

# California Hub for Energy Efficiency Financing

## Quarterly Report and Program Status Summary

July 1, 2016 – September 30, 2016



CALIFORNIA HUB FOR  
ENERGY EFFICIENCY  
FINANCING

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**CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING (CHEEF)  
QUARTERLY REPORT AND PROGRAM STATUS SUMMARY**

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## Section 1: Background

Through a series of pilot programs spanning the residential, multifamily, and non-residential market sectors, CAEATFA is partnering with the California Public Utilities Commission (“CPUC”), the investor-owned utilities (“IOUs”)<sup>1</sup>, and the Center for Sustainable Energy (“CSE”) to support the development of new, scalable, and leveraged financing products for consumers to help them produce deeper and broader energy efficiency projects than previously achieved through traditional program approaches. The pilots aim to bring broader access to private capital and will assist in removing the upfront cost barrier of financing for consumers to undertake energy efficiency retrofits.

In September 2013, the CPUC approved Decision 13-09-044 (“D.13-09-044”), which authorized two-year pilot programs to be supported by up to \$75.2 million of IOU ratepayer funds and serving four market segments; credit enhancements to lenders are intended for only the first three markets below:

- Single-family, with one-third of funds targeted to low and moderate income households, using an off-bill program, with a PG&E only sub-pilot using some elements of on-bill;
- Multi-family, affordable housing with master meters, using on-bill;
- Small businesses, using on-bill and an off-bill version for lease only;
- Non-residential, using on-bill without credit enhancement.

The pilot programs were established with a myriad of goals, all of which are intended to support the State’s broader energy efficiency and environmental policy goals using an innovative approach. Primarily, the pilots are designed to:

- (a) attract a greater amount of private capital to the energy efficiency retrofit market by reducing risk to lenders;
- (b) broaden the availability of financing to individuals who might not have been able to access it otherwise; and,
- (c) address the upfront cost barrier to energy efficiency retrofit projects.

This report is responsive to D.13-09-044, Ordering Paragraph 21, which directs CAEATFA in conjunction with the IOUs to issue quarterly reports through the pilot period by program and on CHEEF operational expenses. The reports are to notify the CPUC of implementation progress and issues, the platform and space within which CHEEF functions take place, accounts and account managers associated with the CHEEF, database permission criteria and platforms, customer facing products, pilot program performance aggregate profile information regarding borrowers, and an overview of participating financial institutions. Appendix A of this report includes information on each of the above-listed data points that are required pursuant to D.13-09-044.

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<sup>1</sup> The IOUs consist of Pacific Gas & Electric (PG&E), San Diego Gas and Electric Company (SDG&E), Southern California Edison (SCE), and Southern California Gas Company (SoCalGas).

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**Section 2: Budget**

The Decision directs the IOUs to allocate a total of \$75.2 million to the finance pilots over the initial pilot period. Table 1 provides an itemized breakdown of expenditures.

**Table 1 – Finance Pilot Budget with CAEATFA Expenditures (September 2014 through September 30, 2016)<sup>2</sup>**

Item	Allocated	Expended/ Encumbered	Balance
<b>CHEEF Start-Up Cost</b>			
Includes CAEATFA administrative, direct implementation, and contracting costs	\$ 5,000,000	\$ 1,865,462	\$ 3,134,538
<b>Subtotal CHEEF Start-Up Costs</b>	<b>\$ 5,000,000</b>	<b>\$ 1,865,462</b>	<b>\$ 3,134,538</b>
<b>Marketing, Education, Outreach</b>			
Statewide MEO plan	\$ 8,000,000	\$ -	\$ 8,000,000
CAEATFA outreach and training to financial institutions and contractors	\$ 2,000,000	\$ 210,975	\$ 1,789,025
<b>Subtotal Marketing, Education, and Outreach</b>	<b>\$ 10,000,000</b>	<b>\$ 210,975</b>	<b>\$ 9,789,025</b>
<b>Residential pilots</b>			
Single family loan loss reserve	\$ 25,000,000	\$ 3,099	\$ 24,996,901
Energy Financing Line Item Charge (Funding to PG&E)	\$ 1,000,000	\$ -	\$ 1,000,000
Multi-Family	\$ 2,900,000	\$ -	\$ 2,900,000
<b>Subtotal Residential Pilots</b>	<b>\$ 28,900,000</b>	<b>\$ 3,099</b>	<b>\$ 28,896,901</b>
<b>Non-Residential Pilots</b>			
Small business sector OBR with credit enhancement	\$ 14,000,000	\$ -	\$ 14,000,000
Sub-pilot: OBR for lease providers	\$ -	\$ -	\$ -
Sub-pilot: Off-bill for lease providers	\$ -	\$ -	\$ -
Non-residential OBR without credit enhancement	\$ -	\$ -	\$ -
<b>Subtotal Non-Residential Pilots</b>	<b>\$ 14,000,000</b>	<b>\$ -</b>	<b>\$ 14,000,000</b>
<b>Information Technology (IT)</b>			
IT Funding to IOUs <sup>3</sup>	\$ 8,000,000	(TBD)	\$ 8,000,000
<b>Subtotal IT Funding to IOUs</b>	<b>\$ 8,000,000</b>	<b>(TBD)</b>	<b>\$ 8,000,000</b>
<b>CHEEF Pilot Reserve</b>			
CHEEF Pilot Reserve	\$ 7,000,000	\$ -	\$ 7,000,000
Adjustment to reconcile to D.12-11-015 and IOU Compliance ALs	\$ 2,344,931	\$ -	\$ 2,344,931
<b>Subtotal CHEEF Pilot Reserve</b>	<b>\$ 9,344,931</b>	<b>\$ -</b>	<b>\$ 9,344,931</b>
<b>GRAND TOTAL</b>	<b>\$75,244,931</b>	<b>\$ 2,079,536</b>	<b>\$73,165,395</b>

\*Note: Quarterly expenditures are based on good faith estimates due to a lag in invoice submittals.

To date, CAEATFA has expended \$2,079,536 of the \$7 million allocated for the CHEEF Start-Up Costs and the Education, Outreach, and Training costs for lenders and contractors.<sup>4</sup> This funding covers CAEATFA's

<sup>2</sup> More detailed program budgets can be found in the program implementation plans.

<sup>3</sup> IT Funding to IOUs reports only the initial allocation, and does not reflect current IOU expenditures.

<sup>4</sup> Expenditures for 3Q 2016 were under review by the IOUs during the time of this report.

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expenditures from September 12, 2014 through September 30, 2016. As of September 30, 2016, \$495,322.05 of the CHEEF Start-Up Cost funds have been expended on contracts with third parties – specifically the Master Servicer (Concord Servicing Corporation) and the Trustee Bank (US Bank).

As of July 1, 2015, CAEATFA received extended legislative budget authority to carry out the services of the CHEEF within the initial existing \$7 million budget through June 30, 2017 (FY 2016-17). As the timeframe for development of the IT infrastructure for the OBR pilots is determined, CAEATFA will work with the CPUC to identify the appropriate level of future budget augmentation, and extend CAEATFA's budget authority beyond FY 2016-17.

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## Section 3: CHEEF Infrastructure

This Section complies with the direction from the CPUC to provide updates on the “the platform and space within which CHEEF functions take place.”

CAEATFA is creating a streamlined, statewide platform for lenders and contractors to participate in the uptake of energy efficiency projects through increased access to financing. As the manager of the CHEEF, CAEATFA is developing uniform program requirements, standardized documentation and processes, and a central administrative entity to facilitate investment in energy efficiency projects and implementation of the pilot programs.

### *CHEEF Infrastructure*

Central to the infrastructure needed to implement the CHEEF are a Master Servicer, Trustee Bank, Contractor Manager, Data Manager, and Technical Advisor. Below are descriptions of each of these roles and information on the current status as it relates to CAEATFA’s procurement processes.

- **Master Servicer.** The Master Servicer (MS) plays a key role in the daily administration of the program by accepting lender and loan enrollment applications and by processing on-bill repayment transactions. Through a competitive solicitation, CAEATFA selected Concord Servicing Corporation (Concord) as the MS and entered into a contract effective April 23, 2015. Concord began its on-boarding process and defining its infrastructure and data privacy requirements for the pilots. Concord subsequently began the mapping and development of the REEL infrastructure process while concurrently working with the IOUs to define the various business requirements of the IOU billing systems to enable the flow of funds and data for on-bill repayment. The current contract with Concord is set to expire on December 31, 2016 and is eligible for one additional one-year extension before the contract is required to be re-bid.
- **Trustee Bank.** The Trustee Bank holds the ratepayer funds provided by the IOUs to serve as credit enhancements under the various pilot programs. CAEATFA maintains the integrity of ratepayer funding and provides direction to the Trustee Bank to transfer credit enhancement funds between IOU program holding accounts and participating lender accounts. The regulations developed for each pilot specify the amount of credit enhancement funds available for each enrolled financing, and also identify the processes for payment of claims under the programs. The Trustee Bank contract was initially approved by the Department of General Services on March 11, 2015 with a term through December 31, 2016. It can be extended for an additional one-year period before the contract is required to be re-bid.
- **Contractor Manager.** The Contractor Manager will enroll and manage participating contractors in the REEL Program, coordinate with the Statewide Marketing Implementer on outreach, and

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conduct quality control oversight of projects not participating in an IOU rebate/incentive program. The RFP for this service is under development and is expected to be released in Q4 2016/Q1 2017 as CAEATFA considers incorporating the commercial pilots into the Contractor Manager's scope of work.

- **Agent Bank/Secure Flow of Funds.** In CAEATFA staff's research and outreach to interested lenders on the On-Bill Repayment pilots, lenders expressed the need for additional safeguards around their funds, as the IOUs remit daily payments designated for participating lenders. In working with Concord, CAEATFA legal counsel, and advisors, it was determined that an Agent Bank was an appropriate role to accommodate interested lender needs. The RFP for this service was advertised on May 16, 2016. Though potential bidders posed various questions regarding the RFP, CAEATFA did not receive any responses. CAEATFA staff are currently re-evaluating the structure, consulting with banking professionals, the IOUs, and Concord in exploring multiple options for a secure stream of funds for lenders under the open-market structure of the pilots.
- **Data Manager.** The Data Manager will receive pilot program data from the Master Servicer and other energy efficiency finance program administrators to prepare it for public presentation and use. It will also receive project energy usage from the IOUs. The data will be aggregated and anonymized according to the combined standards and regulatory requirements of the IOUs and capital providers. The Request for Proposal (RFP) for this service has been preliminarily drafted but not released; as CAEATFA prioritizes its workload, the RFP will likely be released Q1 2017. Concurrently, CAEATFA and its agents will continue to collect the appropriate data to ultimately be transmitted to the data manager when it is under contract.
- **Technical Advisors.** The Technical Advisors provide necessary expertise to assist in CAEATFA's development and implementation of the CHEEF programs. CAEATFA has contracted with Energy Futures Group, Inc. in its research and development for the commercial pilots. In addition, CAEATFA anticipates expanding its Technical Assistance support throughout the development and implementation of the CHEEF programs and administrative infrastructure. CAEATFA continues to rely on the on-going technical support of Harcourt Brown & Carey, under the implementation agreement with the Investor Owner Utilities. This has been helpful in providing continuity under the pilots.

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## Section 4: Program Development

### *Residential Energy Efficiency Loan Assistance Program*

The Residential Energy Efficiency Loan (REEL) Assistance Program has launched, enrolling its first loan in July 2016, and is anticipated to have an initial pilot term through July 15, 2018.

#### Regulatory Development

The program regulations were approved by the Office of Administrative Law (“OAL”) and considered effective as of March 9, 2015. CAEATFA is able to statutorily adopt emergency regulations, which serves as a shortened rulemaking process. Under State law, emergency regulations are effective for an initial 180-day period, and may be re-adopted for two additional 90-day periods as an agency completes its regular rulemaking process. The REEL regulations were re-adopted with some amendments to incorporate early lessons learned in August 2015, and were effective September 8, 2015.

On October 30, 2015, CAEATFA issued a Notice of Proposed Rulemaking for the REEL program along with the proposed regulation text and the Initial Statement of Reasons, beginning a 45-day public comment period which concluded with a public hearing on December 15, 2015. CAEATFA received no public comments during this period.

In response to experience gained in early program implementation, CAEATFA released a modified version of the proposed regulations<sup>5</sup> for a 15-day comment period from January 6, 2016 – January 21, 2016. CAEATFA received no public comments during this period. The proposed regulations were approved by the CAEATFA Board on February 16, 2016 and by the OAL on April 13, 2016.

The regulations included updates to streamline program participation and administration. CAEATFA staff incorporated less burdensome ways to administer the program, such as standardized program identifiers and project data tracking requirements. Additionally, implementation issues raised internally and by stakeholders, as well as program data tracking needs and incorporating the ability to enroll a loan that will not receive a credit enhancement for solar installation, required updates to and clarification of the regulatory text.

In addition, as the basic foundations for on-bill functionality are established as described below, the REEL Program regulations will be updated to incorporate the Energy Finance Line Item Charge for customers in PG&E service areas, and may also include other revisions resulting from lessons learned during CAEATFA’s experience onboarding lenders and contractors.

#### Infrastructure Development and Operations

The operational infrastructure to enroll a loan under REEL is established and launched, as noted below. CAEATFA is working with each of its lenders on streamlining processes and procedures related to their specific financing products, and has begun training and enrolling contractors into the program.

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<sup>5</sup> Proposed regulations approved by the CAEATFA board on February 16, 2016 - [www.treasurer.ca.gov/caeatfa/cheef/reel/regulations/2016/20160106/text.pdf](http://www.treasurer.ca.gov/caeatfa/cheef/reel/regulations/2016/20160106/text.pdf)



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### Eligible Energy Efficiency Measures

During this period, CAEATFA and the IOUs continued to improve the Eligible Energy Efficiency Measures (EEEMs) Portal. The EEEMs Portal is used by contractors, lenders, and Concord to ensure project eligibility, and can be found at <http://eeems.azurewebsites.net>. One of the most challenging aspects for implementation has been streamlining the lists of Eligible Energy Efficiency Measures (“EEEMs lists”) and working with each IOU to make sure that their lists are accurate, up to date, and easy for contractors and lenders to utilize.

### Lender Recruitment and Training

CAEATFA has continued its ongoing efforts of recruiting, enrolling, and training Participating Financial Institutions (“PFIs”) and Participating Finance Lenders (“PFLs”). During the reporting period, CAEATFA approved two new PFIs, bringing the total number of enrolled PFIs up to five. CAEATFA staff are working with California Coast Credit Union (a statewide lender) and Desert Valleys Federal Credit Union (the regional lender in Kern, Inyo and San Bernardino counties) to prepare them for on-boarding loan enrollments with the Master Servicer. These lenders are also in various stages of building and modifying their internal systems to accommodate their new CHEEF loan products. California Coast Credit Union will be capable of enrolling loans in November 2016 and Desert Valleys Federal Credit Union will be ready in January 2017.

In addition, CAEATFA staff is in the process of reviewing additional lender applications and continuing to engage prospective program lenders. In order to create a smooth lender interface with the program, CAEATFA has invested a significant amount of time to refine the loan enrollment process and integrate with lenders’ existing procedures. Some examples include: CAEATFA facilitating and testing with Concord, creating procedures for partner notifications, conducting operational walk throughs, and advocating for the acceptance of e-signatures on customer documents by the IOUs. CAEATFA staff have also created implementation tools and resource materials for lenders which include checklists, an implementation manual, fillable PDF forms, and a loan enrollment workbook.

### Contractor Recruitment and Training

Contractor training has continued, initially beginning in April 13, 2016 with the first in-person contractor training event being held in Tulare, California at the Southern California Edison Energy Center. In June 2016, CAEATFA staff began hosting online contractor trainings on a weekly basis. The current online contractor training schedule can be found on [thecheef.com](http://thecheef.com).

During this reporting period, in-person contractor trainings were held in San Diego and Stockton, California. As of September 30, 2016, 102 contractors/contractor companies have completed the REEL required training, 44 of those contractors have enrolled in the REEL program, and at least six (6) projects have been completed. CAEATFA staff continue to conduct outreach and train contractors on the REEL program.

In addition, CAEATFA staff developed resources for contractors to implement the program including an implementation handbook, sample project documentation, and video tutorials on [thecheef.com](http://thecheef.com) and/or

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<http://www.treasurer.ca.gov/caeatfa/cheef/reel/contractor/index.asp>.

### ***On-Bill Repayment Programs***

Several of the Pilot Programs will include On-Bill Repayment (“OBR”) as a key feature. CAEATFA staff are continuing to work with the IOUs and the MS to lay the foundation and establish the OBR infrastructure.

### Infrastructure Development and Operations

One key component of the OBR infrastructure is the Data Exchange Protocol (“DEP”), which establishes the specific data points, file layout and frequency under which data and payments will be exchanged via secure and automated processes between the MS and IOUs. Establishment of the DEP was a time-intensive and high workload priority. After working through multiple complex residential and commercial customer data scenarios, the MS and the IOUs approved the DEP in January 2016. The completion of the DEP was a result of numerous meetings and hundreds of hours of work by the MS, IOUs and their information technology (“IT”) teams, and CAEATFA staff. This effort was taking place concurrently with the development of the CHEEF infrastructure and REEL.

The Master Servicer and the IOUs then worked independently and in close coordination to build their individual, customized IT systems to accommodate the data exchange and, in the case of the IOUs, modify their billing systems to accept energy efficiency financing charges on their bills. In March 2016, CAEATFA, the MS and the IOUs launched into the planning and testing of the data exchange protocol and the OBR infrastructure. The parties identified several IT risks, conducted gap analysis related to testing plan that was initially developed, and developed several mitigation strategies to ensure a robust testing plan and process. The parties worked together to finalize and complete the testing schedule for the MS-IOU functionality, which included the risk mitigation strategies. The testing plan and testing schedule documents were finalized and accepted in early June 2016.

### OBR Pilots Systems Integration Testing

The first round of MS-IOU Systems Integration Testing was kicked off on June 27, 2016. Testing for three out of the four IOUs was successful. The three IOUs have now successfully completed the initial OBR Systems Integration Testing, within the testing schedule timeline. The fourth IOU is scheduled to conduct its OBR Systems Integration Testing in November. A limited additional testing period is slated for Q1 2017, to address End-to-End Testing, and the pending resolution regarding the “Secure Cash Flow” component (currently in RFI stage).

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**OBR Development Milestones**

Milestone	Target Date
1. Finalize Data Exchange Protocol	January 2016 – completed
2. Establish Test Schedule & Develop Testing Plan	June 2016 – completed
3. Begin IOU-Master Servicer System Integration Testing	June 2016 – in process
4. Additional Research on Secure Cash Flow Issue	July 2016 – in process
5. Issue Secure Cash Flow RFI/Review Responses	October 2016 /November 2016
6. Develop Secure Cash Flow RFP/Competitive Bid/ DGS approval	November 2016 - January 2017
7. Complete IOU System Integration Testing	December 2016/January 2017
8. Workshop OBR infrastructure for Lenders	Q4 2016 / Q1 2017
9. Secure Cash Flow/Concord IT Build Out (est. 2-6 months)	Q1/Q2 2017
10. IT Contingency (TBD)	Q3 2017
11. End-to-End Testing (includes secure flow of funds; lender testing)	Q2/Q3 2017

The MS and CAEATFA staff have continued to work through the on-bill lender interaction process. This work includes development of communication, data flow, and a secure cash flow between the lenders and the IOUs, as facilitated by the MS. CAEATFA staff have been working with the IOUs to define the full scope of OBR implications for lenders. Ultimately, this process definition effort will inform the upcoming OBR Infrastructure for Lenders workshops scheduled for Q4 2016/Q1 2017.

To date, in its research in the development of the OBR infrastructure and initial workshops, CAEATFA has identified the need for: 1) an operational reserve fund to smooth the funding stream to address potential anomalies in the IOU billing systems and 2) secure cash flow to enable open-market OBR (further discussed above). CAEATFA is working with its partners, stakeholders and CPUC to further clarify these issues and propose solutions. CAEATFA will continue to troubleshoot and address issues that may continue to arise as OBR is further developed.

***Program Development and Regulations***

During this time, CAEATFA staff have continued to research program design features and financial structures for the small business and non-residential projects, financing structures best suited for

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multifamily projects, and the incorporation of EFLIC under the REEL Program. CAEATFA staff conducted some initial workshops related to the OBR tariffs and lease providers in 2015, and have subsequently met with interested parties to discuss key research questions on various proposals and structures. CAEATFA's regulatory process to develop these programs will begin once CAEATFA staff are able to adequately incorporate the on-bill repayment features as described above. More recently, CAEATFA has begun holding a series of several workshops for the Commercial, EFLIC, and Multifamily pilots beginning in July 2016. CAEATFA plans to seek comments related to the financing and project eligibility guidelines of the commercial pilots through December 2, 2016. Below is a list of completed and anticipated workshops that will inform CAEATFA's regulatory process.

- January 8, 2015 – Small Business Lease Provider Roundtable
  - Initiated to assist in developing a potential Request for Proposal (RFP) for no more than four lease providers. This RFP requirement is no longer necessary, as subsequent CPUC action, D-15-12-002 provided the necessary flexibility to incorporate lease providers and energy service agreements into the general small business and commercial pilots.
- May 12, 2015 – On-Bill Repayment Workshop
  - Potential impact of OBR on lender underwriting criteria
  - Lender needs and legal provisions related to OBR flow of funds
  - Lender requirement related to on-bill presentations
  - Requirements for an operational reserve
- July 20, 2016 – Commercial Financing Program Parameters
  - Credit enhancement structure (for small business pilots)
  - Financial product eligibility
  - Finance provider eligibility
  - Borrower/Customer underwriting guidelines
- October 28, 2016 – Commercial Project Program Parameters
  - Eligible measures and eligible projects
  - Contractor requirements
  - Project Quality Assurance/Quality Control requirements
  - Data reporting
  - Finance-only (non-rebate) pathway
- Q4 2016/ Q1 2017 (date TBD) –On-Bill Repayment Program Parameters
  - On-bill customer and property eligibility guidelines
  - On-bill infrastructure and communication with the Master Servicer
  - Details and timing of cash flows and payments
  - Special situations: Late payments, disconnections, and removal from the bill

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- Q1 2017 (date TBD)– EFLIC Program Parameters
  - Timeframe will be sequential to OBR development.
  - Financial product eligibility
  - Finance provider eligibility
  - Borrower/Customer underwriting guidelines
  
- Q1/Q2 2017 – Multifamily Program Parameters
  - Timeframe will be sequential to OBR development
  - Financial product eligibility
  - Finance provider eligibility
  - Borrower/Customer underwriting guidelines
  
- Q1/Q2 2017 – Small Business, Multifamily, EFLIC, OBR
  - Regulatory Workshops

CAEATFA staff will be able to provide a more accurate and detailed anticipated timeline for the OBR pilots once the testing plan is finalized and complete. CAEATFA’s workshop and regulatory process will take place through the fourth quarter of 2016.

### Section 5: Additional Information

More information on the CHEEF Pilot Programs, including proposed program guidelines for public comment, is available on CAEATFA’s website at <http://www.treasurer.ca.gov/caeatfa/cheef> or at [thecheef.com](http://thecheef.com). To receive notifications regarding workshops, regulations, and other items related to the CHEEF, please sign up [here](#) for CAEATFA’s email distribution list. Please direct inquiries on this report or generally on the CHEEF Pilot Programs to CAEATFA at (916) 651-8157 or [cheef@treasurer.ca.gov](mailto:cheef@treasurer.ca.gov).

## Appendix A: Reporting Components Required by D.13-09-044

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Below is a full list of data points required by D.13-09-044 to be submitted as part of this Quarterly Report. Many of these components are related to the implementation stages of the program. As detailed above, CAEATFA is in the process of establishing the basic infrastructure for implementing the financing pilots. Additional information will be provided in subsequent quarterly reports as program activity ramps-up.

- **The platform and space within which CHEEF functions take place**  
See Section 3 on p. 5.

- **Accounts and account managers associated with CHEEF**

The following CHEEF accounts have been established with US Bank:

- CHEEF PG&E Holding Account
- CHEEF PG&E REEL Program Account
- CHEEF PG&E REEL Reservation Account
- Valley Oak Credit Union PG&E REEL Loss Reserve Account
- Viewtech PG&E REEL Loss Reserve Account
- Matadors Community Credit Union PG&E REEL Loss Reserve Account
  
- CHEEF SDG&E Holding Account
- CHEEF SDG&E Program Account
- CHEEF SDG&E Reservation Account
- Valley Oak Credit Union SDG&E REEL Loss Reserve Account
- Viewtech SDG&E REEL Loss Reserve Account
- Matadors Community Credit Union SDG&E REEL Loss Reserve Account
  
- CHEEF SCE Holding Account
- CHEEF SCE Program Account
- CHEEF SCE Reservation Account
- Valley Oak Credit Union SCE REEL Loss Reserve Account
- Viewtech SCE REEL Loss Reserve Account
- Matadors Community Credit Union SDG&E REEL Loss Reserve Account
  
- CHEEF SoCalGas Holding Account
- CHEEF SoCalGas Program Account
- CHEEF SoCalGas Reservation Account
- Valley Oak Credit Union SoCalGas REEL Loss Reserve Account
- Viewtech SoCalGas REEL Loss Reserve Account
- Matadors Community Credit Union SoCalGas REEL Loss Reserve Account

- **Database permission (and levels therein) criteria and platforms**

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CAEATFA is still in the process of working with the Master Servicer to establish database infrastructure. No permissions have been set at this time.

- **Customer-facing products (such as websites/informational charts)**

CAEATFA maintains information about the pilots and related workshops, trainings, and events on its website: <http://www.treasurer.ca.gov/caeatfa/cheef/reel/contractor/index.asp>.

- Information on Eligible Energy Efficiency Measures is available online at: <http://eeems.azurewebsites.net/>.
- CAEATFA is also working with the Center for Sustainable Energy to integrate messaging about the financing pilots within the Energy Upgrade California efforts (<https://www.energyupgradeca.org/en/>).
- Additional information regarding the CHEEF pilot programs, lender profiles, contractor resources, marketing and continuing education information can be found at [thecheef.com](http://thecheef.com).

- **Transactions of various financial products administered by CHEEF and certain aggregate profile information about borrowers, project purposes/scope, financed amounts, etc.**

As of September 30, 2016, three (3) loans have been enrolled into the program, all funded by Matadors Credit Union. The table below shows the loan amount for each project to date:

Date Enrolled	Lender Name	Loan Amount	Credit Enhancement Amount <sup>6</sup>	Interest Rate	Income Range	FICO BAND	D/I Ratio	Term of Loan (Months)
9/20/2016	Matadors	\$ 8,385	\$ 922.35	6.99%	\$100,000 - \$149,999	701-760	36-45%	120
7/25/2016	Matadors	\$ 12,285	\$ 1,351.35	6.99%	\$100,000 - \$149,999	641-700	25-35%	120
7/18/2016	Matadors	\$ 7,500	\$ 825.00	6.99%	\$75,000-\$99,999	701-760	46-55%	180
	<b>Grand Total</b>	<b>\$ 28,170</b>	<b>\$ 3,098.70</b>					

Matadors Community Credit Union is a statewide credit union offering financial products to pay for eligible energy efficiency to qualified single-family residential customers throughout California. Matadors did not previously offer single measure energy efficiency home improvement loans, and a member seeking this type of financing would have applied for a “Personal” loan through the credit union at a rate of 9.90% for higher FICO borrowers and at rates up to 12.40% for those with a lower FICO. With the availability of the CE they have been able to develop a loan product to cover single measures, as well as whole house retrofits, offering unsecured financing rates that range from 5.99% to 7.99%.

- **Overview of participating FIs for the REEL program**

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<sup>6</sup> No claims on the reserve funds have been made to date.

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As of September 30, 2016, five lenders – Viewtech Financial Services, Valley Oak Credit Union, Matadors Community Credit Union, California Coast Credit Union, and Desert Valleys Federal Credit Union - have been enrolled in the REEL Loan Assistance Program. CAEATFA is currently recruiting other Eligible Financial Institutions, and conducting additional outreach.

**Viewtech Financial Services** anticipates offering their REEL product on a statewide basis through Retail Installment Contracts (RICs) offered to borrowers through the contractor. While Viewtech’s current rate on a non-REEL RIC ranges from 7.99% for borrowers with high FICO scores, up to 14.99% for those with lower FICO scores, the interest for the REEL product has been greatly reduced for those borrowers whose FICO scores fall into the lower end of the spectrum. Through the availability of the CE, Viewtech is able to offer a rate of either 7.99% or 8.99%.

<b>Viewtech – Rate (Non REEL compared to REEL Loan)</b>		
<b>Borrower FICO</b>	<b>Non REEL RIC Rate Range</b>	<b>REEL Loan or RIC Rate</b>
780+	7.99%	7.99%
720-779	7.49 to 9.99%	7.99%
680-719	8.99 to 12.24%	7.99%
640-679	11.99 to 14.99%	8.99%
600-639	14.99%	8.99%

<b>Viewtech – Term &amp; Amount</b>		
<b>Term (Years)</b>	<b>Minimum Loan Amount</b>	<b>Maximum Loan Amount</b>
1 - 5	\$2,500	\$3,999
6 - 7	\$4,000	\$6,499
8 - 12	\$6,500	\$30,000

The lower interest rates will result in customer savings for borrowers with FICO scores lower than 720, as shown here. For example:

1. A Viewtech customer with a FICO score of 600, taking out a \$20,000 12-year loan, would save \$10,448 in interest over the life of the loan.
2. A Viewtech customer with a FICO score of 680, taking out a \$15,000 12-year loan, would save \$5,315 in interest over the life of the loan.



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The Viewtech/Kilowatt Financial’s roll-out of the REEL product is currently on hold due to continued priorities in managing their merger with Clean Power Finance, rebranded as Spruce. They’ve indicated that they will restart conversations around energy efficiency in late 2016 at the earliest.

**Valley Oak Credit Union** is a regional credit union offering financial products and services in California’s Central Valley, a region dominated by low-to-moderate income households according to the CA Department of Housing and Community Development. Valley Oak serves borrowers in Fresno, Kings, Madera, and Tulare counties and is eager to offer energy efficiency financing to its members in order to help them to reduce their energy consumption, improve their homes, and ultimately lower their cost of living expenses.

While Valley Oak did not previously offer an energy efficiency home improvement loan, a member seeking this type of financing would have applied for a “Personal Loan” through the credit union at a rate of 8.95% for high FICO borrowers and at rates up to 15.95% for those with a lower FICO. With the availability of the CE, they have been able to develop a loan product offering rates that were reduced from 8.95% - 15.95% to 6.77% - 9.27%.

<b>Valley Oak – Rate (Personal Loan compared to REEL Loan)</b>				
<b>Borrower FICO</b>	<b>Personal Loan Rate (5yr)</b>	<b>REEL Loan Rate (5yr)</b>	<b>REEL Loan Rate (10yr)</b>	<b>REEL Loan Rate (15yr)</b>
730+	8.95%	6.77%	6.77%	6.77%
680-729	9.95%	7.27%	7.27%	7.27%
640-679	11.95%	7.77%	7.77%	7.77%
600-639	13.95%	8.27%	8.27%	8.27%
580-599	15.95%	9.27%	9.27%	9.27%

<b>Valley Oak – Term &amp; Loan Amount (Personal Loan compared to REEL Loan)</b>		
<b>Term (Years)</b>	<b>Personal Loan Amount</b>	<b>REEL Loan Amount</b>
1 – 5	\$2,500 - \$20,000	\$2,500 - \$50,000
6 - 10	Not Offered	\$10,000 - \$50,000
11 - 15	Not Offered	\$25,000 - \$50,000

The lower interest rates will result in significant customer savings for credit-challenged borrowers. For example:

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- A Valley Oak customer with a FICO score of 580, taking out a \$10,000 5-year loan, would save \$2,041 in interest over the life of the loan.
- A Valley Oak customer with a FICO score of 600, taking out a \$20,000 5-year loan, would save \$3,404 in interest over the life of the loan.

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**Matadors Community Credit Union** is a statewide credit union offering financial products to pay for eligible energy efficiency to qualified single-family residential customers throughout California.

<b>Matadors – Rate (Personal Loan compared to REEL Loan)</b>				
<b>Borrower FICO</b>	<b>Signature Loan Rate (1yr)</b>	<b>REEL Loan Rate (5yr)</b>	<b>REEL Loan Rate (10yr)</b>	<b>REEL Loan Rate (15yr)</b>
740+	9.90%	5.99%	6.99%	7.99%
690-739	10.90%	5.99%	6.99%	7.99%
660-689	12.40%	5.99%	6.99%	7.99%
640-659	Not Offered	5.99%	6.99%	7.99%

<b>Matadors – Term &amp; Loan Amount (Personal Loan compared to REEL Loan)</b>		
<b>Term (Years)</b>	<b>Personal Loan Amount</b>	<b>REEL Loan Amount</b>
1	\$500 - \$5,000	\$2,500 - \$50,000
2 - 5	Not Offered	\$2,500 - \$50,000
6 - 10	Not Offered	\$2,500 - \$50,000
11 - 15	Not Offered	\$2,500 - \$50,000

Matadors did not previously offer single measure energy efficiency home improvement loans, and a member seeking this type of financing would have applied for a “Personal Loan” through the credit union at a rate of 9.90% for higher FICO borrowers and at rates up to 12.40% for those with a lower FICO. With the availability of the CE they have been able to develop a loan product to cover single measures, as well as whole house retrofits, offering unsecured financing rates that range from 5.99% to 7.99%.

The lower interest rates and longer repayment terms will result in lower monthly payments and savings for credit-challenged borrowers. For example, a Matadors member with a FICO score of 660 taking out a personal loan of \$5,000 for an emergency HVAC replacement would be charged 12.40% for a loan that has to be repaid in one (1) year. That same borrower, with the REEL product option, will pay only 5.99% and has up to five (5) years to repay the loan.

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**California Coast Credit Union** is a statewide credit union offering financial products to pay for eligible energy efficiency to qualified single-family residential customers throughout California.

<b>California Coast – Rate (Signature Loan compared to REEL Loan)</b>				
<b>Borrower FICO</b>	<b>Signature Loan Rate (5yr)</b>	<b>REEL Loan Rate (5yr)</b>	<b>REEL Loan Rate (10yr)</b>	<b>REEL Loan Rate (15yr)</b>
700+	9.85%	5.88%	6.38%	6.88%
675-699	12.85%	6.88%	7.38%	7.88%
640-674	15.85%	6.88%	7.38%	7.88%
600-639	18.85%	6.88%	7.38%	7.88%

<b>California Coast – Term &amp; Loan Amount (Signature Loan compared to REEL Loan)</b>		
<b>Term (Years)</b>	<b>Signature Loan Amount</b>	<b>REEL Loan Amount</b>
1 – 5	\$5,000 - \$20,000	\$2,500 - \$50,000
6 - 10	Not Offered	\$2,500 - \$50,000
11 - 15	Not Offered	\$2,500 - \$50,000

California Coast Credit Union did not previously offer any energy efficiency home improvement loans. A member seeking unsecured financing (5-year term) would have applied for a “Signature Loan” through the credit union at a rate of 9.85% for higher FICO borrowers and at rates up to 18.85% for those with a lower FICO. With the availability of the CE they have been able to develop a loan product to cover single measures, as well as whole house retrofits, offering unsecured financing rates that range from 5.88% to 7.88%.

The lower interest rates and longer repayment terms will result in lower monthly payments and savings for credit-challenged borrowers. For example, a California Coast Credit Union member who needs to take a personal loan of \$5,000 for an emergency HVAC replacement would be charged at least 9.85% for a loan that has to be repaid in five (5) years. That same borrower, with the REEL product option, will pay only 5.88% and has up to 15 years to repay the loan.

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**Desert Valleys Federal Credit Union** is a regional credit union offering financial products and services in California’s eastern deserts, a region dominated by low-to-moderate income households according to the CA Department of Housing and Community Development. Desert Valleys Federal Credit Union serves borrowers in parts of Inyo, Kern and San Bernardino counties and is eager to offer energy efficiency financing to its members in order to help them to reduce their energy consumption, improve their homes, and ultimately lower their cost of living expenses.



While Desert Valleys does offer an energy loan called “Alternative Energy Loan”, it is only for solar projects. A member seeking an energy efficiency home improvement loan (5-year term) would have applied for a “Signature Loan” through the credit union at a rate of 10.99% for high FICO borrowers and at rates up to 18.00% for those with a lower FICO. With the availability of the CE they have been able to develop a loan product offering rates that range from 4.50% to 8.50%.

<b>Desert Valleys – Rate (Signature Loan compared to REEL Loan)</b>				
<b>Borrower FICO</b>	<b>Signature Loan Rate (5yr)</b>	<b>REEL Loan Rate (5yr)</b>	<b>REEL Loan Rate (10yr)</b>	<b>REEL Loan Rate (15yr)</b>
700+	10.99%	4.50%	5.50%	6.50%
640-679	12.99%	5.50%	6.50%	7.50%
600-639	15.99%	6.50%	7.50%	8.50%
580-599	18.00%	7.50%	8.50%	Not Available

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<b>Desert Valleys – Term &amp; Loan Amount (Signature Loan compared to REEL Loan)</b>		
<b>Term (Years)</b>	<b>Signature Loan Amount</b>	<b>REEL Loan Amount</b>
1 – 5	\$2,500 - \$15,000	\$2,500 - \$50,000
6 - 10	Not Offered	\$10,000 - \$50,000
11 - 15	Not Offered	\$25,000 - \$50,000

The lower interest rates and longer repayment terms will result in lower monthly payments and savings for credit-challenged borrowers. For example, a Desert Valleys member who needs to take a personal loan of \$5,000 for an emergency HVAC replacement would be charged at between 10.99% - 18.00% for a loan that has to be repaid in five (5) years. That same borrower, with the REEL product option, will pay between 4.50% - 8.50% and has up to 10 years to repay the loan and up to 15 years if their FICO is 600 or higher.