

Pay-As-You-Save (PAYS®)

July 27, 2003

Harlan Lachman
PAYS America, Inc

Pay-As-You-Save (PAYS®) Products

Money-saving resource efficiency products purchased with no up-front payment and no customer debt obligation. The customer pays a tariffed charge on the utility bill as long as there are savings.

New PAYS Infrastructure

- Tariff assigned to a meter location, not individual customers
- Billing & payment on the utility bill with disconnection for non-payment
- Certification that products are appropriate & savings estimates exceed payments

Benefits to Consumers

- Eliminates significant risks for consumers
- Creates potential for unlimited capital for cost-effective measures
- PAYS charges offset by even greater savings in utility costs

Disconnection for Non-Payment

- Unlimited funding for measures requires reliable repayment
- PAYS reduces threat of disconnection since utility bills are lower
- On-the-bill repayment without disconnection is not reliable

Some Questions

- Advance the date for disconnection?
- Electric bill used for non-energy purchases?
- Disclosure to successor customers?

NH PAYS Pilot

- Two utilities -- PSNH, NHEC
- Started 2002
- Utility-operated version of PAYS
- 10% of SBC for PAYS measures
- NHPUC order approved DNP and “run with meter”

PSNH Results

- 82 projects from more than 25 towns
- Total cost of projects \$865,457
- Overhead \$86K
- 25 completed, 15 in progress & 42 are awaiting approvals
- Average project cost \$10,554

First PAYS Product

- Town of Stratford street lighting change out
- \$13,050 to change and relocate 58 fixtures
- \$6,292 annual savings
- Pays for itself in just 2 years, BUT
- “We could not have done it without PAYS”
 - ◆ Voters turned down project despite robust savings
 - ◆ PAYS does not require voter approval
- Not a loan, but a utility bill

NHEC - a service for members

- “Why pay now when you can pay as you save?”
- Vendor “Point of Purchase” CFLs
- Problem is customers forced to choose between of 30-85% subsidies and PAYS

NHEC Project

- Health club air handling system upgrade
- Saves \$800 per mo on electric bill & \$166 per mo on avoided maintenance
- Costs only \$530 a month
- Net electricity savings of \$270 per mo & total savings of \$430 per mo

PAYS Lessons So Far

■ PAYS is working largely as expected

- ◆ Vendors are interested in offering
- ◆ Utilities can handle bill payment issues

■ PAYS *does* overcome barriers

- ◆ Customers with audits who don't take action
- ◆ Government agencies who have debt or financing issues
- ◆ Potential to overcome split incentives
- ◆ Required payments don't "scare off" customers

■ Pilot experience surfacing issues

- ◆ Running program by IOUs limits measures
- ◆ "It's not a mortgage, not a loan, it's a PAYS product!"

PAYS Point of Sale CFLs

- Energy Star CFLs (6-20)
- \$0.25 per mo for 24 mo
- 4 hours per day, net electricity savings \$0.27 per mo per CFL
- If 8,000 hours, total net savings \$32.40
- If CFL stops working before end of payments, free replacement from vendor