

California Hub for Energy Efficiency Financing

Quarterly Report and Program Status Summary

April 1, 2016 – June 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**

April 1, 2016 – June 30, 2016

Table of Contents

Section 1: Background 2
Section 2: Budget..... 3
Section 3: CHEEF Infrastructure 5
Section 4: Program Development 7
Section 5: Additional Information..... 12

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

April 1, 2016 – June 30, 2016

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”)¹, 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 \$66 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 reserved for low and moderate income households,
- Multi-family, affordable housing with master meters,
- Small businesses, and
- On-Bill Repayment of financing by non-residential energy users, 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.13-09-044.²

¹ 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), .

² D.13-09-044 directed that quarterly reports be issued beginning on January 31, 2014. However, CAEATFA did not receive approval by that date to operate in the role of CHEEF. Due to that circumstance, SoCalGas requested and

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

April 1, 2016 – June 30, 2016

Section 2: Budget

The Decision directs the IOUs to allocate a total of \$65.9 million to the finance pilots over the initial pilot period. Table 1 provides an itemized breakdown of costs and expenditures.

Table 1. Finance Pilot Budget with CAEATFA Expenditures from September 12, 2014 through June 30, 2016		
ITEM	FUNDING AMOUNT	Expenditures Through 6/30/2016
1. CHEEF start-up cost (includes CAEATFA administrative and contracting costs)	\$ 5 million	\$ 1,606,690.08
2. Marketing, education, outreach	\$ 10 million	
a. Statewide MEO plan	\$ 8 million	NA
b. CAEATFA outreach and training to financial institutions and contractors	\$ 2 million	\$ 159,055.95
3. Residential pilots	\$28.9 million	
a. Single family loan loss reserve	\$ 25 million	NA
b. Energy Financing Line Item Charge (\$ to PG&E)	\$ 1 million	NA
c. Multi-family debt service reserve fund	\$2.9 million	NA
4. Non-residential pilots	\$ 14 million	
a. Small business sector OBR with credit enhancement	\$ 14 million	NA
i. Sub-pilot: OBR for lease providers		
ii. Sub-pilot: Off-bill for lease providers		
b. Non-residential OBR without credit enhancement		
5. Information Technology (\$ to IOUs)	\$ 8 million	NA

The Commission granted a suspension of Ordering Paragraph 21 until the time the CPUC established a revised schedule of requirements. Although the CPUC has not provided further direction regarding the timing for issuing quarterly reports, CAEATFA issued the initial report in 2Q, 2015. See letter of SoCalGas to Paul Clanon dated January 24, 2014, and response of Paul Clanon to SoCalGas dated February 4, 2014 regarding this matter: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M086/K120/86120334.PDF>.

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

April 1, 2016 – June 30, 2016

TOTAL FUNDING FOR EE FINANCING PILOTS	\$ 65.9 MILLION	
TOTAL CAEATFA EXPENDITURES		<u>\$ 1,765,746.03</u>
TOTAL CAEATFA FUNDING BUDGET REMAINING	<u>\$ 5,234,253.97</u>	

To date, CAEATFA has expended approximately \$1,765,746.03 of the \$7 million allocated for CHEEF start-up costs, education, outreach, and training for lenders and contractors.³ This funding covers CAEATFA’s expenditures from September 12, 2014 through June 30, 2016. As of, June 30, 2016, \$367,054.40 of the funds has been expended on contracts with third parties – specifically the master servicer (Concord Servicing Corporation) and the trustee (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 16-17). 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 augmentations.

³ These expenditures were under review by the IOUs during the time of this report.

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

April 1, 2016 – June 30, 2016

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 Pilot Programs 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, accepting lender and loan enrollment applications, and processing on-bill repayment transactions. Through a competitive solicitation, CAEATFA selected Concord Servicing Corporation as the MS under a contract that became effective on April 23, 2015. CAEATFA Staff has continued worked to familiarize the MS with the Pilot Programs, specifically focused on developing the infrastructure for the Residential Energy Efficiency Loan Assistance Program (“REEL”) while simultaneously developing the foundation for on-bill repayment functionality.

On December 7, 2015 the Department of General Services (DGS) approved an amendment that extended the Concord Servicing Corporation contract for one-year. The current contract with Concord Servicing Corporation is set to expire on December 31, 2016.

- **Trustee Bank.** The Trustee holds the ratepayer funds provided by the IOUs to serve as credit enhancements under the various pilot programs. CAEATFA will maintain the integrity of ratepayer funding, and provide direction to the Trustee bank to transfer credit enhancement funds between IOU program holding accounts and participating lender accounts. The program regulations under development will identify the amount of credit enhancement funds available for each enrolled loan/lease, and will also identify the processes for payment of claims under the program.

Since the Trustee contract was approved by the Department of General Services on March 11, 2015, US Bank has worked with CAEATFA to establish (1) one holding account for each of the four IOUs; (2) one IOU program holding account for each IOU-program combination; (3) one IOU-program reservation account for each IOU-program combination and (4) one lender reservation account for each IOU program in which the lender chooses to enroll. As of

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

April 1, 2016 – June 30, 2016

September 30, 2015 all of the IOUs have transferred credit enhancement funds into their Holding Account for the Residential Energy Efficiency Loan (REEL) Assistance Program.

On October 30, 2015 the Department of General Services (DGS) approved an amendment that extended the US Bank contract for one-year. The current contract with US Bank is set to expire on December 31, 2016.

- **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. The Request for Proposal (RFP) for this service has not yet been released; CAEATFA staff is working on developing the RFP for the data manager as the data points for the residential and commercial pilots are still under development. Concurrently, the program will continue to collect the appropriate data to ultimately be transmitted to the data manager when it is on-board.
- **Contractor Manager.** The Contractor Manager will enroll and manage participating contractors, coordinate with the Center for Sustainable Energy on outreach, and 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 Q3 2016, as CAEATFA incorporates elements from the development of the commercial pilots.
- **Agent Bank.** The Agent Bank is a new entity envisioned under the CHEEF infrastructure. 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 all participating lenders to the Master Servicer. In working with Concord Servicing, legal counsel, and advisors, it was determined that an Agent Bank is an appropriate role to accommodate interested lender needs. The IOUs will remit borrower repayments to accounts held at the Agent Bank and the Agent Bank will receive directions from the Master Servicer to transfer funds to the designated lender. 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. Staff is currently re-evaluating the RFP, consulting with banking professionals, the IOUs, and Concord in exploring alternatives to this structure that is viable with the open-market structure of the pilots.
- **Technical Advisors.** The Technical Advisor will provide necessary expertise to assist in CAEATFA's development and implementation of the CHEEF programs. The Request for Offer (RFO) for this service was advertised on April 7, 2016. Energy Futures Group, Inc. was awarded the contract on May 20, 2016 and has been assisting CAEATFA with 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.

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

April 1, 2016 – June 30, 2016

Section 4: Program Development

Residential Energy Efficiency Loan Assistance Program

The Residential Energy Efficiency Loan Assistance (“REEL”) Program (previously referred to as the Single Family Loan Program) is the first in the sequence of the pilots. The REEL program kicked off its first contractor training on April 13, 2016 at the Southern California Edison (“SCE”) Energy Education Center in Tulare, CA. Present at the event were representatives from the CHEEF, SCE, the Center for Sustainable Energy (“CSE”), Valley Oak Credit Union and several regional contractors. Matadors Credit Union, one of the REEL lenders, has closed two loans as part of the REEL program. CAEATFA staff expects to receive the documentation and officially enroll the loans in the REEL program in July, 2016.

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 regulations⁴ 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. 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.

⁴ Proposed regulations approved by the CAEATFA board on February 16, 2016 - www.treasurer.ca.gov/caeatfa/cheef/reel/regulations/2016/20160106/text.pdf

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

April 1, 2016 – June 30, 2016

Infrastructure Development and Operations

The processes, procedures, and checklists used by the Master Servicer to enroll loans have been developed and tested. In November 2015, the MS and CAEATFA began testing the loan enrollment process to 1) ensure that the enrollment procedures were effectively operationalized and practical 2) ensure the MS's ability to evaluate loan and project eligibility and 3) identify and test possible functionality issues that may arise as data is uploaded onto the database being built out for the program. CAEATFA and the MS began testing the pre-approval process as well as the Master Servicer's ability to evaluate eligible comprehensive/Whole House projects in April, 2016.

In conjunction with CAEATFA, the MS continues to meet with the IOUs to discuss overall program development, data collection, data transfer, and data storage functionality necessary for both the off-bill and on-bill pilots, including the operational functionality of the IOU's Authorization to Release Customer Information form. Concord's information technology department is also building out their database functionality to manage the day-to-day activity of the REEL pilot.

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

Eligible Energy Efficiency Measures

During this period CAEATFA and the IOUs continued to analyze and improve the usability of the online data portal that identifies the Eligible Energy Efficiency Measures (EEEMS) under the program, which will be used by contractors, lenders, and the Master Servicer, to ensure project eligibility. The portal can be found at <http://eeems.azurewebsites.net/>. CAEATFA worked with staff at the CPUC and the IOUs to clarify requirements for EEEMs when a project is completed without an IOU rebate or incentive (Finance-Only Path). During this time, CAEATFA has continued to work with the IOUs to update the EEEMs portal to clearly communicate the financing requirements for comprehensive/ whole house projects. CAEATFA will continue to work with the IOUs to improve the portal.

Lender Recruitment and Training

CAEATFA has been recruiting, enrolling and training Participating Financial Institutions ("PFIs") and Participating Finance Lenders ("PFLs"). To date, CAEATFA has approved one PFL, Viewtech Financial Services ("Viewtech") and two PFIs, Valley Oak Credit Union and Matadors Community Credit Union. CAEATFA Staff is working with Viewtech, Valley Oak and Matadors 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. In addition, CAEATFA Staff is in the process of reviewing additional lender applications and continuing to engage prospective program participants. 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 testing with Concord, creating procedures for partner

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

April 1, 2016 – June 30, 2016

notifications, conducting operations walkthroughs, and advocating for the acceptance of e-signatures on customer documents by the IOUs. CAEATFA staff has also created implementation tools and resource materials for lenders which includes checklists, an implementation manual, fillable PDF forms and a loan enrollment workbook.

Contractor Recruitment and Training

Contractor training began on April 13, 2016 with the first in-person contractor training event being held in Tulare, CA at the Southern California Edison Energy Center. Valley Oak Credit Union, the first lender prepared to enroll a loan under the REEL program, was in attendance to engage with contractors. A second in-person contractor training took place on May 10, 2016 in Downey, CA at a Southern California Gas (“SCG”) Home Upgrade technical training event. The REEL contractor training was added to the end of the agenda and that agenda was distributed to the contractors prior to the event. The Downey event was highly successful as a majority of the contractors who attended the technical training remained in attendance for the REEL training. Matadors Community Credit Union, the first statewide lender, was in attendance to engage with contractors. Staff has also begun hosting online contractor trainings on a weekly basis. The current online contractor training schedule can be found on thecheef.com. To date, twenty-seven contractors have completed the required training; nine of those contractors have enrolled in the REEL program. Staff will continue to conduct outreach and train contractors on the REEL program. In addition, during this period, CAEATFA staff developed resources for contractors to implement the program including an implementation handbook, sample project documentation, and video tutorials on thecheef.com and/or <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 is continuing to work with the IOUs and the MS to lay the foundation and establish the OBR infrastructure.

Infrastructure Development and Operations

One key components 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. This will enable the IOUs to remit payment data securely to the MS/Agent Bank. After working through multiple complex residential and commercial customer data scenarios, the MS and the IOUs signed off on the DEP in January, 2016. Though mostly significant for the on-bill pilots, the DEP is critical for the sharing of customer energy consumption data within the REEL program.

The Master Servicer, PGE, SDG&E, SoCalGas, and SCE, have been working independently, and in close coordination to build their individual customized IT systems to accommodate the data exchange and, in the case of the utilities modify their billing systems to accept energy efficiency financing charges on their bills. During this period, CAEATFA, the MS and the IOUs launched into planning for the testing of the data exchange protocol and the OBR infrastructure. The parties

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

April 1, 2016 – June 30, 2016

identified several information technology risks and gaps related to testing plan that had been developed to date, and addressed this by developing several mitigation strategies to address the related risks and to ensure a robust testing plan approach and process. In April 2016, the Master Servicer brought on a systems integration/ project management resource with experience in testing and developing OBR programs. The parties then worked together to finalize and complete the testing plan and testing schedule for the IOU-MS functionality. The testing plan and testing schedule documents were finalized and accepted in early June. With these items completed, CAEATFA has been able to determine the anticipated timeframes to complete the IOU-MS IT infrastructure for OBR.

The MS and CAEATFA continue to work through the on-bill lender interaction process. This work includes development of communication, data flow, and cash flow between the lenders and the MS/Agent Bank. CAEATFA has been working with the IOUs, regarding its recent efforts to define the full scope of OBR implications for lenders. Ultimately, this process on work product will inform the OBR Commercial workshops, scheduled for this September - one of three Commercial and EFLIC pilot workshops to be held in Summer/ Fall 2016.

Table 2: OBR IOU-MS System Integration Test Project Schedule

Milestone	Target Date
1. Create Test Plan	Completed
2. Establish Test Schedule	Completed
3. Begin IOU System Integration Testing	June 2016
4. Complete System Integration Testing	December 2016
5. Agent Bank and End-to-End Testing	Q1 2017

Program Development and Regulations

During this time, CAEATFA staff has continued to research program design features and financial structures for the small business loan, lease, energy service agreements and commercial projects; financing structures best suited for multifamily projects; and the incorporation of EFLIC under the REEL Program. CAEATFA’s regulatory process to develop these programs will begin once CAEATFA staff is able to adequately incorporate the on-bill repayment features as described above. CAEATFA anticipates holding several workshops for the Commercial, EFLIC, and Multifamily pilots beginning in July 2016, followed by workshops for the multifamily pilots. The current workshop schedule is as follows:

- July 20, 2016 9:30-11:30am PST – Commercial Financing Program Parameters
Credit enhancement structure (for small business pilots)
Financial product eligibility

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

April 1, 2016 – June 30, 2016

Finance provider eligibility
Borrower/Customer underwriting guidelines

- August/September 2016 (date TBD) – Commercial Project Program Parameters
 - Eligible measures and eligible projects
 - Contractor requirements
 - Project QA/QC requirements
 - Data reporting
 - Finance-only (non-rebate) pathway
- September 2016 (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
- Fall 2016 – EFLIC Program Parameters
 - Financial product eligibility
 - Finance provider eligibility
 - Borrower/Customer underwriting guidelines
- Fall 2016 – Multifamily Program Parameters
 - Financial product eligibility
 - Finance provider eligibility
 - Borrower/Customer underwriting guidelines

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.

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

April 1, 2016 – June 30, 2016

Section 5: Additional Information

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

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

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

April 1, 2016 – June 30, 2016

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

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

April 1, 2016 – June 30, 2016

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

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.
- **Transactions of various financial products administered by CHEEF and certain aggregate profile information about borrowers, project purposes/scope, financed amounts, etc.**
 - No transactions have occurred under the CHEEF programs yet.
- **Overview of participating FIs for the REEL program**
 - As of June 30, 2016, three lenders - Viewtech Financial Services, Valley Oak Credit Union and Matadors Community Credit Union - have enrolled in the Residential Energy Efficiency 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%.

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

April 1, 2016 – June 30, 2016

Viewtech - Rate		
Borrower FICO	Non REEL RIC Rate Range	REEL loan or RIC Rate
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

Viewtech – Term & Amount		
Term (Maximum Years)	Minimum Loan Amount	Maximum Loan Amount
5	\$2,500	\$3,999
7	\$4,000	\$6,499
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:

- 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.
- 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.

Viewtech/Kilowatt Financial’s roll-out of its 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.

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

April 1, 2016 – June 30, 2016

While Valley Oak does not currently offer an existing 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 range from 6.77% to 9.27%.

Valley Oak – Rate (Personal Loan compared to REEL Loan)		
Borrower FICO	Non REEL Rate	REEL loan Rate
730+	8.95%	6.77%
680-729	9.95%	7.27%
640-679	11.95%	7.77%
600-639	13.95%	8.27%
580-599	15.95%	9.27%

Valley Oak – Term & Amount		
Term (Years)	Minimum Loan Amount	Maximum Loan Amount
1 – 5	\$2,500	\$20,000
5 - 10	\$10,000	\$50,000
10 - 15	\$25,000	\$50,000

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

- a Valley Oak customer with a FICO score of 580, taking out an \$8,000 7-year loan, would save \$2,203.41 in interest over the life of the loan.
- a Valley Oak customer with a FICO score of 600, taking out a \$20,000 12-year loan, would save \$8,668.91 in interest over the life of the loan.

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. Up to 30% of the loan can be used to pay for other home improvements, such as water-saving projects and remodeling.

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

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

April 1, 2016 – June 30, 2016

Matadors - Rate & Term (Personal Loan compared to REEL Loan)					
Minimum FICO Personal Loan	Term Personal Loan	Rate Personal Loan	Minimum FICO REEL Loan	Term REEL Loan	Rate REEL Loan
660	12 months	9.90- 12.40%	640	60 months	5.99%
660	12 months	9.90- 12.40%	640	120 months	6.99%
660	12 months	9.90- 12.40%	640	180 months	7.99%

Matadors currently doesn't 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 will result in longer repayment terms, and savings for credit-challenged borrowers. For example a Matadors member who needs to take a personal loan of \$5,000 for an emergency HVAC replacement would be charged at least 9.90% for a loan that has to be repaid in 1 year. That same borrower, with the REEL product option, will pay only 5.99% and has up to 5 years to repay the loan.