

# On-Bill and Off-Bill Financing Options

*Results from Focus Group Research Conducted among Consumers, Small Businesses, and Residential Landlords on Behalf of the New York State Public Service Commission*

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## Research Objectives

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- ▶ This research addresses the following objectives:
  - ▶ Explore the range of reactions to all aspects of the concepts of On-Bill and Off-Bill Financing among consumers and businesses in three New York areas (Rochester, Albany and New York City).
  - ▶ Collect perceptions of pros and cons of On-Bill and Off-Bill Financing from energy customers.
  - ▶ Compare reactions to On-Bill Financing versus more traditional Off-Bill Financing.

## Methodology

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- ▶ Fourteen two-hour, in-person focus groups
  - ▶ The focus group methodology is qualitative in nature and best-suited for probing, in-depth research. Due to the small number of participants and the limited geographic scope, results should not be assumed to be representative of all consumers, small businesses and residential landlords in New York State.
  
- ▶ Locations and segments researched:
  - ▶ Six consumer groups (two each in Rochester, Albany and New York City)
  - ▶ Six small business groups (two each in Rochester, Albany and New York City)
  - ▶ Two residential landlord groups (one in Rochester and one in New York City)
  
- ▶ Research conducted 3/24/09 - 4/1/09
  
- ▶ Discussions followed outline in Moderator's Guide; copy is included in the Appendix

## Participants

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- ▶ Rosters of participants showing demographic information (home ownership, gender, ethnicity, etc.) are included in the Appendix
- ▶ Recruiting instructions and screening questionnaire used to screen potential focus group participants is also included in the Appendix
- ▶ Criteria used to screen 58 Consumer participants (**NOTE: Consumers in this report are Residential**):
  - ▶ Electricity or natural gas customers
  - ▶ Primary or shared responsibility for paying utility bill
  - ▶ Mix of homeowners and renters
  - ▶ Renters pay energy bill; not included in rent
  - ▶ Household income in Rochester and Albany \$40,000-80,000; in NYC \$50,000-100,000
  - ▶ Not a contractor, plumber, electrician, builder or remodeler, nor employed by a utility or HVAC company, market research firm or advertising agency
  - ▶ Mix of genders and ethnicities
- ▶ Criteria used to screen 60 Small Business Decision-Makers and 20 Residential Landlords:
  - ▶ Electricity or natural gas customers
  - ▶ Business owners or corporate officers with primary or shared responsibility for paying utility bill
  - ▶ 3-75 full-time employees; not home-based
  - ▶ Mix of homeowners and renters
  - ▶ Renters pay energy bill; not included in rent
  - ▶ Mix of industries (including 3-4 commercial landlords/group); no energy-related industries
  - ▶ Not a contractor, plumber, electrician, builder or remodeler, nor employed by a utility or HVAC company, market research firm or advertising agency
  - ▶ Mix of genders and ethnicities
- ▶ Quotes throughout this report are shown color-coded by segment; consumer=dark blue, business=red; landlord=brown

# **Making Energy Efficiency Improvements**

## Energy Efficiency is a Goal for Consumers and Businesses

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- ▶ Making energy efficiency improvements are very important to most consumers, small businesses and residential landlords who participated in the focus groups
- ▶ When asked to rate the importance of making energy efficiency improvements, most rate this a 7 or higher on a 10-point scale
- ▶ Mean ratings are also high (*10-point scale; 10=Extremely Important*):
  - ▶ Consumers = 9.1
  - ▶ Small Businesses = 9.0
  - ▶ Residential Landlords = 9.3
- ▶ Throughout the sessions it was clear that energy efficiency and energy conservation are important to participants

# Advantages - Reasons To Make Energy Efficiency Improvements

- ▶ Participants in all three segments cited a variety of reasons why making energy efficiency improvements is a good idea

## Aesthetics

- Looks better/nicer
- Keeps property up-to-date

## Saves Money

- Lowers energy costs
- Lower maintenance costs
- Preserves heat
- Tax credits
- Rebates
- Access to lower-cost financing
- Access to grants (NYSERDA)

## Personal Gain

- Peace of mind
- Feel better about self
- Recognition, certification, awards
- Politically correct
- Role model for children

## Increases Value

- Appliances/products last longer
- Less wear and tear
- Increases home/property value
- Attracts tenants; retention
- Improved product quality
- Community compliance

## Increased Comfort

- Reduces drafts
- Warmer floors
- Balanced air flow
- Plenty of hot water
- Healthier atmosphere
- Appliances less noisy
- Happier; fewer complaints
- Safer

## Helps Environment

- Conserves natural resources
- Decrease carbon footprint
- Greener
- Less dependence on foreign energy

# Disadvantages - Reasons NOT To Make Energy Efficiency Improvements

- ▶ Consumers, small businesses and landlords believe that there are drawbacks when considering energy efficiency improvements

## Decreased Comfort

- Takes up more space
- Does not work as well as “old”
- CF bulbs not as bright
- Bulbs take long time to come on
- Colder when heat is turned down

## Higher Costs

- Have to purchase new products
- More expensive than other products
- Requires financing
- Tenants expect lower rent
- Additional insurance required
- Rates will increase if use less power
- Improvements depreciated, not expensed
- Special (expensive) detergent required

## Inconvenience

- Disruptive during installation; have to relocate
- Difficult to find qualified contractors
- Must learn new habits; learning curve
- Community constraints; historic requirements
- Must review/adjust business procedures

## Uncertainties

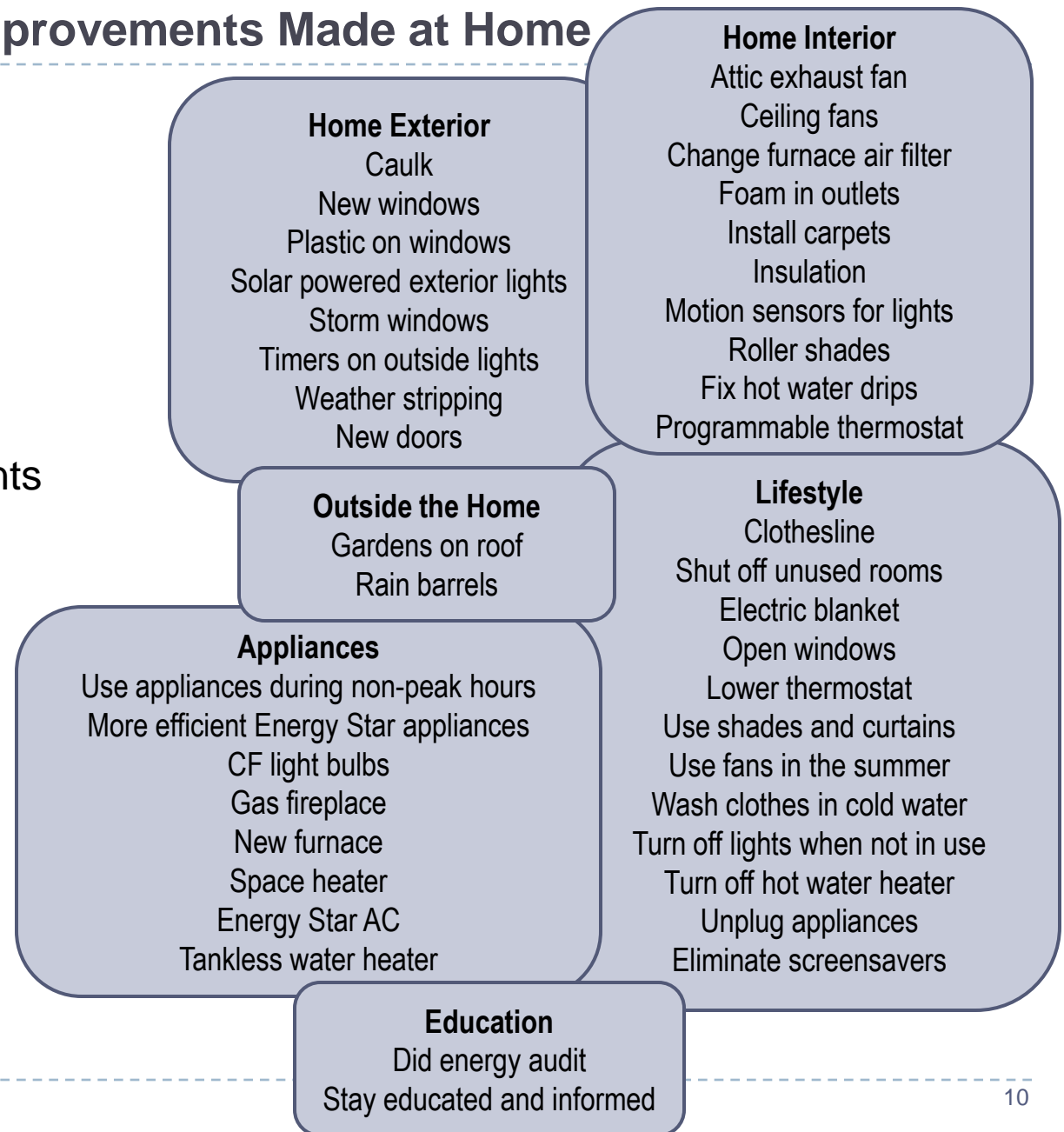
- Unproven technology
- Expected pay-back may not be realized
- Low tax incentives
- Don't know where to start
- Misrepresented/fraudulent products
- Not much business can do
- Hidden dangers of disposal
- Prefer to buy American

## Time-Consuming

- Time to research products
- Time to learn to use new products
- Time to find qualified installers
- Time to obtain permits and code compliance
- Added maintenance burden

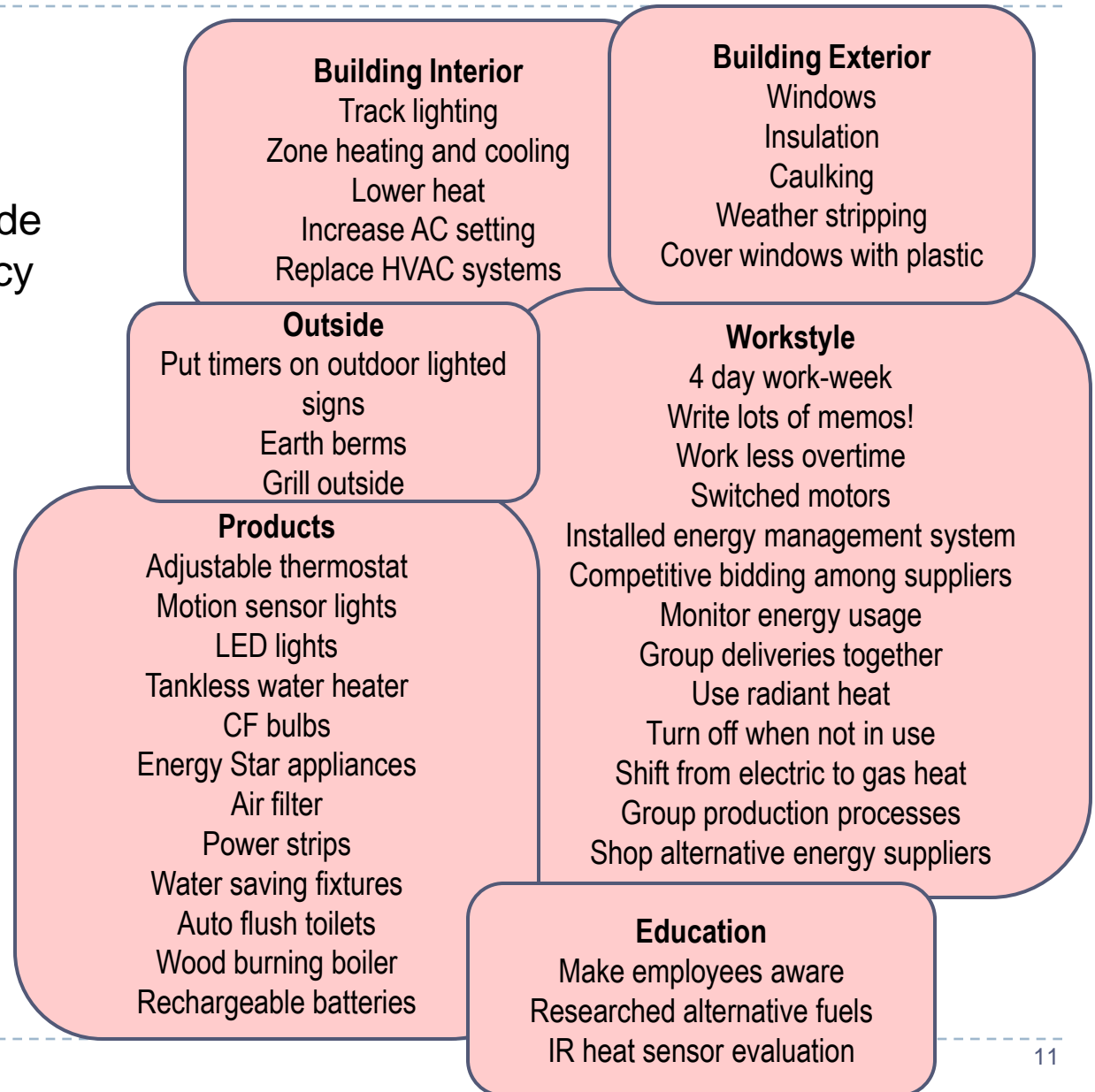
# Energy Efficiency Improvements Made at Home

► Consumers (homeowners and renters alike) have already made a wide variety of energy efficiency improvements



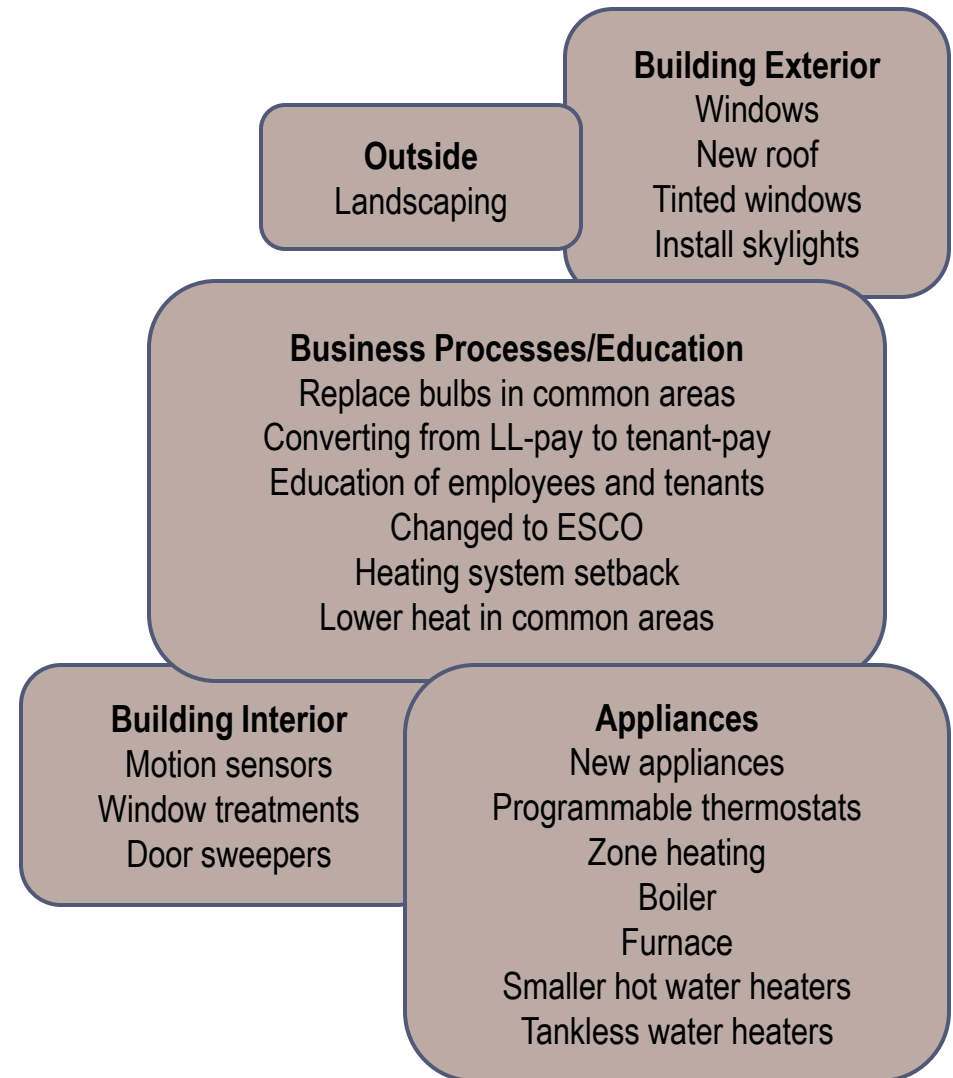
## Energy Efficiency Improvements Made by Businesses

- ▶ Businesses, like consumers, have made many energy efficiency improvements
- ▶ Business improvements are more likely to be made by property owners than renters



## Energy Efficiency Improvements Made by Residential Landlords

- ▶ Landlords have made many of the same adjustments as businesses, although they have also made larger-scale improvements



**Investing in  
Energy  
Efficiency  
Improvements**

## Willingness to Invest in Energy Efficiency

- ▶ Very strong agreement that energy efficiency is a good investment among focus group participants
  - ▶ But not likely to do this for its own sake; initial cost of the improvement is a hurdle
- ▶ Motivations
  - ▶ If something breaks and needs to be replaced; emergencies
  - ▶ Money is available (cash)
  - ▶ Monetary incentives like tax breaks, tax credits, lower energy bills, rebates
  - ▶ Easy financing; lower than market interest rates
  - ▶ Fast pay-back on investment

“I don’t want to get a loan to fix up my property. I want the cash flow to cover it.”

“It really depends on your lifestyle. With kids at home, it’s tough to afford.”

“I’m willing to spend it if the return is there. You only have so much money to invest. You need to make sure there’s an eventual payoff.”

“There is no incentive for us to cut back. Only a moral incentive.”

“It’s hard to save energy in a white-collar business.”

## Barriers To Investing in Energy Efficiency Improvements

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- ▶ **Economic priorities**
  - ▶ Consumers are saving their money; high upfront costs
  - ▶ Businesses are focusing on investments to generate revenue rather than decrease expenses
- ▶ **No need; no motivation; inertia**
  - ▶ Reluctant to replace an item before it breaks
  - ▶ Newer appliances not as reliable as older ones
  - ▶ Too busy to do audit, research necessary
- ▶ **Knowledge gaps**
  - ▶ Is the contractor reputable?
  - ▶ Where to buy energy efficient items?
- ▶ **ROI/Payback**
  - ▶ No guaranteed payback
  - ▶ Unknown savings and time period
  - ▶ Tax credits are low and insufficient
- ▶ **Wait and see attitude**
  - ▶ Technology changes quickly; something better will come along
  - ▶ Waiting to see the Obama plan; waiting for economy to improve
  - ▶ Not sure how long will be at this location
  - ▶ Not sure how long will be in business

“If it’s not broken,  
don’t fix it.”

“I have three  
kids so there are  
a lot more  
important things  
to spend money  
on than  
appliances.”

“I really don’t know  
how much I might  
save. What are the  
options?”

## Aids for Making Energy Efficiency Improvement Decisions

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- ▶ Focus group respondents discussed the impact on their decision to make an improvement if a utility, state or local government or agency provided these four types of information
- ▶ In general, all four types of information are considered useful in providing a starting point for further investigation but should not be exclusive or forced

**List of Contractors**

**List of Retailers**

**List of Products  
or Brands**

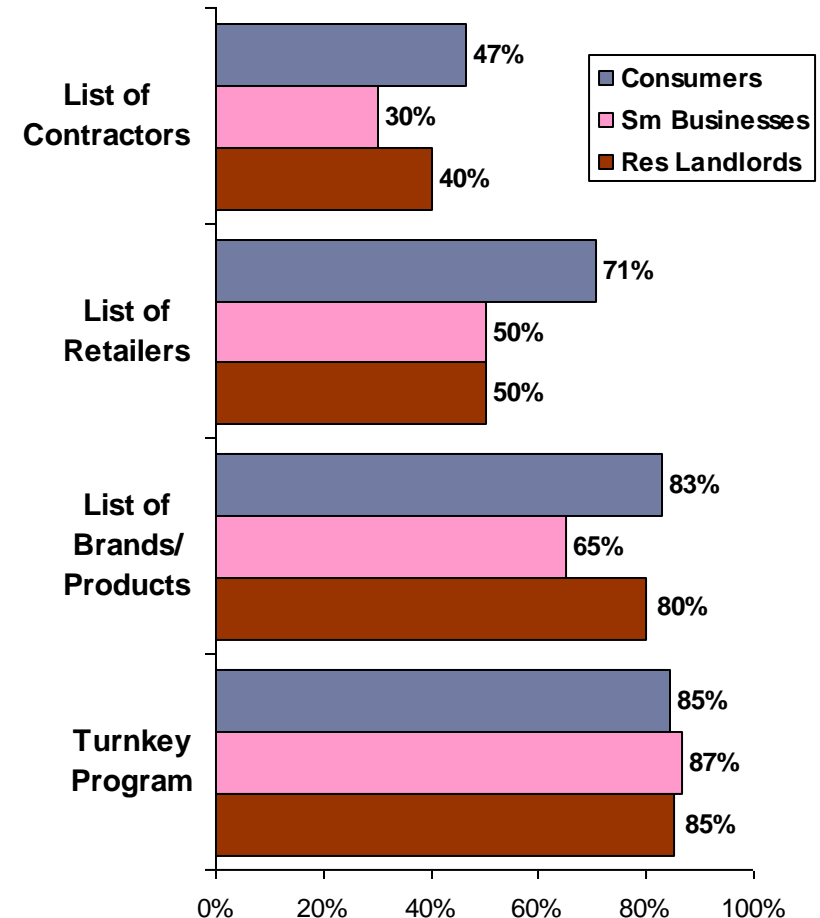
**Turnkey Program where  
an approved person does  
an audit and provides a  
proposal for work**

## Helpfulness of Four Decision-Making Aids

- ▶ Prior to the discussion, focus group participants silently indicated whether they considered the four aids helpful in making a decision to make an energy efficiency improvement
- ▶ The proportion of participants selecting each one is shown in the graph
- ▶ The **turnkey program** and **list of brands** are considered helpful by the largest numbers of participants in each segment
- ▶ Most consumers are inclined to consider all of the four aids helpful while, in contrast, far fewer small businesses feel this way
- ▶ Reasons for participants' attitudes towards the four aids are shown on the following pages

### Helpfulness of Aids For Making Decision

(% of Participants Who Find Each Aid Helpful)  
(Small Sample Sizes; Range of Error=13-22%)



## List of Contractors: How a List of Contractors Would be Helpful

### Consumers

- ▶ Easier than doing the research yourself
- ▶ Good place to start
- ▶ Assume would be qualified, approved, licensed, insured, trained and capable
- ▶ Would be “accountable to someone other than me”
- ▶ Lower priced due to competition with others on the list

“It would weed out the shady people.”

### Small Businesses

- ▶ Would recognize familiar names
- ▶ Assume would be reputable, honest and competent
- ▶ Assume that information would be accurate (due to source)

“They would be pre-approved and certified.”

### Residential Landlords

- ▶ Would expect lots of info: list of jobs completed, references, testimonials
- ▶ Easy way to start the process

“I’m always looking for new people.”

## List of Contractors:

### Why a List of Contractors Would **NOT** be Helpful

#### Consumers

- ▶ Distrustful of utility, government sources for this list
- ▶ Prefer to do own research
- ▶ Know contractors already; prefer to select one worked with in the past
- ▶ Want to know how are they qualified
- ▶ Expect them to be more expensive; “Are they getting a cut?”

“I’d be leery of who is supplying the information.”

#### Small Businesses

- ▶ Skeptical of government-supplied lists; suspect pay-offs
- ▶ Don’t know how contractors on the list are measured; how get on list
- ▶ Assume incompetency; sense of entitlement
- ▶ Prefer to do business with “people who do business with me”
- ▶ Expect them to be expensive

“How are they measured?  
How did they get on the list?”

#### Residential Landlords

- ▶ Listing is not enough; must guarantee the work
- ▶ Don’t know how they are evaluated; pay someone to get on the list?
- ▶ Would ask colleagues for a referral
- ▶ Do not want to be limited to names on the list

“I want to use people I already know.”

## List of Retailers: How a List of Retailers Would be Helpful

### Consumers

- ▶ Would save time and effort of searching for a place to buy products
- ▶ Convenient; indicates approved products are for sale there
- ▶ Indicates what types of stores sell certain items
- ▶ List of local stores in your area
- ▶ Easy to shop around on price; comparison shop

“I wouldn’t have to drive around looking for appliances.”

### Small Businesses

- ▶ Saves time
- ▶ Good starting point
- ▶ Makes it easy to compare specs and prices for comparison shopping
- ▶ Increases ability to obtain good deals

“Retailers are more trustworthy than contractors.”

### Residential Landlords

- ▶ Helpful in getting bids
- ▶ Indicates sources for energy efficient products
- ▶ Retailers are more stable, reputable and reliable than contractors

“I’d use it to tell my contractor where to go.”

## List of Retailers:

### Why a List of Retailers Would **NOT** be Helpful

#### Consumers

- ▶ Would not trust a list of retailers referred by the utility
- ▶ Prefer to search for this info on the Internet; do own research

“I’d take the advice of the contractor.”

#### Small Businesses

- ▶ Prefer a turnkey program; too much detail; too much work
- ▶ Can get this information from other sources: phone book, blogs, Internet sites, peers, rating sites
- ▶ Rely on contractor to order supplies
- ▶ Expect list to be limited

“I can go online and get this information in 5 minutes.”

#### Residential Landlords

- ▶ This type of advice is not needed; have list of suppliers
- ▶ Use the Internet Yellow Pages instead

“I already have relationships with suppliers.”

## List of Products or Brands: How a List of Products or Brands Would be Helpful

### Consumers

- ▶ Would provide information about Energy Star rating
- ▶ Easy to compare; would help to eliminate some brands that are too expensive
- ▶ Would identify what to look for; features and ratings on energy efficiency
- ▶ More comfortable knowing which brands are reputable
- ▶ Can look up reviews online

“List would tell if it meets industry standards.”

### Small Businesses

- ▶ Good starting point; saves time
- ▶ Ability to compare brands across features and energy ratings
- ▶ Heightens awareness of what is available, especially about new products
- ▶ Would expect list to be complete, accurate and honest
- ▶ Can do more research online

“It might identify products I hadn't thought of.”

### Residential Landlords

- ▶ Helpful in being knowledgeable about new brands as they come out
- ▶ Would provide direction to contractors doing work on properties

“I'd tell my contractors to check out these products.”

## List of Products or Brands:

### Why a List of Products or Brands Would **NOT** be Helpful

#### Consumers

- ▶ May be confusing if one manufacturer sells under multiple brand names
- ▶ May not include second tier brands that are less expensive

“It could be a gimmick just to get you to buy.”

#### Small Businesses

- ▶ Prefer to do this research online
- ▶ Distrust of any government supplied list

“I’d just ‘Google’ it.”

#### Residential Landlords

- ▶ Prefer to leave this up to the contractor to decide
- ▶ Ability to find similar items in multiple locations
- ▶ Prefer to do this research myself

“Contractors will know the best suppliers.”

## Turnkey Program: How a Turnkey Program Would be Helpful

### Consumers

- ▶ Would provide an expert to identify problems and solutions
- ▶ Convenient; all in one document; “soup to nuts”
- ▶ Expert would be honest due to price comparisons
- ▶ Would ensure professional contractors and auditors
- ▶ Checklist is helpful; check off items that are affordable and easy to implement

“They will tell me things I don’t know and open my eyes to new ideas.”

### Small Businesses

- ▶ Provides alternative solutions and choices
- ▶ Would be comprehensive and measurable
- ▶ Would include grant opportunities, tax advice
- ▶ Should be non-biased and non-binding
- ▶ “I’d love an audit. Please send someone over today!”

“It would help you get educated before you start work.”

### Residential Landlords

- ▶ Easy; eliminates effort on the part of the landlord
- ▶ Useful to understand how to save energy and how much it would cost

“I welcome anything that eases my workload.”

## Turnkey Program: Why a Turnkey Program Would **NOT** be Helpful

### Consumers

- ▶ Would not trust vendor to give the best price
- ▶ Distrust private business; would over-promise to get the sale

“I’m uncomfortable not knowing who is running this.”

### Small Businesses

- ▶ Might be cost-prohibitive
- ▶ Would be canned; not customized to specific business
- ▶ Would prefer a la carte
- ▶ Don’t want utility or government involved; suspicious
- ▶ Question who is doing audit and what is their motivation

“I get nervous. Is it enforceable? I just want a simple consultation.”

### Residential Landlords

- ▶ Would expect to overpay for audit, product and labor
- ▶ Would prefer referrals and word of mouth

“That would require lots of financial analysis and effort.”

## Cost of a Turnkey Program

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- ▶ Should the customer pay for the audit?

### Some say “Yes”

#### Consumers

- ▶ “There would be so many things I would never have thought of”
- ▶ Price should be \$150; take 15 minutes
- ▶ Offer rebate on cost when improvements are done

#### Small Businesses

- ▶ Only if suggestions are taken, improvements made and savings realized
- ▶ Wouldn't expect it to be free because there would be too much demand to satisfy
- ▶ Would pay about \$150; sliding scale based on square footage of building

#### Res. Landlords

- ▶ Would pay if could apply fee to eventual purchase
- ▶ Cost should be about \$100

### Others say “No”

#### Consumers

- ▶ Home Depot does for free
- ▶ Would not do this if had to pay
- ▶ “Sole purpose should be to help you become energy efficient, not make a profit. There is a conflict of interest. I know where my house is drafty.”

#### Small Businesses

- ▶ Would not do it unless it was free
- ▶ Should be funded by government but implemented by a non-profit group
- ▶ “Most of us already know what we need.”

#### Res. Landlords

- ▶ See no value in turnkey program; contractor would do this for landlords

**Financing  
Energy  
Efficiency  
Improvements**

# Financing Energy Efficiency Improvements

- ▶ Strong resistance to financing anything at this time, especially among consumers; strong preference to use cash
  - ▶ Slow economy and uncertainty about jobs and the future have prevented consumers from investing in energy efficiency
  - ▶ Availability of no-interest credit card financing (up to 12 months) is more attractive
- ▶ Businesses are more inclined to finance improvements
  - ▶ Some prefer to use borrowed funds
  - ▶ Others prefer cash; *"Cash is king!"*
- ▶ Very low awareness of NYSERDA Energy Smart Loan Fund
  - ▶ Those who are aware are not interested

## Financing Methods Used in the Past

*(Very Few Participants Have Used Financing in the Past)*

### Consumers

- ▶ Cash
- ▶ Credit card
- ▶ Home equity loan

### Small Businesses

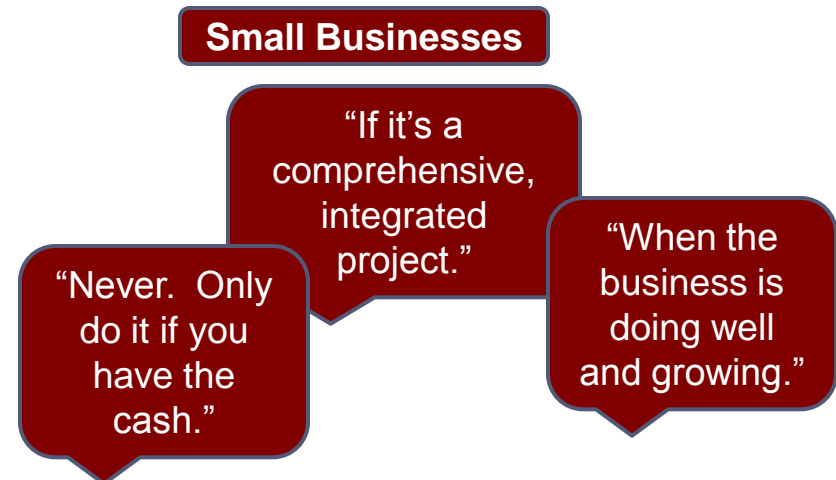
- ▶ Out of cash flow
- ▶ Barter
- ▶ Bank line of credit
- ▶ Combine EEI with other project costs; not financed separately
- ▶ Credit cards
- ▶ Bank loans

### Res. Landlords

- ▶ Out of cash flow
- ▶ Anticipated repairs financed as part of distressed properties' financing package
- ▶ Bridge loan; construction loan
- ▶ Refinancing loans from banks
- ▶ Through the manufacturer (such as window manufacturer)

## When To Finance Energy Efficiency Improvements?

- ▶ When to finance
  - ▶ Consumers and businesses agree:
    - ▶ Only in emergency situations
    - ▶ A necessity (a furnace, not windows)
    - ▶ Large, high-cost projects
  - ▶ Consumers also consider:
    - ▶ Structural improvements
    - ▶ Income level; money on hand
  - ▶ Businesses consider:
    - ▶ Payback period (more likely to finance if 5+ years payback) and low interest rate
    - ▶ Cash flow
    - ▶ Tax credits; depreciation benefits
- ▶ Non-profit companies obtain grants or donations rather than financing
- ▶ Dollar threshold
  - ▶ The threshold varies by income and situation
    - ▶ Consumers: from a few hundred dollars to \$1,000, \$5,000, or \$20,000
    - ▶ Small Businesses from \$3,000 to \$100,000



## Financing Incentives

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Cash Rebate

Below Market  
Interest Rate

Cash Rebate +  
Below Market Rate

Below Market Rate +  
Payments on Utility Bill

Below Market Rate +  
Payments on Utility Bill +  
Obligation Stays with  
Property

- ▶ Focus group participants were introduced to five concepts and asked whether each one would be an incentive to financing an energy efficiency improvement at their home/apartment, business, or rental property
- ▶ They discussed the pros and cons of each option in a general sense before proceeding to specific scenarios; their first impressions are summarized on the following pages
  - ▶ *It should be noted that there are pros and cons expressed for each of the incentives; since this is a qualitative investigation, it is not possible to determine the relative weights of the individual pros and cons; some respondents were positive towards each incentive while others were not; their reasons are presented here to explain “why” rather than determine which is stronger than the others*

## Reaction to Cash Rebates

### Positives

- ▶ Helpful; attracted by rebates
- ▶ Would respond to a 5%, 10%, 15%, 20% or 25% rebate
- ▶ Would like a 5%, 10%, 20% or 50% rebate
- ▶ Would have to be instant
- ▶ Would have to be simple to obtain the rebate
- ▶ Would expect 20% rebate
- ▶ Would expect payback in 3-5 years

“It effectively lowers the price.”

“It’s better than nothing.”

“Sure, why not?”

### Negatives

- ▶ Mail in rebates take too long and are likely to be rejected
- ▶ Have to consider the expiration date
- ▶ Would not finance something just because of a rebate
- ▶ Not attractive; assume rebate is built into the price
- ▶ Hassle to deal with; have to keep track if don’t get it back
- ▶ Don’t want government (ultimately taxpayers) paying for this

“It’s so hard to qualify for rebates.”

“Just lower the price instead.”

“They’ll find a way not to give it to you.”

## Reaction to Below Market Interest Rate

### Positives

- ▶ Interest rate:
  - ▶ 0% interest for one year; under 5%
  - ▶ Don't know what market rate really is; hard to pin down 'market' rate
  - ▶ Want lower rate than what money could earn elsewhere
  - ▶ Lower than current credit card rates
  - ▶ Half the prime rate
- ▶ Process of getting financing would have to be simple and easy
- ▶ Would do this if savings on utility bill is greater than monthly debt service
- ▶ Would be attractive in an emergency situation

"Cheap money is good money."

"I would have to consider it."

"It's found money. Always say 'yes'."

### Negatives

- ▶ Would investigate other alternatives first
- ▶ Unease due to undefined source of financing; prefer to use banks
- ▶ Want ability to pay off early without penalty
- ▶ Depends on the collateral
- ▶ What are terms? Want rate to remain the same over life of loan
- ▶ Terms are often too long

"In this economy it is more important to be frugal than to be energy efficient."

"Debt is still debt."

"I just don't want to finance."

## Reaction to Cash Rebates + Low Interest Rate

### Positives

- ▶ More attractive than either incentive alone
- ▶ Cheaper product and low rate in combination is an incentive
- ▶ Like federal stimulus program: creates jobs in the economy (contractors, installers, manufacturers)
- ▶ Depends upon the interest rate

“Now we’re talking...”

“It would push me towards financing even if I had the cash already.”

“It’s all good.”

### Negatives

- ▶ Would not finance unless an emergency
- ▶ Business is more likely to finance productivity improvements or something that contributes to revenue rather than just energy efficiency
- ▶ Trying to decrease outstanding debt, not increase it
- ▶ Prefer to have debt available later in case it is really needed
- ▶ Must be accessible and easy to get; rebates are not easy

“Is there really a free lunch?”

“I would borrow against my 401k instead.”

## Reaction to Below Market Rate + Payments on Utility Bill

### Positives

- ▶ Good deal
- ▶ One bill, one payment
- ▶ Write one check; saves paper
- ▶ One payment is easy; convenient
- ▶ Shrewd marketing tactic on part of utility
- ▶ *(Little positive feedback on this option)*

“OK for people who can’t get it on their own.”

“I’d have to ask my accountant.”

### Negatives

- ▶ Do not trust utility; prefer to keep financing separate
- ▶ Gives utility more power; will shut off power if late
- ▶ Expect higher costs; transaction fees; additional taxes on loan amount
- ▶ Would require one big payment at one time; more flexibility if separate
- ▶ No guarantee that utility bill will go down
- ▶ Would add to confusion; utility bills already hard to understand
- ▶ Complicated; cumbersome at tax-time to separate loan from energy payment
- ▶ Do not trust utilities; expect errors and discrepancies
- ▶ Landlords expect problems when selling properties

“Keep the utilities out of banking.”

“I’m not going to help them get any more money out of me.”

“It seems like a trick.”

## Reaction to Below Market Rate + Payments on Utility Bill + Obligation Stays with Property (Meter)

### Positives

- ▶ Good for those who plan to move in a short time
- ▶ Savings might be more than the payment
- ▶ Might increase the value of the property
- ▶ More benefit to seller than buyer of property
- ▶ Share costs with new owner/tenant
- ▶ Longer terms are better; more likely to be assumed by new owner
- ▶ Might lower the assessed property value; lower taxes

"It increases the value of the building."

"Everyone benefits no matter who owns the house."

"I'd hope my buyer does lousy due diligence."

### Negatives

- ▶ Concern that obligation would return to original owner if default
- ▶ Complicates a home sale; legal issues; "messy"; harder sell
- ▶ No desire to take on another person's debt
- ▶ Cost of the improvement should be in the purchase price
- ▶ Makes property initially more expensive
- ▶ Might impact buyer's ability to get financing
- ▶ Concern about seller's disclosure of the lien
- ▶ Difficult to prove improvement increased property value
- ▶ New buyer might not want improvements; technology may change

"It makes it much harder to sell the property."

"Everyone doesn't feel the same way about preserving energy as I do."

"Who wants to buy property with a lien on it?"

# **Advantages & Disadvantages of On-Bill and Off-Bill Financing**

## Definitions

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- ▶ Prior to discussing each of the concepts, participants in each focus group were read a description of On-Bill and Off-Bill Financing; this was done to ensure that all participants had a common understanding of the concepts
  
- ▶ The descriptions read to participants were as follows:
  - ▶ **On-Bill Financing** is a program that helps people pay for energy efficiency improvements by providing loans that are paid back through payments to a utility or energy company on the monthly bill, so there is no up front payment for the improvements. The idea is that over time you should see a savings in your energy bill. The program might also assist in finding a financing source, provide information about potential cost savings, and provide a list of certified contractors and warranties.
  - ▶ **Off-Bill Financing** would provide a means to purchase and install energy efficiency improvements and finance them, so there is no up-front payment. However, in this case, the payments would not be made to a utility or energy company but to a third-party lender. The customer would pay this lender directly so the payment would not be on the utility bill. The lender applies their own creditworthiness standards and the customer pays the lender directly and has sole responsibility for paying the loan whether or not the customer stays at the premises.

## Scenarios

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- ▶ Focus group participants were then presented with various scenarios in order to discuss the advantages and disadvantages of the On-Bill and Off-Bill Financing options
- ▶ The scenarios included perspectives of a home or property owner, a tenant or renter, and a residential landlord
- ▶ Feedback was elicited regarding the On-Bill customer obligation, On-Bill meter obligation and Off-Bill financing options
- ▶ The following pages summarize perceptions of focus group participants regarding the three financing options from their different perspectives

## On-Bill Financing (General Reactions)

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- ▶ Participants mentioned the following in a general sense about On-Bill Financing; these perceptions are not specific to the customer or meter obligation model

### Advantages

- ▶ More energy efficiency; lower utility bills
- ▶ Can see energy savings on bill each month
- ▶ No down payment
- ▶ No credit check; easier to qualify
- ▶ Lower than market rate
- ▶ Easy to find financing
- ▶ Streamlined billing; less paperwork
- ▶ One bill to pay; one check to write; don't have to remember to pay
- ▶ Constant payment amounts and rates
- ▶ Saves paper and time (paying bills)

### Disadvantages

- ▶ Forced to pay your utility bill on time or will shut off utilities
- ▶ Requires one large payment on the same date; not flexible
- ▶ No negotiation; cannot delay payments
- ▶ Hides true cost of item
- ▶ Limited choice of lenders; no ability to shop for competitive rates
- ▶ More accounting complexity; tax issues; depreciation
- ▶ Difficult to switch energy suppliers
- ▶ Skepticism that cost savings will equal the interest rate

## On-Bill Customer Obligation

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- ▶ Beyond the general On-Bill Financing advantages and disadvantages, the following are specific to the customer obligation model

### **Advantages**

- ▶ Can take it with you (appliance) when move
- ▶ Easy way for landlord to make major improvements without having to get financing
- ▶ Landlord would do this (not renter) to keep control
- ▶ Easier for landlord to rent the apartment

### **Disadvantages**

- ▶ Continue to pay after sell or move out
- ▶ Responsible for maintenance and repair of item
- ▶ Landlord might sell building and tenant has to move out while still paying loan

## On-Bill Meter Obligation

- ▶ The meter obligation model is more complex and garners many different opinions; several in the Residential Landlord groups claim they would not allow a tenant to enter into this type of financing arrangement

### Advantages

- ▶ No loan to carry when sell or move
- ▶ More equitable; only pay for what you use
- ▶ Improvements stay with property; don't pay full price of item if move out
- ▶ New buyer gets benefit without paying full amount
- ▶ Good if planning to sell or move soon
- ▶ Assumable; easy to get in
- ▶ Doesn't impact personal credit
- ▶ Very attractive to renters; can leave and becomes landlord's problem

### Disadvantages

- ▶ More difficult to sell property; buyer might not understand
- ▶ New owner might not want the improvement
- ▶ New buyer/renter assumes loan
- ▶ No option to take improvement with you if move
- ▶ Too complex, especially for renters; difficult to explain to new tenant; complicated lease
- ▶ In a rental, landlord would have to be involved and would notify new tenant; full disclosure
- ▶ Improvement may be broken when new buyer/tenant moves in and assumes loan
- ▶ Would not want to be responsible for improvements landlord did not approve

## Off-Bill Financing

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- ▶ Participants suggested many advantages to Off-Bill Financing

### Advantages

- ▶ Lower utility bills
- ▶ Familiar process; traditional
- ▶ Easier to sell property; easier to negotiate
- ▶ Easier accounting; “cleaner” deal
- ▶ More flexibility; separate bill due at a different time from energy bill; ability to pay off in advance
- ▶ Can shop for lower rates and contractors
- ▶ Can take advantage of current lender relationships
- ▶ Can take it with you (appliance) when move
- ▶ No need for renters to notify landlord
- ▶ No burden to person moving in
- ▶ Landlord can pool together many different improvements

### Disadvantages

- ▶ Another bill to pay
- ▶ Payments and rates may fluctuate
- ▶ Shopping around for loan is time-consuming
- ▶ Uncertainties if interest rates rise
- ▶ Have to pay even if move away
- ▶ May require down-payment ; loan application fee

# Issues Raised Regarding On-Bill Financing

## Outline of Issues Covered on the Following Pages

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- ▶ There were several issues investigated as part of the guided discussion, and there were also some questions raised by participants regarding On-Bill Financing, particularly with respect to the Meter-Obligation Model; the following pages provide documentation of specific elements of the discussions that ensued in the focus groups
  - ▶ Concerns among Renters and Landlords regarding OBF Meter Obligation Model
    - ▶ The Meter Obligation Model is a new concept for most participants in the focus groups; their perceptions regarding some of the questions asked of them in the focus groups are provided here
  - ▶ Concerns among Home and Property Owners regarding OBF Meter Obligation Model
    - ▶ Property owners also have concerns about OBF Meter obligation; unlike renters and landlords, property owners raised these issues themselves in the focus group sessions; these questions were not asked directly of them
  - ▶ Motivations to Use OBF Meter Obligation If About To Move
    - ▶ An internal question at the outset of the focus groups was whether the intention to move within a short period of time would be a deterrent to using OBF Meter Obligation; this page addresses that question
  - ▶ Perceptions Regarding Customer Default
    - ▶ Perceptions from focus group participants about the consequences of customer default
  - ▶ Unanswered Questions
    - ▶ Questions raised by participants that are important to understand as they identify additional concerns and objections to OBF
  - ▶ Divergent Expectations for Covering OBF Administrative Fees
    - ▶ Participants were queried about how administrative fees would be covered; their perceptions are provided here

# Concerns among Renters and Landlords Regarding OBF Meter-Obligation

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- ▶ Renters and Landlords have particular concerns; participants in the focus groups provided their perceptions regarding the answers to the following questions about OBF Meter-Obligation
  - ▶ Who notifies the landlord when a tenant applies for OBF-meter obligation?
    - ▶ The tenant
    - ▶ The contractor doing the work
    - ▶ The utility
    - ▶ Indemnify the landlord
    - ▶ Must be notarized
  - ▶ How is authorization for OBF-meter obligation enforced?
    - ▶ Lease
    - ▶ Finance company
    - ▶ Utility
  - ▶ How is new tenant notified of an existing OBF-meter obligation at the property?
    - ▶ Lease should state this
    - ▶ Realtor or rental agent
    - ▶ Part of the negotiation
    - ▶ By the utility
    - ▶ Landlord; verbally and in writing
  - ▶ If the tenant leaves, and apartment is vacant, who is responsible?
    - ▶ All agree: the landlord

“You can’t put a lien on a building without the landlord’s approval. No landlord would allow a lien to be put on their property.”

## Concerns among Home and Property Owners Regarding OBF Meter-Obligation

- ▶ Focus group participants who own property consider OBF meter-obligation as overly-complicated and not at all attractive
- ▶ Consumers consider meter-obligation financing as a strong deterrent to both selling and purchasing a new home
- ▶ Businesses who rent would use this as a negotiation tool; not necessarily a deterrent
- ▶ Would be hesitant unless really wanted the space
- ▶ Factor in cost of debt in selling price
- ▶ Term is also a factor; don't want to assume payment for an improvement that is several years old

"It would make you more cautious. More likely to reconsider."

"Nobody wants this. Not in this market."

"The On-Bill thing is scary."

"I don't want to add any more stress to my house-hunting situation."

"It's a liability. It would decrease the market value of the house."

"You'd have to charge less for the rent if the tenant has to pay more to the utility."

## Motivations to Use OBF Meter-Obligation if about to Move

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- ▶ When asked to consider what would motivate consumers and businesses to make an energy efficiency improvement and finance it through On-Bill Financing using the Meter Obligation model, participants had some ideas:
  - ▶ Tax credits in the first year
  - ▶ Grants
  - ▶ Rebates
  - ▶ Necessity or emergency
  - ▶ Payback in the first year
  - ▶ If improvement made property easier to sell
  - ▶ Guaranteed energy bill savings
  
- ▶ Others claim they would have no motivation:
  - ▶ Nothing; would not do this
  - ▶ Would be deceitful

“Not unless the place isn’t marketable.”

## Perceptions Regarding Customer Default

- ▶ Most respondents expect that the power would be shut off in the case of customer default or non-payment of the loan portion on their bill
  - ▶ This is a reason to prefer off-bill financing
  
- ▶ Other actions on the part of the utility:
  - ▶ Late fees
  - ▶ Lien on property
  - ▶ Repossess the item
  - ▶ Report to credit bureau; bad credit for consumer or business
  - ▶ Lawsuits, judgments, garnish wages
  
- ▶ Nothing
  - ▶ Utility rates increase to cover defaults; all bills go up

“Just like a mortgage payment. That’s why we’re nervous if they are tied together.”

“The utility bill and loan payment are separate. They have nothing to do with each other. The power should not be shut off for non-payment of the loan.”

## Unanswered Questions About On-Bill Financing

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- ▶ There were many questions and issues raised regarding On-Bill Financing by focus group participants during the sessions
  - ▶ Who guarantees the work - the utility? The contractor? Who makes repairs?
  - ▶ Is warranty transferable?
  - ▶ Are we forced to use limited list of contractors?
  - ▶ Is there a lien on the property?
  - ▶ Is collateral required?
  - ▶ Who gets the tax break?
  - ▶ What if energy provider changes?
  - ▶ Who has obligation for repairs?
  - ▶ What happens when customer pays a half payment?
  - ▶ Is there an early payment penalty?
  
- ▶ *Note: these questions were not answered by the Moderator during the focus groups; they are included here as “unanswered” questions that arise when potential users are first presented with the concepts*

## Divergent Expectations for Covering OBF Administrative Fees

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- ▶ All utility bills would increase
  - ▶ Utility bills of participants and non-participants in the program would increase
  - ▶ Administrative costs such as generating the bill, adding staff, and coordinating with financing sources will have to be covered by all energy customers
- ▶ Defaults are an issue
  - ▶ Concern about defaults; all rates will go up
- ▶ Fees would be covered by the program
  - ▶ Administrative fees and defaults would be covered by fees and interest charged to those in the program; therefore no rate increase for non-participants

# Qualifying for On-Bill Financing

## Qualifying for On-Bill Financing

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### ▶ Consumers

- ▶ Good job
- ▶ Long time on job
- ▶ Good credit; on-time payments
- ▶ Credit check
- ▶ Long time at residence
- ▶ Good payment history with utility

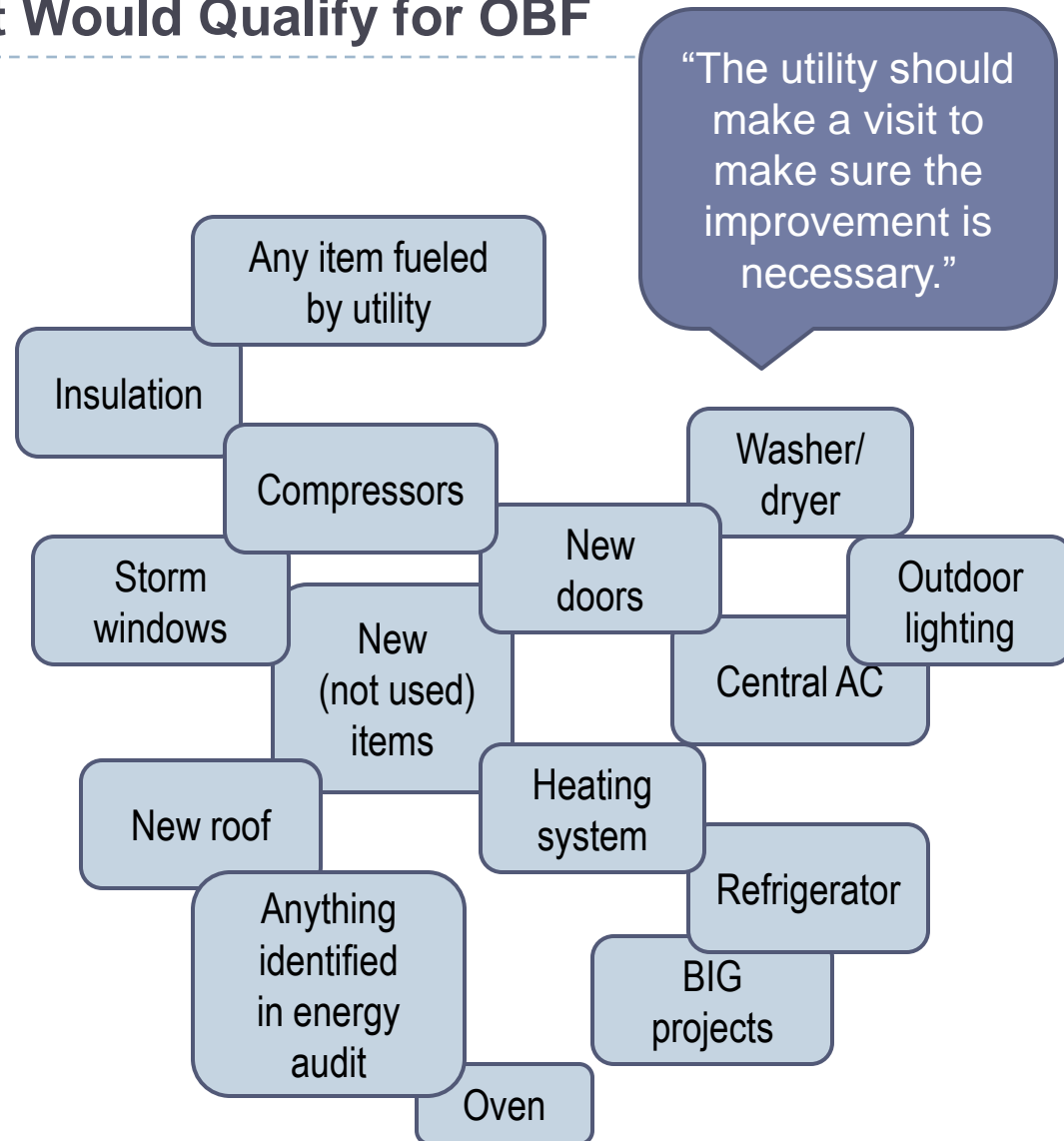
### ▶ Small Businesses

- ▶ Credit check; good credit rating
- ▶ Collateral
- ▶ Good payment history with utility
- ▶ Solvent
- ▶ Have assets
- ▶ Minimum of liabilities

- 
- ▶ Most believe there would not be a credit card or other collateral back-up in case of default
    - ▶ If had credit card, would use that instead
    - ▶ If default on loan, probably would default on credit card too
  - ▶ Some would expect collateral as back-up; similar to traditional financing arrangements

## Types of Improvements that Would Qualify for OBF

- ▶ Not small items like light bulbs, small appliances
- ▶ Not necessarily Energy Star rated items
  - ▶ “Anything can get an Energy Star rating”
  - ▶ Although Energy Star is a good standard
- ▶ Participants question whether solar and wind energy improvements would be included; would limit revenue of utility



# Consumers For Whom Each Type of Financing Would Be Most Appropriate

## **On-Bill Financing Customer Obligation**

- No savings
- Lots of bills
- Bad credit
- Who want a simple process
- Homeowners that cannot afford another loan
- Older person who wants utility to be their agent
- Leading a busy life; one bill is simple
- Inexperienced or younger person
- In an emergency
- First-time renters
- College students
- Upstate residents with larger utility bills

## **On-Bill Financing Meter Obligation**

- Landlords, not tenants
- Flight risks
- No one

## **Off-Bill Financing**

- Good credit
- With savings
- Who move frequently
- Employed

## Businesses For Whom On-Bill Financing Would Be Most Appropriate

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**On-Bill  
Financing  
Customer  
Obligation**

- Cash poor
- Bad credit
- No access to credit
- Sole proprietor
- Busy; no time to do research
- Non-profits
- Own their building
- Want predictable cash flow; budget
- Use a lot of energy
- Large firms
- New business with little cash

# Communications

# Preferred Ways to Learn about Energy Efficiency Programs like OBF

- ▶ Four media mentioned by all three segments (bill inserts, email, flyers and Web sites):

* = Mentioned by Segment	Cons'r	Sm Biz	LLs		Cons'r	Sm Biz	LLs
1-800 hotline	*			Mandatory interview, audit		*	
Accountant		*		Manufacturers	*		
Ads in courthouses			*	Model home	*		
Billboards		*		Newspaper ads, articles	*		*
Bill inserts	*	*	*	On the bill	*	*	
Celebrity spokesperson			*	Organizations, assoc's		*	*
Chamber of Commerce		*		Phone calls	*	*	
Community; friends; neighbors	*			PSAs		*	
Door to door		*		Radio ads	*	*	
Email	*	*	*	Retailers (info sessions)	*		
Flyers, brochures, post cards	*	*	*	Seminars		*	*
Kiosks	*			Subway posters, panels	*	*	
Landlord/tenant meetings	*			Surveys	*		
Letter, direct mail, coupons	*	*		Trade shows	*		
Link from electronic bill; pop-ups	*	*		TV commercials	*	*	
Local colleges		*		TV news shows	*		*
Luncheons (business)		*		Webinars		*	
Magazines, articles	*		*	Web sites	*	*	*

- ▶ Not in print because printed materials use paper and therefore not energy efficient
- ▶ Not email; no spam!

## Appropriate Source for Information about Energy Efficiency Programs like OBF

- ▶ Many would expect the utility to provide this information; others strongly disagree
- ▶ State agencies were also mentioned by several focus group participants

### Utility should be the source

- ▶ Utility is “offering the deal”; “making the money”; should be responsible
- ▶ This is “the business of the utility”; “It’s their program”
- ▶ Expect utility to obtain a grant to administer program; should inform public

### Utility should **NOT** be the source

- ▶ Not comfortable that utility is “getting into the banking business”
- ▶ “Why should our tax dollars be spent on helping Con Ed make more money”
- ▶ Conflict of interest; utility wants people to consumer more, not less, power

### State Agency

- ▶ Responsible for protecting and serving the public
- ▶ Accountable to the public for controlling utilities
- ▶ But should not increase number of state workers employed; administration of program should not increase costs
- ▶ NYPIRG
- ▶ NYSERDA

## Other Sources for Information about Energy Efficiency Programs like OBF

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### Other Sources

- ▶ Joint venture between utility and state agency; “less of a feeling that someone is benefitting”
- ▶ Must be an honest and reliable source
- ▶ Personal financial advisor; business accountant
- ▶ Friends and colleagues
- ▶ Bank; financial institution
- ▶ Contractors, suppliers; those on the ‘approved’ list; can help with the process
- ▶ Retailers, product manufacturers; they benefit as well as the consumer
- ▶ Energy Star rating company
- ▶ Attorney General’s Office
- ▶ Better Business Bureau
- ▶ Non-profit agency set up specifically for this purpose
- ▶ Third party, for-profit business; “implies it is a good idea because there is money to be made”

# **Role of Government & Utilities**

## Role of Government and Utilities in Encouraging Energy Efficiency Improvements

- ▶ Divergent opinions about the role of the government ; several suggest that the government have no role and not be involved; others disagree
- ▶ Most believe that the utility has a role in encouraging energy efficiency, although some see this as a conflict of interest

“I don’t trust the utility or the government to do anything efficiently.”

### Role of the Government

- Nothing
- Give money to the utility
- Education; new information
- Financial incentives: tax breaks; credits; grants; coupons; rebates; low cost loans
- Provide incentives
- Be a model by conserving energy; put energy efficient appliances in Section 8 housing units
- Encourage, but do not force or mandate; set guidelines
- Raise awareness; communicate; hold town hall meetings
- Encourage utilities to be more efficient; develop better technology
- Enforce the rules; force manufacturers to meet standards
- Establish consistent energy policy

### Role of the Utility

- Raise awareness
- Promote and encourage energy conservation
- Establish mandates for manufacturers of the products
- Organize conservation efforts
- Provide list of ‘approved’ vendors
- Provide incentives; tax breaks
- Make suggestions for energy efficiency improvements; audits
- Be a model by becoming cost-efficient first; set an example
- Develop new technologies to generate cleaner power
- Demonstrate how cost of improvements will pay back over time; balance to zero
- Provide information on utility Web sites
- Monopolies; have responsibility to public

## Role of the PSC

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- ▶ Low awareness of the PSC and the agency's responsibilities
- ▶ Some agreement that this would be a situation when the PSC should play a role in regulating the utilities
- ▶ Landlords also suggest that NYSERDA be involved

"If they can win back people's trust, then that would be a good thing."

"They'd have to grow to do this and no government agency should get any bigger."

"What about NYSERDA? It's already there. Just fix it instead of starting a whole new program."

"They [PSC] would have to be involved in something like On-Bill Financing to regulate the process and prevent 30% interest rates."

# Conclusions & Recommendations

NOTE: On the following pages:

- ▶ This bullet indicates a Conclusion
- ❖ This bullet indicates a Recommendation

## There is a high level of agreement that energy efficiency is important.

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- ▶ Consumers and businesses alike agree that making energy efficiency improvements are very important. They also say that they are committed to investing in energy efficiency. They acknowledge the following benefits of making improvements:
  - ▶ Saves money on energy
  - ▶ Increases value of property
  - ▶ Increases comfort of family and employees
  - ▶ Helps the environment
  - ▶ Improves aesthetics
  
- ▶ However, there are also barriers to making energy efficiency improvements, particularly those that are large-scale projects
  - ▶ Costly
  - ▶ Decreases comfort
  - ▶ Inconvenient
  - ▶ Time-consuming
  
- ❖ Efforts to convince people to make energy efficiency improvements should emphasize these benefits while at the same time addressing the perceived disadvantages

## The government and the utilities have roles to play in encouraging energy efficiency.

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- ▶ The role of the government is perceived to be one of general leadership and support of energy efficiency
  - ▶ Policy-making
  - ▶ Education
  - ▶ Increase awareness
  - ▶ Support utilities
  
- ▶ Participants in the focus groups were very concerned that the government would mandate energy efficiency improvements (similar to auto emissions requirements); they see this as too restrictive; instead the government should suggest improvements
  
- ▶ The role of the utilities with respect to encouraging energy efficiency is to be a model themselves for consumers and businesses in improving their own processes and becoming cost efficient
  - ▶ The utility is seen as housing “the experts” and people look to the utilities for direction and advice
  
- ❖ If consumers’ perceptions are inaccurate, additional education is needed

## **A Turnkey Program would provide the most value in helping people make the decision to make an improvement.**

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- ▶ Participants believe that all four of the information aids tested in the focus groups would be helpful in making the decision to make an energy efficiency improvement:
  - ▶ List of contractors
  - ▶ List of retailers
  - ▶ List of products/brands
  - ▶ Turnkey Program where an approved person does an audit and provides a proposal for work
  
- ▶ A Turnkey Program would provide the most value, and some are willing to pay a nominal fee:
  - ▶ “Soup to nuts” solution
  - ▶ Less effort for household/business
  - ▶ Educational process
  - ▶ Would provide range of alternatives
  - ▶ Professionally executed
  - ▶ Would estimate savings amount for the investment (payback)
  
- ▶ However, there are some objections to a turnkey program as well:
  - ▶ Suspicious of motivation of audit provider
  - ▶ Would be “canned”; not customized to individual situation
  
- ❖ Provide these aids to consumers and businesses
- ❖ Address objections as part of communication

# There is a very strong resistance to financing energy efficiency improvements.

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- ▶ Participants in the focus groups are hesitant to finance energy efficiency improvements
  - ▶ In the current economy, people are resistant to taking on more debt; they prefer to pay cash for improvements or put them on a credit card, particularly if the credit card has a zero percent interest rate
- ▶ Participants cite the following five barriers to financing energy efficiency improvements:
  - ▶ Economic priorities
  - ▶ No need; no motivation; inertia
  - ▶ Knowledge gaps
  - ▶ Uncertain ROI or payback
  - ▶ Wait and see attitude
- ▶ Based upon the small number of focus group participants, businesses appear to be more inclined to finance energy efficiency improvements than consumers (this should be quantified through a survey methodology)
  - ▶ At the same time, businesses are also more likely to finance revenue-producing projects rather than cost-cutting measures like energy efficiency
- ❖ Be aware that the economy is having an impact on acceptance of the concepts; consider postponing roll-out until the economy improves
- ❖ Prepare to address the barriers (other than the economy) to making improvements through communications (advertising) and education
- ❖ Consider rolling out the program to businesses first as they appear more likely to finance energy efficiency improvements

“This is the worst time to be talking about these types of programs. We’re all cynical. The economy is bad.”

## There are only two reasons why participants in the focus groups would finance an energy efficiency improvement.

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- ▶ There are two key reasons for financing an energy efficiency improvement:
  - ▶ An emergency
  - ▶ A large-scale, expensive project
- ▶ In the absence of these two reasons, consumers and businesses would consider the amount of cash on hand, the payback period, and tax incentives when deciding whether or not to finance
- ▶ Non-profit businesses are in a special situation; they typically depend upon grants and donations for making any types of improvements, rather than financing
- ❖ Additional incentives may be required to convince consumers and businesses to make an improvement in the absence of an emergency or for a smaller project
- ❖ Provide information about payback periods and tax incentives, or help people calculate this
- ❖ Based on the results of these focus groups, non-profit businesses do not appear to be good prospects for On-Bill Financing

“If your refrigerator is working, you’re not going to buy a new one. Why should I go into debt just to help the environment?”

## Incentives for financing energy efficiency improvements generate lukewarm to fairly negative reactions.

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- ▶ Despite their lack of interest in financing energy efficiency improvements, focus group participants willingly evaluated the five incentives and options for financing; they readily identified key advantages and disadvantages for each one
  
- ▶ **Cash rebate**
  - ▶ Low level of interest among participants; considered inconvenient and unreliable because rebate applications are often denied
  
- ▶ **Below market interest rate**
  - ▶ Consumers emphatically stated that they could get zero percent interest on their credit cards so a below market rate held little appeal
  - ▶ Some consumers and businesses would have to be guaranteed that the savings on their energy bill would be at least equal to the monthly debt payments
  - ▶ This option is uninteresting because of the current uncertainties surrounding the “market” interest rate
  
- ▶ **Cash rebate and below market interest rate**
  - ▶ Somewhat more appealing than either option alone, but still not much of an incentive

*(Continued on next page)*

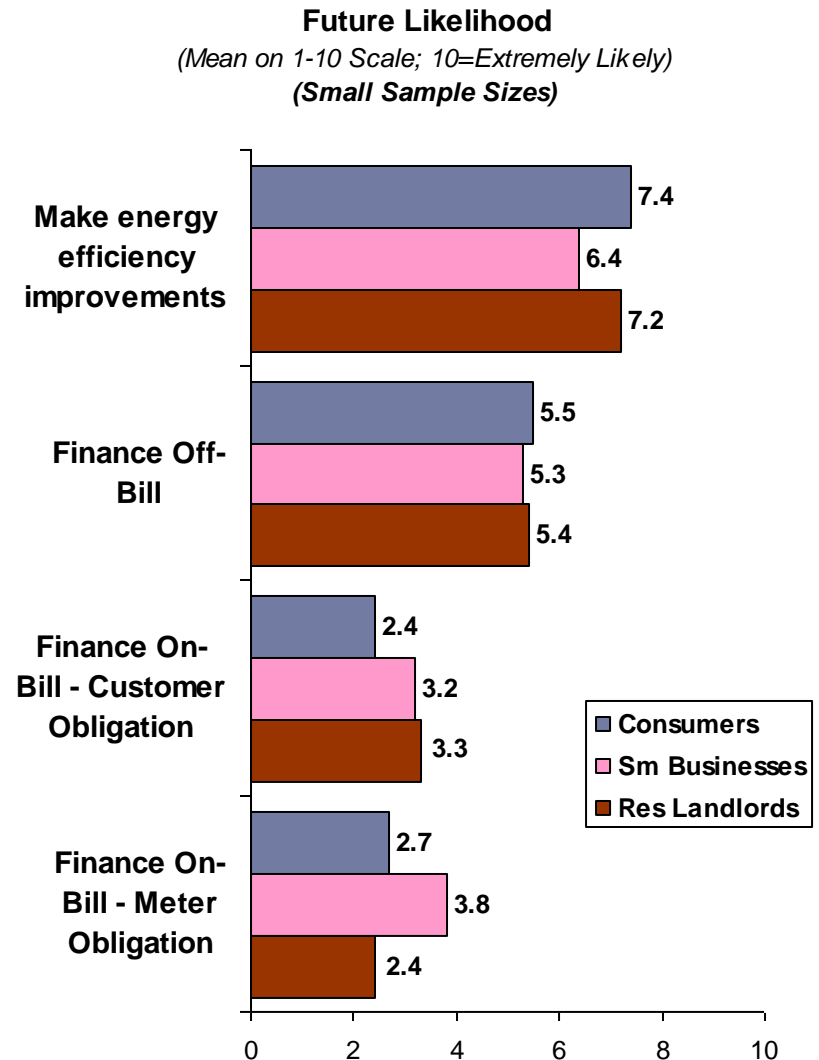
## Incentives for financing energy efficiency improvements generate lukewarm to fairly negative reactions. (cont'd)

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- ▶ **Below market interest rate and payment made on utility bill**
  - ▶ Only perceived advantage is writing one check each month, and this is only a minor advantage
  - ▶ Many would have a problem because the two payments would have to be made at the same time rather than spacing them out
  - ▶ Overly cumbersome for businesses who prefer to keep loans and energy costs separate
  
- ▶ **Below market interest rate, payment made on utility bill, and obligation stays with property**
  - ▶ Seemingly attractive if the person making the improvement plans to move in the near future
  - ▶ However, this is problematic in selling property with a lien on it
  - ▶ Overall a very complicated option with many perceived drawbacks
  
- ❖ These objections should be considered and countered in marketing efforts surrounding On-Bill Financing

## Respondents have a low level of interest in using On-Bill Financing.

- ▶ At the end of each focus group session, after discussing the different financing options, participants completed a survey regarding the topics discussed; results are shown in the graph
- ▶ Participants express a high likelihood for making energy efficiency improvements in their homes or businesses (mean ratings 6.4 to 7.4)
- ▶ However, the likelihood of using On-Bill Financing for these improvements is very low
  - ▶ Means for Customer Obligation range from 2.4 to 3.3
  - ▶ Means for Meter Obligation range from 2.4 to 3.8
- ▶ The likelihood to use Off-Bill Financing is somewhat higher (means range from 5.3 to 5.5) but is fairly low overall
- ❖ These results are from only a small number of focus group participants and results are qualitative and directional; this finding should be quantified (survey) in order to accurately measure the proportions of all consumers, small businesses and landlords who are likely to use On-Bill Financing
  - ❖ A quantitative survey would also provide a means for identifying segments that are more/less likely



## Promote advantages and address concerns.

- ❖ If the PSC decides to move ahead with On-Bill Financing, special attention should be paid to promoting the aspects of this financing option that are attractive to potential users as well as to addressing their key concerns (summarized below are the key issues mentioned multiple times during the groups)

Key Advantages and Disadvantages from Focus Group Participants		
	Advantages	Disadvantages
On-Bill Financing (General)	<ul style="list-style-type: none"> <li>▶ See energy savings on energy bill along with payment</li> <li>▶ One check to write each month is convenient</li> <li>▶ Easy financing; easy to qualify</li> </ul>	<ul style="list-style-type: none"> <li>▶ No negotiation; power is shut off for non-payment</li> <li>▶ Overly complicated billing; accounting issues anticipated</li> </ul>
On-Bill Financing – <b>Customer</b> Obligation	<ul style="list-style-type: none"> <li>▶ Can take the improvement if move out (assuming the improvement is movable)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Required to pay even if move out</li> </ul>
On-Bill Financing – <b>Meter</b> Obligation	<ul style="list-style-type: none"> <li>▶ No loan to pay if move out</li> </ul>	<ul style="list-style-type: none"> <li>▶ More difficult to sell property</li> <li>▶ New owner might not want improvement</li> <li>▶ Complexities involved for both property owners and renters in event of a move</li> </ul>
Off-Bill Financing	<ul style="list-style-type: none"> <li>▶ Familiar process (traditional)</li> <li>▶ Easier accounting</li> <li>▶ More flexibility in making payments</li> <li>▶ Easier to sell property (no lien)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Two bills; two checks to write</li> <li>▶ Time-consuming</li> <li>▶ Not as easy to qualify</li> </ul>

## On-Bill Financing/Meter Obligation has serious drawbacks for both renters and landlords.

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- ▶ Many issues were raised in the focus groups regarding the meter obligation model:
  - ▶ Who notifies landlord when tenant applies for this type of loan?
  - ▶ Who authorizes tenant and who enforces this?
  - ▶ Who notifies new renter of obligation when they move in?
  - ▶ Who is responsible for payment between tenants when property is vacant?
  
- ▶ Because of these issues, landlords and renters say they would not be interested in On-Bill meter obligation financing
  
- ❖ When launching the Meter Obligation Model, special attention should be paid to these issues as there are many diverse perceptions about how these questions would be (or should be) handled
  
- ❖ Published materials should clearly outline the “rules” of On-Bill Financing, particularly as they relate to renters and landlords

## There are some segments of the population that would be attracted by the On-Bill Financing option.

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- ▶ Focus group participants identified certain segments of the general population (consumers) and businesses for whom On-Bill Financing would be useful:
  - ▶ Cash poor
  - ▶ Bad credit; hard to get credit (first-time creditors)
  - ▶ In an emergency situation
  - ▶ Too busy to do research
  - ▶ Want an easy, simple process
  
- ▶ They believe that these are the segments that would be most likely to respond positively to On-Bill Financing
  
- ❖ These segments might be good targets for the program upon roll-out

## Participants identified the most effective media for communicating and discussed logical sources.

---

- ▶ There are four types of communication by which all three focus group segments (consumers, small businesses and landlords) would prefer to learn about programs like On-Bill Financing:
  - ▶ Bill inserts
  - ▶ Email
  - ▶ Flyers
  - ▶ Web sites
- ❖ Use these media in communicating about On-Bill Financing
  
- ▶ There are divergent opinions about whether communications about energy efficiency programs should come from the utilities or elsewhere
  - ▶ Many consider utilities a logical source because utilities are an integral part of the program
  - ▶ Others believe that having utilities promote a program to reduce energy consumption would be a conflict of interest
  - ▶ In addition, there is some discomfort having utilities involved in financing (“the banking business”); this is considered inappropriate, especially in light of recent banking industry improprieties
- ▶ State agencies seem more acceptable, although the administrative costs should not be borne by taxpayers
  - ▶ NYSERDA was mentioned as a likely candidate
  - ▶ Due to low awareness, the PSC was only mentioned in a few sessions and not seriously discussed
- ❖ Be cognizant of these concerns in making decisions regarding the source of communications about energy efficiency programs

## More Research should be Considered.

---

- ▶ The focus group results are from only a small number of focus group participants in a few geographic locations and therefore are qualitative and directional
- ▶ The focus groups have identified perceptions regarding benefits and objections but cannot determine what proportion of the New York State population is amenable to using On-Bill Financing
- ▶ Segments that are more/less likely to participate in On-Bill Financing have not been identified
  
- ❖ Findings should be quantified (survey research) in order to accurately measure the proportions of all consumers, small businesses and landlords who are likely to use On-Bill Financing, and to identify segments that are more likely than others
- ❖ Consider conducting additional research (qualitative and quantitative) once economic conditions have improved
- ❖ Consider more detailed research on specific parameters of On-Bill Financing (instead of the concepts as addressed by these focus groups) once the concept has been further defined

# Appendix

# Appendix

## Participant Rosters

## Participant Rosters

### Consumer Groups

Name	Gender	Own/Rent	Residence	Appliances (Renters Only)	Ethnicity
Group 1, Rochester, March 24, 2009; 6-8 PM; Consumers					
Chandell	F	Own	House		AA
Rebecca	F	Own	House		Cauc
Theresa	F	Own	House		AA
Robert	M	Own	House		Cauc
Michael	M	Own	House		Cauc
David	M	Own	House		Cauc
Kurt	M	Own	House		Cauc
Nicholas	M	Rent	Apartment	Own	AA
Lori	F	Rent	Townhouse	None	Cauc
Nakisha	F	Rent	House	Own	AA
Group 2, Rochester, March 24, 2009; 8-10 PM; Consumers					
Barbara	F	Own	House		Cauc
Gail	F	Own	House		Cauc
Kathleen	F	Own	House		Cauc
Christina B	F	Own	House		Cauc
John	M	Own	House		Cauc
David	M	Own	House		Cauc
Lorna	F	Own	House		Other
Christina D	F	Rent	Apartment	None	Cauc
Jonas	M	Rent	Townhouse	Own	Cauc
Hiep	M	Rent	Townhouse	None	Asian
Group 8, Albany, March 26, 2009; 6-8 PM; Consumer					
Phyliss	F	Rent	Apartment	Own some	Cauc
Len	M	Own	House		Cauc
Laurie	F	Own	House		Cauc
Karen	F	Own	House		Cauc
Pam	F	Own	House		Cauc
Jeremiah	M	Rent	Apartment	Own some	AA
Michael	M	Own	House		Cauc
Mia	F	Rent	Apartment	Own some	Hispanic
Akim	M	Rent	Apartment	None	AA
Robert	M	Own	House		Cauc

**Consumer Groups**

<b>Name</b>	<b>Gender</b>	<b>Own/Rent</b>	<b>Residence</b>	<b>Appliances (Renters Only)</b>	<b>Ethnicity</b>
<b>Group 9, Albany, March 26, 2009; 8-10 PM; Consumer</b>					
Traci	F	Own	House		Cauc
Jennifer	F	Rent	Apartment	Own some	Cauc
Tiffany	F	Rent	Apartment	None	Cauc
Linda	F	Own	House		Cauc
Ed	M	Own	House		Cauc
Jessie	F	Own	House		AA
Sanfort	M	Rent	Apartment	Own some	AA
Henry	M	Own	House		Cauc
Allen	M	Rent	Apartment	Own some	AA
Jess	F	Rent	Apartment	None	Cauc
<b>Group 10, NYC, March 31, 2009; 6-8 PM; Consumer</b>					
Denise	F	Own	Condo		AA
Dawn	F	Own	House		Cauc
Pamela	F	Own	Townhouse		AA
Jeff	M	Own	Townhouse		Cauc
Bill	M	Own	Condo		Cauc
Vito	M	Own	House		Cauc
Tom	M	Own	House		Cauc
Savio	M	Own	House		Asian
Sandy	F	Rent	Duplex	Own	Caus
Sylvia	F	Rent	Apartment	Own	Hisp
<b>Group 11, NYC, March 31, 2009; 8-10 PM; Consumer</b>					
Joanne	F	Own	House		Asian
Ralph	M	Rent	Apartment	None	AA
David	M	Own	House		Cauc
Leticia	F	Own	Apartment		Hisp
Matt	M	Rent	House	Own	Cauc
Rob	M	Own	House		Cauc
Jennifer	F	Own	Apartment		Hisp
Coco	F	Rent	Apartment	Own some	Cauc

## Business Groups

	Gender	Position	Business Type	Property	Ethnicity
Group 3, Rochester, March 25, 2009; 12-2 PM; Business					
Russell	M	Officer	Manufacturing	Own	Cauc
Bill	M	FCO	Comm Prop Mgt	Own	Cauc
Bruce	M	Director	Comm Prop Mgt	Own	Cauc
Frances	F	Owner	Hardware Store	Own	Cauc
Gail	F	Officer	School	Own	Cauc
David	M	Officer	Pizza	Own	Cauc
Deborah	F	Officer	Comm Painting	Own	Cauc
Carla	F	Officer	Manufacturing	Rent	Cauc
Mike	M	CEO	Printer	Rent	Cauc
John	M	Officer	Meat Supply	Own	Cauc
Group 4, Rochester, March 25, 2009; 4-6 PM; Business					
Paul	M	Owner	Manufacturing	Own	Cauc
Carolyn	F	Owner	Beauty Shop	Own	Cauc
Patti	F	Owner	Garden Center	Own	Cauc
Gary	M	Owner	Motorcycle Repair	Own	Cauc
Ann	F	Owner	Wholesale	Own	Cauc
Scott	M	Officer	Architect	Own	Cauc
John	M	Owner	Comm Prop Mgt	Own	Cauc
Steve	M	Owner	Retail	Rent	Cauc
Emily	F	Officer	Temple	Own	Cauc
Gloria	F	CEO	Assisted Living	Own	Cauc
Group 6, Albany, March 26, 2009; 12-2 PM; Business					
Alice	F	Owner	Publishing	Own	Cauc
Pete	M	Owner	Video Production	Own	Cauc
Mark	M	Owner	Printer	Own	Cauc
Dan	M	Owner	Real Estate	Own	Asian
Al	M	Owner	Hotel	Own	Cauc
Dan B	M	Officer	Wholesale	Rent	Cauc
Eric	M	Officer	Non-Profit	Own	Cauc
Charles	M	Officer	Union	Rent	Cauc
Joy	F	Officer	Retail, Restaurant	Own	Cauc
Robert	M	Owner	Entertainment	Rent	AA

## Business Groups

	Gender	Position	Business Type	Property	Ethnicity
Group 7, Albany, March 26, 2009; 4-6 PM; Business					
Vincent	M	CEO	Retail	Own	Cauc
Terri	F	Officer	Ministry	Rent	Cauc
Jason	M	Officer	Residential Treatment	Rent	Cauc
Larry	M	Owner	Prop Mgt, Restaurant	Own	Cauc
Sandy	F	Officer	Prop Mgt	Own	Cauc
Barbara	F	Officer	Auto Repair	Own	Cauc
Mike	M	Owner	Prop Mgt	Own	Cauc
Desiree	F	Owner	Prop Mgt	Own	Cauc
Mike A	M	Owner	Insurance	Own/Rent	Cauc
Suzette	F	Officer	Church	Own	AA
Group 12, NYC, April 1, 2009; 12-2 PM; Business					
Chris	M	Owner	Entertainment	Rent	Cauc
Alberto	M	Owner	Dog Grooming	Rent	Hisp
Marlene	F	Owner	Employment Agency	Rent	Cauc
Sandra	F	Owner	Insurance	Rent	Cauc
Barbara	F	Co-owner	Jewelry	Rent	Other
Angel	M	Owner	Music Store	Own	Hispanic
Duane	M	Owner	Wholesaler	Rent	Asian
Stewart	M	Owner	Property Mgt	Rent	Cauc
Christiana	F	Officer	Travel	Rent	Cauc
Ron	M	Owner	Hardware	Own	Cauc
Group 13, NYC, April 1, 2009; 5-7 PM; Business					
Carolyn	F	Owner	Entertainment	Own	Cauc
Antonio	M	Owner	Restaurant	Own	Cauc
Lisa	F	Owner	Gift Manufacturing	Own	Cauc
Michael	M	Officer	NP Economic Dev.	Rent	Hisp
Ben	M	Owner	Film Production	Rent	Cauc
Galina	F	Officer	Consulting	Rent	Cauc
Valentin	M	Owner	Financial Services	Rent	Other
Lonny	M	Owner	Property Mgt	Own	Cauc
Shanta	F	Owner	Florist	Own	AA
Pauline	F	Officer	Property Mgt	Own	Cauc

## Residential Landlord Groups

	Gender	Position	Business Type	Property Type	Ethnicity
Group 5, Rochester, March 25, 2009; 6-8 PM; Residential Landlords					
Joel	M	Gen Manager	Property Mgt	Res, Comm	Cauc
Jim	M	Officer	Property Mgt	Res, Comm	Cauc
Scott	M	Owner	Property Mgt	Res, Comm	Cauc
Seldon	M	Owner	Retail	Residential	Cauc
Donna	F	Officer	Property Mgt	Residential	Cauc
Rebecca	F	Owner	Property Mgt	Res, Comm	Cauc
Philip	M	Owner	Property Mgt	Residential	Cauc
Danny	M	Owner	Restaurant, Prop	Res, Comm	Cauc
Pamela	F	Owner	Medical	Res, Comm	Cauc
Lewis	M	Officer	Property Mgt	Res, Comm	Cauc
Group 14, NYC, April 1, 2009; 7-9 PM; Residential Landlords					
Howard	M	Officer	Property Mgt	Res, Comm	Cauc
Nikhil	M	Officer	Wholesale	Res, Comm	Asian
Beth	F	President	Property Mgt	Residential	Cauc
Dominick	M	Owner	Property Mgt	Res, Comm	Cauc
Philip	M	Owner	Property Mgt	Res, Comm	Cauc
Cathy	F	Owner	Property Mgt	Res, Comm	Cauc
Jamie	F	Owner	Property Mgt	Residential	Cauc
Stacy	F	Owner	Property Mgt	Residential	Cauc
Ed	M	Owner	Property Mgt	Res, Comm	Cauc
Diresh	M	Officer	Property Mgt	Residential	Indian

# **Appendix**

## **Tallied Results from Questionnaires**

**Tallied Results of Pre-Group and In-Group Questionnaires**

(Note that some participants completed the Pre-Group Questionnaire and did not participate in a focus group; only 10 per group were seated)

Type	Rochester					Albany				NYC					Total Cons	Total Bus	Total LL
	Group 1 Cons	2 Cons	3 Bus	4 Bus	5 LL	6 Bus	7 Bus	8 Cons	9 Cons	10 Cons	11 Cons	12 Bus	13 Bus	14 LL			
Pre-Group n=	11	11	11	12	13	12	13	12	10	10	9	11	11	11	63	70	24
<b>Pre-Group Questionnaire (Counts)</b>																	
Pay bills	11	11	11	12		12	13	12	10	10	9	11	11				
Own	5	7	10	9		12	7	8	5	8	3	3					
Rent	6	4	1	4		6	6	5	5	2	6	8	4				
If rent - I pay	6	3	1	3		5	6	4	5	2	6	6	7				
If rent - LL pay		1		1		1	1	1				2	5				
If rent - Submeter											1		2				
Importance conserve energy (Mean)	9.1	8.7	8.6	9.1	9.2	8.5	9.2	9.3	8.9	9.6	9.2	9.2	9.4	9.3	9.1	9.0	9.2
<b>Res LL Pre Group (Counts)</b>																	
Prop= Res					10									11			
Prop = Commercial					10									4			
LL Pays/Resp					13									11			
LL Pays/Someone else Resp					0									0			
Tenant Pays					2									1			
In-Group n=	10	10	10	10	10	10	10	10	10	10	8	10	10	10	58	60	20
<b>Yes/No to Tools (# Yes)</b>															<b>(% Yes)</b>		
Contractors	5	3	1	5	5	1	1	4	7	5	3	1	9	3	46.6%	30.0%	40.0%
Retailers	5	4	2	6	5	5	1	7	10	8	7	7	9	5	70.7%	50.0%	50.0%
Brands/Products	7	6	6	7	8	5	2	7	10	10	8	9	10	8	82.8%	65.0%	80.0%
Turn Key	8	7	7	9	8	8	10	8	9	9	8	8	10	9	84.5%	86.7%	85.0%
<b>Final Questionnaire (Mean Likelihood; 10-point scale)</b>																	
Make EEI in home/Biz	7.3	8.1	5.4	7.3	7.8	5.8	6.1	6.9	6.7	9.0	6.5	6.3	7.5	6.6	8.1	7.5	8.7
Finance Off-Bill	5.2	6.1	5.4	4.1	7.2	6.7	4.5	5.9	5.9	6.8	2.3	4.3	7.0	3.6	5.9	6.2	6.7
Finance On-Bill - Customer	3.3	1.6	1.8	2.7	3.0	2.7	4.3	1.8	2.9	1.5	3.4	4.0	3.6	3.5	2.6	3.7	3.9
Finance On-Bill - Meter	3.3	1.2	1.3	4.2	1.1	3.3	3.5	3.3	2.9	1.4	4.3	4.7	6.0	3.6	2.9	4.5	2.7

# **Appendix**

## **Recruiting Instructions & Screening Questionnaire**

## PSC On Bill and Off Bill Financing Focus Groups

--RECRUITING INSTRUCTIONS--

### Schedule:

#### Tuesday 3/24 - Rochester

6PM Group 1 - B2C  
8PM Group 2 - B2C

#### Tuesday 3/31 - NYC

6PM Group 10 - B2C  
8PM Group 11 - B2C

#### Wednesday 3/25 - Rochester

12N Group 3 - B2B  
4PM Group 4 - B2B  
6PM Group 5 - Residential Landlords (LL)

#### Wednesday 4/01 - NYC

12N Group 12 - B2B  
5PM Group 13 - B2B  
7PM Group 14 - Residential Landlords (LL)

#### Thursday 3/26 - Albany

12N Group 6 - B2B  
4PM Group 7 - B2B  
6PM Group 8 - B2C  
8PM Group 9 - B2C

### Project Description

Fourteen focus groups will be conducted: six with consumers, six with small businesses and two with residential landlords/owners of rental property. The sessions will be conducted in Rochester, Albany and New York City (see schedule above).

Customers who receive natural gas and electric bills will be queried about their perceptions of the pros and cons of on bill and off bill financing of energy efficiency measures and technology (includes things like weather-stripping for windows and energy-efficient furnaces and water heaters).

### Requirements:

- Recruit 12 people for 8-10 to show for each group.
- Do not recruit blind. It is OK to identify the PSC as the client.
- All participants must be utility or energy company customers. Must use electricity OR gas.
- All participants must have primary or shared responsibility for paying their utility or energy company bill(s).
- Recruit half of each consumer group that are renters and half that are owners. Recruit a mix of owners and renters among the business groups.
- Renters must pay their own energy bill separately; it must not be included as part of their rent.
- Businesses will have 3-75 full-time employees. Do not recruit any home-based businesses. Recruit a mix of sizes.
- Business respondents must be business owners or corporate officers. (All will be owners or corporate officers and responsible if bill is not paid.)
- Consumers in Rochester and Albany should have household income levels between \$40,000 and \$80,000. In NYC, household income should be between \$50,000 and \$100,000. Advise if this becomes a problem and too many consumers are screened out.
- Recruit participants randomly in each area.
- Recruit a mix of genders in each group; try for half male and half female.
- Recruit a mix of ethnicities; try for at least three minorities in each group.

- Recruit a mix of industries for the business groups; no more than two per industry in any group. Recruit 1-2 non-profit companies per business group. Recruit 3-4 commercial landlords (defined as property managers or those who rent commercial property) in each business group. Exclude any energy-related industries (such as energy company, energy contractor, etc.). Residential landlords (property managers or renters of residential properties) go into their own focus groups.
- All respondents must be able to communicate effectively. Be sure that respondent can answer an articulation question readily and easily.
- Respondent (or family member) must not be a plumber, electrician, builder or remodeler, or an employee of a marketing research firm, an advertising agency, a utility, energy related industries, or HVAC company.
- Respondent must have had no participation in any in-depth interview or focus group in the past year, and no participation in financing-related research - ever.

**Other Instructions:**

- All focus groups will last for two hours.
- Request respondents to arrive at the facility at least 15 minutes before the session begins to allow time for re-screening if necessary.
- Provide two digital audio CDs/downloads (preferred) or cassette tapes for each group.
- Provide stationary DVD video recording of each group.
- Provide a flipchart in the focus group room.
- Provide a host/hostess to re-screen respondents as they arrive at the facility.
- Provide light meals for participants in the 6:00 session each evening. Provide plates of cookies/fruit and beverages for all sessions. No meals for respondents at lunchtime sessions.
- Call and confirm attendance the day before the groups.
- Clients' meals TBD.
- Please show the following information on the participant rosters:
  - Respondent name
  - City/town
  - B2B, LL: Company name
  - B2B, LL: # Employees (Q6)
  - B2B, LL: Industry (Q7)
  - B2B, LL: Property manager, rental (Resid, Comm, Both) (Q8-9)
  - Own or rent (B2B, LL: Q10; B2C: Q12)
  - B2C: Residence type (Q14)
  - B2C: Appliance ownership (Q15)
  - Types of energy used (Q17)
  - Importance of energy conservation (1-10) (Q18)
  - Gender (Q21)
  - Ethnicity (Q20)

**Key contacts:**

Please direct any questions regarding recruiting for this project to:

Oliver Moadel; (818-530-1005) (Pacific); [omoadel@q-insights.com](mailto:omoadel@q-insights.com)

## PSC On Bill and Off Bill Financing Focus Groups

### --SCREENING QUESTIONNAIRE--

**(NOTE: INTERVIEWER INSTRUCTIONS ARE IN BOLD CAPS. DO NOT READ. B2C REFERS TO THE CONSUMER GROUPS; B2B REFERS TO THE BUSINESS AND LANDLORD GROUPS.)**

**Type of Session (CHECK ONE)**

- Consumer
- Business
- Residential Landlord

NAME: \_\_\_\_\_

COMPANY (BUSINESSES ONLY): \_\_\_\_\_

STREET: \_\_\_\_\_

CITY/TOWN: \_\_\_\_\_ **(RECRUIT A MIX)**

DAYTIME PHONE: \_\_\_\_\_ EVENING PHONE: \_\_\_\_\_

CELL PHONE: \_\_\_\_\_

Hello, my name is \_\_\_\_\_ and I'm calling from \_\_\_\_\_. May I please speak to the person in your (B2C: household; B2B, LL: business) who is responsible for paying your utility or energy company bill?

**(WHEN REACHED, CONTINUE)** We are inviting a few individuals to participate in a marketing research focus group discussion at our offices on **<INSERT DATE>**. The two-hour recorded session is for marketing research purposes only - there will be absolutely no attempt made to sell you anything. The purpose of the research is to gather feedback from local (B2C: consumers; B2B, LL: small businesses) about energy efficiency. It should be a very interesting session, and we would be pleased if you could join us.

**(IF RESPONDENT REFUSES, THANK RESPONDENT AND TERMINATE.)**

**(IF RESPONDENT AGREES)** Thank you for agreeing to attend. I just have a few questions to ask you to ensure that we include people with different types of experiences.

**SECURITY SCREEN - ASK ALL**

1. (B2C) To confirm, do you personally have full or shared responsibility for paying the utility or energy company bills for your household?  
(B2B; LL) To confirm, do you personally have full or shared responsibility for payment of the utility or energy company bills for your business? This does not necessarily mean that you personally write the checks, but you are ultimately responsible if a bill is not paid.
- Yes **(CONTINUE)**
  - No/Don't know **(TERMINATE)**
2. Do you or any member of your family work for a marketing research firm, an advertising agency, a utility, a heating/ventilation/air conditioning company, plumber, electrician, builder or remodeler, or any type of energy-related company?
- Yes **(TERMINATE)**
  - No/Don't know **(CONTINUE)**
3. Have you ever participated in a marketing research in-depth interview or focus group?
- Yes **(ASK):** When was that? \_\_\_\_\_  
**(IF WITHIN PAST YEAR-TERMINATE)**  
**(ASK):** What was the topic of the discussion?  
\_\_\_\_\_  
**(IF THE DISCUSSION WAS ABOUT FINANCING, TERMINATE)**
  - No **(CONTINUE)**

**BUSINESS SCREEN - FOR B2B AND LANDLORD GROUPS ONLY**

4. Are you a primary owner or corporate officer of this company?
- Owner **(CONTINUE)**
  - Corporate Officer **(CONTINUE)**
  - Neither **(TERMINATE)**
  - Refused/Don't know **(TERMINATE)**
5. Is this a home-based business?
- Yes **(TERMINATE)**
  - No **(CONTINUE)**
  - Refused/Don't know **(TERMINATE)**
6. Including yourself, how many people are employed full-time in your business?  
**(ENTER WHOLE NUMBER) \_\_\_\_\_ (RECRUIT A MIX OF SIZES)**
- IF 1-2; TERMINATE**
  - IF 3-75, CONTINUE**
  - IF 76 OR MORE, TERMINATE**
  - IF REFUSED OR DON'T KNOW, TERMINATE**

7. What type of business is this? \_\_\_\_\_ **(RECORD VERBATIM AND THEN**

**CLASSIFY BELOW; MARK ALL THAT APPLY)**

- Property Management **(SEE QUOTA IN NEXT QUESTION)**
- Non-profit, Association, Organization, Government, Education **(RECRUIT 1-2 PER GROUP)**
- Retail/Store
- Wholesaler/Distributor
- Professional Service (Legal, Medical, Healthcare, Insurance, Consulting, Accounting, Engineering, etc.)
- General Service Business (Real Estate, Beauty Shop, Limo Service, Trash Collection, Recreation, Transportation, etc.)
- Builder, Plumber, Electrician, Remodeler **(TERMINATE)**
- Hospitality (Restaurant, Hotel, etc.)
- Manufacturing
- Non-automotive Repair Service (TV, Appliance, Electronics, Locksmiths, etc.)
- Automotive & Repair (Auto supply/parts, Gas Station, Car Sales/Service)
- Information (Software Dev, Publisher, Internet Services, TV/Radio, Telecommunications, etc.)
- Other **(SPECIFY:\_\_\_\_\_)**
- Refused/Don't know **(TERMINATE)**

**IF ANYTHING RELATED TO ENERGY, TERMINATE.**

**DO NOT RECRUIT MORE THAN TWO PER INDUSTRY IN EACH GROUP EXCEPT NON-PROFITS AND PROPERTY MANAGEMENT(SEE NEXT QUESTION).**

8. **(IF PROPERTY MANAGEMENT, ASK)** Do you manage commercial or residential property?

- Commercial **(RECRUIT 3-4 PER BUSINESS GROUP)**
- Residential **(RECRUIT FOR RESIDENTIAL LANDLORD GROUP)**
- Both **(RECRUIT FOR RESIDENTIAL LANDLORD GROUP)**
- No/Neither **(CONTINUE)**

**SKIP NEXT QUESTION**

9. Does your company own any commercial or residential property that you rent out to others? **(MARK ONE)**

- Commercial **(RECRUIT 3-4 PER BUSINESS GROUP)**
- Residential **(RECRUIT FOR RESIDENTIAL LANDLORD GROUP)**
- Both **(RECRUIT FOR RESIDENTIAL LANDLORD GROUP)**
- No/Neither **(CONTINUE)**

**RECRUIT 3-4 PER BUSINESS GROUP WHO MANAGE/RENT COMMERCIAL PROPERTY IN THE PREVIOUS TWO QUESTIONS.**

**RECRUIT THOSE WHO MANAGE/RENT RESIDENTIAL PROPERTY OR BOTH TO THE RESIDENTIAL LANDLORD GROUPS.**

10. Does your business own or rent the property at your primary business location? **(MARK ONE)**

- Own **(SKIP NEXT QUESTION)**
- Rent **(CONTINUE)**
- Don't know **(TERMINATE)**

**RECRUIT A MIX OF OWNERS AND RENTERS IN B2B GROUP AND HALF AND HALF IN THE B2C GROUP.**

11. Does your business pay utility or energy company bills or are they paid by your landlord? **(MARK ONE)**

- Business pays bills **(CONTINUE)**
- Paid by landlord **(TERMINATE)**
- Don't know **(TERMINATE)**

**CONSUMER SCREEN - ASK B2C ONLY**

12. Do you own or rent your primary residence? **(MARK ONE)**
- Own **(SKIP NEXT QUESTION)**
  - Rent **(CONTINUE)**
  - Don't know **(TERMINATE)**

**RECRUIT A MIX OF OWNERS AND RENTERS IN EACH GROUP.**

13. Do you pay utility or energy company bills or are they paid by your landlord? **(MARK ONE)**
- Renter pays bills **(CONTINUE)**
  - Paid by landlord **(TERMINATE)**
  - Don't know **(TERMINATE)**

14. Is your primary residence a...? **(READ LIST; MARK ONE)**
- House
  - Condominium
  - Apartment or townhouse
  - Or something else (SPECIFY) \_\_\_\_\_
  - (DO NOT READ) Refused

15. **(ASK RENTERS ONLY)** Do you own any large appliances such as a refrigerator, stove, washer, dryer, air conditioner, dishwasher, or hot water heater or are these owned by your landlord? **(MARK ONE)**
- I own one or more
  - Landlord owns all appliances
  - Don't know

16. Would you say that your total household income is...? **(READ LIST; RECRUIT A MIX; ADVISE CLIENT IF THIS BECOMES TOO RESTRICTIVE)**

**ASK RESPONDENTS IN ROCHESTER & ALBANY:**

- Less than 40 thousand dollars **(TERMINATE)**
- 40 to 80 thousand dollars** **(CONTINUE)**
- More than 80 thousand dollars **(TERMINATE)**
- (DO NOT READ)** Don't know/Refused **(TERMINATE)**

**ASK RESPONDENTS IN NYC:**

- Less than 50 thousand dollars **(TERMINATE)**
- 50 to 100 thousand dollars** **(CONTINUE)**
- More than 100 thousand dollars **(TERMINATE)**
- (DO NOT READ)** Don't know/Refused **(TERMINATE)**

**COMMON QUESTIONS - ASK ALL**

17. Which of the following types of energy are used by your (B2B: business; B2C: household)? (READ LIST; MARK ALL THAT APPLY)

- Electricity
- Natural gas
- Oil
- Propane
- Anything else? (SPECIFY) \_\_\_\_\_
- (DO NOT READ) Don't know (TERMINATE)

**TERMINATE IF DO NOT USE ELECTRICITY OR GAS.**

18. On a scale from one to ten, where one is not at all important and ten is extremely important, how important is it to you to conserve energy in your (B2B: business; B2C: home)?

- 1 - Not at all important
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10 - Extremely important
- Don't know (TERMINATE)

19. (ARTICULATION) Would you please explain your rating? (RECORD BELOW. TERMINATE IF PARTICIPANT IS UNABLE TO PROVIDE RESPONSE OR HAS TROUBLE ARTICULATING RESPONSE.)

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**DEMOGRAPHICS - ASK ALL**

20. What is your race or ethnicity? Is it...? (READ LIST; CHECK ALL THAT APPLY; RECRUIT A MIX -TRY FOR AT LEAST THREE NON-CAUCASIAN RESPONDENTS PER GROUP)

- White or Caucasian
- Black or African-American
- Hispanic or Latino
- Asian or Indian
- Or something else (SPECIFY) \_\_\_\_\_
- (DO NOT READ) Refused

21. **(DO NOT READ) RECORD GENDER. VERIFY IF NECESSARY. (RECRUIT A MIX)**

- Male      **TRY FOR HALF OF EACH GROUP**
- Female      **TRY FOR HALF OF EACH GROUP**

**INVITE AND CONFIRM - ASK ALL**

Thank you again for agreeing to participate in this study.

At the end of the group discussion you will receive a cash gift of \$\_\_\_ as a token of our appreciation.

The discussion will include 8 or 9 other people. Please bring along your reading glasses if you need them as there will be written material for you to review. **(THE PRIMARY PURPOSE OF THIS QUESTION IS TO IDENTIFY PEOPLE WHO CANNOT READ. INTERVIEWER, IF PERSON NEEDS A READER, THEY SHOULD FEEL FREE TO BRING ONE.)** You will soon receive a confirmation letter along with directions to our facility.

**(VERIFY NAME AND ADDRESS):** My record lists your name as **(READ NAME; ASK FOR CORRECT SPELLING IF UNUSUAL NAME)**. **(B2B ONLY: Your business is (READ BUSINESS NAME.)**

I show your address as **(READ ADDRESS INCLUDING STREET, CITY, STATE AND ZIP CODE)** – is this where we should send the confirmation letter? **(ENTER CORRECTIONS AS NEEDED; RECORD THIS INFORMATION ON FRONT OF SCREENER).**

We typically call with a reminder a day or two before the sessions. Is this the best number at which to reach you? And do you have an alternate evening or cell number where we can also reach you if necessary? **RECORD ALL PHONE NUMBERS (DAYTIME, EVENING AND CELL) ON FRONT OF SCREENER.**

**(VERIFY DATE /TIME/PLACE):** Once again, the session is on **(INSERT DATE)** at **(INSERT TIME)**. We're looking forward to seeing you then!

**THANK RESPONDENT AND TERMINATE.**

**INTERVIEWER: RECORD ANY COMMENTS OR NOTES ABOUT THIS RESPONDENT HERE OR ON THE BACK OF THIS PAGE.**

# Appendix

## **Pre-Group & In-Group Questionnaires**

First Name: \_\_\_\_\_

**Pre-Group Questionnaire  
-Residential-**

1. Do you personally have full or shared responsibility for paying the utility or energy company bills for your household? *(Check one)*
  - Yes
  - No
  
2. Do you own or rent your primary residence? *(Check one)*
  - Own
  - Rent
  
3. If you rent, do you pay the utility or energy company bills or are they paid by your landlord? *(Check one)*
  - I pay utility bills
  - Landlord pays utility bills
  
4. On a scale from one to ten, where one is not at all important and ten is extremely important, how important is it to you to conserve energy in your home?  
*(Write a number from 1 to 10) \_\_\_\_\_*
  
5. What types of energy efficiency or energy conservation measures have you adopted at your home? *(List some of the things, if any, that you have done to improve energy efficiency)*

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*Thank you - Please return this questionnaire to the hostess*

First Name: \_\_\_\_\_

## Pre-Group Questionnaire -Business-

1. In what type of business do you work? \_\_\_\_\_
  
2. What is your title or position? \_\_\_\_\_
  
3. Do you personally have full or shared responsibility for paying the utility or energy company bills for your business? *(Check one)*
  - Yes
  - No
  
4. Does your business own or rent the property at your primary business location? *(Check one)*
  - Own
  - Rent
  
5. If you rent, does your business pay the utility or energy company bills or are they paid by your landlord? *(Check one)*
  - Business pays utility bills
  - Landlord pays utility bills
  
6. On a scale from one to ten, where one is not at all important and ten is extremely important, how important is it to you to conserve energy in your business?  
*(Write a number from 1 to 10)* \_\_\_\_\_
  
7. What types of energy efficiency or energy conservation measures have you adopted at your business? *(List some of the things, if any, that you have done to improve energy efficiency)*  
\_\_\_\_\_  
\_\_\_\_\_

*Thank you - Please return this questionnaire to the hostess*

First Name: \_\_\_\_\_

## Pre-Group Questionnaire -Property Management-

1. What type of property does your business manage?
  - Residential
  - Commercial
  
2. What is your title or position? \_\_\_\_\_
  
3. Do you personally have full or shared responsibility for paying the utility or energy company bills for your rental properties? *(Check one)*
  - Yes - landlord pays bills and I am responsible
  - No - landlord pays bills and someone else is responsible
  - No - tenant pays bills
  
4. On a scale from one to ten, where one is not at all important and ten is extremely important, how important is it to you to conserve energy in your rental properties? *(Write a number from 1 to 10)* \_\_\_\_\_
  
5. What types of energy efficiency or energy conservation measures have you adopted at your rental properties? *(List some of the things, if any, that you have done to improve energy efficiency)*

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*Thank you - Please return this questionnaire to the hostess*

## Final Residential Questionnaire

Now that we have discussed the issues relative to energy efficiency, how likely are you to do the following:

1. Make energy efficiency improvements in your home?

Extremely Unlikely										Extremely Likely
1	2	3	4	5	6	7	8	9	10	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Finance energy efficiency improvements through a traditional financial institution (off-bill financing)?

Extremely Unlikely										Extremely Likely
1	2	3	4	5	6	7	8	9	10	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Finance energy efficiency improvements through financing that would be paid on your utility bill (on-bill financing) and you would continue to be responsible for payments if you move?

Extremely Unlikely										Extremely Likely
1	2	3	4	5	6	7	8	9	10	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Finance energy efficiency improvements through financing that would be paid on your utility bill (on-bill financing) and if you move the new resident would be responsible for making the rest of the payments?

Extremely Unlikely										Extremely Likely
1	2	3	4	5	6	7	8	9	10	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Final Business Questionnaire

Now that we have discussed the issues relative to energy efficiency, how likely are you to do the following:

1. Make energy efficiency improvements in your business?

Extremely Unlikely									Extremely Likely
1	2	3	4	5	6	7	8	9	10
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Finance energy efficiency improvements through a traditional financial institution (off-bill financing)?

Extremely Unlikely									Extremely Likely
1	2	3	4	5	6	7	8	9	10
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Finance energy efficiency improvements through financing that would be paid on your utility bill (on-bill financing) and your business would continue to be responsible for payments if the business moves?

Extremely Unlikely									Extremely Likely
1	2	3	4	5	6	7	8	9	10
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Finance energy efficiency improvements through financing that would be paid on your utility bill (on-bill financing) and if your business moves the new occupant would be responsible for making the rest of the payments?

Extremely Unlikely									Extremely Likely
1	2	3	4	5	6	7	8	9	10
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Final Property Management Questionnaire

Now that we have discussed the issues relative to energy efficiency, how likely are you to do the following:

1. Make energy efficiency improvements in your rental properties?

Extremely Unlikely										Extremely Likely
1	2	3	4	5	6	7	8	9	10	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Finance energy efficiency improvements through a traditional financial institution (off-bill financing)?

Extremely Unlikely										Extremely Likely
1	2	3	4	5	6	7	8	9	10	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Finance energy efficiency improvements through financing that would be paid on your utility bill (if your company pays the utility bills - on-bill financing) and your company would be responsible for payments if the tenant moves?

Extremely Unlikely										Extremely Likely
1	2	3	4	5	6	7	8	9	10	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Finance energy efficiency improvements through financing that would be paid on the utility bill (if your tenant pays the utility bills - on-bill financing) and if your tenant moves the new occupant would be responsible for making the rest of the payments?

Extremely Unlikely										Extremely Likely
1	2	3	4	5	6	7	8	9	10	
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

# **Appendix**

## **Moderator's Guide**

# PSC On-Bill and Off-Bill Financing Focus Groups

--MODERATOR'S GUIDE--

## Schedule:

### Tuesday 3/24 - Rochester

6PM Group 1 - B2C

8PM Group 2 - B2C

### Tuesday 3/31 - NYC

6PM Group 10 - B2C

8PM Group 11 - B2C

### Wednesday 3/25 - Rochester

12N Group 3 - B2B

4PM Group 4 - B2B

6PM Group 5 - Residential Landlords (LL)

### Wednesday 4/01 - NYC

12N Group 12 - B2B

5PM Group 13 - B2B

7PM Group 14 - Residential Landlords (LL)

### Thursday 3/26 - Albany

12N Group 6 - B2B

4PM Group 7 - B2B

6PM Group 8 - B2C

8PM Group 9 - B2C

## Research Objectives

- Explore the range of reactions to all aspects of the concept of on-bill and off-bill financing among consumers and businesses in three New York areas (Rochester, Albany and New York City).
- Collect perceptions of pros and cons of on-bill and off-bill financing from energy customers.
- Compare reactions to on-bill financing to more traditional off-bill financing.

## Materials

- Moderator requires two flipcharts. Will use one for the on-bill discussions and the other for the off-bill discussions. This will help respondents keep the two separate.

## I. INTRODUCTION (5 MINUTES)

### A. MODERATOR

- B. Purpose of session – Discuss energy efficiency and concepts for financing energy improvements in your (B2B business) (LL: rental properties) (B2C: home or apartment).
- C. Explanation of technique
  - 1. Audio-taping, video-taping
  - 2. Clients viewing
- D. Ground rules
  - 1. No right/wrong answers; importance of being candid
  - 2. No sales effort; confidentiality
  - 3. Everyone's opinion counts - agree/disagree
    - a) Will call on those who don't volunteer an opinion
    - b) Will ask those who have already made a point to let others have a chance to speak
  - 4. Speak one at a time
- E. Participant introductions (respondent name, city/town of residence)  
B2C: household (spouse, children, pets),  
B2B, LL: firmographics (company, industry, # employees, title, responsibilities)

## II. ENERGY EFFICIENCY IMPROVEMENTS (50 MINUTES)

### PAST BEHAVIOR (20 MINUTES)

- A. I'd like to start our discussion by asking you about making energy efficiency improvements to your home/business/property. First, what we mean by energy efficiency improvements are things like buying major appliances, window air conditioning units, and lighting as well as heating units (such as a furnace or boiler), hot water heaters, insulation and central air conditioning, and other similar measures that increase energy efficiency.
- B. What are the reasons why someone would make energy efficiency improvements? What are the advantages? (*List on flipchart*)
  - 1. Which of these is the biggest reason?
  - 2. Are there any disadvantages? (*List on flipchart*)
- C. What improvements, if any, have you made recently at your (B2C: home or apartment) (B2B: business) (LL: rental properties)?
- D. Did you finance any part of these improvements?
  - 1. If so, how did you finance them (home equity loan, conventional loan, credit card, etc.)?
  - 2. Did you receive financing through the Energy Star financing program?
  - 3. Did you borrow from a lender?

4. Did the lender participate in New York State (NYSERDA) ... [NY Energy Smart loan fund]
    - a) B2C: programs that help homeowners and renters reduce their energy costs or programs that reduce the impact homes have on the environment
    - b) LL: programs that help multifamily building owners provide energy-efficient apartments for their tenants
    - c) B2B: commercial/Industrial programs provide energy efficiency services for existing buildings, new construction, industrial facilities, and vehicle fleets - lighting, motors and HVAC
- E. *(If not already mentioned)* Have you recently purchased any major appliances?
1. If so, did you finance the purchase price?
    - a) How (credit card, store credit, etc.)? *(Note: this will provide a basis for understanding whether the customer avoids loans altogether or prefers credit card debt because premiums (airline miles, rebates, etc.) can be earned)*

### **FUTURE LIKELIHOOD TO INVEST AND FINANCE (30 MINUTES)**

- F. How willing are you to make an investment in energy efficiency?
1. If willing to invest, what would motivate you to make an investment in energy efficiency? Probe: education on the reduction of energy use and resulting savings; rebates; financing options.
  2. If willing but haven't, why not? What is holding you back? Probe if not mentioned: cost/money; time; knowledge; no one to do it; legal issues (not an owner); concern about moving; surety of cost-savings (pay-back)
  3. Would you be more likely to make an energy efficiency improvement if your utility or state or local government or agency provided any of the following? Which would be the most helpful to you? *(List on flipchart. Respondents write down the ones they would be interested in. This would force them to think on their own before discussing as a group.)*
    - a) A list of contractors
    - b) A list of retailers
    - c) A list of product (brands)
    - d) A turnkey program where preapproved vendor does audit and give you a proposal

*The following questions are from the perspective of the person making the energy improvement and possibly financing it in the first place. For LLs, this would be where LLs pay utility bill and make the energy improvement investment.*

- G. In what instances would you see a need for external financing if you were to make an energy efficiency purchase?
1. At what dollar amount would you consider financing energy efficiency measures versus paying cash - is there a minimum amount?
- H. How likely would you be to take a loan for the improvement where you would be personally responsible to repay the loan? (Discuss pros and cons) *(customer obligation)*
1. Would you be any more/less likely under the following conditions? *(List following on flipchart)*
    - a) A cash rebate that reduces the price of the product or service
    - b) A loan with an interest rate below market rate was available
    - c) A combination of a rebate and a low interest loan for the balance of the cost

2. Would you be any more/less likely under the following conditions? (**Add to flipchart and discuss pros and cons**)
  - a) A low interest loan where you make payments directly to a financial institution, or (*off-bill*)
  - b) A low interest loan where the installment payments could be made on your utility bill (*on-bill*)
3. For the latter option, non-payment or delinquency in payment of loan installments could result in the discontinuance of your utility service - what impact would this have?
- I. How likely would you be to take a loan for the improvement where...? (Discuss pros and cons) (*meter obligation*) (**Add to flipchart**)
  1. For property owners, homeowners and renters - the loan is at a low interest rate and the **loan obligation would be associated with the property** rather than you personally and the obligation would remain with the property after the property is transferred to a new owner or renter who is responsible for paying the utilities

*The following questions are from the perspective of the person who is the second owner or tenant who did not make the investment, but takes on the responsibility for paying for it.*

- J. (*Ask Renters*) How likely would you be to move into an apartment or rental property where an energy efficiency improvement had been previously installed and financed by the previous tenant, and by renting the unit or property you had to take on responsibility for the loan? Explain. (*meter obligation*)
- K. (*Ask Homeowners and Businesses*) How likely would you be to acquire a piece of residential or commercial property where an energy efficiency improvement had been installed and financed by previous owners and by purchasing the unit or property you had to take on responsibility for the loan? Why or why not? (*meter obligation*)

*The following questions are for LLs who do not pay the utility bill (tenants pay the utility bill).*

- L. How likely would you be to install improvements in tenants' apartments where the tenant pays for the utility bill? (*This is split-incentive barrier/landlord-tenant issues*)
  1. Would you be any more/less likely if the loan obligation would be associated with the dwelling unit where the improvement was made rather than with you or your tenant personally and the loan obligation would remain with the unit and be paid for by the tenant while in occupancy and successor tenants; the landlord would be responsible for informing the rental applicant of this responsibility, prior to his or her renting the property, and getting the new tenant's written agreement to pay (*meter obligation*)
- M. How likely would you be to allow a tenant to install energy improvements if they pay the utility bill?
  1. Would you be any more/less likely if the tenant takes direct responsibility for paying for (financing) the improvement (*customer obligation; tenant pays for improvement*)
  2. Would you be any more/less likely if the loan obligation would be associated with the dwelling unit where the improvement was made rather than with you or your tenant personally and the loan obligation would remain with the unit and be paid for by the tenant while in occupancy and successor tenants; the landlord would be responsible for informing the rental applicant of this responsibility, prior to his or her renting the property, and getting the new tenant's written agreement to pay (*meter obligation*)

*Moderator goes into back room to collect questions.*

### III. ON-BILL AND OFF-BILL FINANCING (25 MINUTES)

- A. The concepts that I would like to get your feedback on are called “on-bill financing” and “off-bill financing”. **On bill financing** is a program that helps people pay for energy efficiency improvements by providing loans that are paid back through payments to a utility or energy company on the monthly bill, so there is no up front payment for the improvements. The idea is that over time you should see a savings in your energy bill. The program might also assist in finding a financing source, provide information about potential cost savings, and provide a list of certified contractors and warranties. (Note: To keep it simple, we will discuss customer obligation and meter obligation models, but in a generic sense rather than presenting as two forms of on-bill financing here. We don’t want them too confused at this point.)
1. There is another type of financing called off-bill financing. **Off bill financing** would provide a means to purchase and install energy efficiency improvements and finance them, so there is no up-front payment. However, in this case, the payments would not be made to a utility or energy company but by a third-party lender. The customer would pay this lender directly so the payment would not be on the utility bill. The lender applies their own creditworthiness standards and the customer pays the lender directly and has sole responsibility for paying the loan whether or not the customer stays at the premises.
- B. Let’s talk about some specific scenarios. *(We will first do on bill and then off bill scenarios) (Moderator presents scenarios) Let’s say that ... (Discuss each of the following scenarios that are appropriate to the group one at a time; the scenarios would be written on a flipchart ahead of time.)*

*(Note: Focus group respondents have difficulty reacting to concepts that are not well-defined. The scenarios will also ensure that we include perceptions from many different perspectives, and do this in an orderly, structured way, ensuring clarity of the findings.)*

- *(Scenarios for B2C Groups)*

1. A homeowner decides to install a new, more energy efficient furnace or water heater.
2. A renter who pays his/her own utilities and owns the appliances, wants a new, more energy efficient appliance. *(See renter series of questions.)*
3. A renter who pays his/her own utilities and does not own the appliances, wants a new, more energy efficient appliance. *(Would renter be willing to take on payments since energy bills would be lower?)*

- *(Scenarios for B2B Groups)*

1. A small business that owns the building and pays own utilities, decides to install a new, more energy efficient lighting.
2. A small business rents and pays own utilities and decides to install new more energy efficient lighting. *(Who should pay for improvement?) (See renter series of questions.)*
3. A small business rents and pays own utilities and the landlord decides to install a new more energy efficient furnace. *(Who should pay for improvement?)*
4. A small business rents and the landlord pays the utilities. Landlord decides to install new, more energy efficient furnace. *(Who should pay for improvement?)*

- *(Scenarios for Residential LL Groups)*

1. A landlord who pays for the utilities and decides to install a new, more energy efficient refrigerator.
2. A tenant who pays their own utilities wants a new, more energy efficient refrigerator. *(Who pays?) (See renter series of questions.)*
3. A tenant pays their own utilities and the landlord decides to install a new, more energy efficient refrigerator. *(Who pays?)*

*The following questions are asked for each scenario, first for on-bill then for off-bill financing:*

- C. On-bill/customer - advantages - Probe if not mentioned: no down payment, convenience; one bill; easy; no credit-worthiness check by lender
  - 1. Disadvantages -
- D. On-bill/meter - advantages -
  - 1. Disadvantages -
- E. Off-bill - advantages - no down payment, simple and quick, avoids confusion by keeping utility bill charges separate, loan payments/terms not based on energy savings (more payment options)
- F. Rental considerations
  - 1. In the case of a rental, should the landlord be notified if his/her tenant applies for the on-bill program? Off-bill?
    - a) If so, how should they be notified?
    - b) And by whom?
  - 2. Would tenant need some sort of authorization before getting an on-bill type of loan? What authorization, and from whom? (e.g., landlord?)
    - a) And who would enforce this?
  - 3. With on-bill, when small business moves out, does the landlord assume the payments in the interim until a new tenant moves in? Does the LL pay the utilities and the loan? Should the landlord be responsible for paying the loan until a new tenant takes over the account?
  - 4. With on-bill, when a new tenant moves in, how should a new tenant be notified that they will take on the obligation to pay?
- G. To what extent would you be deterred from buying or renting if you were required to pay for an energy efficiency measures purchased by a previous owner or tenant? You would be getting the benefits so how much of a deterrent would it be?
- H. What if someone fails to make their ON-BILL payments? What should the consequences be? Probe: disconnection of utility or energy service?
  - 1. What consumer protections should be in place if a customer fails to pay?
  - 2. Do you think you would be more likely to make payments if failing to do so could result in cessations of utility service?

#### IV. FINANCING AND FUNDING (20 MINUTES)

- A. What would motivate you the most to make an energy efficiency purchase if you knew you were moving in a year: resale benefits; rebates; on-bill financing; or off-bill financing?
- B. Who would be the most likely candidates for on-bill financing? For off-bill? Probe on income level, own vs. rent, urban vs. rural
1. How would a customer qualify for the on-bill financing program?
  2. Probe: minimum time as an active customer of utility or energy company? (How long?) Account in good standing? (No disconnect notices) Participation in certain energy-savings programs? (Which ones?) Potential energy savings (total \$\$)?
  3. How would this differ from off-bill?
- C. What items should be included in the on-bill financing program?
1. For example, energy efficiency improvements could include things like a window air conditioner, a residential refrigerator or lighting or it could be larger things like heating, hot water or central air conditioning. What items would you be most likely to finance with on-bill financing?
    - a) Should customers qualify based upon only one energy efficient measure, or should more than one be required?
    - b) (For B2B) What types of equipment would you want to qualify?
  2. How would this differ from off-bill?
- D. What other considerations or qualifications should be in place? Probe: cost of the item; age of the item; being Energy-Star items.
1. How would this differ from off-bill?
- E. There would be administrative costs associated with putting an on-bill financing system into place. What impact would you expect this to have on your energy bill? Reaction?
1. Would you be supportive of utilities offering on-bill financing if all customers availing themselves of on-bill financing were required to undergo a credit check; if they were required to provide a credit card or bank account "back-up" to on-bill financing payments in the event of a failure to pay on time?
- F. Would you prefer taking a loan with a utility rather than using other financing options such as a credit card, retail programs, or financial institutions? Why?
- G. Could customers have more than one on-bill financing loan at a time? What about off-bill?

## V. COMMUNICATIONS (10 MINUTES)

- A. What would be the preferred way for you to learn about programs that can assist you in making energy efficiency improvements such as on-bill financing/or off bill financing?
  - 1. How receptive would you be to receiving information about such energy efficiency financing from sources such as newspaper ads, TV ads, or directly from retailers?
  - 2. Where would you proactively look for information like this?
  - 3. What source would be most appropriate? (utility, state agency, non-profit, ESCO, third party lender)
- B. What do you think the role of the government should be, if any, in encouraging people to make energy efficiency improvements?
  - 1. What should they do to help?
  - 2. How should they communicate?
- C. And what do you think the role of the utility companies should be in encouraging people to make energy efficiency improvements?
- D. How should government agencies and utilities help people become more energy efficient in their (B2C: homes or apartments) (B2B businesses) (LL: rental properties)?

## VI. WRAP-UP (10 MINUTES)

- A. *Administer questionnaire*
- B. Now that we've discussed both on-bill and off-bill financing, which would you prefer when financing energy efficiency improvements? Explain.
- C. Overall, in what situations would you be to use on-bill financing? Customer vs. meter? Explain reasons.
  - 1. How likely would you be to use off-bill financing? Why? (Note that they are not mutually exclusive.)
- D. *(Moderator goes into back room to collect questions)* Client questions
- E. What other suggestions do you have regarding on-bill or off-bill financing? Any other feedback?
- F. Additional respondent comments and questions

*Elapsed time: 120 minutes*