

Pacific Gas and Electric Company

On-Bill Financing

Customer and Contractor Handbook



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1. Overview

PG&E's On-Bill Financing (OBF) Program is funded by California utility customers and administered by Pacific Gas and Electric Company (PG&E) under the direction of the California Public Utilities Commission (CPUC). OBF provides qualified, non-residential PG&E customers with a means to finance energy-efficient (EE) rebate and incentive programs implemented under select PG&E EE programs. The loans issued under OBF are interest-free. The loan proceeds will fund costs qualified PG&E customers incur in connection with a qualified retrofit project. The OBF agreements and rules are approved by the CPUC and can be reviewed utilizing the links at the end of this document.

2. Customer Eligibility

2.1 Customer Account Eligibility

Participation in OBF is limited to non-residential PG&E customers that meet the following conditions and satisfy these conditions throughout the duration of the retrofit project up to and including the date of final verification (defined in Section 15):

1. The PG&E customer must be a business customer or a federal, state, county or local government agency ("government agency customer"¹). Business customers and government agency customers are collectively referred to as "Customer"
2. The Customer currently receives service from PG&E at the location of the retrofit project (the "Location")
3. The Customer has continually maintained an active PG&E account for the previous 24 months and has a minimum of 12 months of historical metered energy usage at the Customer's current meter
4. At the time the Customer's program application is approved and the Customer's loan agreement is executed, and at the time the loan is to be funded following completion of the retrofit project and satisfaction of all other requirements of the loan agreement, the Customer must be in good credit standing, as determined by PG&E through a Payment History Screening that will include a bill history review, which may be based upon the following and other criteria:
 - a. No 24-hour disconnection notices in the last 12 months
 - b. No returned payments within the last 12 months
 - c. No more than one payment arrangement in the last 12 months
 - d. No payment arrangements the Customer did not meet within the last 12 months
 - e. No deposit assessed within the last 12 months.

If the Customer's account(s) does not satisfy all of the requirements of the Payment History Screening, the Customer will receive an email notification within five business days stating the reason for disqualification. If the Customer does not pass the payment screening, an appeal may be submitted to the OBF Program team through a PG&E Customer Relationship Manager ("CRM").

2.2 Direct Access/Energy Service Provider Accounts

Direct Access (DA) gives Customers the option to purchase their electric commodity from a DA/ESP (Electric Service Provider) instead of from PG&E. DA customers who install qualifying energy efficiency measures are eligible for OBF if they receive a monthly bill from PG&E, which includes PG&E charges. See Section 11 for information on calculation of energy savings for DA/ESP customers.

¹See definition in "Government Agency Customers" Section 2.3.

2.3 Government Agency Customers

For the OBF Program, a Government Agency Customer is defined as: a tax-payer funded agency of federal, state, county, or local government that uses tax revenue to pay its PG&E energy bills. Such Customers may include, but are not limited to, public schools, state of California colleges and universities, public libraries, and government offices.

2.4 Net-Metered Accounts

Customers with Net Energy Metering Accounts (NEMS) may participate in OBF if they receive a monthly bill from PG&E. Energy savings will be calculated based on net usage rather than gross usage.

2.5 Multiple Accounts on Premises

For Customers with multiple accounts at a premise/location, PG&E will assess credit eligibility through a Payment History Screening for each property where the retrofit is located. All account services must meet eligibility criteria to qualify for financing. All account services will be subject to disconnection in the event of non-payment.

3. Project and Measure Eligibility

Eligible Equipment

Financing is available to fund many technologies, including lighting, refrigeration, HVAC, and LED streetlights. Projects may be eligible for OBF if they qualify for a rebate or incentive through a PG&E program, including the Customized Incentive Program, PG&E Third-Party Programs, and PG&E Government Partnership Programs. *See rebate and incentive programs or contact a PG&E CRM for specific equipment guidelines and requirements.*

3.1 Equipment and Charges Not Eligible for Financing

- In-house labor or project management costs for measure installation
- Equipment installation prior to PG&E approval and signed loan agreement
- Post-installation evaluation
- Any equipment not qualified for an energy efficiency rebate/incentive through PG&E
- Basic lighting measures, defined as all non-LED lighting retrofits (e.g., CFL and linear fluorescents), and basic lighting control measures in excess of 20 percent of the final loan amount.

4. Fees and Interest

The loans offered under OBF are interest free (0%) and free of any fees, pre-payment penalties, or other charges. The loan terms and conditions are set to provide simple payback from energy savings during the maximum allowed loan term, and are calculated by dividing the loan amount (eligible project cost less qualified program incentives) by the estimated monthly energy savings resulting from the retrofit project. The ensuing number of monthly payments must not exceed the maximum loan term (see Section 6 for additional details).

5. Working with Contractors or Self-Installation

A Customer may choose to work with any contractor eligible under PG&E's Energy Efficiency rebate and incentive programs to purchase and install qualifying equipment. The PG&E CRM will be the Customer's point of contact throughout the OBF loan process. The Customer may allow the contractor to work with the PG&E CRM to submit an OBF application on the Customer's behalf. The Customer is responsible for obtaining his/her own contractor for the project; PG&E does not recommend or certify contractors for the OBF Program.

6. Loan Criteria

Loan terms and monthly payment amounts are determined based on the Customer's estimated monthly savings from the installation of the new products. Business Customers may qualify for loans between \$5,000 and \$100,000 per premise, with a maximum limit of \$1,000,000 per Customer, with loan periods of up to 60 months. Government Agency Customers may qualify for loans between \$5,000 and \$250,000, with a maximum limit of \$1,000,000 per Customer with loan periods of up to 120 months.²

Loan Terms	Business	Government Agency*
Interest	0%	0%
Minimum Loan Amount	\$5,000	\$5,000
Maximum Loan Amount per Premise	\$100,000 per premise	\$250,000 per premise unless unique opportunity exception granted
Maximum Loan Amount per Customer	\$1,000,000	\$1,000,000
Maximum Loan Term, not to exceed the Expected Useful Life (EUL) of the measures	60 months	120 months

*Government Agency Customers only: \$250,000 max per customer for LED Streetlight Projects

To qualify for financing through OBF, a project's estimated energy savings must be sufficient to repay the loan during the maximum allowable payment term. The monthly payment is calculated based on estimated monthly energy savings. For example:

Sample Loan Calculation

Project cost	\$100,000
Energy efficiency rebates and/or incentives	\$25,000
Loan amount (remaining costs to be funded)	\$75,000
Estimated monthly energy savings from retrofit	\$3,000
Monthly loan installment billed on utility bill	\$3,000
Simple payback period (loan amount divided by monthly payment amount)	25 months

The loan terms for the Customer in this example would be \$3,000 per month for 25 months. If the Customer closes his/her PG&E account before the loan term ends—for example, if the Customer's business closes or the Customer moves to a new location—the Customer must pay off the loan balance when the final bill is settled, unless the loan is transferred to a new Customer with PG&E's express written consent.

² Where, in PG&E's sole opinion, unique opportunities to capture large energy savings exist and all other OBF loan program terms will be met, the sum of the loan amounts for a Government Agency Customer's premises may exceed two hundred fifty thousand dollars (\$250,000) up to a maximum of one million dollars (\$1,000,000).

Multiple Premises

Business Customers are not able to combine multiple premises into a single project. Government Agency Customers that are utilizing OBF to complete comprehensive energy efficiency projects may be eligible to combine multiple premises for a single project. Each premise/location included in the project will be evaluated separately and must meet the OBF funding requirements. In order to combine multiple premises into one project the following requirements must be met:

- There must be a single point of contact at the Government Agency Customer for PG&E billing inquiries for all of the premises included
- The projects must be initiated and installed concurrently; the OBF loan will not be funded until the completion of all premises included in the project

7. Roles and Responsibilities and OBF Process Flow

The OBF loan process is designed to work with the existing delivery models for existing energy efficiency rebate and incentive programs. The OBF loan process also has been designed so that the Customer (and contractor) are able to understand where the project is in the application/lending process, while putting controls in place to ensure that ratepayer funds are utilized effectively.

Each party in the OBF loan process has defined roles and responsibilities in the process. Understanding these ensures that the OBF processes are effective and OBF loans are originated quickly and efficiently.

Position	OBF Role	Responsibilities
Implementer/ Contractor	Installer	<ul style="list-style-type: none">• Installs project measures to Customer satisfaction• Submits necessary documents to PG&E CRM/program manager
PG&E CRM/ Program Manager	Customer Liaison	<ul style="list-style-type: none">• Liaison between Customer/contractor and the OBF team• Educate Customer on application process• Answer Customer/contractor inquiries• Communicate and resolve application issues
Credit Department	Underwriter	<ul style="list-style-type: none">• Perform Payment History Screening• Communicate result of Payment History Screening to OBF team
OBF Team	Processor	<ul style="list-style-type: none">• Process OBF applications• Communicate credit approval to PG&E CRM/program manager• Create and distribute loan agreements• Set up billing in PG&E's billing system

The OBF application/lending process is tracked through 14 “status codes” through the OBF application/lending process. Each status code refers to a stage in the process. The following table provides the status codes and a description of where the loan is in the OBF application/lending process.

Status Code	Status Code Title	Description
1	Payment History Screening template received	Payment History Screening template was received by the OBF Program.
2	Payment History Screening, awaiting application	Payment History Screening template was sent to credit group.
3	Payment History Screening passed, awaiting application	Customer passed the Payment History Screening.
4	Payment History Screening failed, awaiting appeal (if requested)	Customer failed the Payment History Screening.
5	Pre-Field Inspection	Pre-Field Inspection was requested/completed and the loan application was sent to OBF Program mailbox.
6	Loan agreement to Customer	Loan agreement was sent to the Customer.
7	Customer installation	Customer has signed loan agreement and has been given “OK” to begin project installation.
8	Post-Field Inspection	Customer has completed project installation and a Post-Field Inspection has been requested.
9	Loan Modification Agreement sent	If there was a change in projected energy savings, project cost, or rebate/incentive, the Loan Modification Agreement was created and sent to the Customer. For projects where the final loan amount changes by less than \$100 and there is no change to the loan term, no loan modification will be required.
10	Ready to pay	If no loan adjustment was necessary, the project is complete and the Customer is ready to pay. If a loan adjustment was necessary, the Loan Modification Agreement was executed and the Customer is ready to pay.
11	Project paid/on bill	Loan check was issued to Customer/Customer designated third party and the Customer will begin to repay loan on monthly bill.
12	On-hold	Application was put “on-hold”.
13	Disqualified	Application was disqualified.
14	Withdrawn	Application was withdrawn.

8. Pre-Application Requirements

As previously noted, in order to participate in PG&E's OBF Program, the Customer must pass a Payment History Screening and the proposed retrofit project must qualify for a rebate or incentive through a PG&E energy efficiency program.

8.1 Payment History Screening

After the Customer has verified that the proposed project qualifies for a rebate or incentive through a PG&E program, the Customer or the Customer's PG&E CRM must completely fill out and submit the Payment History Screening form to the OBF Program mailbox at OBFFProgram@pge.com. The information supplied on the Payment History Screening form will be used to determine that the Customer's account meets the following criteria:

- No 24-hour disconnection notices in the last 12 months
- No returned payments within the last 12 months
- No more than one payment arrangement in the last 12 months
- No payment arrangements within the last 12 months that the Customer did not fulfill
- No deposit assessed within the last 12 months.

The Customer should allow five business days for review. Incomplete or inaccurate forms will not be processed.

8.2 PG&E Energy Efficiency Programs

Financing is available to fund many technologies, including lighting, refrigeration, HVAC, and LED streetlights. A Customer's project may be eligible for OBF if it qualifies for a rebate or incentive through a PG&E program, including the Customized Incentive Program, certain PG&E Third-Party Programs, the LED Streetlight Program, or certain product rebate programs. Please visit www.pge.com/eef to learn more about these programs and to determine if a specific project qualifies.

8.3 OBF and Direct Install Program

PG&E's Direct Install Program (DI) facilitates the installation of qualified equipment at no cost for small and medium Business Customers through designated DI contractors. If an OBF application is eligible for DI, the PG&E CRM should notify the Customer/contractor that some or all of the proposed equipment is available at no cost. The Customer may decide to enroll in DI and cancel an OBF application. If the Customer prefers to install equipment through a non-DI contractor and use OBF, the Customer should sign and return a waiver provided by OBF.

9. Applying for OBF

After the Customer passes the Payment History Screening, the Customer should contact a PG&E CRM or PG&E's Business Customer Service Center at [1-800-468-4743](tel:1-800-468-4743) to request an application and get assistance with submitting the application.

9.1 Submitting OBF Application

Applications must be complete, signed, and submitted to the OBF Department via email at OBFProgram@pge.com.

9.2 Initial Required Application Materials—Deemed Rebate/OBF

1. Payment History Screening approval
2. Signed OBF Financing Supplement
3. Vendor quotation showing total project cost (itemized to show materials, labor, and tax)
4. Estimated installation date
5. OBF Deemed Form for deemed projects
6. Basic Lighting Allowance Calculator

9.3 Initial Required Application Materials—Calculated Incentive/OBF

1. Payment History Screening approval
2. Signed OBF Financing Supplement
3. Vendor quotation showing total project cost (itemized to show materials, labor, and tax)
4. Estimated installation date
5. OBF Calculated Form for calculated projects
6. Basic Lighting Allowance Calculator

9.4 Initial Required Application Materials—Combination Rebate/Incentive/OBF

1. Payment History Screening approval
2. Signed OBF Financing Supplement
3. Vendor quotation showing total project cost (itemized to show materials, labor, and tax)
4. Estimated installation date
5. OBF Deemed Form for deemed projects
6. OBF Calculated Form for calculated projects
7. Basic Lighting Allowance Calculator

10. Pre-Field Inspection and Energy Savings Review

If the Customer passes the Payment History Screening, a Pre-Field Inspection of the project site and proposed retrofit may be required. An engineer will then verify the energy savings.

11. Calculating the OBF Loan

Once the engineer has completed the energy savings verification (if necessary), approval is sent to the OBF Department to create the loan agreement. Loan terms and monthly payment amounts are determined based on the Customer's monthly savings from the installed measures.

Project cost for measures	\$10,000
Rebates or incentives	\$1,000
Customer total loan amount	\$9,000
Customer average rate (per kWh)	\$ 0.180
Estimated annual energy savings (kWh)	12,000
Estimated annual energy cost savings	\$2,160
Simple payback in years	4.17
Payback in months based on expected energy savings	50
Loan term (months) (1 month added for bill neutrality)	51
Customer fixed monthly loan payment	\$176.47
Estimated monthly energy cost savings	\$180

OBF loans are calculated to be "bill neutral" where the projected monthly energy savings offset the fixed monthly loan installment. For example, in the loan agreement displayed above, the energy savings per month are equal to \$180 and therefore the loan is set up to have a matching approximate monthly payment equal to \$176.47. However, **PG&E does not guarantee energy savings**. PG&E cannot shorten or extend loan terms at Customer requests. The Customer may pre-pay the loan without penalty (please contact PG&E prior to prepayment of loan balance).

Note, the following applies to DA and Community Choice Aggregation (CCA) Customers with OBF loans: For transportation-only Customers, to estimate the monetary value of gas and electric savings for the purpose of the OBF payback calculation, the policy is to use the Customer's actual average past 12-month transportation cost (\$/therm or \$/kWh) plus the customer's actual 12-month weighted average cost of gas (\$/therm) and electricity (\$/kWh) from their commodity provider(s). If actual weighted average cost is unavailable, use PG&E's average past 12-month weighted average cost of gas (\$/therm), and electricity (\$/kWh) as a proxy for the commodity cost.

11.1 Payback or Minimum Loan Requirements

The maximum loan terms for Business and Government Agency Customers is 60 months and 120 months respectively, based on the projected energy savings. Customers who have projects that do not meet these requirements may be eligible to "buy-down" the loan in order to meet the necessary loan terms.

11.2 Loan Agreement Notification

Once the loan has been calculated and meets project payback requirements, all parties will be notified via email. The email notification will be sent approximately eight days after the OBF application received date and will include the completed loan agreement. Within approximately eight days, the loan package will be mailed directly to the Customer's mailing address, delivered by a PG&E CRM, or emailed.

12. Loan Agreement

The OBF loan agreement must be signed by an authorized representative listed on the PG&E account. The signed loan agreement may be emailed to OBFProgram@pge.com or be mailed to the following address:

Pacific Gas and Electric Company

On-Bill Financing Program
77 Beale Street—3rd Floor
San Francisco, CA 94105

13. Clearance to Begin Project Installation

Once the signed loan agreement is received by PG&E and countersigned, all parties will be notified via email that installation may begin. Measures must be installed by an appropriately licensed contractor unless the Customer performs a self-install with in-house staff. All licensed equipment must be installed pursuant to the manufacturer's specifications. The Customer is responsible for ensuring that all equipment and installations are in compliance with state and local building codes and ordinances, as well as manufacturers' requirements.

14. Post-Installation Steps

14.1 Submitting Installation Documentation

Once installation of all equipment is complete, the Customer should contact the PG&E CRM and notify him/her that the project installation has been completed and schedule a Post-Field Inspection, if required. All required paperwork should be submitted directly to the OBF team at OBFProgram@pge.com to expedite any required Post-Field Inspection and rebate/incentive payment.

14.2 Deemed Rebate and OBF required post-installation form may include the following:

- Deemed review worksheet/template
- Project cost
- Final itemized invoice (showing rebate amount)
- Basic Lighting Allowance Calculator

14.3 Calculated Incentive and OBF required post-installation form may include the following:

- Post-install report
- Incentive calculations
- Saving calculations
- Actual saving calculations
- Equipment cut sheets
- Project costs
- Final itemized invoice (showing rebate amount)
- Basic Lighting Allowance Calculator

14.4 Rebate/Incentive and OBF required post-installation form may include the following:

- Post-install report
- Deemed review worksheet/template
- Incentive calculations
- Saving calculations
- Actual saving calculations
- Equipment cut sheets
- Project costs
- Final itemized invoice (showing rebate amount)
- Basic Lighting Allowance Calculator

14.5 Incomplete Documentation

If the documentation is incomplete, the OBF team will try to reconcile information with the Customer, the PG&E CRM, or utility resources. Incomplete documentation may result in a delay in loan disbursement.

14.6 Rebate Program Payments

After the rebate paperwork has been approved and Post-Field Inspection has been completed, rebate payment will be authorized and a check will be issued to the recipient specified on the rebate application.

14.7 Incentive Program Payments

After the incentive documentation has been approved and a Post-Field Inspection has been completed, an incentive check will be issued according to the incentive program guidelines and application and/or contract.

15. Post-Field Inspection and Loan Modification

Once the post-installation amount of the rebate/incentive check(s) has been determined, an engineer may perform a Post-Field Inspection to determine the actual energy savings from the installed project. If there are any differences between the projected energy savings and the calculated energy savings or the projected loan amount and final loan amount, the OBF team will create a Loan Modification Agreement to reconcile the final loan term with the actual energy savings. For projects where the final loan amount changes by less than \$100 and there is no change to the loan term, a loan modification can be requested, but will not be required.

Upon completion of the Loan Modification Agreement, the OBF team will email the Loan Modification Agreement to the Customer's PG&E CRM. If the loan exceeds the maximum terms, the OBF team will indicate that a "buy-down" is needed by the Customer to proceed with the OBF loan. The email will also include the check issuance information and account number on record. The PG&E CRM will be asked to verify with the Customer that all information is valid prior to starting the check issuance process.

The OBF Loan Modification Agreement must be signed by an authorized representative listed on the PG&E account. The signed loan agreement may be emailed to OBFProgram@pge.com or be mailed to the following address:

Pacific Gas and Electric Company

On-Bill Financing Program
77 Beale Street—3rd Floor
San Francisco, CA 94105

16. OBF Check Disbursement

Once the signed Loan Modification Agreement (if applicable) is received by PG&E, the loan will be created and the loan check(s) will be issued to the Customer or the contractor in accordance with the loan agreement. The check(s) will be mailed to the address specified on the loan agreement.

PG&E is not obligated to fund the loan after installation under one or more of the following conditions:

1. The final loan does not meet minimum loan amount
2. Payback exceeds program maximum limit
3. There is no original Customer signature on the OBF Loan Modification Agreement (if a loan adjustment is necessary)
4. Customer does not meet credit requirements

17. OBF Loan Repayment

Approximately 30 days after the loan check is issued, the fixed monthly loan installment will appear on the Customer's PG&E bill on the account specified on the loan agreement. The installment and remaining balance can be found on the *Other Programs and Services* area of the bill. The loan installment will appear on the bill for the remainder of the loan term. The Customer is responsible for repayment of the entire agreed-upon loan amount in accordance with the loan agreement or Loan Modification Agreement.

17.1 Financing Additional Equipment

An eligible Customer may qualify for additional financing if the current loan amount is less than maximum allowable for the Customer type. For example, if a Business Customer has a loan agreement for \$100,000 (the maximum per site) he/she must pay the loan down prior to applying for additional funding at the same site.

17.2 Closed Accounts

The OBF loan is not transferable without PG&E's written consent. If there is a loan balance on a closed account, the balance is due in full on the final utility bill. If the Customer with the loan agreement opens a new account at a new location, he/she may make payment arrangements with the credit team. The loan balance will be treated as a past due bill, not as a continuation of OBF loan. If the Customer breaks the payment arrangement, the Customer is at risk of meter shut-off.

17.3 Tax Liability

PG&E is not responsible for any tax liability for OBF loans.

17.4 Early Loan Repayment

There are no penalties for early loan payoff. The loan agreement requires that the Customer contact PG&E prior to submitting full payment. This allows the OBF team to verify that the loan payment is applied to outstanding loan charges. Please contact the OBF team at OBFProgram@pge.com to make arrangements to pay an OBF loan off early.

18. OBF Rate Schedules and Department of Corporation Financing Exemption

The Department of Corporations is California's financial authority. It regulates financial lending policy.

The Department of Corporations in its Release 60-FS ("Release"), issued on 7/14/2006, determined that the Investor-Owned Utilities (IOUs) are not "engaged in the business" of a finance lender or broker under Financial Code Section 22100 of the California Finance Lenders Law (CFLL) when making Business loans under the conditions described in the Release. Therefore, the IOUs are not required to obtain a finance lender or broker license under the CFLL when engaged in these activities.

OBF rate schedules and loan agreements are approved by the CPUC and available at the links below.

Gas and Electric OBF tariffs

www.pge.com/tariffs/tm2/pdf/ELEC_SCHEDS_E-OBF.pdf

www.pge.com/tariffs/tm2/pdf/GAS_SCHEDS_G-OBF.pdf

General loan agreement

www.pge.com/tariffs/tm2/pdf/ELEC_FORMS_79-1118.pdf

www.pge.com/tariffs/tm2/pdf/GAS_FORMS_79-1118.pdf

Self-installed loan agreement

www.pge.com/tariffs/tm2/pdf/ELEC_FORMS_79-1126.pdf

www.pge.com/tariffs/tm2/pdf/GAS_FORMS_79-1126.pdf

California State Government loan agreement

www.pge.com/tariffs/tm2/pdf/ELEC_FORMS_79-1143.pdf

www.pge.com/tariffs/tm2/pdf/GAS_FORMS_79-1143.pdf