



CALIFORNIA HUB FOR
ENERGY EFFICIENCY
FINANCING

**Quarterly Report and
Program Status Summary**

January 1, 2017 – March 31, 2017

Table of Contents

- Section 1: Introduction 1
- Section 2: Budget 2
- Section 3: CHEEF Infrastructure 4
 - CHEEF Infrastructure 4
 - Master Servicer 4
 - Technical Advisors 5
 - Trustee Bank 5
 - Secure Flow of Funds 5
 - Contractor Manager 5
 - Data Manager 6
- Section 4: Program Development 6
 - Pilot Budget Modifications and CPUC Activity 6
 - Residential Energy Efficiency Loan Assistance Program 8
 - Program Modifications 8
 - Regulatory Development 9
 - Infrastructure Development and Operations 9
 - Eligible Energy Efficiency Measures (EEEMs) 9
 - Lender Activity, Recruitment and Training 10
 - Contractor Recruitment and Training 10
 - Marketing Coordination 11
 - PG&E REEL Sub-Pilot: Energy Finance Line Item Charge (EFLIC) 12
 - Statewide Customer Information Service Release (CISR) 12
 - On-Bill Repayment (OBR) 12
 - Infrastructure Development and Operations 12
 - OBR Development Milestones 13
 - Commercial and Other CHEEF Pilot Development 14
 - Program Development 14
 - Workshops, Public Comment, and Regulatory Development 15
- Section 5: Additional Information 16
- Appendix A: A-1
- Appendix B: Lender Profiles A-4
 - Statewide Lenders A-4
 - California Coast Credit Union A-4
 - Matadors Community Credit Union A-5
 - Regional Lenders A-6

Valley Oak Credit Union	A-6
Desert Valleys Federal Credit Union	A-8
Spruce/Viewtech Financial Services	A-10
Summary of Accounts	A-11
Monthly Summary of IOU Holding Account.....	A-11
Monthly Summary of IOU REEL Program Accounts	A-15
Monthly Summary of IOU Loan Loss Reserve Accounts organized by Lender	A-17
California Coast Credit Union.....	A-17
Matadors Credit Union	A-18
Valley Oak Credit Union	A-19

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

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

January 1, 2017 – March 31, 2017

Section 1: Introduction

CAEATFA is working with the California Public Utilities Commission (CPUC), investor-owned utilities (IOUs)¹, the Center for Sustainable Energy (CSE) and financial institutions throughout California to develop a series of pilot programs that allow consumers to finance energy efficiency retrofits. The pilot programs are designed to enable consumers to undertake deeper and broader energy efficiency than previously achieved through traditional programs, and will assist in removing the upfront cost barrier of financing for consumers to promote the State's broader energy efficiency goals.

In September 2013, the CPUC approved Decision 13-09-044 ("D.13-09-044"), authorizing two-year pilot programs to be supported by up to \$66 million of IOU ratepayer funds serving four market segments. Only the first three of the four markets listed below provide credit enhancements to lenders:

- single-family, with one-third of funds reserved for low and moderate income households;
- multi-family, affordable housing with master meters;
- small businesses;
- On-Bill Repayment (OBR) 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:

- provide credit enhancements to lenders thereby reducing risks to lenders who are then able to provide lower interest rates and better terms to consumers;
- broaden the availability of financing to individuals who might not have been able to access it otherwise;
- address upfront cost barriers 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 throughout the pilot period, by pilot program and on CHEEF operational expenses. The reports keep the CPUC and interested stakeholders apprised of:

- implementation progress, opportunities and challenges;
- platform and space within which CHEEF functions take place;
- accounts and account managers, database permission criteria and platforms associated with the CHEEF;

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).

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

January 1, 2017 – March 31, 2017

- customer facing products (websites, informational charts), as appropriate under CAEATFA’s limited authority over consumer marketing;
- pilot program performance and certain aggregate profile information about participating lenders, borrowers, and projects.

Appendix A of this report includes information on each of the above-listed data points that are required pursuant to D.13-09-044.

Section 2: Budget

D.13-09-044 directs the IOUs to allocate a total of \$75.2 million to finance the pilots over the initial pilot period. Table 1 provides an itemized breakdown of these allocations, current expenditures and remaining balance. As of March 31, 2017, CAEATFA had expended \$3,080,425 of the \$7 million allocated for CHEEF start-up costs, marketing, education, outreach, and training of financial institutions and contractors.² Of the \$3,080,425 expended, \$814,589 was used to fund contracts with the Master Servicer (Concord Servicing Corporation) and the Trustee Bank (US Bank).

² Expenditures for Q4 2016 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**

January 1, 2017 – March 31, 2017

Table 1 – Budget Table for CHEEF Expenditures (September 2014 through March 31, 2017)³

Item	Allocated	Expended/ Encumbered ⁴	Balance
CHEEF Administration			
Includes Start-Up costs, CHEEF administrative, direct implementation, and contracting costs	\$ 5,000,000	\$ 2,740,334	\$ 2,259,666
Release of funds approved by CPUC Rulemaking 13-11-005 ⁵	\$ 8,360,000	\$ -	\$ 8,360,000
Subtotal CHEEF Start-Up Costs	\$ 13,360,000	\$ 2,740,334	\$ 10,619,666
Marketing, Education, Outreach (MEO)			
Statewide MEO plan	\$ 8,000,000	(TBD)	\$ 8,000,000
CAEATFA outreach and training to financial institutions and Contractors	\$ 2,000,000	\$ 320,979	\$ 1,679,021
Subtotal Marketing, Education, and Outreach	\$ 10,000,000	\$ 320,979	\$ 9,679,021⁶
Residential pilots			
Residential Energy Efficiency Loan Credit Enhancement Funds	\$ 25,000,000	\$ 19,112	\$ 24,980,888
Energy Financing Line Item Charge (Funding to PG&E)	\$ 1,000,000	(TBD)	\$ 1,000,000
Multi-Family	\$ 2,900,000	\$ -	\$ 2,900,000
Subtotal Residential Pilots	\$ 28,900,000	\$ 19,112	\$ 28,880,888
Non-Residential Pilots			
Small business sector OBR with credit enhancement	\$ 14,000,000	\$ -	\$ 14,000,000
Other Non-Credit Enhancement funds	\$ -	\$ -	\$ -
Subtotal Non-Residential Pilots	\$ 14,000,000	\$ -	\$ 14,000,000
Information Technology (IT)			
IT Funding to IOUs ⁷	\$ 8,000,000	(TBD)	\$ 8,000,000
Subtotal IT Funding to IOUs	\$ 8,000,000	(TBD)	\$ 8,000,000
CHEEF Pilot Reserve			
CHEEF Pilot Reserve	\$ 7,000,000	\$ -	\$ 7,000,000
Adjustment to reconcile to D.12-11-015 and IOU Compliance	\$ 2,344,931	\$ -	\$ 2,344,931
Release of funds approved by CPUC Rulemaking 13-11-005 ⁵	\$ (8,360,000)	\$ -	\$ (8,360,000)
Subtotal CHEEF Pilot Reserve	\$ 984,931	\$ -	\$ 984,931
GRAND TOTAL	\$ 75,244,931	\$ 3,080,425	\$ 72,164,506

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

³ More detailed program budgets can be found in the program implementation plans.

⁴ Encumbered refers to the credit enhancement funds for enrolled loans under the Residential Energy Efficiency Loan (REEL) Loan Loss Reserve (LLR).

⁵ Amount of funds allocated to this section includes the additional \$8.36 million that was approved by CPUC Rulemaking 13-11-005: Joint Ruling of Assigned Commissioner and Administrative Law Judge on Financing Pilots and Associated Marketing, Education, and Outreach Activities issued November 22, 2016

⁶ This amount does not include CSE's expenditures.

⁷ IT Funding to IOUs reports only the initial allocation and does not reflect current IOU expenditures.

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

January 1, 2017 – March 31, 2017

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). Over the spring and summer of 2016, CAEATFA staff re-evaluated its resources and pilot timetable to better identify the necessary resources it would need to complete pilot implementation. To continue to carry out the CHEEF functions without an interruption in services, CAEATFA:

- requested approval of an additional \$8.36 million in administrative funds and additional staff resources through fiscal year 2019-2020 from the CPUC⁸;
- concurrently worked in coordination with CPUC staff to request Legislative approval of a 2017 budget request to provide CAEATFA with the corresponding reimbursement and expenditure authority beyond June 30, 2017.

The CPUC approved CAEATFA's funding request and released \$8.36 million of CHEEF reserve funds⁹, and CAEATFA is currently navigating the legislative budget process. This is discussed in more detail on page 13.

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, Technical Advisors, Trustee Bank, Agent Bank/Secure Flow of Funds, Contractor Manager, and Data Manager. 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(s), accepting lender and loan enrollment applications, and processing on-bill

⁸ CPUC Rulemaking 13-11-005

⁹ CPUC Rulemaking 13-11-005: Joint Ruling of Assigned Commissioner and Administrative Law Judge on Financing Pilots and Associated Marketing, Education, and Outreach Activities issued November 22, 2016

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

January 1, 2017 – March 31, 2017

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 of 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 required of the IOU billing systems to enable the flow of funds and data for OBR. The current contract with Concord Servicing Corporation has been extended to the maximum allowable term and expires on December 31, 2017. A new Request for Proposal (RFP) is currently being developed and will be released to select and onboard a new MS before the end of the current contract term.

Technical Advisors. Technical Advisors provide expertise to CAEATFA in its development and implementation of the CHEEF pilot programs. From May 2016 to October 2016, Energy Futures Group, Inc. was contracted to provide short-term technical assistance for the research and development of the commercial pilot project eligibility requirements. In December 2016, CAEATFA released a Request for Offer for a higher-value technical assistance contract to continue research and development and implementation assistance for the commercial pilots. Energy Futures Group, Inc. was issued a Purchase Order (PO) effective 03/29/2017. Under its implementation agreement with the Investor-Owned Utilities, CAEATFA continues to rely on the ongoing technical support of Harcourt Brown & Carey (HB&C) and anticipates additional assistance from HB&C with regard to on-bill infrastructure implementation. HB&C's expertise and project management assistance has been helpful in providing continuity under the pilots.

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 and has been extended to the maximum allowable term expiring on December 31, 2017. A new Request for Proposal (RFP) is being developed and will be released to select a new Trustee Bank before the end of the current contract term.

Secure Flow of Funds. In CAEATFA's research and outreach to lenders interested in OBR functionality, lenders expressed the need for additional safeguards around their funds, as the IOUs remit daily payments designated for participating lenders. CAEATFA, in consultation with these lenders and the banking industry, has explored different options to provide a secure cash flow solution for the OBR program including soliciting a Request for Information (RFI) in October of 2016. Based on input and information gathered thus far, CAEATFA and the Master Servicer have been exploring options for solutions.

Contractor Manager. The Contractor Manager will enroll and manage contractors in the REEL Program, coordinate with the Statewide Financing Marketing, Education, and Outreach Implementer on outreach, and conduct quality control oversight of projects not participating in

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

January 1, 2017 – March 31, 2017

an IOU rebate/incentive program. The RFP for this service is under development, and is expected to be released in Q2 2017.

Data Manager. The Data Manager will receive pilot program data from the MS and other energy efficiency finance program administrators such to prepare it for public presentation and use. It will also receive pilot program related energy usage data 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 RFP for this service has been preliminarily drafted but not released while CAEATFA prioritizes its workload to develop and implement the pilots. Concurrently, CAEATFA and its agents will continue to collect the appropriate data to ultimately be transmitted to the data manager when it is brought under contract.

Section 4: Program Development

Pilot Budget Modifications and CPUC Activity

CAEATFA and CPUC staff began discussions on CAEATFA's resource needs to complete the pilots as they were originally designed – as well as challenges and opportunities of the pilots – over the summer of 2016. As noted above, as of March 31, 2017, CAEATFA only expended \$3,080,425 of the \$7 million allocated to it under D.13-09-044; however, its current legislative budget authority expires June 30, 2017. Due to CAEATFA's role as a state agency and the state budget schedule, it was required to concurrently submit a legislative budget request and extension for consideration and approval in the 2017 Budget. CAEATFA requested an additional \$8.36 million of the \$9.3 million existing contingency fund to implement the pilots through FY 2019-2020. These costs include:

- administrative costs, including CAEATFA's contracts with the MS, Trustee Bank, Contractor Manager, and Technical Advisors;
- right-sizing the number and level of CAEATFA staff to more effectively implement the scope of work of the CHEEF, including the establishment of four permanent staff positions necessary for continuity in implementation and long-term administration through the term of enrolled loans (15 years).

On November 14, 2016, the CPUC hosted a mid-point review of the CHEEF pilots as required by D. 13-19-044, at which CAEATFA:

- provided information on the history and state of CHEEF pilot development and implementation;
- illustrated opportunities and risks to be mitigated;
- identified and requested potential modifications to the current pilot program design for consideration and input;
- outlined the details of its budget request.

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

January 1, 2017 – March 31, 2017

Anticipated Pilot Implementation Schedule As of September 2016					
Pilot Implementation Period	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Residential Pilot (CE)					
Small Business Pilot (CE)					
Multifamily Pilot (CE)					
Non-Residential OBR ONLY					

This timetable was based on CAEATFA’s best estimates at the time, and was developed relying on certain reasonable assumptions about issue resolutions/deliverables, and CAEATFA’s staffing resources.

On November 22, 2016, a *Joint Ruling of Assigned Commissioner and Administrative Law Judge on Financing Pilots and Associated Marketing, Education and Outreach Activities* was issued, which:

- o released the contingency funds and approved CAEATFA’s budget request, and requested comments on potential next steps for the pilots including CAEATFA’s requested modifications;
- o addressed short-term and longer-term actions necessary to continue marketing, education, and outreach activities related to the financing pilots.

Comments were requested by December 12, 2016, with reply comments due no later than December 19, 2016. On March 29, 2017, the CPUC released D. 17-03-026 that approved several of CAEATFA’s requested modifications and provided the following directives:

- o the CPUC further commits to continued funding for CAEATFA to administer the pilot program throughout the life of the pilots;
- o all financing pilots will be launched by no later than December 31, 2019;
- o CAEATFA is fully authorized as the decision-maker for these pilots (including program design, financing mechanism designs, finance credit support, measure eligibility, on-bill repayment implementation including lender enrollment, outreach to contractors and lenders, and database tasks), utilizing its own public input and rulemaking processes, as needed;
- o CAEATFA financing pilot programs will be kept separate from the much larger energy efficiency rolling portfolio business plans filed on January 17, 2017;
- o each pilot program will be subject to a mid-point evaluation at or around one year of operation;
- o pilot programs will be continued during the evaluation stage, beyond the original concept of a two-year timeframe;
- o funding authorized for CAEATFA’s use for the pilot programs and its administrative expenses prior to this decision should last through at least 2020, when we may need to reevaluate the need for additional funding for ongoing support of the pilot programs;

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

January 1, 2017 – March 31, 2017

- solar and distributed generation¹⁰ repayment will be allowed on-bill for small business, in addition to other non-residential customers;
- CAEATFA should be allowed to true up its credit enhancement funds less frequently than quarterly, at its discretion.
- CAEATFA should not be required to maintain separate credit enhancement pools or track spending by IOU service territory.
- to continue momentum of successful pilot programs, a hard stop of program operation after two years should not occur. Pilot programs should continue until such time as the Commission makes a determination about whether a pilot program should be continued, taken to full-scale implementation, or terminated.
- SoCalGas will conduct a competitive solicitation for continuation of the ME&O work to support the financing pilot programs currently being conducted by the Center for Sustainable Energy (CSE).

With the new flexibility, CAEATFA is targeting its resources and time on improving REEL - the pilot currently being implemented – while continuing the development of the remaining pilots with the resources available. With the CPUC’s commitment of long-term funding, CAEATFA will convert existing temporary positions to permanent positions and on-board additional staff. These staffing changes will roll out over time and be completed by December 31, 2017.

Residential Energy Efficiency Loan Assistance Program

The Residential Energy Efficiency Loan (REEL) Assistance Program launched and enrolled its first loan in July 2016. REEL’s initial pilot term is expected to last through July 15, 2018.

Program Modifications

As noted above, at the CPUC’s midpoint workshop in November of 2016, CAEATFA presented a list of suggested modifications to the pilot programs, including the REEL pilot. CAEATFA was concerned about the low uptake in REEL loans during the first several months of implementation and continued to identify program constraints, and suggested modifications to either:

- remove hurdles for participants; or
- make the pilots more responsive to the marketplace.

In March of 2017, the CPUC issued Decision 17-03-026 granting CAEATFA the authority to make several of its requested modifications to the pilot programs. CAEATFA staff has begun exploring several ways to implement these modifications into the REEL pilot, specifically:

¹⁰ Financing for solar and distributed generation will not be credit-enhanced

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

January 1, 2017 – March 31, 2017

- simplifying measure eligibility for the program and moving toward a statewide list of eligible energy efficiency measures;
- adopting a single, statewide Customer Information Service Release (CISR) form; and
- consolidating lenders' separate loan loss reserve accounts by IOU into a single loan loss reserve account for lenders.

Regulatory Development

REEL regulations were initially adopted as emergency regulations and approved by the Office of Administrative Law ("OAL") on March 9, 2015. 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 began the regular rule making process by issuing a Notice of Proposed Rulemaking for the REEL program. Revised regulations, incorporating additional lessons from early implementation, were approved by the CAEATFA board on February 16, 2016 and by the OAL on April 13, 2016.

CAEATFA is currently planning to modify the REEL regulations through the emergency regulatory process to enable the modifications referenced above.

Infrastructure Development and Operations

The operational infrastructure to enroll loans under REEL has been established and launched. CAEATFA is working with participating lenders to streamline processes and procedures for their respective REEL financial products. Training and enrolling contractors into the REEL program occurs on a rolling basis.

Eligible Energy Efficiency Measures (EEEMs)

Each IOU displays their EEEMs list on the EEEMs portal (<http://eeems.azurewebsites.net>). The EEEMs Portal is used by contractors, lenders, and the Master Servicer (Concord) to ensure measure eligibility listing the various energy efficiency specifications and requirements for projects.

Since D.13.09.044 was executed, CAEATFA has advocated for a simple, streamlined, statewide list of eligible efficiency measures. As part of CAEATFA's suggestions for modifications to the pilot presented at a CPUC midpoint review workshop in November 2016, CAEATFA again shared challenges with the EEEMs lists at that time. Specifically, each IOU maintained its own separate list of measures and all measures were constrained by the requirements of the utility rebate programs which included complex bundling and modeling rules. The four distinct lists and cumbersome measure requirements were a hinder to uptake and interest from lenders and contractors.

In March of 2017, Decision 17-03-26 granted CAEATFA the flexibility to decouple the program EEEMs list from existing IOU rebate and incentive programs. CAEATFA plans to take advantage of the granted flexibility through a three-phase approach to improve the REEL Program. This phased approach retains existing program infrastructure, offers due diligence in making modifications through public input, and strikes a balance between a simple streamlined process for participants and specification detail for

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

January 1, 2017 – March 31, 2017

anticipated program evaluators.

- In Phase 1, CAEATFA removed bundling and modeling requirements on the EEEMs list. This eliminates the complicated requirements for measure eligibility and allows for the program to test financing as an alternative to rebates and traditional incentives. In March, the IOUs updated their EEEMs lists to remove bundling and modeling coding for each measure description. CAEATFA worked with Concord, lenders, and contractors to roll out Phase 1 changes.
- In Phase 2, CAEATFA will retain four separate EEEMs lists, but the lists will include the same measures and same efficiency specifications across the state. CAEATFA will allow any measure currently offered by any IOU for a rebate or incentive to be eligible across the state, as long as the corresponding fuel source is provided by an IOU. Phase 2 has an estimated roll out date for May 2017.
- In Phase 3, CAEATFA will remove the four separate lists and yield a single list of measures applicable to all IOU territories and explore inclusion of measures that are not part of the IOU rebate and incentive programs. Phase 3 is estimated to roll out Q3 of 2017.

Lender Activity, Recruitment and Training

Overview of participating FIs for the REEL Program

CAEATFA is continuously recruiting, enrolling, and training Participating Financial Institutions (“PFIs”) and Participating Finance Lender (“PFLs”). As of March 31, 2017, 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 approved in the REEL Program. Of the five lenders, four are operational and can accept REEL applications from consumers: Valley Oak Credit Union, Matadors Community Credit Union, Desert Valleys Federal Credit Union, and California Coast Credit Union. Lender profiles can be found in Appendix B. CAEATFA is currently recruiting other eligible FIs and conducting additional outreach.

In January of 2017, CAEATFA staff addressed a challenge voiced by lenders by clarifying the optional pre-approval process in the Lender Implementation Manual. This process verifies the eligibility of the project’s proposed measures as well as other requirements, confirms the contractor is a REEL Participating Contractor, and sets aside LLR funds for the project prior to completion.

Contractor Recruitment and Training

On April 13, 2016, CAEATFA staff conducted its first in-person Contractor training event in Tulare, California 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. Additional in-person contractor trainings have taken place throughout California (Downey, San Diego, Fresno, and Stockton) and are on-going. In June of 2016, CAEATFA staff started conducting weekly Contractor training webinars. Since its initial offering, through March 31, 2017, 41 contractor training

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

January 1, 2017 – March 31, 2017

webinars sessions have been conducted. The on-going webinar schedule can be found at www.thecheef.com.

In an effort to make the contractor compliance training accessible to a wider pool of eligible contractors interested in joining the REEL Program, CAEATFA staff is working with the Center for Sustainable Energy (CSE) to develop an on-demand web training platform. The on-demand web based training will give contractors the flexibility to view training material at their convenience 24-hours a day, 7-days a week. Staff expects the on-demand training to be available to qualified contractors beginning Summer of 2017.

In addition, CAEATFA staff are working with the IOUs and their energy efficiency program third party implementers (i.e., Build It Green and ICF International) to conduct outreach to and training of contractors for the REEL Program by posting REEL Program information and training schedules on their websites, as well as monthly/quarterly newsletters. Ongoing efforts are being made to improve the resources available to contractors on www.thecheef.com.

In February of 2017, CAEATFA staff presented at the SoCalGas and SCE annual Home Upgrade kick-off event in Downey, CA and at two other events including the Electric & Gas Industries' (EGIA) Contractor University event that was attended by over 100 contractors and a residential HVAC trade exposition in Napa, California, connecting directly with over 40 contractors. As of March 31, 2017, 202 contractors/contractor companies have completed the REEL required training. Of the 202 contractors/contractor companies, 99 have enrolled in the REEL Program, and at least 11 projects have been completed.

Marketing Coordination

CAEATFA has been working with the CSE to improve the contractor, lender, and consumer experience with REEL. CSE has been developing marketing collateral for REEL. CAEATFA provided suggestions to CSE on how to better reach REEL's target audiences and on simplifying post enrollment processes for participants. CAEATFA collaborated with the IOUs and CSE to create an informational webpage targeting homeowners, www.thecheef.com/REEL, launched in early 2017. The goal of the website was to:

- help homeowners who are self-motivated to take on an energy retrofit to find a participating contractor and lender;
- provide contractors an additional resource through which they could explain the program to customers and help customers locate a lender.

The IOUs began linking to thecheef.com/REEL from their home upgrade websites in January 2017 and by the end of the first quarter, all IOUs had links from their respective company websites to the REEL webpage.

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

January 1, 2017 – March 31, 2017

PG&E REEL Sub-Pilot: Energy Finance Line Item Charge (EFLIC)

CAEATFA worked to develop EFLIC, a sub-pilot of REEL. EFLIC, only available in PG&E territory, is planned to initially focus on “small dollar” loans to encourage low-mid income homeowners to purchase energy efficiency equipment from retailers. In the initial phase of the project, CAEATFA staff worked with PG&E and interested financiers to propose an initial draft of the program structure. Staff identified initial data exchange, eligibility and operational requirements and compiled them into a single document intended to be as accessible as possible for a third party seller-financer with a relatively simple build-out.

The seller-financer who was working in partnership with CAEATFA and PG&E in development of this program has undergone a staff reorganization and is no longer able to commit resources to continue participation, although they have not ruled it out for the future. PG&E is continuing to seek interested seller-financers, CAEATFA will reprioritize this effort once PG&E’s OBR infrastructure is established and CAEATFA’s new staff are on-boarded.

Statewide Customer Information Service Release (CISR)

Energy usage data is considered private information that cannot be released by the IOUs without obtaining authorization from the customer. Since the launch of the REEL pilot, each IOU has required an IOU-specific CISR form for their customers. In November 2016, at the CPUC’s mid-point review workshop, CAEATFA advocated for the creation of a single, state-wide CISR form. CAEATFA explained that four separate forms unnecessarily complicate the loan closing process for contractors, lenders and customers and present a hurdle to program uptake. In Decision 17.03.026, the CPUC provided support to allow CAEATFA to implement a single, statewide CISR.

CAEATFA staff has invested time in creating a single statewide CISR form mockup by combining the existing CISR forms in use by the IOUs. This statewide CISR form is to be utilized in both the current REEL and forthcoming pilot programs. This will increase data capture efficiency for lenders and the Master Servicer, simplify the application process for program participants by reducing paperwork, and increasing program uptake.

While CAEATFA and the IOUs are working to resolve legal concerns with the statewide CISR, CAEATFA continues to seek feedback on design, layout, organization, and relevant data points and language from IOUs. CAEATFA anticipates roll-out of a new CISR in the Summer of 2017.

On-Bill Repayment (OBR)

Several pilot programs will include OBR as a key feature. CAEATFA staff is working with the IOUs and the MS to establish the OBR infrastructure.

Infrastructure Development and Operations

One key component of the OBR infrastructure is the Data Exchange Protocol (DEP). The DEP outlines the

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

January 1, 2017 – March 31, 2017

process allowing for secure transmission of payments and repayment data between the IOUs, MS and lenders. After working through multiple complex residential and commercial customer data scenarios, the MS and the IOUs signed off on the Data Exchange Protocol requirements in January of 2016. The MS and the IOUs then worked independently, and in close coordination to develop their respective IT systems, to accommodate the DEP.

In March of 2016, CAEATFA, the MS and the IOUs launched the planning and testing phases of DEP and the OBR infrastructure. The parties finalized and formally adopted the IOU-MS functionality testing plan and schedule in early June of 2016. From Summer of 2016 to Fall of 2016, three of the four partner IOUs successfully completed the majority of their scheduled OBR testing. The fourth IOU is scheduled to complete OBR testing during Q3 of 2017. During Fall of 2016, CAEATFA collaborated with the IOUs to develop a full catalogue of OBR program features and requirements, and the operational implications of participating in OBR for lenders. On January 31, 2017, CAEATFA held a public workshop, presenting the key OBR infrastructure details, and what prospective lenders need to know about integrating with OBR. The workshop addressed OBR Governance and Agreement Structures & Secure Cash Flow, OBR Eligibility, OBR Enrollment Process, Establishment of the First OBR Loan Charge, OBR Payment Flow, Delinquencies/ Disconnection/ Removal, and Reporting & Data. Further development and testing with the IOUs may be needed depending on the final outcome of key elements such as the Secure Cash Flow.

The development of the lender/master servicer data and funding exchange process has been an area of focused work for CAEATFA and the MS during the Spring of 2017. This effort will clarify and streamline the development of the lender/master servicer data and funding exchange, necessary to communicate the processes between Concord, Lenders, Trustee and CAEATFA, through the full life cycle of OBR loans.

OBR Development Milestones

While researching and developing the OBR infrastructure and through initial workshops, CAEATFA identified the need for:

- operational reserve fund to smooth the funding stream to address potential anomalies in the IOU billing systems;
- secure cash flow to enable open-market OBR (further discussed above).

CAEATFA is continuing to work with its partners, stakeholders and the CPUC to provide a well-designed secure cash flow (SCF) solution for the OBR program. In October of 2016, CAEATFA solicited a Request for Information (RFI) regarding SCF, and has used the resulting stakeholder input to develop and refine the features it will be proposing for the SCF solution later this year. In recent months, CAEATFA and the Master Servicer have been especially focused on exploring account structures with the banking industry.

The table below provides milestones, target dates, and status of the milestone.

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

January 1, 2017 – March 31, 2017

Milestone	Target Date	Status
1. Finalize Data Exchange Protocol	January 2016	Completed
2. Establish Test Schedule & Develop Testing Plan	June 2016	Completed
3. Begin IOU-Master Service 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 / Nov 2016	Completed
6. Develop Secure Cash Flow RFP/Competitive Bid/ DGS approval	Q2/Q3 2017	Under development
7. Workshop OBR infrastructure for Lenders	January 2017 -	Completed
8. Complete IOU System Integration Testing	August 2017	In process
9. Secure Cash Flow/Concord IT Build Out (est. 2-6 months)	Q3/Q4 2017 / Q1 2018	Not started
10. IT Contingency (TBD)	Q4 2017/Q1 2018	Not started
11. End-to-End Testing (includes secure flow of funds; lender testing)	Q4 2017/Q1 2018	Not started

Commercial and Other CHEEF Pilot Development

CAEATFA staff continued development of the CHEEF Commercial Pilots, researching program features and financial structures for small business and large non-residential projects and financing structures best suited for multifamily projects.

Program Development

CAEATFA staff published proposed parameters for the commercial pilot programs from July - October of 2016 and continue to gather external input on their structure. The commercial pilots support various financial products including loans, leases, and energy service agreements. The small business elements of the pilots allow for credit enhancements to help financing entities mitigate risk and allows an option for on-bill or off-bill repayment. CAEATFA is also incorporating a finance-only path to provide financing for customers that do not seek a utility rebate or incentive. CAEATFA sees value in the finance-only path as providing contractors more control over the timing of project completion, avoiding the lengthy review process for utility custom incentives, and supporting a wider range of measures.

In conjunction with the Investor Confidence Project (ICP), CAEATFA is working to explore the integration of ICP protocols as third party quality assurance for large finance-only projects. This would ensure efficiency goals are being met and provide a uniform set of industry-recognized quality assurance standards. ICP protocols define a road map of best practices for energy retrofits, leveraging commonly

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

January 1, 2017 – March 31, 2017

accepted standards to create standardized projects with reliable returns.

Through various methods of outreach including trade shows, forums, and direct calls, CAEATFA has been gathering input from contractors working on projects in the commercial sector. This input helps to determine the viability of the proposed structure for the commercial pilots and to make refinements improving their potential value in the energy efficiency marketplace. In coordination with technical assistance partners EFG, CAEATFA has taken preparatory steps to draft regulations for the commercial pilots.

Workshops, Public Comment, and Regulatory Development

CAEATFA conducts outreach to contractors and other industry professionals to build awareness, interest and to share proposed program structure of the commercial pilots. Beginning in July of 2016, CAEATFA began holding a series of workshops for the Commercial pilot. CAEATFA put on presentations at an October 6, 2016, On-Bill Financing panel and a December 8, 2016 Energy Efficiency Financing panel, both hosted by PG&E. These events provided excellent outreach opportunities, as did the November 16, 2016 Institute of Heating and Air Conditioning Industries trade show attended by CAEATFA staff. Continuous research and development of the programs occurs through feedback solicitation from stakeholders.

Ongoing efforts are being made to seek public input through workshops and direct outreach into Q1 of 2017. CAEATFA will commence its regulatory process during the development of other pilot programs while focusing on the commercial pilots first once CAEATFA staff can incorporate OBR features as discussed above.

- 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
- January 31, 2017 – On-Bill Repayment Program Parameters
 - On-bill governance and agreement structures
 - Eligibility guidelines
 - On-bill infrastructure and communication with the Master Servicer
 - Details and timing of cash flows and payments

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

January 1, 2017 – March 31, 2017

- June of 2017 – REEL Regulations Modification Workshop
- Q3 of 2017 – Commercial Regulation Workshops
- TBD – EFLIC Program Parameters
 - Timeframe will be sequential to PG&E OBR development.
 - Financial product eligibility
 - Finance provider eligibility
 - Borrower/Customer underwriting guidelines
- TBD – Multifamily Program Parameters
 - Timeframe will be sequential to OBR development
 - Financial product eligibility
 - Finance provider eligibility
 - Borrower/Customer underwriting guidelines
- TBD –Multifamily, EFLIC, OBR
 - Regulatory Workshops

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 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.

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

Appendix A:

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. 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. A summary table of accounts with beginning and ending monthly balances is available at the end of Appendix A.**

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
- California Coast Credit Union PG&E REEL Loss Reserve Account
- Desert Valleys Federal 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
- California Coast Credit Union SDG&E REEL Loss Reserve Account
- Desert Valleys Federal 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 SCE REEL Loss Reserve Account
- California Coast Credit Union SCE REEL Loss Reserve Account
- Desert Valleys Federal Credit Union SCE REEL Loss Reserve Account

- CHEEF SoCalGas Holding Account
- CHEEF SoCalGas Program Account

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

- 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
- California Coast Credit Union SoCalGas REEL Loss Reserve Account
- Desert Valleys Federal Credit Union SoCalGas REEL Loss Reserve Account

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

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

- **Contractor-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.**

As of March 31, 2017, 11 loans have been enrolled into the program. Six were funded by California Coast Credit Union (statewide), four by Matadors Community Credit Union (statewide lender), one by Valley Oak Credit Union (regional lender). (See Table 2, pg A-3)

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

Table 2: Summary of All REEL Program Loans Enrolled to Date.								
Loss Reserve Funding Date	Lender Name	Total Loan Amount	Credit Enhancement Amount¹¹	Interest Rate	Income Range	FICO BAND	D/I Ratio	Term of Loan (Months)
9/26/2016	Matadors	\$8,385	\$922.35	6.99%	\$100,000 - \$149,999	701-760	36-45%	120
7/28/2016	Matadors	\$12,285	\$1,351.35	6.99%	\$100,000 - \$149,999	641-700	25-35%	120
7/19/2016	Matadors	\$7,500	\$825.00	6.99%	\$75,000-\$99,999	701-760	46-55%	180
10/31/2016	Matadors	\$15,000	\$3,000.00	6.49%	<\$25,000	761-820	<25%	60
11/28/2016	Valley Oak	\$14,368	\$1,332.98	7.10%	\$50,000-\$74,999	701-760	46-55%	120
1/13/2017	California Coast	\$25,000	\$2,750	5.88%	\$150,000+	701-760	25-35%	60
1/18/2017	California Coast	\$14,648.90	\$2,529.78	6.88%	\$35,000-\$49,999	701-760	46-55%	180
2/21/2017	California Coast	\$22,543	\$2,479.73	5.88%	\$100,000-\$149,999	701-760	25-35%	60
3/3/2017	California Coast	\$14,350	\$1,578.50	6.38%	\$75,000-\$99,999	701-760	36-45%	120
3/8/2017	California Coast	\$9,393	\$813.23	6.38%	\$100,000-\$149,999	701-760	36-45%	120
3/31/2017	California Coast	\$16,104	\$1,529.44	7.38%	\$75-000-\$99,999	580-640	36-45%	120
	Grand Total	\$159,576.90	\$19,112.36					

¹¹ No claims on the reserve funds have been made to date.

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

Appendix B: Lender Profiles

Statewide Lenders

California Coast Credit Union

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.

California Coast – Rate (Signature Loan compared to REEL Loan)				
Borrower FICO	Signature Loan Rate (5yr)	REEL Loan Rate (5yr)	REEL Loan Rate (10yr)	REEL Loan Rate (15yr)
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%
California Coast – Term & Loan Amount (Signature Loan compared to REEL Loan)				
Term (Years)	Signature Loan Amount		REEL Loan Amount	
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 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%.

Below is an active REEL loan comparison compared to a standard loan product offered by California Coast Credit Union. The loan amount was for \$25,000 and has a term of sixty months. The borrower is able to enjoy lower monthly payments as well as saving \$2,844.39 in interest over the course of the loan.

Loan	Interest Rate (%)	Monthly PMT	Total Interest Paid	Total Interest Saved
REEL Loan Summary	5.88%	\$ 481.93	\$ 3,915.58	\$ 2,844.39
Standard Loan Summary	9.85%	\$ 529.33	\$ 6,759.97	

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

Matadors Community Credit Union

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 – Rate (Personal Loan compared to REEL Loan)				
Borrower FICO	Signature Loan Rate (1yr)	REEL Loan Rate (5yr)	REEL Loan Rate (10yr)	REEL Loan Rate (15yr)
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%
Matadors – Term & Loan Amount (Personal Loan compared to REEL Loan)				
Term (Years)	Personal Loan Amount	REEL Loan Amount		
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.

Below, is an example of a loan that a borrower currently has with Matadors. The individual who needs to take a personal loan of \$15,000 for a replacement would be charged at least 9.90% for a loan that has to be repaid in one (1) year with a monthly payment of \$1,318.04. That same borrower, with the REEL product option, will pay only 5.99% and has up to five (5) years to repay the loan with a monthly payment of \$293.42.

Loan	Term (Months)	Interest Rate (%)	Monthly PMT
REEL Loan Summary	60	6.49%	\$ 293.42
Standard Loan Summary	12	9.90%	\$ 1,318.04

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

Regional Lenders

Valley Oak Credit Union

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 California 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%.

Valley Oak – Rate (Personal Loan compared to REEL Loan)				
Borrower FICO	Personal Loan Rate (5yr)	REEL Loan Rate (5yr)	REEL Loan Rate (10yr)	REEL Loan Rate (15yr)
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%
Valley Oak – Term & Loan Amount (Personal Loan compared to REEL Loan)				
Term (Years)	Personal Loan Amount	REEL Loan Amount		
1 – 5	\$2,500 - \$20,000	\$1,500 - \$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:

- 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.

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

Below, is an example of a loan that a borrower currently has with Valley Oak. The individual who needs to take a personal loan of \$14,368 for a replacement would be charged at least 8.95% for a loan and has up to five (5) year with a monthly payment of \$304.92. That same borrower, with the REEL product option, will pay only 7.10% and has up to ten (10) years to repay the loan with a monthly payment of \$167.57.

Loan	Term (Months)	Interest Rate (%)	Monthly PMT
REEL Loan Summary	120	7.10	\$ 167.57
Standard Loan Summary	60	9.95	\$ 304.92

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

Desert Valleys Federal Credit Union

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 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%.

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

Desert Valleys – Rate (Signature Loan compared to REEL Loan)				
Borrower FICO	Signature Loan Rate (5yr)	REEL Loan Rate (5yr)	REEL Loan Rate (10yr)	REEL Loan Rate (15yr)
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
Desert Valleys – Term & Loan Amount (Signature Loan compared to REEL Loan)				
Term (Years)	Signature Loan Amount	REEL Loan Amount		
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.

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

Spruce/Viewtech Financial Services

Spruce/Viewtech Financial Services initially anticipated 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%.

Spruce/Viewtech – Rate (Non REEL compared to REEL Loan)		
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%
Spruce/Viewtech – Term & Amount		
Term (Years)	Minimum Loan Amount	Maximum Loan Amount
1 - 5	\$2,500	\$3,999
6 - 7	\$4,000	\$6,499
8 - 12	\$6,500	\$30,000

The lower interest rates would 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.

The Viewtech/Kilowatt Financials 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. CAEATFA staff will work with Spruce/Viewtech when they are able to move forward with a product.

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

Summary of Accounts

The tables below satisfy the data points required by D.13-09-044 to be submitted as part of this Quarterly Report. The tables below provide a summary of all active CHEEF accounts currently serviced by the Master Servicer. The table(s) provide the account name and the beginning and ending monthly balance of each account.

Monthly Summary of IOU Holding Account

<u>Southern California Gas Holding Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2015</u>		
June	\$ 250,000.00	\$ 250,000.00
July	\$ 250,000.00	\$ 250,000.27
August	\$ 250,000.27	\$ 250,004.52
September	\$ 250,004.52	\$ 250,008.77
October	\$ 250,008.77	\$ 250,012.88
November	\$ 250,012.88	\$ 250,017.13
December	\$ 250,017.13	\$ 250,021.24
<u>2016</u>		
January	\$ 250,021.24	\$ 250,025.49
February	\$ 250,025.49	\$ 250,045.03
March	\$ 250,045.03	\$ 250,064.84
April	\$ 250,064.84	\$ 250,086.02
May	\$ 250,086.02	\$ 150,106.52
June	\$ 150,106.52	\$ 127.43
July	\$ 127.43	\$ 147.93
August	\$ 147.93	\$ 169.11
September	\$ 169.11	\$ 190.29
October	\$ 190.29	\$ 210.80
November	\$ 210.80	\$ 231.99
December	\$ 231.99	\$ 252.50
<u>2017</u>		
January	\$ 252.50	\$ 273.69
February	\$ 273.69	\$ 304.89
March	\$ 304.89	\$ 333.69

Reporting Components Required by D.13-09-044

January 1, 2017 - March 31, 2017

Pacific Gas & Electric Holding Account Monthly Balance		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2015</u>		
June	\$ -	\$ 0.01
July	\$ 0.01	\$ 250,000.01
August	\$ 250,000.01	\$ 250,003.98
September	\$ 250,003.98	\$ 250,008.23
October	\$ 250,008.23	\$ 250,012.34
November	\$ 250,012.34	\$ 250,016.59
December	\$ 250,016.59	\$ 250,020.70
<u>2016</u>		
January	\$ 250,020.70	\$ 250,024.95
February	\$ 250,024.95	\$ 250,044.49
March	\$ 250,044.49	\$ 250,064.30
April	\$ 250,064.30	\$ 250,085.48
May	\$ 150,105.98	\$ 150,105.98
June	\$ 150,105.98	\$ 126.89
July	\$ 126.89	\$ 147.39
August	\$ 147.39	\$ 168.57
September	\$ 168.57	\$ 189.75
October	\$ 189.75	\$ 210.26
November	\$ 210.26	\$ 231.45
December	\$ 231.45	\$ 251.96
<u>2017</u>		
January	\$ 251.96	\$ 273.15
February	\$ 273.15	\$ 304.34
March	\$ 304.34	\$ 333.14

Reporting Components Required by D.13-09-044

January 1, 2017 - March 31, 2017

San Diego Gas & Electric Holding Account Monthly Balance		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2015</u>		
August	\$ -	\$ 250,000.00
September	\$ 250,000.00	\$ 250,001.64
October	\$ 250,001.64	\$ 250,005.75
November	\$ 250,005.75	\$ 250,010.00
December	\$ 250,010.00	\$ 250,014.11
<u>2016</u>		
January	\$ 250,014.11	\$ 250,018.36
February	\$ 250,018.36	\$ 250,037.90
March	\$ 250,037.90	\$ 250,057.71
April	\$ 250,057.71	\$ 250,078.89
May	\$ 250,078.89	\$ 150,099.39
June	\$ 150,099.39	\$ 120.30
July	\$ 120.30	\$ 140.80
August	\$ 140.80	\$ 161.98
September	\$ 161.98	\$ 183.16
October	\$ 183.16	\$ 203.66
November	\$ 203.66	\$ 224.85
December	\$ 224.85	\$ 245.36
<u>2017</u>		
January	\$ 245.36	\$ 266.55
February	\$ 266.55	\$ 297.74
March	\$ 297.74	\$ 326.54

Reporting Components Required by D.13-09-044

January 1, 2017 - March 31, 2017

<u>Southern California Edison Holding Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2015</u>		
August	\$ -	\$ 250,000.00
September	\$ 250,000.00	\$ 250,003.42
October	\$ 250,003.42	\$ 250,007.53
November	\$ 250,007.53	\$ 250,011.78
December	\$ 250,011.78	\$ 250,015.89
<u>2016</u>		
January	\$ 250,015.89	\$ 250,020.14
February	\$ 250,020.14	\$ 250,039.68
March	\$ 250,039.68	\$ 250,059.49
April	\$ 250,059.49	\$ 250,080.67
May	\$ 250,080.67	\$ 150,101.17
June	\$ 150,101.17	\$ 122.08
July	\$ 122.08	\$ 142.58
August	\$ 142.58	\$ 163.78
September	\$ 163.76	\$ 184.94
October	\$ 184.94	\$ 205.45
November	\$ 205.45	\$ 226.64
December	\$ 226.64	\$ 247.15
<u>2017</u>		
January	\$ 247.15	\$ 268.34
February	\$ 268.34	\$ 299.53
March	\$ 299.53	\$ 328.33

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

Monthly Summary of IOU REEL Program Accounts

<u>Southern California Gas REEL Program Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
May	\$ -	\$ 100,000.00
June	\$ 100,000.00	\$ 250,000.00
July	\$ 250,000.00	\$ 249,399.40
August	\$ 249,399.40	\$ 249,399.40
September	\$ 249,399.40	\$ 249,399.40
October	\$ 249,399.40	\$ 248,659.83
November	\$ 248,659.83	\$ 248,437.22
December	\$ 248,437.22	\$ 248,437.22
<u>2017</u>		
January	\$ 248,437.22	\$ 246,620.70
February	\$ 246,620.70	\$ 246,620.70
March	\$ 246,620.70	\$ 246,186.34

<u>Pacific Gas & Electric REEL Program Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
May	\$ -	\$ 100,000.00
June	\$ 100,000.00	\$ 250,000.00
July	\$ 250,000.00	\$ 250,000.00
August	\$ 250,000.00	\$ 250,000.00
September	\$ 250,000.00	\$ 250,000.00
October	\$ 250,000.00	\$ 250,000.00
November	\$ 250,000.00	\$ 250,000.00
December	\$ 250,000.00	\$ 250,000.00
<u>2017</u>		
January	\$ 250,000.00	\$ 250,000.00
February	\$ 250,000.00	\$ 250,000.00
March	\$ 250,000.00	\$ 249,186.77

Reporting Components Required by D.13-09-044

January 1, 2017 – March 31, 2017

San Diego Gas & Electric REEL Program Account Monthly Balance		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
May	\$ -	\$ 100,000.00
June	\$ 100,000.00	\$ 250,000.00
July	\$ 250,000.00	\$ 250,000.00
August	\$ 250,000.00	\$ 250,000.00
September	\$ 250,000.00	\$ 250,000.00
October	\$ 250,000.00	\$ 250,000.00
November	\$ 250,000.00	\$ 250,000.00
December	\$ 250,000.00	\$ 250,000.00
<u>2017</u>		
January	\$ 250,000.00	\$ 250,000.00
February	\$ 250,000.00	\$ 247,520.27
March	\$ 247,520.27	\$ 247,520.27

Southern California Edison REEL Program Account Monthly Balance		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
May	\$ -	\$ 100,000.00
June	\$ 100,000.00	\$ 250,000.00
July	\$ 250,000.00	\$ 248,424.25
August	\$ 248,424.25	\$ 248,424.25
September	\$ 248,424.25	\$ 247,501.90
October	\$ 247,501.90	\$ 245,241.47
November	\$ 245,241.47	\$ 244,131.10
December	\$ 244,131.10	\$ 244,131.10
<u>2017</u>		
January	\$ 244,131.10	\$ 240,667.84
February	\$ 240,667.84	\$ 240,667.84
March	\$ 240,667.84	\$ 237,994.26

Reporting Components Required by D.13-09-044

January 1, 2017 - March 31, 2017

Monthly Summary of IOU Loan Loss Reserve Accounts organized by Lender

California Coast Credit Union

<u>California Coast Credit Union Southern California Gas Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2017</u>		
January	\$ -	\$ 1,816.52
February	\$ 1,816.52	\$ 1,816.52
March	\$ 1,816.52	\$ 2,250.88

<u>California Coast Credit Union Pacific Gas & Electric Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2017</u>		
March	\$ -	\$ 813.23

<u>California Coast Credit Union San Diego Gas & Electric Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2017</u>		
February	\$ -	\$ 2,479.73
March	\$ 2,479.73	\$ 2,479.73

<u>California Coast Credit Union Southern California Edison Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2017</u>		
January	\$ -	\$ 3,463.26
February	\$ 3,463.26	\$ 3,463.26
March	\$ 3,463.26	\$ 6,136.84

Reporting Components Required by D.13-09-044

January 1, 2017 - March 31, 2017

Matadors Credit Union

<u>Matadors Southern California Gas Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
July	\$ -	\$ 600.60
August	\$ 600.60	\$ 600.60
September	\$ 600.60	\$ 600.60
October	\$ 600.60	\$ 1,340.17
November	\$ 1,340.17	\$ 1,340.17
December	\$ 1,340.17	\$ 1,340.17
<u>2017</u>		
January	\$ 1,340.17	\$ 1,340.17
February	\$ 1,340.17	\$ 1,340.17
March	\$ 1,340.17	\$ 1,340.17

<u>Matadors Southern California Edison Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
July	\$ -	\$ 1,575.75
August	\$ 1,575.75	\$ 1,575.75
September	\$ 1,575.75	\$ 2,498.10
October	\$ 2,498.10	\$ 4,758.53
November	\$ 4,758.53	\$ 4,758.53
December	\$ 4,758.53	\$ 4,758.53
<u>2017</u>		
January	\$ 4,758.53	\$ 4,758.53
February	\$ 4,758.53	\$ 4,758.53
March	\$ 4,758.53	\$ 4,758.53

Reporting Components Required by D.13-09-044

January 1, 2017 - March 31, 2017

Valley Oak Credit Union

<u>Valley Oak Southern California Gas Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
November	\$ -	\$ 222.61
December	\$ 222.61	\$ 222.61
<u>2017</u>		
January	\$ 222.61	\$ 222.61
February	\$ 222.61	\$ 222.61
March	\$ 222.61	\$ 222.61

<u>Valley Oak Southern California Edison Loan Loss Reserve Account Monthly Balance</u>		
	<u>Beginning Monthly Balance</u>	<u>Ending Monthly Balance</u>
<u>2016</u>		
November	\$ -	\$ 1,110.37
December	\$ 1,110.37	\$ 1,110.37
<u>2017</u>		
January	\$ 1,110.37	\$ 1,110.37
February	\$ 1,110.37	\$ 1,110.37
March	\$ 1,110.37	\$ 1,110.37