

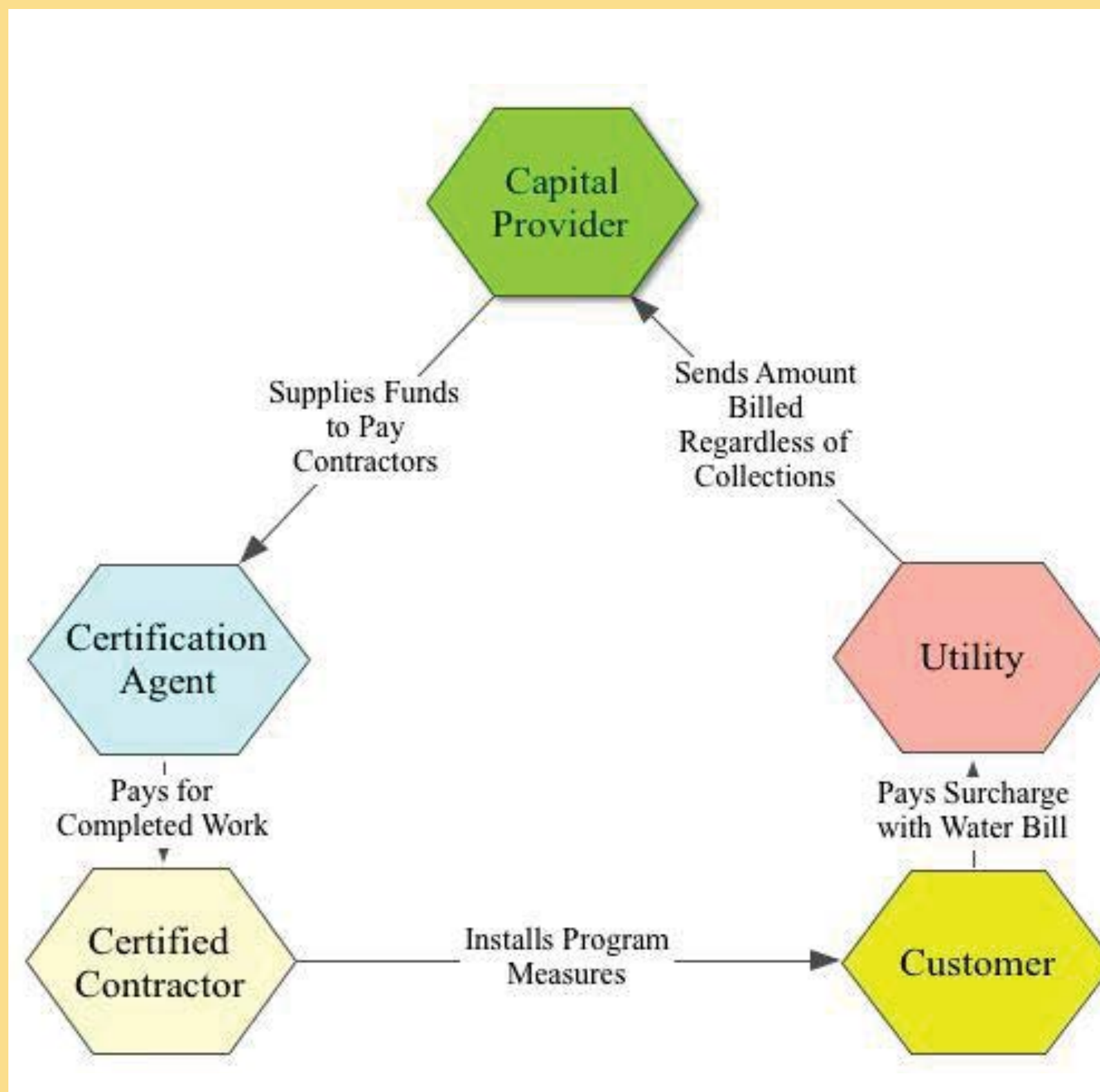
Implementing an On-Water Bill Surcharge to Fund Efficiency



The Sonoma County Regional Climate Protection Authority, under a grant from the United States Department of Energy's Better Building Program, is working with the Town of Windsor, to design and implement a surcharge on-water-bill pilot program. The Windsor Efficiency PAYS® pilot program is based on the Energy Efficiency Institute, Inc.'s Pay As You Save® (PAYS®) system. PAYS® is a market-based system in which customers, vendors, and capital providers, acting in their own interests, produce water and energy resource efficiency investment. Town of Windsor residents make water and energy saving upgrades to their homes or apartments and replace turf with drought-resistant landscaping with no up-front cost and immediate savings on water and energy utility bills.

www.WindsorEfficiencyPAYS.com

Pilot Program Roles and Responsibilities



Certification Agent	Utility
<ul style="list-style-type: none"> Contracts with Certified Contractors and customers Certifies projects as PAYS® eligible products Contracts with Utility so it may authorize PAYS® surcharge at installation location Draws on funding from Capital Provider to pay contractors 	<ul style="list-style-type: none"> Implements surcharge at customer locations when notified by Certification Agent Bills and collects payments from customers where PAYS products are installed Notifies successor customers of PAYS® obligations upon application for service
Certified Contractors	Customer
<ul style="list-style-type: none"> Markets PAYS® products Qualifies eligible PAYS customers Applies to Certification Agent to qualify PAYS® products Installs products and is paid by Certification Agent upon successful installation Lead contractor installs toilets, showerhead, aerator, CFL, on-demand recirculation pumps; secures customer approval for, and makes, referrals to dry-summer drought tolerant Landscape Contractor and Appliance Vendors 	<ul style="list-style-type: none"> Contracts with Certification Agent to buy certified PAYS® products Pays bi-monthly sur-charges only for as long as they remain at the location, measures are paid off or if measures fail and are not repaired Realizes net savings even while making surcharge payments If owner, obligated to notify successor customers about PAYS®

Contact: Misty Mersich, Program Analyst, RCPA
mmersich@sctainfo.org
(707)565-5373

Windsor Efficiency PAYS®: An offer that works

Utility customers are provided with "an offer that works":

- No up-front payment for most measures, no new debt obligation, no credit checks, and no liens
- A assurance that their monthly surcharge is lower than their estimated savings, based on resident provided usage data. Payments are structured so that the surcharge does not exceed three quarters of the expected savings, and the term does not exceed three quarters of the measure life, which in part provides the necessary cushion on which to base the offer.
- The assurance that the resident will pay the surcharge only while they remain customers at the location where the measures were installed. Measure payment is tied to a meter location rather than to an individual customer. If the customer moves, the monthly surcharge, along with the continued utility bill savings from the installed measures, is transferred and disclosed to the next water account holder.
- There are none of the typical risks associated with contracting for or installing measures. To ensure the program's contractors effectively market and install measures to residents, contractors are required to become Windsor Efficiency PAYS® certified contractors. Certification requires, successful completion of PAYS® program training, provision of required insurance and bonding, demonstrated experience installing program measures, and passing a written exam
- A promise that failed measures will be repaired or the payment obligation will end. If, at any time during the payment period, it is discovered that a measure was installed incorrectly, or failed to get required permits, and it cannot be fixed, the surcharge will stop. The resident will not be obligated to make additional payments. If it can be fixed, the payment term will be extended to recover repair costs; the resident will continue to pay, but only if the measure continues to function.
- Third party capital pays the upfront costs for all measures. For this pilot, the Town of Windsor decided to self-fund the project. Because the utility guarantees payment regardless of collections, PAYS® can offer solid investment opportunities and attract sufficient private capital to meet demand. PAYS® can also be used to enhance current efficiency programs, making them available to more types of customers while producing more efficiency with available funding.

Estimated Windsor Efficiency PAYS Costs and Savings*

	Total Installed Measure Cost	Co-Pay	Bi-Monthly Surcharge	Surcharge Duration	Average Bi-Monthly Estimated Savings	Average Bi-Monthly Estimated Net Savings
Basic						
High-efficiency toilet, showerhead, and two(2) aerators	\$334.56	\$0.00	\$7.78	10 years	\$15.90	\$8.12
Basic Plus						
High-efficiency clothes washer	\$768.80	\$0.00	\$16.70	10 years	\$22.05	\$5.35
Compact florescent light(each)	\$5.18	\$0.00	\$0.20	5 years	\$1.71	\$1.51
Drought-resistant landscaping (assumes 1,000 square feet)	\$2,650.00	\$0.00	\$37.26	15 years	\$49.66	\$12.40
Co-Pay						
Hot water recirculation pump	\$160.00	\$75.00	\$3.36	5 years	\$4.72	\$1.36
High efficiency refrigerator	\$1,301.32	\$845.29	\$18.06	5 years	\$24.10	\$6.04

* PAYS upgrade measures have been selected to provide an estimated \$1.00 in savings on resident utility (water & energy) bill for every \$0.75 of PAYS surcharge. Exact savings will vary and is dependent upon the accuracy of self-reporting usage estimates. Landscape package savings and billing apply only to summer months.



Residents start with a Basic Package that has no up-front cost, including toilets, faucet aerators, and showerheads, which must be installed in an eligible customer's home before other program measures can be offered.

Installation of the Basic Package creates enough savings so that Basic Plus measures can also be offered with no up-front cost to the customer, while still being cost effective for the Utility.

Co-pay Measures are not sufficiently cost effective to qualify for the surcharge alone, and require some out of pocket customer co-payment to enable the remainder of the measure cost to qualify for the surcharge.

Basic Measures

- Showerheads
- Toilets
- Faucets Aerators

Basic Plus Measures

- Drought- Resistant Landscape
- High Efficiency Clothes Washer
- Compact Fluorescent Lightbulbs

Co-Pay Measures

- High Efficiency Refrigerators
- On-Demand Hot Water Recirculation Pumps
- Clothes Dryers

