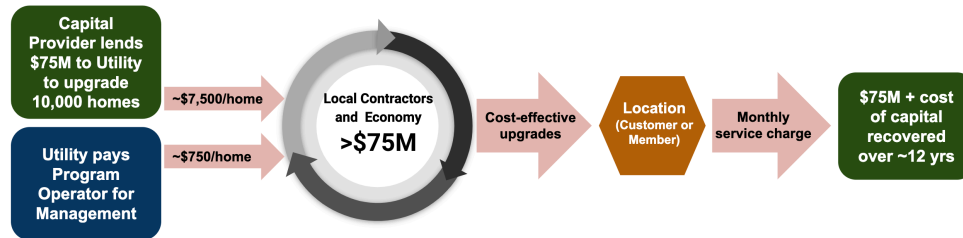


Pay As You Save® (PAYS®)

A system in which utilities can invest in upgrades on the customer-side-of-the-meter for any customer, including renters and LMI



What is PAYS®?

Any utility can exercise its tariff authority to implement a PAYS program

PAYS is a system, developed by the [Energy Efficiency Institute, Inc.](#), that extends the benefits of cost-effective energy upgrades to all customer types. In a PAYS program, the utility uses low interest capital to make investments on the customer-side-of-the-meter at no upfront cost to their customers, removing the need for credit checks or property ownership. The utility will recover its investment plus its cost of capital through a tariffed charge (a fixed charge tied to the location) on the customer's monthly bill, while using its authority to disconnect for nonpayment. The cost-recovery charge on a customer's bill is substantially less than the estimated savings generated by the upgrade so the customer enjoys immediate positive cash flow. Unlike loan or rebate programs, a PAYS program allows a utility to deliver a range of energy services to hard-to-reach customers including rental, rural, and LMI populations. Of the 5,000 locations served under the PAYS model to date, the average utility recovery rate is over 99.9%.

Utility Benefits

PAYS > LOANS/REBATES

Includes all customers in addressable market with no first-cost barrier and delivers 50-90% take rates

NO FREE RIDERS

Customers completely pay for the cost-effective upgrades overtime, using their energy savings

HIGH SATISFACTION

Customers see improved energy affordability, home health, and comfort with no debt obligation

>40% LIFETIME ROI

Peak load reduction from HVAC and weatherization exceeds lost sales, program costs, and charge-offs*

REGULATOR FRIENDLY

Regulators have approved PAYS programs in AR, HI, KS, NH, and KY where needed (munis and coops may not need Commission approval)

NO COMPLEX LOANS

Avoid complexity, inequity, and consumer lending law compliance while eliminating market barriers like high first-cost, and credit checks

\$40M

Investment

In cost effective upgrades

4,181

Single Family Homes

Got upgrades and lower bills

476

Multi Family Facilities

Benefiting renters and owners

280

MUSH

Serves schools and industrial facilities

18

Utilities

Including IOUs, Munis, and Coops

8

States

AR, CA, HI, KS, KY, NC, NH, and TN

>99.9%

Recovery Rate

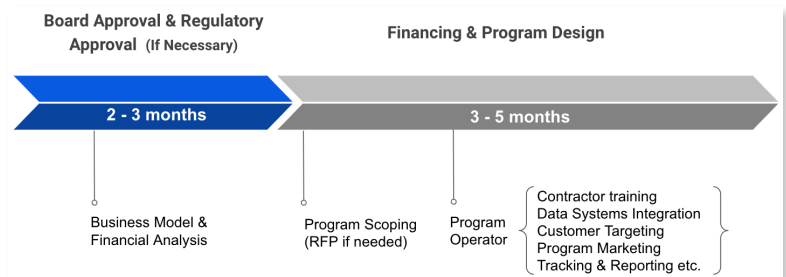
For all projects to date

Customer & Community Benefits

- Delivers cost-effective energy upgrades with no upfront cost, no credit check, no personal debt, no loan or lien, and no financial obligations when relocating
- Guarantees that estimated savings will exceed monthly charges by 25% or more
- Creates more comfortable, safer, healthier, lower utility costs, homes, apartments, buildings, facilities and increased customer asset value
- Allows prioritization of customers with the highest energy burden and greatest potential to benefit
- Injects millions in capital into the local economy through contractors, local workforce, and local suppliers and distributors

How do Utilities Implement a PAYS® Program?

Standing up a PAYS program can be done in 5 months when using a proven PAYS program operator and completing some steps concurrently.



PAYS® FAQs

Q: Is there a maximum duration of charges based on the useful life for upgrades?

A: In the PAYS system, the maximum duration of the estimated period for cost recovery is typically 80% of the estimated useful life of the upgrades — or the duration of a full parts & labor warranty, whichever is longer. For building efficiency upgrades, that period is typically around 12 years. This means that the customer will enjoy net savings that are at least one-fourth (1/4) of the cost recovery charge until cost recovery is complete, at which point the customer will receive 100% of the savings.

Q: How is PAYS different than on-bill loan programs?

A: PAYS is NOT financed as a loan – it's a tariffed utility investment in delivery of an essential utility service. Compared to typical debt-based programs, PAYS doubles the addressable market because nearly all customers are eligible. When customers are offered upgrades with the PAYS value proposition, they accept 50% - 90% of the time. When customers do accept, the projects they undertake are much larger because the terms are more attractive. The investment is more secure; utility PAYS collections have a charge-off rate that is approximately 25-30 times lower than consumer lending.

Q: Are there other utility applications for PAYS?

A: Any cost effective investment including HVAC, insulation, lighting, utility controlled demand response (e.g. water heaters and Wifi thermostats), electrification of diesel buses, and more.

Q: What happens in the event of non payment of the tariff? Will PAYS increase the number of charge offs?

A: Once approved as a tariff, the PAYS charge will be covering costs for an essential utility service, subject to the same disconnection rules as a regular bill. Even while possible, disconnection for non-payment is unlikely because the utility bill at that site is lower as a result of the investment in efficiency upgrades. Of nearly 5,000 projects completed in the US using the PAYS system, zero disconnections have been reported.

Q: What happens to the tariff charge when the customer moves? What about a prolonged vacancy?

A: Because the investment is tied to a location, rather than a customer, the tariff automatically applies to the next occupant of the home. Information about the PAYS benefits and obligations will be clearly found during a title search for the property or disclosed in the sales transaction. For rental property, landlords agree to provide notice of the benefits and obligations associated with the upgrades. Additionally, the utility will ensure notice has been provided when successor customers apply for service.

LibertyHomes is a non-profit dedicated to "liberating" all American homes by 2040 so that all families, regardless of income, live in homes and communities that are resilient, safe, healthy, affordable, and energy independent.

4445 Willard Ave Suite 600 Chevy Chase, MD 20815
info@libertyhomes.org

The IRS has determined that Liberty Homes Ltd dba LibertyHomes is tax exempt under IRS section 501(c)(3).

