

# HOUSE BILL 1173

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By: **Delegates Kramer, Arora, Carr, Conaway, Frick, George, Guzzone,  
Luedtke, Rudolph, Simmons, and Wood**

Introduced and read first time: February 8, 2013

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Electric and Gas Companies – On-Bill Financing**

3 FOR the purpose of establishing the Energy Efficiency On-Bill Financing Program;  
4 specifying the purpose of the Program; requiring a utility company to  
5 participate in the Program; authorizing certain customers to obtain a certain  
6 loan for an energy efficiency upgrade under certain circumstances; requiring the  
7 Public Service Commission to establish standards for a qualifying energy  
8 efficiency upgrade and eligibility requirements for customers; specifying the  
9 amount for a meter conservation charge to repay a loan on a utility bill;  
10 requiring that a loan for an energy efficiency upgrade on rented property be  
11 approved by the landlord or the landlord's agent; authorizing a utility company  
12 to enter into a contract with a certain third-party lender to provide certain  
13 loans under the Program under certain circumstances; authorizing a utility  
14 company to issue a certain request for proposals; specifying criteria for the  
15 award of a certain contract; requiring a utility company to remit a certain  
16 payment to a third-party lender under certain circumstances; requiring the  
17 Commission to establish the terms for a utility company to receive and manage  
18 any loan funding sources to subsidize interest-free loans available to certain  
19 customers; requiring a utility company to establish a separate fund to manage  
20 certain funds; requiring the Commission to adopt certain regulations; defining  
21 certain terms; and generally relating to energy efficiency.

22 BY adding to

23 Article – Public Utilities

24 Section 7-309

25 Annotated Code of Maryland

26 (2010 Replacement Volume and 2012 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
28 MARYLAND, That the Laws of Maryland read as follows:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



## 1 Article – Public Utilities

## 2 7-309.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
4 MEANINGS INDICATED.

5 (2) “ENERGY EFFICIENCY UPGRADE” MEANS AN APPLIANCE OR  
6 AN IMPROVEMENT TO REAL PROPERTY THAT QUALIFIES UNDER SUBSECTION  
7 (D)(1)(II) OF THIS SECTION.

8 (3) “METER CONSERVATION CHARGE” MEANS A CHARGE PLACED  
9 ON A CUSTOMER’S ACCOUNT BY WHICH A UTILITY COMPANY MAY RECOVER THE  
10 COSTS, INCLUDING FINANCING COSTS, FOR AN ENERGY EFFICIENCY UPGRADE  
11 MADE TO THE CUSTOMER’S PROPERTY UNDER THE PROGRAM.

12 (4) “PROGRAM” MEANS THE ENERGY EFFICIENCY ON-BILL  
13 FINANCING PROGRAM.

14 (5) “UTILITY COMPANY” MEANS AN ELECTRIC COMPANY OR A GAS  
15 COMPANY.

16 (B) THERE IS AN ENERGY EFFICIENCY ON-BILL FINANCING  
17 PROGRAM.

18 (C) (1) THE PURPOSE OF THE PROGRAM IS TO ENCOURAGE UTILITY  
19 CUSTOMERS TO MAKE ENERGY EFFICIENCY IMPROVEMENTS TO COMMERCIAL  
20 PROPERTIES THROUGH LOW- OR NO-INTEREST LOANS REPAID DIRECTLY TO A  
21 UTILITY COMPANY OR A THIRD-PARTY LENDER THROUGH THE CUSTOMER’S  
22 UTILITY BILL BY MEANS OF A METER CONSERVATION CHARGE.

23 (2) (I) A UTILITY COMPANY SHALL PARTICIPATE IN THE  
24 PROGRAM BY EXTENDING ITSELF OR BY ARRANGEMENT WITH A THIRD-PARTY  
25 LENDER A LOAN TO A QUALIFYING COMMERCIAL CUSTOMER FOR AN ENERGY  
26 EFFICIENCY UPGRADE.

27 (II) IN ACCORDANCE WITH SUBSECTION (E) OF THIS  
28 SECTION, A UTILITY COMPANY MAY ENTER INTO AN AGREEMENT WITH ONE OR  
29 MORE THIRD-PARTY LENDERS TO ALLOW THE THIRD-PARTY LENDER TO  
30 EXTEND A LOAN TO A QUALIFYING COMMERCIAL CUSTOMER FOR AN ENERGY  
31 EFFICIENCY UPGRADE TO BE PAID THROUGH THE CUSTOMER’S UTILITY BILL.

1           **(D) (1) A COMMERCIAL CUSTOMER MAY OBTAIN A LOAN FOR AN**  
2 **ENERGY EFFICIENCY UPGRADE IF:**

3                   **(I) THE COMMISSION DETERMINES THAT THE TYPE OF**  
4 **UPGRADE FURTHERS THE PURPOSE OF THE PROGRAM; AND**

5                   **(II) THE CUSTOMER MEETS ELIGIBILITY REQUIREMENTS**  
6 **SPECIFIED BY THE UTILITY COMPANY AND APPROVED BY THE COMMISSION.**

7           **(2) THE METER CONSERVATION CHARGE ON THE UTILITY BILL:**

8                   **(I) SHALL BE A SEPARATE ITEM ON THE CUSTOMER'S BILL;**  
9 **AND**

10                   **(II) MAY INCLUDE THE FINANCING COSTS OF THE LOAN.**

11           **(3) A LOAN FOR AN ENERGY EFFICIENCY UPGRADE ON RENTED**  
12 **PROPERTY SHALL BE APPROVED BY THE LANDLORD OR THE LANDLORD'S**  
13 **AGENT.**

14           **(E) (1) (I) A UTILITY COMPANY MAY ISSUE A REQUEST FOR**  
15 **PROPOSALS TO THIRD-PARTY LENDERS FOR THE PURPOSE OF PROVIDING**  
16 **LOANS TO CUSTOMERS UNDER THE PROGRAM.**

17                   **(II) THE CRITERIA FOR THE REQUEST FOR PROPOSALS**  
18 **SHALL INCLUDE THE INTEREST RATE, ORIGINATION FEES, AND CREDIT TERMS.**

19                   **(III) THE UTILITY COMPANY SHALL AWARD A CONTRACT TO**  
20 **ONE OR MORE THIRD-PARTY LENDERS BASED ON ITS EVALUATION OF THE**  
21 **CRITERIA LISTED IN THE REQUEST FOR PROPOSALS.**

22           **(2) A UTILITY COMPANY THAT ENTERS INTO A CONTRACT WITH A**  
23 **THIRD-PARTY LENDER UNDER THIS SECTION SHALL CONSULT WITH THE**  
24 **THIRD-PARTY LENDER TO ESTABLISH THE TERMS AND PROCESSES UNDER**  
25 **WHICH A CUSTOMER MAY OBTAIN A LOAN UNDER THE PROGRAM.**

26           **(3) THE TERMS OF A LOAN FROM A THIRD-PARTY LENDER UNDER**  
27 **THE PROGRAM SHALL BE CONSISTENT WITH SUBSECTION (D) OF THIS SECTION.**

28           **(4) THE UTILITY COMPANY SHALL REMIT THE PAYMENT OF THE**  
29 **METER CONSERVATION CHARGE TO THE THIRD-PARTY LENDER EACH MONTH**  
30 **ON BEHALF OF THE CUSTOMER.**

1           **(F) (1) THE COMMISSION SHALL ESTABLISH THE TERMS FOR A**  
2 **UTILITY COMPANY TO RECEIVE AND MANAGE ANY LOAN FUNDING SOURCES TO**  
3 **SUBSIDIZE INTEREST-FREE LOANS AVAILABLE TO QUALIFYING CUSTOMERS.**

4           **(2) THE COMMISSION SHALL REQUIRE A UTILITY COMPANY TO**  
5 **ESTABLISH A SPECIFIC FUND TO ACCOUNT FOR FUNDS USED TO EXTEND LOANS**  
6 **UNDER THE PROGRAM.**

7           **(G) THE COMMISSION SHALL ADOPT REGULATIONS TO IMPLEMENT THE**  
8 **PROGRAM, INCLUDING REGULATIONS THAT SPECIFY:**

9                   **(1) ELIGIBILITY REQUIREMENTS FOR AN ENERGY EFFICIENCY**  
10 **UPGRADE;**

11                   **(2) ELIGIBILITY REQUIREMENTS FOR A CUSTOMER;**

12                   **(3) FUNDING SOURCES THAT A UTILITY COMPANY MAY USE TO**  
13 **EXTEND AN INTEREST-FREE LOAN; AND**

14                   **(4) THE INTEREST RATE THAT A UTILITY COMPANY MAY CHARGE**  
15 **FOR A LOW-INTEREST LOAN.**

16           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 October 1, 2013.