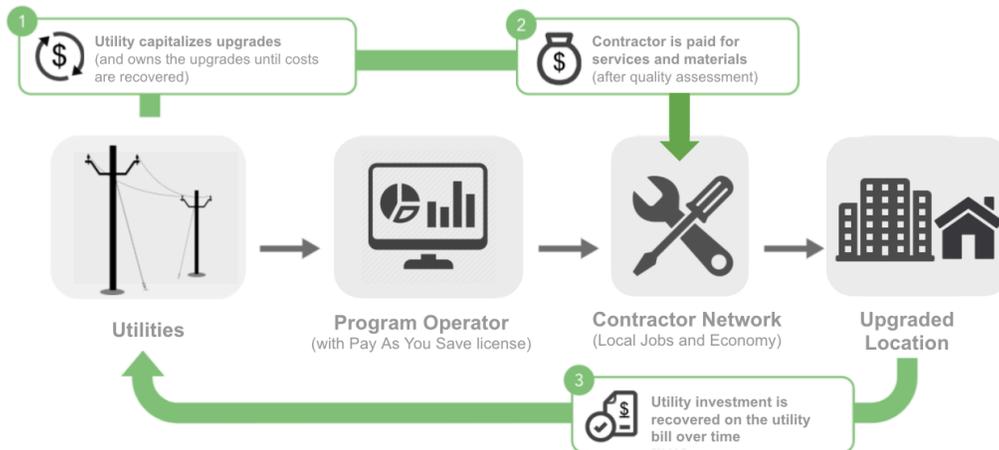


Inclusive Utility Investment with Pay As You Save®

A proven system for building energy upgrades
where communities are seeking equitable solutions



What is Pay As You Save®?

Any utility can exercise its tariff authority to implement an inclusive upgrade program

Pay As You Save is an Inclusive Utility Investment system, developed by the [Energy Efficiency Institute, Inc.](#) in 1999, that couples site-specific utility investment in energy upgrades on the customer-side of the meter, with site-specific cost recovery through a charge on the bill that is less than the estimated savings.

Pay As You Save programs are inclusive because eligibility does not depend on criteria such as income, credit score, or home-ownership status. In a Pay As You Save program, the utility investment is based on the potential energy savings and grid resource value at the location, rather than creditworthiness of the occupant. The utility recovers its investment plus its cost of capital through a tariffed charge (a fixed charge tied to the location) on the customer's monthly bill, securing its investment in the same way as other essential utility services. The annual cost-recovery is set at 80% of the estimated savings so customers enjoy immediate positive cashflow. Unlike loan or rebate programs, a Pay As You Save program allows a utility to cost-effectively deliver energy services to hard-to-reach customers including rental, rural, and LMI populations including the more than 50% of households and 40% of small businesses that rent, lack access to capital or credit.

In 20 years of field experience across 23 utilities in 11 states, energy upgrade programs using Pay As You Save have reported participant acceptance rates of 50%-90% with higher average capital investment per site compared to on-bill loans, while recovering an average of 99.9% of invested capital to date.

Upgrades have produced a net present value of >\$3,000 for a rural electric cooperative distribution utility.¹ Meanwhile, regulators in Missouri have approved agreements for investor owned utilities such as Ameren, to earn the equivalent to their weighted average cost of capital with approximately half recovered from participants and the remainder from the rate-base.²

\$44M

Invested

In cost effective
upgrades

4,500

Residential Units

Upgraded

590

Multi-

family Facilities
Benefiting renters and
owners

700

MUSH
Municipal,
educational, and
industrial facilities

20

Utilities
With active programs
Including IOUs,
Munis, and Coops

10

States
With active programs
(AR, CA, GA, KS, KY,
MO, NC, NH, TN, and
VA)

>99.9%

Recovery Rate

For all projects to date

¹ Bickel et al. (2020). "Utility Value of a Pay As You Save® Energy Efficiency Program"; ² MPSC Order Approving Stipulation and Agreements, File No.EO-2018-0211.

