Credit is decimated by write-off of full outstanding amount; future credit difficult/impossible to secure.	Foreclosure.

What must on-bill financing legislation include?

- Allow GJGNY customers to place a retrofit repayment charge on their utility bill.
- Treat that retrofit charge like any other charge on the bill – if you don't pay in the long run, your service may be shut off. But if you're just late with payment, utility consumer laws protect you from dire consequences.
- Make sure the monthly repayment matches the projected energy savings.
- Require that all retrofits under GJGNY create good, local jobs, and that the work meet high standards.
- Create a strong system for addressing customers' complaints, and making sure people are only billed when the retrofits are performing as they should.
- Allow homeowners to use grants or rebates (like WAP and Home Star) to reduce the amount they have to repay.
- Require the Public Service Commission (which makes rules for utilities) to get on-bill financing underway immediately.