

Fact Sheet: ON-BILL RECOVERY

Green Jobs-Green NY

Green Jobs-Green NY passed in 2009 as a **major jobs bill**, some of the legislature's best work on the economy – directly creating 60,000 jobs around the state, and indirectly creating *another* 60,000 jobs. **It will raise \$5 billion for capital improvements to New York homes without ever touching the state's budget – but only if we put this last piece in place: On-Bill Financing.**

GJGNY is a critical program for communities of **homeowners, tenants and business owners**. It will make 1 million homes and businesses energy efficient, **saving New Yorkers a projected \$1-2 billion on energy bills each year**. That money can be spent to pay off mortgages, send kids to college, keep people's homes in decent condition.

The cost of wasted on energy is sapping New York's economy. A dollar spent on fuel only produces between 1/2 and 1/3 as much economic impact as a dollar spent on construction or consumer goods.

We have some of the oldest, leakiest, most energy-inefficient housing in the country – *and* some of the most expensive energy. **But New Yorkers can't afford energy-saving home retrofits, so they're stuck paying exorbitant costs for energy they're not even using.**

Green Jobs-Green NY was intended to allow tens of thousands of home- and building-owners to access safe, full financing for retrofits, so they could finally to get energy efficient. But we left the actual financing to a second round of legislation. This is the second round.

Without financing that works for moderate-income homeowners, Green Jobs-Green NY will have no customers, achieve no energy savings and create no jobs.

GJGNY retrofits with "On-Bill Recovery"

On-Bill Financing is the key that unlocks Green Jobs-Green NY. It's simple: on-bill financing lets NYSERDA pay the upfront cost of making a home energy-efficient, and then recover that investment as the homeowner saves on their utility bill.

How does it work? The state's energy agency, NYSERDA, pools large-scale investments from private lenders, in the millions or billions. With that funding, NYSERDA makes small loans to homeowners – and only for projects that will pay for themselves. Then NYSERDA tells the homeowner's utility to add a small monthly charge to the homeowner's utility bill, no bigger than the monthly utility bill *savings* the project has been shown to create. If the home is sold, the new owner takes over the payment and reaps the benefits. When the loan is paid off, the homeowner keeps the full savings. If a homeowner ever stops paying, investors and the state

fund are partially protected by a reserve fund, and the state recoups its money if and when the utility collects payment.

Why do we need to involve the utility bill? The utility bill is just the collection vehicle, but it's critically important:

- It **makes the link between energy savings and the repayment** – the homeowner doesn't have to budget for repayment, or remember not to spend their savings on something else.
- It **gives homeowners the protections of a utility bill** – hard-won HEFPA protections that mean the world doesn't end if you make a late payment, as long as you pay.
- It **gives lenders the certainty of being repaid** – people pay their utility bills first.

On-Bill Financing is the *only* financing that can work for many struggling homeowners.

They can't and shouldn't get home equity loans, or load up their credit cards with debt. But redirecting a portion of their utility bills to pay for efficiency instead of energy – without increasing the bill – is rational and safe.

On-Bill Financing is also the *only* financing that will allow lenders to pony up \$5 billion for retrofits to households of modest means. **Lenders will invest because they know they'll get paid back;** since the retrofit generates the money to pay for itself, and utility bills have a good track record for payment.

On-Bill Financing doesn't cost utilities a dime. If they upgrade their billing systems, they get reimbursed. When they have administrative costs from billing the retrofit charge, they get paid. **Utilities and their customers will save because they'll avoid the need for more power plants.**

- **On-Bill Financing will allow tens of thousands of homeowners to get retrofits who otherwise could not get them.**
- **We need those customers to create 60,000 jobs.**
- **There's no cost to the state, no cost to utilities, and a \$5 billion benefit to homeowners.**
- **Green Jobs-Green NY depends on On-Bill Financing.**