

HB25-1268 Support for On-bill Repayment Programs

Rep Joseph, Froelich and Sen Winter, Mullica

Colorado Energy Office (CEO) supports establishing a state utility on-bill (OB) program to help finance energy efficiency upgrades through loans that customers repay on their utility bills.

Why It Matters

All Coloradans should be able to access energy efficiency and electrification upgrades to save money, make our homes safer and healthier, and reduce pollution. On-bill programs allow utility customers to finance the purchase and installation of qualified upgrades. For many people, the upfront costs of appliances like heat pumps are a major barrier to achieving the energy cost savings and health benefits that these upgrades can provide. This policy will also expand the economic opportunities and jobs in the clean energy economy.

OB allows utility customers to make building efficiency and equipment upgrades at low-to-no upfront cost. Just like paying over time for a phone on a cell phone plan, OB lets customers pay for home upgrades through their utility bill, making upgrades affordable and accessible. In many cases, the energy savings from these improvements can outweigh the monthly payment, leading to lower overall bills. Unlike traditional loans, OB ties financing to the property's utility bill and not to any individual's credit.

Background

The bill requires CEO to establish a state utility on-bill program to help finance certain gas and electric utilities' on-bill repayment programs. On-bill programs allow utility customers to install and finance energy efficiency measures, electrification measures, and energy through loans repaid through their monthly utility bill instead of paying large upfront costs.

The bill requires gas or electric investor-owned utilities that serve more than 500,000 customers to propose a plan to establish or expand an existing on-bill repayment program to the public utilities commission for the commission to review and approve, disapprove, or modify. Other utilities can benefit through voluntary participation.

The bill requires the treasurer, on July 1, 2025, to make an interest-free loan in the amount of \$100 million from the unclaimed property trust fund to a cash fund housed at the Colorado Energy Office to support the financing of the on-bill repayment programs. The loan will be repaid by July 1, 2045.

While some utilities have started developing on-bill programs, legislation is necessary to expand access to more Coloradans and at a larger scale. Without a financing solution open to more Coloradans, the benefits of the millions of dollars already being invested in utility, state, and federal incentives will remain out of reach for many.

Policy Objectives

- Reduce upfront cost barriers by providing utility customers with low-interest financing to make energy efficiency and electrification upgrades to their homes and buildings
- Set clear investment objectives and timelines for implementation
- Ensure regulated utilities with over 500k customers offer an on-bill program to all residential customers, while growing these programs to meet demand
- Ensure on-bill programs are accessible to customers, including underserved communities, so that more Coloradans can benefit from energy cost savings and healthier homes

Impact¹

- By upgrading homes with heat pumps, heat pump water heaters, and insulation, Colorado households can save an average \$570 per year on their utility bills
- For every 5000 households that make these home upgrades, climate pollution will drop by a cumulative 29,757 tons, equivalent to taking 5,868 gas cars off the road

Supporters



¹ Based on Rewiring America's analysis of the National Renewable Energy Laboratory's ResStock database and internal modeling, using energy prices from the Energy Information Administration and electricity emission rates from Cambium. Estimates are average annual numbers over the approximate lifetime of a heat pump (about 14 years). Estimates are the modeled bill and emissions reductions for the average single-family, Colorado home replacing an existing heating and cooling system with a heat pump with SEER 18, 10 HSPF performance ratings, simultaneous insulation and air sealing work, and replacing a home's existing water heater with a heat pump water heater.