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## “On-Bill Financing: A Bright Idea for Nebraska”

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## “On-Bill Financing: A Bright Idea for Nebraska”

In over 29 states, a program called On-Bill Financing (OBF) is being utilized to improve the energy efficiency of homes and livelihoods of the people living in them. These programs have been implemented all over the country for many years, in states like Colorado, Hawaii, Iowa, and Michigan. According to the Environmental and Energy Study Institute (EESI), OBF has been wildly successful, reducing energy inefficiency, cutting energy bills, and improving the comfort of homes across the country with no upfront costs.

But what exactly is this mysterious money-saving program, and why hasn't Nebraska tapped into it yet?

The Department of Energy explains that OBF is one of many weatherization programs enacted by state and local governments, as well as electric utilities and natural gas companies, to provide homeowners or commercial building owners the option to invest in clean energy upgrades to their existing home or building through their utility. These investments are then paid off with the savings that the party incurs through their utility bill.

Participation in an OBF program consists of six easy steps: first, a customer signs up with their utility's program. Next, the utility determines if the customer is eligible. Then, an energy auditor visits the home or commercial property and develops a cost-savings energy efficiency work plan with the customer. The customer then collects bids from participating contractors, and the winning contractor installs the necessary measures on the work plan. Finally, the utility pays the contractor, and the customer repays the utility over time as a line item on their energy bill.

On-Bill Financing is an incredibly beneficial program for all parties involved, reducing energy expenses for customers, improving the values of their properties, creating jobs, and reducing pollution from inefficient energy systems. Residential programs have led to remarkable savings for low-income families and have been proven vital to economic growth in poorer communities. One example of this, a program in South Carolina led by the Rural Energy Savings Program led to a 34% reduction in energy usage for residential program participants and resulted in annual average savings of almost \$300 per home (on top of paying off their On-Bill loans).

Nebraska residents would benefit greatly from a state-administered OBF program for a multitude of reasons. First, with Nebraska's population of poverty-stricken individuals creeping up to almost 11% as reported by the US Census, an OBF program would provide much needed financial support for families struggling to make ends meet. Second, an OBF option to utility upgrades would make commonsense renewable heating and cooling technologies accessible to Nebraskans that wouldn't otherwise be able to make necessary upgrades. Third, an OBF program would create jobs for Nebraskans, which would further contribute to Nebraska's declining unemployment rate (which is 2.9% as of June 2018). Finally, Nebraska's participation in an OBF program would be instrumental in lowering carbon emissions created by inefficient energy systems in the state. In short, the benefits of an OBF program far outweigh any potential costs and would be a benefit to Nebraska's residents and industry alike.

So, what are we waiting for?

The major hurdle to OBF implementation is that it is almost entirely run through rural electric cooperatives, and public power utilities face issues with customers often times having to pay upfront investments before tax incentives and/or rebates kick in. This is a major problem for Nebraska, as the

state is the only one in the nation being run entirely on public power. The state has not completed the implementation process for this reason. However, at least 15 public power utilities in eight states already offer OBF programs to their customers, so implementation in Nebraska is not impossible in the future.

An On-Bill Financing program in Nebraska would be challenging but rewarding. There are many resources for Nebraska utilities and their partners to utilize, one of these being the Environmental and Energy Study Institute, located in Washington, DC. EESI works alongside public utilities to establish residential energy efficiency repayment programs and has been a vital part of the establishment of OBF programs across the nation.

In short, Nebraska could benefit immensely from consideration of a pilot OBF program. The benefits are far-reaching, from helping to create jobs for Nebraskans to saving our neighbors money on their energy bills. Investing in an On-Bill Financing program seems like nothing short of a bright idea.

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