

# Belmont Light Concept: Heat Pump Loan Pilot



- Further to July 2023 Light Board/Energy Committee discussion of best use of BL's "carbon capital" – i.e., local carbon reduction investments vs. REC-purchases
- Air-Source Heat Pumps (ASHPs) are a primary means to achieve Belmont town meeting + statewide climate goals
- 800 +/- Belmont oil heat customers CAN NOT access MassSave incentives today
- High upfront cost of ASHPs + home weatherization = deterrents to adoption

# Pilot Concept: ASHP Zero Percent Loans

## 1. Similar to Mass Save zero interest loan program

- Belmont Light (BL) offer ratepayers, initially just those with oil heat systems and who are not National Grid customers, with 7-year, zero-interest loans for the purchase and installation of heat pumps and necessary insulation/weatherization expenses, up to \$40,000 per residence

## 2. Pilot scale: assume 15 customers per year, initially

- 15 x \$40,000 maximum loan = \$600,000 maximum aggregate loans/year
- Adjust annual loan amount tied to success of pilot, repayment history

## 3. Ipswich Muni Light (IMLP) recent ASHP pilot:

- Ipswich pilot: initially 5 customers purchasing ASHPs thru "tariff on bill" financing in partnership with nonprofit Center for EcoTechnology.
- IMLP may expand to all Ipswich customers, not just oil heat customers (see: Boston Globe article 11/20/23: "Should utilities pay the upfront cost of clean energy?")

# Heat Pump Loan Pilot – Customer Qualification



- Proof of not a National Grid customer
- Credit check + no major BL bill arrears
- BL customers also get ASHP incentive
  - BL consider allowing customers 1 year grace period to fully remove oil furnace
- BL should require (a) energy audit + (b) if needed, blown insulation or weatherization pre-ASHP install
- BL should rely on Abode to screen ASHP installers willing to pre-approve systems and quotes
  - Reserve Abode right to recommend disqualification of contractors who "oversize" wasteful ASHPs

# Heat Pump Loan Pilot – Financial Details



- Roughly 15% of annual 7-year loan amount repaid each year by all participants
  - Creates a BL “evergreen loan fund”
- Repayment via BL electric bill or separate “ASHP equipment financing” bill
  - 7-year straight-line amortization
- BL record loan liens to secure repayment (balloon repayment @ house sale)
- Sources of BL funding: (a) reduce BL’s REC purchases; (b) Green Community or CEC grants?; (c) increased BL electricity sales

# Heat Pump Loan Pilot – Communications & Management



- Could reach multi-unit rental properties
  - Divide loan amount equally by number of BL accounts at each multi-property?
- Broadcast pilot through bill inserts
  - “Plan ahead”: ASHP transition & secure loan
  - Don't wait for boiler to fail mid-winter
- First come, first serve
  - BL maintain wait list after each year's loan pool distributed
- Communicate “neighbor success stories”
  - Show Belmont residents living comfortably with ASHPs now (heating and cooling)