

Ameren Illinois On Bill Financing Program



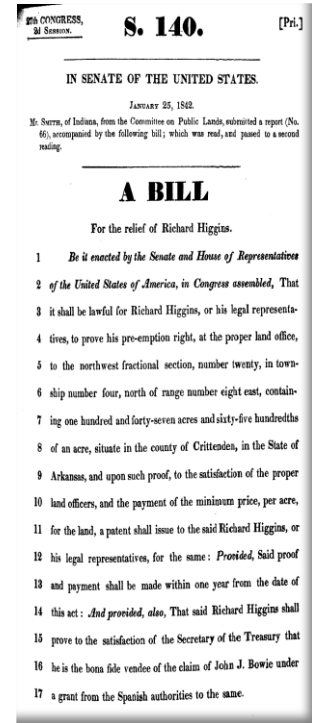
Ken Woolcutt, Manager, Energy Efficiency

April 29, 2014



Summary Of Law

On July 10, 2009 Senate Bill 1918 was signed into law creating Public Act 96-0033. SB 1918 added, among other additions, Sections 16-111.7 (the “Electric OBF Law”) and 19-140 (the “Gas OBF Law”) to the Act, requiring electric and gas utilities serving more than 100,000 customers to create programs “that will allow utility customers to purchase cost-effective energy efficiency measures with no required initial upfront payment, and to pay the cost of those products over time on their utility bill.”



Summary Of Law

- **Lending Limit** – \$2.5 million for electric and \$2.5 million for gas, for a total loan pool of \$5 million for Ameren Illinois.
- **Cost Recovery** – Section 16-111.7(f) “All prudently incurred costs under this Section shall be recovered from the residential and small commercial retail customer classes eligible to participate in the program through the automatic adjustment clause tariff established pursuant to Section 8-103 of this Act.”



Evaluation

- Section 16-111.7(g) "An independent evaluation of a program shall be conducted after 3 years of the program's operation. The electric utility shall retain an independent evaluator who shall evaluate the effects of the measures installed under the program and overall operation of the program, including, but not limited to, customer eligibility criteria and whether the payment obligation for permanent electric energy efficiency measures that will continue to provide benefits of energy savings should attach to the meter location."
- Cadmus was selected by the utilities to perform the evaluation in October 2012.
- Final Evaluation Plan filed June 2013.



AIC Program Design

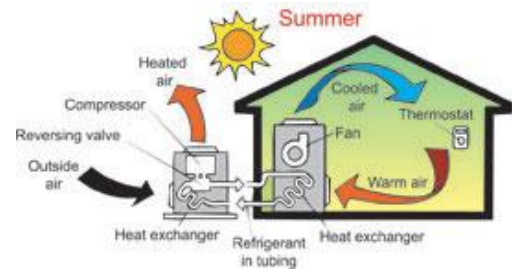


- **Administrator** – AFC First
 - National footprint with over 3,000 Approved Contractors, Manufacturer, Utility and State and Municipal Partners and Sponsors
 - reviews applications, approves loans, submits billing records to utilities, pays contractors.
- **Lender** – National Penn Bank, a third party financial institution
- **Loan Criteria**– \$500 - \$10,000 loans with terms up to 10 years, with level monthly payments and no down payment required. Can also do 3 or 5 year loans.
- **APR** – 4.99% APR for all qualified improvements (measures in ActOnEnergy program)



Eligible Measures

- Per the legislation, all measures within the approved Ameren Illinois EE portfolio are eligible for OBF
- Commonly Financed :
 - Insulation & Air Sealing
 - Air Source Heat Pumps
 - Central Air Conditioning
 - Furnaces & Boilers
 - Geothermal Heat Pumps
 - Heat Pump Water Heaters



Customer Eligibility

- Current on all gas and electric utility charges.
- Own a single-family home, condo, or multi-family building with no more than four units.
- Are installing a qualifying improvement in that property.
- Have credit score of 640 and the ability to repay.



Marketing Material

- Material was designed for use by program allies, with just one flyer that described the program, along with custom web links.

ActOnEnergy®
Special Financing
for Energy-Saving
Home Improvements

Low Rate Loans for High Efficiency Energy Home Improvements
If you're a customer of Ameren Illinois you may be eligible for a low interest loan to purchase and install energy efficiency home improvements. Payments on your loan will be billed conveniently on your monthly utility bill. In the best of all, the only way to qualify for rebates on your improvements is through Ameren Illinois ActOnEnergy program.

Who Can Perform the Work?
Only AFC 1700 Approved Contractors who are also Illinois Energy Efficiency Loan participating contractors may perform the work.

Getting a Loan
Step 1: Complete the Loan Application
Customers enrolled in an Ameren Illinois Bill can apply on line, by phone or by fax. Please have your utility account number handy. You will need to select an approved contractor when completing the application, although you may be an already established customer from another contractor. You will be notified of your pre-qualification status by AFC 1700, the program lender. Typically within an hour.

Step 2: Once You are Approved
After being pre-qualified, an AFC representative will call you to get the loan amount for which you've been approved. You will need to request to release additional information before final approval. AFC 1700 will notify your chosen contractor about the status of your loan and ask about the funding. AFC 1700 will prepare loan documents and forward them to you for your signature.

Step 3: Installation and Payment to Contractor
Once loan documents have been issued, the contractor can begin work. You and the contractor will verify when the job is completed. When AFC 1700 receives all signed paperwork, they will confirm you verify that the project is completed. You will begin making loan payments on the 1st or second billing cycle following the release of payment to your contractor.

Who is Eligible?
Customers Enrolled in our Ameren Illinois bill who:
• Own a single family home, Condo, or Multi-Family home
• Have a utility bill with a meter more than five years old
• Are installing a qualifying improvement in their property
• Have good credit and the ability to repay

What Improvements Qualify?
All improvements must be for qualifying ActOnEnergy improvements. You have several choices for the cost of equipment, installation and related services.

Installation
• Heating, Ventilation and Air Conditioning (HVAC) systems
• Water heaters
• Heat pumps
• Energy Star qualified windows
• Energy Star qualified doors
• Energy Star qualified roofs
• Energy Star qualified insulation
• Energy Star qualified lighting
• Energy Star qualified appliances
• Energy Star qualified electronics
• Energy Star qualified power strips
• Energy Star qualified power outlets
• Energy Star qualified power strips
• Energy Star qualified power outlets
• Energy Star qualified power strips
• Energy Star qualified power outlets

Central Air Conditioning
By Air Conditioning
By Air Conditioning
By Air Conditioning
By Air Conditioning

Heat Pump Water Heater
By Heat Pump Water Heater
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Questions? Call 888-269-3155

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ActOnEnergy®
Special Financing
for Energy-Saving
Home Improvements

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Marketing Channels

- As with all our programs, we utilized the Act On Energy campaign and Ameren Illinois brand
- Program Allies were the primary marketing channel with ally employees our biggest salesmen.
- We utilized ActOnEnergy.com website, which had an On Bill Financing tab dedicated to the program, as well as its links to the AFC First On Bill Financing website.



Loan Terms

- The loan is treated as utility service
- Borrower must pay full monthly amount by due date each month.
- Missed or partial payments results in the same late fees, notice provisions, and disconnect process as applicable to other utility services.
- If the customer defaults on the loan, Ameren Illinois continues to repay all loans to AFC First with losses at the point of a write off recovered through the uncollectible tariff.



Program Status

- Ameren Illinois On Bill Financing program “officially” launched on **June 1, 2012**.
- The loan pool limit was reached on Friday, **August 16, 2013** resulting in notice to program allies that AFC First was no longer accepting loan applications.

Effective Immediately, AFC First Is No Longer Accepting Applications for Ameren Illinois On-Bill Financing Program

Funding for the current phase of the Ameren Illinois loan program is exhausted.

Please note we are no longer accepting applications for this program.

Thanks to all our participating contractors who have worked so hard to make this program such a success.

We are working with Ameren on launching a similar program in the near future so please look out for those details.

In the meantime, the **AFC First EnergyLoan** program is available to all of our Ameren-approved installers, and On-Bill funding for ComEd and People's/North Shore customers remains available.

Please contact Bob Groegler at rgroegler@afcfirst.com or 610-393-3341 with any questions.

Thank you again for your help in making this program a great success!

Sincerely,

Peter J. Krajsa, Chairman & CEO



Program Overview

- \$5 M loans funded in 14 months with **4** defaults.
- Funded **940** loans, for a total of **\$4,957,721**.
- Declined **798** loans, for a total of **\$4,653,351**.
- Majority declined for poor credit score.
- Average amount of loan = **\$5,274**
- Average length **< 9** years.



OBF Participation By Program

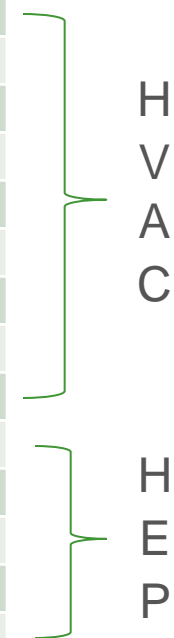
Program	Quantity	Total Dollar Amount	Average Loan	Percentage Of Total OBF
HVAC	712	\$4,610,848	\$5,602	93%
HEP*	110	\$346,873	\$2,965	7%

* Moderate Income included in HEP total



OBF Participation By Measure

Measure	Total \$	Project s	Average Loan
ASHP	\$ 598,754	82	7,302
Central AC	\$ 2,126,303	374	5,685
C Air Package System	\$ 184,431	32	5,763
C Air Split System	\$ 939,667	162	5,800
Ductless Heat Pump	\$ 8,442	1	8,442
Gas Boiler	\$ 66,094	11	6,009
Gas Furnace	\$ 329,653	96	3,434
Gas Furnace w/ECM	\$ 233,435	55	4,244
Geothermal Heat Pump	\$ 124,069	10	12,407
Attic Insulation	\$ 50,785	23	2,208
Insulation	\$ 68,548	34	2,106
Wall Insulation	\$ 12,571	4	3,143
Air Sealing	\$ 206,737	53	3,901
Duct Sealing	\$ 8,233	3	2,744



AIC Next Steps

- As part of Docket 13-0498, AIC committed to petitioning the ICC to expand its OBF program.
- AIC anticipates approval to increase the current program funding limit of \$5 million to \$15 million (resulting in a \$10 million increase in funds) and remain in compliance with current laws and past orders/workshop findings.
- AIC anticipates seeking expedited approval of this increased funding and AIC legal will work with lawyers for stakeholders to accomplish this goal.



Questions?





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