Representative Adam Wool

Alaska State Legislature • District 5 Fairbanks

Chena Ridge • College • University West • Geist • UAF Campus • South Van Horn • Cripple Creek
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Sponsor Statement

CSHB 374 (L&C)

On-Bill Financing for Energy Upgrades

HB 374 would allow a utility to voluntarily create an on-bill financing or on-bill repayment program to help customers finance energy improvements. The improvement must utilize renewable energy or include switching to a more efficient device or fuel that does not increase greenhouse gas emissions. This legislation will be particularly useful as the Interior Energy Project expands its reach and a large number of Fairbanks residents choose to convert from oil to natural gas to heat their homes.

The on-bill financing program allows a utility customer to borrow money for an energy improvement and then repay it through a "meter conservation charge" on their utility bill. A customer's utility bill, even with the meter conservation charge, is often immediately lower due to savings in energy costs due to increased efficiency.

Examples of energy improvements that would qualify under HB 374 include: adding solar panels to a house; converting to a cleaner burning wood stove; and converting a boiler or furnace to natural gas.

HB 374 allows for utilities to create either an "on-bill financing" or an "on-bill repayment" program. Under the former type of program, the utility provides the capital for the loan to the customer and under the latter a third party financial institution would provide the capital.

A utility may recoup all of their costs associated with the program through a line item on the bill of a customer who has elected to utilize the program for an energy improvement. The balance of the costs on an on-bill financing agreement may be recovered by the utility when a property is sold.

HB 374 provides an optional tool for utilities and their customers to lower energy costs and improve air quality in Alaska.

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