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Water Upgrades $ave

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What are the benefits for participating Utilities?

Municipal water utilities can use Water Upgrades $ave to meet state and local policy goals, support underserved customers (low-and moderate-income customers and renters), and produce water and energy savings on the customer side of the meter. The program can supplement or replace current indoor and outdoor water conservation efforts to best meet each municipality’s needs.

The Program provides project capital and manages marketing, customer enrollment, project installation, and customer service while utilities decide which customers to target and how much to reduce demand.

Water Upgrades $ave helps water managers:

- Access low-cost capital and turnkey services
- Manage water supply and meet state regulations
- Improve affordability and reduce risk of nonpayment
- Give customers a tool that does not rely on rebates or up-front costs

Utility enrollment includes four simple steps, as detailed on the next page.
To participate, a municipal water utility needs to do four things:

1. **Sign Up**
   Partner Utility signs a Master Agreement that establishes terms and conditions for customer services, program partner roles and responsibilities, and utility repayment for customer improvement installations. The utility adopts a fee schedule that authorizes the on-bill charge and collects payment from individual participating customers.

2. **Set Goals**
   Partner Utility decides which customers to target and how much to reduce demand. Each Partner Utility has the option to participate in project inspection and/or customer outreach.

3. **Bill for Services**
   The utility’s billing service responsibilities include:
   - **Activate the utility’s on-bill charge authority.**
   Approving the program fee schedule activates the utility’s authority to collect approved charges on participating customers’ utility accounts. The utility may also add an up to 2% fee to each project to cover administrative costs.

**What are the benefits for utility customers?**

Qualified program contractors install water efficiency improvements for eligible customers with no up-front costs. The customer reduces their water and energy costs, pays for the improvements with the savings, and still sees a net savings. Customers are assured immediate savings by limiting the on-bill charge to no more than 80 percent of estimated water, sewer, and energy savings. Customers then repay the total project cost of improvements over time.

**Program assurances:**

- No up-front payment, debt, or liens
- Monthly on-bill charge is significantly lower than estimated savings
- The on-bill charge is tied to the meter, not the customer
- Failed improvements are repaired or the charge is terminated
Guide Outreach

Finally, Partner Utility works with the Program to direct marketing and outreach to target customers with coordinated messaging and branding.

Utility Bill

- Lowers Water & Energy Use
- Pays for Improvements
- Keep Net Savings

<table>
<thead>
<tr>
<th>Utility Fee (%)</th>
<th>Lump sum per $2,000 project</th>
<th>Lump sum for $100,000 in projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1%</td>
<td>$103</td>
<td>$5,167</td>
</tr>
<tr>
<td>2%</td>
<td>$210</td>
<td>$10,500</td>
</tr>
</tbody>
</table>

Assign charge to an account location and collect customer payments.

The utility’s billing system needs to:

- Include a line-item charge on an individual account
- Track payment and remaining balance on the account for a 10-year repayment period
- Easily identify accounts with an on-bill charge
- Display account-level information, including improvements installed, on-bill charge amount, and billing/payment history

The utility repays the Program for the on-bill charge obligation, regardless of customer payment using its collections process, if necessary.

Program Administrator’s Responsibilities

**Water Upgrades Save** is a turnkey service that supports utility conservation by:

- Providing project capital
- Conducting marketing and outreach
- Managing customer enrollment, project installation, and project close out including:
  - Securing customer agreements
  - Qualifying contractors
- Onboarding, scheduling, and paying contractors
- Overseeing project Quality Assurance/Quality Control
- Answering customer and contractor questions including dispute resolution
- Assisting with billing system set-up and project repayment tracking
Program Model

How Water Upgrades $ave Works

The on-bill charge is authorized using established municipal water utility authority to set fees and recover costs. The Program is not subject to Prop. 218 requirements. The program model includes the following steps:

- MTC/ABAG provides project capital
- Program Operator qualifies projects and schedules approved Program Contractor
- Contractor installs approved improvements
- Program Operator notifies Partner Utility of completed projects ready to begin the on-bill charge
- Customers repay project costs over time with an on-bill charge on their water bill
- Partner Utility repays capital partners MTC/ABAG

The on-bill charge stops at the end of the financing term (up to 10 years) or if an improvement fails and cannot be repaired. If the customer moves, the new customer at that meter assumes both the savings and any remaining charge.

Water Upgrades $ave is a program of the Bay Area Regional Energy Network (BayREN) in partnership with the Metropolitan Transportation Commission (MTC) and Association of Bay Area Governments (ABAG).

Piloted in the Town of Windsor, City of Hayward, and East Bay Municipal Utility District, it is now available throughout the Bay Area.

To learn more, contact: Chris Cone, Program Manager
waterupgradessave@bayren.org • (707) 413-SAVE (7283)
www.bayren.org/utilitypartners