Request to Approve the Interagency Agreement with the California Energy Commission to Establish the Electric Vehicle Charging Station Financing Program under the CalCAP Independent Contributor Program

Prepared by: Jason L. Bradley

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<th>Independent Contributor:</th>
<th>Amount:</th>
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<tbody>
<tr>
<td>California Energy Commission</td>
<td>Not to exceed $2,000,000</td>
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<th>Program Location:</th>
<th>Term of Agreement:</th>
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<tr>
<td>Statewide</td>
<td>April 1, 2015 to March 31, 2021</td>
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Summary. The purpose of this Interagency Agreement is for the California Pollution Control Financing Authority (Authority, or CPCFA) to accept funding from the California Energy Commission (Energy Commission) as an Independent Contributor to CPCFA’s California Capital Access Program (CalCAP), as authorized by California Health and Safety Code section 44559.2 and California Code of Regulations, title 4, division 11, article 7 (CalCAP regulations), and to administer the funding in support of the Electric Vehicle Charging Station Financing Program (EVCS Financing Program, or Program). Under the proposed Interagency Agreement, the Energy Commission will transfer $2,000,000 to the Authority from the Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP) to support the Authority’s efforts in developing, managing, implementing, overseeing and administering the Program. The term of the Interagency Agreement will be from April 1, 2015 to March 31, 2021.

Background. Over the last decade, California established a series of aggressive goals for reducing its greenhouse gas emissions. To meet these goals, Assembly Bill 118 (Núñez, Chapter 750, Statutes of 2007) created the ARFVTP administered by the Energy Commission. That statute, subsequently amended by AB 109 (Núñez, Chapter 313, Statutes of 2008) and AB 8 (Perea, Chapter 401, Statutes of 2013), authorizes the Energy Commission to develop and deploy alternative and renewable fuels and advanced transportation technologies to help attain the state’s policies. The ARFVTP supports projects that: decrease the overall impact of California’s carbon footprint; increase sustainability; and expand alternative fuel infrastructure, fueling stations and equipment. Ensuring adequate electric vehicle charging infrastructure in California is critical to meeting the State’s policy goals. Through this Interagency Agreement, the Energy Commission has allocated funds from the ARFVTP to enable CPCFA to support further development of California’s electric vehicle charging infrastructure, through the CalCAP Program.

CalCAP helps small businesses access private capital. The loan loss reserve funds established through CalCAP encourage banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing. CalCAP is a form of loan portfolio insurance which may provide up to 100% coverage on certain loan defaults. The CalCAP Independent Contributor Program allows third parties to participate in CalCAP to meet a specific goal or mission. Independent contributors set the Program Standards to define the types of businesses and loans that are eligible for enrollment in the specific program funded by the Independent
Contributor. Independent Contributors support the funding of the loan loss reserve funds for loans enrolled in the program. Independent contributors can fund the loan loss reserve contributions of the borrower, the lender, and CPCFA.

**EVCS Financing Program.** The Energy Commission is contributing $2 million for CPCFA to establish the EVCS Financing Program under CalCAP, to encourage small businesses to install electric vehicle charging stations for use by their employees and customers. After mutual consultation and a public workshop, the staffs of both the Energy Commission and CPCFA jointly propose the EVCS Financing Program as a loan loss reserve program with a rebate component. The base loan loss reserve contribution for all enrolled loans will be 20% of the enrolled loan amount. The Program will offer an incentive of an additional 10% loan loss reserve contribution for loans that support the installation of electric vehicle charging stations in multi-unit dwellings or in disadvantaged communities, bringing the maximum loan loss reserve contribution to 30% of the enrolled loan amount. The Energy Commission has defined which types of charging equipment and related costs are eligible uses of proceeds of loans enrolled in the Program. The Energy Commission also desires to expand the definition of small business to 1,000 employees, per Health and Safety Code section 44559.1 (m). The Program will also offer a rebate to each borrower who has made timely payments on its loan, at the time the loan is paid off or forty-eight (48) months after the loan is made, whichever comes first; the rebate will equal 50% of the loan loss reserve contribution made on the specific loan.

Staff of the Energy Commission plans to request that the Commission approve this same Interagency Agreement at its business meeting scheduled for March 11, 2015.

The EVCS Financing Program will operate under CalCAP’s Independent Contributor Regulations, to be amended in order to implement this Program if approved by separate and simultaneous action of the Authority. The amended regulations are necessary to specify the elements unique to the EVCS Financing Program, such as the borrower rebate, the change to the definition and size of small business, and the technical requirements for qualifying electric vehicle charging stations. On March 10, 2015, CPCFA staff initiated the emergency rulemaking process, with the issuance of the 5-day Notice. Upon the Authority’s approval of this Interagency Agreement and the companion set of draft regulations, CPCFA staff anticipates submitting the emergency regulations to the Office of Administrative Law (OAL) on March 17, 2015. The regulations are expected to be approved by OAL by March 27, 2015.

**Staff Recommendation.** Staff recommends approval to enter into an Interagency Agreement with the California Energy Commission to participate as an Independent Contributor in CalCAP and to establish and fund the EVCS Financing Program in an amount not to exceed $2,000,000.
RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
AUTHORIZING THE EXECUTIVE DIRECTOR OR
DEPUTY EXECUTIVE DIRECTOR TO SIGN AN INTERAGENCY
AGREEMENT WITH CALIFORNIA ENERGY COMMISSION

WHEREAS, the California Pollution Control Financing Authority ("Authority") was created under the provisions of Section 44500 of the Health and Safety Code; and

WHEREAS, Section 44519 of the Health and Safety Code provides that the Authority is authorized to “delegate to one or more of its members, its executive director, or any other official or employee of the authority any powers and duties that it may deem proper, including, but not limited to, the power to enter into contracts on behalf of the authority”; and

WHEREAS, the Authority wishes to enter into an Interagency Agreement with the California Energy Commission (Energy Commission) for an amount not to exceed $2,000,000, the term of which will be April 1, 2015 to March 31, 2021; and

WHEREAS, pursuant to the Interagency Agreement, the Energy Commission will participate as an Independent Contributor to the Authority’s California Capital Access Program (“CalCAP”) to establish the Electric Vehicle Charging Station Financing Program, a loan loss reserve program with a rebate component, pursuant to California Code of Regulations, title 4, section 8078, and sections 8078.3 – 8078.7, to be adopted as emergency regulations.

NOW THEREFORE BE IT RESOLVED, that the Executive Director or Deputy Executive Director of the Authority is hereby authorized to prepare and execute an Interagency Agreement with the Energy Commission in an amount not to exceed $2,000,000 for the Authority to establish the Electric Vehicle Charging Station Financing Program, a loan loss reserve program with a rebate component through CalCAP.

FURTHER, that the Executive Director or Deputy Executive Director shall execute and submit the Interagency Agreement to the Department of General Services for approval.