

Submitter: Matt Flaherty

On Behalf Of:

Committee: Senate Committee On Energy and Environment

Measure, Appointment or Topic: SB1588

Clean Energy Works registers a position of “neutral” on the bill because we see our role as providing technical assistance where requested and answering questions based on our domain expertise. We defer to Oregon’s policymakers and state-based advocates and stakeholders in defining and acting on policy priorities.

Inclusive utility investment is a financial policy solution to deploy clean energy technologies at the distributed end of our energy system—and a tool for broadening access for those currently being left behind. See: U.S. EPA’s Inclusive Utility Investment resource page:

??[https://www.energystar.gov/products/inclusive\\_utility\\_investment](https://www.energystar.gov/products/inclusive_utility_investment)

Utilities make direct investments in clean energy upgrades at customer locations and recover their costs over time through a service charge on the bill that is less than the estimated savings from those upgrades. Because the investment and cost recovery is done on a site-specific basis, there is no major cost shifting. (Administrative costs are sometimes borne by ratepayers, consistent with how other service offerings are treated.) A hallmark of inclusive utility investment is a set of strong consumer protections both in its design and implementation, subject to oversight and approval of the public utility commission.

A point of clarification is warranted here, since some commenters mistakenly stated that inclusive utility investment would involve utilities lending money to their customers. In particular, these speakers seemed to conflate inclusive utility investment with consumer loans where loan repayments are made through a utility bill. Such policies—sometimes call “on-bill loans,” “on-bill repayment,” or even “on-bill financing” are indeed consumer lending, and they are something wholly different.

Inclusive utility investment is through a utility tariff—approved by regulators on terms it determines are cost-based, reasonable, and fair—for site-specific services in the form of utility investment in clean energy upgrades, with site-specific cost recovery paid by whatever customer is taking service at the upgrade location. The tariff applies automatically to any customer at the site for the duration of the cost recovery period, since they are the ones benefitting from the cost savings from the upgrades. See PUC-approved tariffs from other states:

[https://www.energystar.gov/products/inclusive\\_utility\\_investment/current-program-information](https://www.energystar.gov/products/inclusive_utility_investment/current-program-information) Additionally, the Smart Electric Power Alliance produced a guide with additional helpful information: <https://sepapower.org/resource/inclusive-utility-investment-guide-for-distributed-energy-resources/>

Inclusive utility investment activates the role of public utilities as universal service providers—to make direct investments in the building upgrades we need: energy efficiency, solar panels and battery storage, efficient heat pumps, smart electric water heaters, and more. This policy solution is uniquely suited to broaden access to these clean energy upgrades by overcoming a number of systemic barriers to inclusion:

- It can significantly reduce or eliminate upfront cost barriers;
- It can serve renters and homeowners alike, along with small businesses
- And it does not rely on someone's credit score or willingness to take on more personal debt—because it is not a form of consumer lending at all.

Importantly, this solution is complementary to existing incentives and programs—like rebates, bill payment assistance, and distributed power plant programs—and in almost all cases, can help those programs perform better and more equitably.

Inclusive utility investment has been taken up by policymakers in multiple states. Illinois adopted this policy (CEJA 2021); and Governor Healey (MA) included this policy in her Energy Affordability bill. Over a dozen utility commissions—in red, purple, and blue states—have approved these service offerings, including current statewide offerings in both MO and NC.

Thank you. Matt Flaherty, Deputy Exec Director