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-efficiency (EE) retrofit projects under select PG&E EE programs. The OBF agreements and rules are approved by the CPUC and can be reviewed by following the links at the end of this document.

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Customer Eligibility

Customer Account Eligibility

OBF is available to non-residential PG&E customers that meet the following conditions throughout the duration of the retrofit project:

1. The PG&E customer must be a business customer or a federal, state, county or local government agency (see definition of Government Agency Customer below). 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.

3. The Customer has maintained an active PG&E account for the previous 24 months.

4. The Customer must be in good credit standing from when the Customer’s program application is approved through the funding of the loan. A Customer’s credit standing will be determined according to a Payment History Screening, which may be based upon the existence of any 24-hour disconnection notices in the last 12 months.

If the Customer’s account 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 Account Representative.

Direct Access/Energy Service Provider and Community Choice Aggregation 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. Similarly, Community Choice Aggregation (CCA) allows customers in certain territories to purchase electricity through their local CCA instead of from PG&E, however the electricity is still delivered by PG&E. DA and CCA 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 and CCA customers.

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.

Net-Metered Accounts

Customers with Net Energy Metering Accounts may participate in OBF if they receive a monthly bill from PG&E. These Customers should contact their PG&E Account Representative to discuss how OBF may impact their bill. Energy savings incorporated in the OBF Loan terms will be calculated based on net usage rather than gross usage.
Project and Measure Eligibility

Eligible Equipment
Financing is available to fund energy efficiency measures that are installed through an eligible PG&E rebate or incentive program. Energy Efficiency Measures eligible for financing can include many technologies, including lighting, refrigeration, HVAC, and LED streetlights. Contact a PG&E Account Representative for specific equipment guidelines and program participation requirements.

Products Receiving Manufacturer and Distributor Rebates Measures
Products eligible for rebates through PG&E’s Manufacturer and Distributor (Upstream and Midstream) rebate programs are also eligible for financing through OBF. The cost of these products should be reported as net of rebates on the proposal and invoice since the rebate is not paid to the customer.

Equipment and Charges Not Eligible for Financing
The following costs are not eligible for financing through OBF:
• In-house labor or project management costs for measure installation
• Equipment installation prior to PG&E approval and signed loan agreement
• 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.

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 Account Representative will be the Customer’s point of contact throughout the OBF loan process. 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.
Fees and Interest

The loans offered by PG&E 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 cost savings resulting from the retrofit project. The ensuing number of monthly payments must not exceed the maximum loan term (see Loan Criteria for additional details).

Loan Criteria

Loan terms and monthly payment amounts are determined based on the Customer’s estimated monthly energy savings from the retrofit project. Business Customers may qualify for loans between $5,000 and $100,000 per Premises¹, with a maximum of $4,000,000 per Customer, and loan periods of up to 60 months. Government Agency Customers may qualify for loans between $5,000 and $250,000, with a maximum of $4,000,000 per Customer and loan periods of up to 120 months.²

Talk to a PG&E Account Representative for more information.

<table>
<thead>
<tr>
<th>Loan Terms</th>
<th>Business</th>
<th>Government Agency*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Minimum Loan Amount</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Maximum Loan Amount</td>
<td>$100,000 per premises</td>
<td>$250,000 per premises²</td>
</tr>
<tr>
<td>Maximum Funding Available per Customer</td>
<td>$4,000,000</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Maximum Loan Term, not to exceed the Expected Useful Life (EUL) of the measures</td>
<td>60 months</td>
<td>120 months</td>
</tr>
</tbody>
</table>

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). Talk to a PG&E Account Representative for more information.
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**

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

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.

**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 premises/location included in the project will be evaluated separately and must meet 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 should be initiated and installed concurrently; the OBF loan will not be funded until the completion of all premises included in the project.
Roles and Responsibilities and OBF Process Flow

The OBF loan process is designed to work with the existing delivery models for energy efficiency rebate and incentive programs. 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.

Roles and Responsibilities

<table>
<thead>
<tr>
<th>Trade Professional/Contractor</th>
<th>PG&amp;E Account Representative</th>
<th>OBF Team</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OBF Role: Installer</strong></td>
<td><strong>OBF Role: Customer Liaison</strong></td>
<td><strong>OBF Role: Review and Approval</strong></td>
</tr>
<tr>
<td>- Submits pre- and post-installation applications for review</td>
<td>- Educate the Customer on OBF and respond to Customer inquiries</td>
<td>- Communicate PHS results to PG&amp;E Account Representative</td>
</tr>
<tr>
<td>- Completes retrofit project to Customer satisfaction</td>
<td>- Request Payment History Screening and submit PHS appeals on the Customer’s behalf</td>
<td>- Create and distribute loan agreements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Disburse loan payments and set up billing on Customer’s account</td>
</tr>
</tbody>
</table>
Process Flow
The OBF application/lending process is composed of eight steps.

Payment History Screening
PG&E Account Representative requests a PHS on the Customer’s behalf, and notifies the Customer of eligibility.

Pre-Install Review
Contractor submits itemized proposal and OBF Application for review and approval.

Loan Agreement
Upon approving the pre-install review, OBF Team provides the Customer with a Loan Agreement including proposed loan terms.

Customer signs and returns to PG&E.

Loan Agreement Executed (Approved for installation)
Upon receiving the signed Agreement from the Customer, PG&E countersigns and provides permission to install the project.

Post-Install Review
Upon completing installation, the Contractor submits all relevant rebate/incentive applications before submitting the OBF Application with a final, itemized invoice for review.

Loan Modification Agreement (if necessary)
Upon completing the post-install review, if there have been changes to project scope, energy savings, or costs, PG&E provides the customer with a Loan Modification Agreement including final loan terms.

Customer signs and returns to PG&E.

Confirm Payee Information
Prior to issuing payment for the loan, PG&E confirms the payee information with either the Customer or PG&E Account Representative.

Loan Payment Disbursed and Loan Charges Added to Bill
Once payee information is confirmed, PG&E will begin the check issuance process. Depending on the Customer’s billing cycle, this may take 5–10 business days. Loan charges will be added to the Customer’s bill in the following billing cycle.
Payment History Screening

To participate in PG&E’s OBF Program, the Customer must pass a Payment History Screening. To get started, the Customer should work with their assigned PG&E Account Representative or call PG&E’s Business Customer Service Center at 1-800-468-4743 to request assistance with submitting the application.

At the Customer’s request, a PG&E Account Representative will submit the Payment History Screening request to the OBF Program. 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;
• Active for at least 24 continuous months;
• Matching Name and Tax ID included in the Customer’s billing account.

The Customer should allow five business days for the payment history screening. Upon completing the screening, the OBF team will notify the PG&E Account Representative of the Customer’s eligibility and provide the OBF Application ID to be used when submitting application materials. Incomplete or inaccurate PHS requests will not be processed.

Applying for OBF

Upon receiving a PHS approval and OBF Application ID, the contractor or PG&E Account Representative may begin the application process on the Customer’s behalf:

**Submitting OBF Application**

Complete applications may be submitted to the OBF Department via email at OBFProgram@pge.com.

**Initial Required Application Materials**

1. An itemized vendor quotation showing the proposed measures and estimated project cost.
2. OBF Application Workbook (.xlsx)
Calculating the OBF Loan

Loan terms and monthly payment amounts are determined based on the Customer’s projected monthly savings from the installed measures.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project cost for measures</td>
<td>$10,000</td>
</tr>
<tr>
<td>Rebates or incentives</td>
<td>$1,000</td>
</tr>
<tr>
<td>Customer total loan amount</td>
<td>$9,000</td>
</tr>
<tr>
<td>Customer average rate (per kWh)</td>
<td>$0.180</td>
</tr>
<tr>
<td>Estimated annual energy savings (kWh)</td>
<td>12,000</td>
</tr>
<tr>
<td>Estimated annual energy cost savings</td>
<td>$2,160</td>
</tr>
<tr>
<td>Simple payback in years</td>
<td>4.17</td>
</tr>
<tr>
<td>Payback in months based on expected energy savings</td>
<td>50</td>
</tr>
<tr>
<td>Loan term (months) [1 month added for bill neutrality]</td>
<td>51</td>
</tr>
<tr>
<td>Estimated monthly energy cost savings</td>
<td>$180</td>
</tr>
<tr>
<td>Customer fixed monthly loan payment</td>
<td>$176.47</td>
</tr>
</tbody>
</table>

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 terms displayed above, the monthly payment of $176.46 is designed to match the monthly energy savings of $180. However, PG&E does not guarantee the energy savings estimate or project performance and cannot reduce or extend a loan’s terms at the customer’s request. The Customer may pre-pay the loan without penalty (please contact PG&E prior to prepayment of loan balance).

Maximum Loan Terms and Cost “Buy-Downs”

The maximum loan term for Business and Government Agency Customers is 60 and 120 months respectively, based on the projected energy savings. Where a project’s payback period exceeds the maximum loan term, Customers may be eligible to “buy-down” the project cost in order to meet the necessary loan terms. This buy-down reflects the amount that will not be covered by On-Bill Financing and should be paid directly to the contractor according to terms agreed upon by the Customer and the contractor. The buy-down is not paid to PG&E.

Loan Agreement Notification

Once the loan has been calculated the loan package will be emailed directly to the customer for e-Signature through e-Sign Live. If a customer chooses not to use electronic signature, their PG&E Account Representative will provide the loan documents via email.

Determining Average Rates for DA and CCA Customers

To estimate the monetary value of gas and electric savings for the purpose of the OBF payback calculation for Direct Access (DA) and Community Choice Aggregation (CCA) Customers, PG&E will 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 ($/kWh) from their commodity provider(s). If actual weighted average cost is unavailable, PG&E’s average past 12-month weighted average cost of gas ($/therm), and electricity ($/kWh) can be used as a proxy for the commodity cost.
Loan Agreement

The OBF loan agreement must be signed by a representative of the Customer, who is authorized to undertake a financial obligation on behalf of their business. The signed loan agreement may be emailed to OBFP\textregistered@\textregisteredpge.com or mailed to the following address:

\begin{center}
\textbf{Pacific Gas and Electric Company}
On-Bill Financing Program
245 Market Street—8th Floor
San Francisco, CA 94105
\end{center}

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 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.

Post-Installation Steps

\textbf{Submitting Installation Documentation}

Once installation of all equipment is complete, the Customer or contractor should submit all necessary rebate and/or application materials to the appropriate rebate and/or incentive program(s) prior to submitting the post-install OBF application materials. OBF Application materials may be submitted to OBFP\textregistered@\textregisteredpge.com.

\textbf{OBF required post-installation form may include the following:}

1. Final itemized invoice showing the measures installed and total cost of the project.
2. OBF Application Workbook (.xlsx)

\textbf{Rebate and Incentive Program Payments}

Projects must meet all requirements of the relevant rebate and incentive programs and the rebate and incentive applications should be submitted directly to those programs. Once these applications have been approved, a check will be issued to the specified recipient according to the relevant program guidelines. Rebate and incentive checks are issued separately from the financing disbursement. All rebates and incentives must be approved before the OBF post-install review can be completed.
Loan Modification

If the final scope of the project differs from the scope detailed in the original Loan Agreement, a Loan Modification Agreement may be required. For projects where the final loan amount changes by less than $100 and there is no change to the loan term, a loan modification may be requested, but will not be required.

Where necessary, the OBF team will send the Loan Modification Agreement to the Customer via e-mail. If the final scope of the project exceeds the maximum loan terms, the OBF team will indicate that a "buy-down" is needed by the Customer to proceed with the OBF loan. The Loan Modification Agreement will include the payee information previously provided. By signing, the Customer confirms the accuracy of that payee information.

The OBF Loan Modification Agreement must be signed by an authorized representative of the Customer, who is authorized to undertake a financial obligation on behalf of their business.

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 will be issued to the Customer or the contractor in accordance with the loan agreement. The check will be mailed to the address specified on the loan agreement. The loan disbursement cannot be split into multiple checks.

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 the program’s maximum limit;
3. There is no original Customer signature on the OBF Loan Modification Agreement (if a loan adjustment is necessary);
4. PG&E determines that the Customer no longer meets the credit requirements.
OBF Loan Repayment

Approximately 30 days after the loan check is issued, the fixed monthly loan installment will appear as a line-item on the Customer’s PG&E bill on the account specified on the loan agreement. The installment and remaining balance can be found in the Other Programs and Services section of the bill. The loan installment will appear on the monthly 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.

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 $50,000 he/she may finance another project at the same site for up to $50,000 ($100,000 maximum per premises). Only the outstanding balance of a loan is counted against a customer’s per premises and per account limits.

Closed Accounts

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 pursuant to the discontinuance provisions in PG&E’s tariff under Rule 11.

Tax Liability

PG&E is not responsible for any tax liability resulting from OBF loans and provides no guidance on the tax or accounting treatment of OBF loans.

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 ensure 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.
OBF Rate Schedules and Division of Corporations Financing Exemption

The Division of Corporations is California’s financial authority. It regulates financial lending policy. The Division 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
pge.com/tariffs/tm2/pdf/ELEC_SCHEDS_E-OBF.pdf
pge.com/tariffs/tm2/pdf/GAS_SCHEDS_G-OBF.pdf

General loan agreement
pge.com/tariffs/tm2/pdf/ELEC_FORMS_79-1118.pdf

Self-installed loan agreement
pge.com/tariffs/tm2/pdf/ELEC_FORMS_79-1126.pdf

California State Government loan agreement
pge.com/tariffs/tm2/pdf/ELEC_FORMS_79-1143.pdf