Representative Adam Wool

Alaska State Legislature • District 5 Fairbanks

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Sectional Analysis

CSHB 374 (L&C)

"An Act relating to on-bill financing by a utility for certain energy efficiency and conservation improvements."

Sec. 42.05.750 On-bill financing of energy efficiency improvements: authorization and eligibility.

(a) Allows a utility to enter into an on-bill financing agreement with a customer to finance energy conservation systems. The agreement provides for the utility to cover costs through a meter conservation charge on the customer's utility bill.

(b) Building must be occupied and not under initial construction to be eligible.

(c) The interest rate on the loan to finance the energy improvement must be fixed.

(d) Balance of loan may be paid in full without penalty at any time.

(e) Nothing in this section requires a utility to enter into an agreement with a specific customer or for a specific devise or system.

Sec. 42.05.751 Meter conservation charge.

(a) A meter conservation charge may be used to recover actual costs, including administrative costs, and repayment of costs performed by a third party.

(b) To recover costs under an on-bill financing agreement, a utility may assess a meter conservation charge on the customer who initially entered into the on-bill financing agreement; or a subsequent purchaser of the property.

(c) A meter conservation charge must be shown as a separate item on a customer's bill.

(d) A utility may treat failure to pay a meter conservation charge the same as failure to pay the utility or gas account and may disconnect service in response to non-payment. A utility may not remove an energy improvement system in response to non-payment.

(e) Money collected by a utility as a meter conservation charge may not be taxed as revenue.

(f) The billing and collection of a meter conservation charge does not subject a utility to the laws that regulate financial institutions.

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Sec. 42.05.752 Notice of on-bill financing agreement and meter conservation charge.

(a) A utility that enters into an on-bill financing agreement must file notice of the agreement, intended to give a subsequent purchaser notice that the building is subject to a meter conservation charge.
(b) A utility must file notice when an on-bill financing agreement is paid in full.

Sec. 42.05.753 Transferability of on-bill financing balances to subsequent purchasers.
A utility that enters into an on-bill financing agreement may recover costs from a subsequent purchaser.

Sec. 42.05.754 Rental Property.
(a) A utility may recover costs under an on-bill financing agreement by accessing a meter conservation charge for a rental property only if the landlord is responsible for the entire utility bill, including the meter conservation charge.

Sec. 42.05.755 Third parties; contracting and liability.

(a) A utility may contract with a third party for financing the costs of an energy conservation system.
(b) If a third party installs, operates or maintains the energy conservation system, the utility is not liable for these functions and may not provide a warranty of fitness on the system.
(c) When a utility contracts with a third party to perform administrative or financing functions:
    (1) & (2) The third party is not liable for the energy conservation system and may not provide a warranty of fitness on the system.
(d) The provisions in (b) and (c) above may not be construed to impair the rights of a utility customer against any parties involved in the purchase or installation of an energy conservation system.

Sec. 42.05.756. Definitions.

(1) "energy conservation system" includes a fuel-switching system that does not increase greenhouse gas emissions and is either more efficient or results in lower fuel expenses.
(2) "meter conservation charge" means a charge placed on a customer's utility bill by which the utility recovers all costs related to the utility having entered into an on-bill financing agreement with the customer.
(3) "on-bill financing agreement" means an agreement entered into under AS 42.05.750.