

INITIAL STATEMENT OF REASONS

California Alternative Energy and Advanced Transportation Financing Authority

Sections 10091.1, 10091.2, 10091.3, 10091.4, 10091.5, 10091.6, 10091.7, 10091.8, 10091.10, 10091.11, 10091.12, 10091.13, 10091.14, and 10091.15.

**Title 4, Division 13, Article 5
of the California Code of Regulations**

INTRODUCTION

The California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” referred to herein as “the Authority”) is organized and operating pursuant to Division 16 (commencing with section 26000) of the California Public Resources Code and pursuant to the authority vested in it by Public Resources Code Section 26009 to promulgate regulations. These regulations are necessary for the Authority to carry out its functions as the administrator of the California Hub for Energy Efficiency Financing under its Memorandum of Agreement with the California Public Utilities Commission (CPUC). Specifically, these Regulations will update the GoGreen Home Energy Financing Program (the “Program”), one of several programs devised in the CPUC-approved Decision 13-09-044, *Decision Implementing 2013-2014 Energy Efficiency Financing Pilot Programs* (“Decision”) issued September 20, 2013, and modified through Decision 15-06-008, Decision 15-12-002, Decision 17-03-026; and Decision 21.08.006.

On September 19, 2013, the CPUC approved Decision 13-09-044, and requested the Authority act as the master administrator of the California Hub for Energy Efficiency Financing (“CHEEF”), funded by ratepayer dollars collected by the four investor-owned utilities—Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company (collectively, the “IOUs”). In July 2014, the Authority received initial Legislative budget authority to administer the CHEEF functions, and subsequently entered into a Memorandum of Agreement with the CPUC and a receivables contract with the IOUs to implement the CHEEF.

GoGreen Home launched in 2016 as a pilot program and, throughout early development and implementation, the Authority advocated to the CPUC for specific changes to the CHEEF programs to broaden their relevance to the private market and streamline operations for participants. These efforts were necessary, from the Authority’s perspective, to facilitate more energy efficiency projects and allow the Program to assist more customers. In March 2017, the CPUC issued Decision 17-03-026, which granted the Authority some additional flexibility to amend GoGreen Home from previous CPUC guidance. Leveraging this flexibility, the Authority implemented amendments through an emergency rulemaking process that began in 2017 and ended with a certificate of compliance in September 2018.

In April 2020, the CPUC issued Resolution E-5072, which approved GoGreen Home’s transition from a pilot program to a full program and provided funding for the Authority to facilitate scaling, including streamlining operations for lenders, making planned technology improvements, and continuing with education and outreach efforts.

This regulatory action responds to the challenges, lessons learned, and extensive stakeholder feedback received while implementing GoGreen Home. It reflects the Authority’s intention to expand the opportunity for consumers to access GoGreen Home, streamline processes, and thereby facilitate

increased Program uptake. The Authority solicited feedback from key stakeholders by surveying contractors, holding a lender roundtable, and conducting a public virtual workshop in March 2021, followed by a seven-day comment period. The CAEATFA Board approved the emergency regulations on April 20, 2021. Following OAL approval, the emergency regulations took effect on May 24, 2021 (OAL File No. 2021-0513-01E).

Upon completing supplementary research and facilitating additional stakeholder feedback, including a public workshop and comment period held in January 2022, the Authority moved to re-adopt the amendments to the emergency regulations, with additional modifications. The CAEATFA Board approved the re-adoption of the emergency regulations with modifications on February 15, 2022, and the OAL approved the re-adoption in March 2022 (OAL File No. 2022-0307-01E). In order to provide enough time to prepare for the regular rulemaking process, the Authority plans to again readopt the emergency regulations, with no additional modifications, in June 2022.

Key components of the modifications proposed through this rulemaking:

- Set a framework to allow CAEATFA to utilize non-IOU ratepayer sources of funding for credit enhancements which will allow for more uniform measure eligibility across Investor-Owned Utility (IOU) and Publicly Owned Utility (POU) areas.
- Add new eligible measures – including new appliances, window coverings, heat reflective paint, several HVAC measures and insulated siding – to provide more options to consumers and be responsive to stakeholder feedback and technology advances.
- Present a new “Microloan” product for loans under \$5,000, with streamlined and efficient requirements easing the financing process for lenders and borrowers.
- Introduce a new “Channel Partner” role, which serves as co-applicant to a lender and assists with marketing, deal generation, collecting and submitting information to CAEATFA, and more.
- Allow for residential equipment leases and service agreements, with appropriate consumer protections to provide customers with more financing options.
- Streamline the loan enrollment and reporting process for existing lenders to accommodate new business models such as online purchases of energy efficient appliances with financing provided at the point of sale and facilitate automation.
- Update the Borrower Privacy Disclosure to bring the Regulations into alignment with reporting to new external sources of funding, clarify the types of information shared by the Program with various audiences, and better align with the Information Practices Act.
- Adjust the eligibility requirement for Eligible Finance Lenders related to net worth to facilitate the entry of more private finance companies into the Program while still ensuring companies have a track record of profitability or investor commitment.

Now the Authority is soliciting input for any modifications or amendments to these proposed regulations in completing the Certificate of Completion through the regular rulemaking process. A public workshop is scheduled for July and staff expects to present final regulations to the CAEATFA board in August 2022. No additional modifications have been proposed by the Authority.

GLOBAL MODIFICATIONS

- Non-substantive edits are being made throughout regulations in the interest of clarity and consistency of language.
- Several sections are being modified to change the same language regarding required certifications for Program participants:
 - §10091.2(a)(19)(formerly)
 - §10091.3(h)(formerly)
 - §10091.5(c)(formerly)
 - §10091.8(f)(2)(G)(formerly)
 - §10091.8(f)(3)(G)(formerly)
 - §10991.8(h)(2)(F)(formerly)
 - §10091.9(c)(18)(formerly)
 - §10091.12(c)(12)(formerly):

1. Public Problem, Administrative Requirement, or Other Condition or Circumstance that the Regulation is Intended to Address:

These sections of the regulations all pertain to data and information submitted by potential or current Program participants to the Authority. It is important that data and information provided be truthful and accurate.

2. Specific Purpose of the Regulation:

Language is removed that requires Eligible Financial Institutions (“EFIs”), Eligible Finance Lenders (“EFLs”), Participating Contractors, Borrowers, and Successor Servicers to certify that all the information provided on their applications to the Program is true and correct to the best of the signatory’s knowledge. Language is also being removed that requires Participating Financial Institutions (“PFIs”), Participating Finance Lenders (“PFLs”), and Participating Contractors to certify that information provided is true and correct to the best of the signatory’s knowledge regarding their submission of project, finance agreement and claim data.

3. Necessity:

The regulations already require these participants to sign the Program applications by a person authorized to legally bind them. This change is being made to simplify regulatory language.

4. Technical, Theoretical, and/or Empirical Studies, Reports, or Documents:

This change is being made at the recommendation of State Treasurer Office (STO) legal counsel.

5. Alternatives to the Regulations Considered by the Agency and the Agency’s Reasons for Rejecting those Alternatives:

The alternative was the original language, which was added for thoroughness in Program certifications, but is now being removed as redundant.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business:

The language of certifications made by Program participants has no impact on small businesses.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business:

There is no economic impact resulting from changes to certifications.

SECTION-BY-SECTION ANALYSIS

§10091.1 DEFINITIONS

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

None of the CPUC Decisions or other governance actions define all of the terms necessary to implement this financing program, and so this section defines and describes the terms used in the regulations to ensure that stakeholders and participants are provided a clear and transparent description of Program requirements.

Current regulation definitions require amendments or additions to reflect or facilitate changes made elsewhere in the regulations. As the Program has grown and changed due to stakeholder input and practical necessity, the terms have needed to change to reflect the present usage and needs.

2. Specific Purpose of the Regulation

Modifications were made to the following defined terms:

§10091.1(c): “Borrower” is amended to incorporate language that eligible improvements can be made to no more than four units in an Eligible Property. Corresponding changes were made in the definition of “Eligible Property” in 10091.1(u).

§10091.1(f): “Claim-Eligible Principal Amount” is amended to note that the Claim-Eligible Principal Amount is the principal amount of an enrolled loan that a PFI or PFL can submit for reimbursement *in the event of a charge-off* as detailed in §10091.5(f).

§10091.1(i): “Credit-Challenged Borrower” is amended to include Borrowers with no credit score.

§10091.1(k) (formerly): “Credit Enhancement Basis” is removed as it is no longer necessary.

§10091.1(l) and (cc): “Eligible Channel Partner” or “ECP” and “Participating Channel Partner” or “PCP” are new, defined roles created to support their EFI or EFL co-applicant with marketing, deal-generation, collecting, submitting information to CAEAFA and more.

§10091.1(n): “Eligible Energy Efficiency Measures” or “EEEMs” is amended to change the phrase “IOU, REN, CCA rebate or incentive” to “IOU, REN, CCA energy efficiency or demand response program.”

§10091.1(s)(1)(formerly): “Eligible Improvements” is amended to reflect changes to §10091.10 (“Project Requirements”) and clarify the original intent of the term.

§10091.1(s)(2)(A)-(C) and (s)(3) (formerly) now **§10091.1(s)(1)(A)-(C) and (s)(2)**: “Eligible Improvements” is amended to clarify the types of measures that are, and are not, considered eligible, as follows:

- **§10091.1(s)(1)(A)**: The requirement that service be provided by an IOU was updated to specify that electricity or gas is delivered by an IOU. This provision was also updated to clarify that legally and practically required alterations and improvements are also eligible.
- **§10091.1(s)(1)(B)**: The definition of additional related home improvements was updated to clarify that measures that are on the EEEMs list but don’t meet the requirements of the list (e.g., are not ENERGY STAR) cannot be included as an additional related improvement.
- **§10091.1(s)(1)(C)**: A provision to allow capitalized interest from a refinance pursuant to Section 10091.5(c)(1) was added.
- **§10091.1(s)(2)**: This provision was updated to specify that solar thermal technology is excluded if it generates electricity.

§10091.1(t): “Eligible Loan” is amended to include the addition of a lease/service agreement. Additional information on Eligible Loans and how the proceeds may be used was moved to §10091.5.

§10091.1(u): “Eligible Property” is amended to clarify that owned, rented, or leased units in townhomes, condominiums, and apartment buildings qualify. Language regarding the number of units that can be upgraded was moved to the definition of Borrower, and reference to IOU service was struck as it is more appropriately located in the definition of “Eligible Improvements.”

10091.1(x) (formerly): “Finance-Only Project” is removed from the regulations.

§10091.1(bb), (kk), (ll) (formerly): “Loss Reserve Reservation,” “Program Reservation Account,” and “Project Pre-Approval” were removed from the regulation.

§10091.1(aa): “Low-to-Moderate Income” or “LMI” is amended to clarify that when the census tract method is used to determine whether the Borrower meets low-to-moderate income criteria, it is the property address, rather than Borrower address, that is used.

§10091.1(bb): “Microloan” is added to define a new type of loan with a Total Loan Principal Amount of \$5,000 or less.

§10091.1(ee) and (ff): “Participating Finance Lender” or “PFL” and “Participating Finance Institution” or “PFI” definitions are amended to reflect and clarify that the Participating Channel Partner is included in these terms, if applicable.

§10091.1(ii): “Program Holding Account” is amended to indicate that different funders’ funds will be held in separate accounts.

§10091.1(pp): “Total Loan Principal Amount” is amended to clarify that the Total Loan Principal Amount does not include unpaid interest or fees.

3. Necessity

§10091.1(c) - “Borrower”: This amendment reduces confusion as stakeholder feedback indicated there was uncertainty about whether a single unit could be upgraded in a building with more than

four units. The intent has also always been that GoGreen Home financing should be available to renters, homeowners, or those who may own a small amount of rental property, regardless of type of building, but is not intended for commercial property owners looking to upgrade a large number of properties.

§10091.1(f) - “Claim-Eligible Principal Amount”: This amendment is necessary to clarify the intent of the meaning behind what is considered claim-eligible; specifically, it is the portion of the principal amount that a PFI or PFL can submit for reimbursement in the event of a charge-off.

§10091.1(i) - “Credit-Challenged Borrower”: This amendment was necessary to ensure that loans to Borrowers with no credit score will receive the same loss reserve contribution as loans to Borrowers with low credit scores. GoGreen Home lenders who are enrolled in the GoGreen Home Credit-Challenged Program receive a 20% Loss Reserve Contribution toward a loan made to a Borrower with a credit score between the Program minimum of 580 and 640, compared to the standard contribution amount of 11%. Staff believe Lenders should be appropriately compensated for taking on the additional risk of lending to a Borrower with no credit score as they would be for lending to a Borrower with a low credit score.

§10091.1(k) (formerly) - “Credit Enhancement Basis”: The removal of this definition is necessary because the “net-of-rebate” calculation has been removed (see former §10091.8(l)(1)(E)), and so this defined term is no longer needed. This also brings the regulations into alignment with other CHEEF programs.

§10091.1(l) and (cc) - “Eligible Channel Partner” or “ECP” and “Participating Channel Partner” or “PCP”: This amendment is necessary to help facilitate the scale and scope of GoGreen Home’s growth by allowing for PFIs and PFLs with business models that bring in partners to fulfill some parts of the lending process such as marketing, data submission, or deal generation, to participate in GoGreen Home. Stakeholder input has informed this change as the Authority has found that many PFIs and PFLs prefer to partner with another entity to take on some of these roles so they can focus on core lending aspects such as underwriting and servicing. Defining this role allows the Authority to formalize and maintain a regulatory relationship with the PCP as they will be representing GoGreen Home to customers and may be submitting loans for enrollment.

§10091.1(n) - “Eligible Energy Efficiency Measures” or “EEEMs”: This amendment is necessary to ensure that measures offered by the IOUs, RENs, and CCAs for their energy efficiency or demand response programs, regardless of whether the program includes rebates or incentives, will be financeable through GoGreen Home. Adding “energy efficiency” is necessary to distinguish from other IOU programs that are not related to energy efficiency as GoGreen Home’s focus is on projects with energy efficiency measures.

§10091.1(s)(1) - “Eligible Improvements”: The movement of this requirement to §10091.10 (“Project Requirements”) is necessary to clarify when GoGreen Home Participating Contractors are and are not required, based on the type of project being completed. It was more appropriate to set this requirement in the Project Requirements section.

§10091.1(s)(2)(A)-(C) and (s)(3) (formerly), now §10091.1(s)(1)(A)-(C) and (s)(2) - “Eligible Improvements” - This amendment is necessary to reduce confusion regarding Eligible Improvements based on experience with implementing GoGreen Home and stakeholder feedback.

- §10091.1(s)(1)(A): This clarification is necessary as properties are eligible for GoGreen Home if a CCA or ESP provides service to the property as long as an IOU delivers the fuel. Additional language clarifying that legally and practically required alterations and improvements are also eligible improvements was necessary to align with the intent of the Program.
- §10091.1(s)(1)(B): This clarification is necessary to prevent Contractors or Borrowers from being able to install a less efficient version or a measure on the EEEMs list and classify it an “additional related” measure.
- §10091.1(s)(1)(C): This addition is necessary as refinancing is allowable under certain conditions per existing regulations.
- §10091.1(s)(2): This clarification is necessary as certain passive solar thermal technologies are considered to be energy efficiency measures rather than distributed generation measures.

§10091.1(t) - “Eligible Loan”: This amendment is necessary to account for an additional eligible financing product, lease/service agreements added to the GoGreen Home Program. This financing product will provide more options for customers. Section 10091.5 was a more appropriate location for the additional information because it reduces confusion and aligns the structure of the Definitions section with the regulations of other CHEEF programs.

§10091.1(u) - “Eligible Property”: This amendment is necessary because stakeholder feedback indicated that there was uncertainty about whether a homeowner or renter could utilize GoGreen Home loans in a building that contains more than four units. This amendment clarifies for participants that GoGreen Home financing is available to individual residents, including those in multi-unit properties, such as condominiums, townhouses, and apartments. The definition of “Eligible Borrower” now clarifies that a Borrower can upgrade up to four units of property.

§10091.1(x)(formerly) - “Finance-Only Project”: This removal is necessary because this definition was obsolete and has no reference anywhere else in the regulation. When GoGreen Home launched, this definition was added in the original regular rulemaking process to distinguish between projects that were solely financing their measures without seeking a rebate or incentive.

§10091.1(bb), (kk), and (ll) (formerly) - “Loss Reserve Reservation,” “Program Reservation Account,” and “Project Pre-Approval”: The removal of these definitions is necessary because they refer directly to the “Project Pre-Approval and Optional Loss Reserve Reservation” process described in the former §10091.7 subsection. This subsection was removed from the regulations because the PFIs and PFLs have not utilized these features in over four years and, thus, they are obsolete.

10091.1(aa) - “Low-to-Moderate Income” or “LMI”: This amendment is necessary to bring the regulations in-line with current practice. When the PFI or PFL uses census tract as the method to determine if the loan qualifies as underserved, the Authority has relied on the project address for consistency in data as opposed to the Borrower’s address. Using the property address to determine low-to-moderate income status is imperfect because any individual Borrower may or may not be low income, but it allows the Authority to determine, with consistency, how many loan dollars are going to update properties located in low-to-moderate income census tracts. Borrowers do not always live at the properties being upgraded by GoGreen Home financing, and the Authority neither

obtains the Borrower’s home address in those cases, nor does the Authority know when the Borrower address differs from the property address.

§10091.1(bb) - “Microloan”: GoGreen Home allows for loans up to \$50,000 and the average loan made through GoGreen Home has remained consistent at \$17,000. The creation of a “Microloan” was necessary because customers often have a need for small dollar amounts of financing for appliances and other energy efficiency measures. PFIs and PFLs need faster and more streamlined processes than allowed under current regulations to offer smaller dollar loans in a cost-effective manner.

Five thousand dollars is a large enough loan amount to enable a customer to make an appliance purchase in many cases, but small enough that it is appropriate to remove some requirements that make GoGreen Home loans cost-prohibitive or burdensome for lenders or prevent GoGreen Home financing from being used for online purchases.

As described further in §10091.5(j), §10091.8(c)(10)-(11), and §10091.10(c), PFIs or PFLs will not be required to conduct a debt-to-income check for Microloans and will only have to provide one utility name and account number. Borrowers will be allowed to hire a professional contractor, but will not be required to hire a GoGreen Home Participating Contractor if the measure they are purchasing is not eligible for self-install.

§10091.1(ee) and (ff) - “Participating Finance Lender” or “PFL” and “Participating Finance Institution” or “PFI”: These amendments were necessary to link the Participating Channel Partner to the PFI or PFL in a regulatory relationship as they will be working collaboratively to enroll loans in GoGreen Home.

§10091.1(ii) - “Program Holding Account”: This amendment was necessary to indicate that Program Holding Accounts would hold funds allocated by different funders, separately, in order to distinguish between IOU and non-IOU ratepayer funding when the latter becomes available (see Section 10091.16). The Authority also added language throughout the regulations clarifying that when the Authority makes any changes to an account (for example, moving funds from a Program Holding Account to a Lender's Loss Reserve Account), they will be made to the “appropriate” Program Holding Account.

§10091.1(pp) - “Total Loan Principal Amount”: This amendment was necessary to remove ambiguity as to what is intended by the term “Principal.” The Loss Reserve Contribution is intended to provide risk mitigation for the PFI or PFL on their initial investment for the cost of the project, not for any additional fees or unpaid interest throughout the life of the loan. With the addition of the lease/service agreement option, this amendment will also make clear that the initial investment by PFIs or PFLs to fund projects is what is considered to be the Total Loan Principal Amount.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

The Authority did not rely on any technical, theoretical, or empirical studies in proposing the adoption of this regulation. The Authority relied on authorizing statute and existing regulations, its historical experience administering the Program and input from stakeholders and industry participants.

§10091.1(bb): With regard to setting the definition of a Microloan at \$5,000, the Authority relied on input from PFIs and PFLs, and potential PFLs, and reviewed existing GoGreen Home loan history to identify average loan amounts and average appliance prices.

5. Alternatives to the Regulations Considered by the Agency and the Agency’s Reasons for Rejecting those Alternatives

§10091.1(bb) “Microloan” definition: the Authority considered setting the cap at \$10,000, especially as the average refrigerator costs \$4,500. While the average GoGreen Home loan amount is around \$16,500, about 25% of prior GoGreen Home loans at the time were for amounts between \$5,000 and \$10,000. As the Authority did not want to remove the DTI requirement for 25% of future loan activity, but instead enable new loan activity at a smaller dollar amount and enable PFIs and PFLs to reduce their minimums beyond the normal \$2,500, we opted for a more conservative approach of \$5,000. Since the emergency regulations were adopted and Microloans have been enrolled, the average Microloan size has been \$1,300 which shows that the cap of \$5,000 has thus far been sufficient.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary, and, in fact, the Authority finds that the proposed regulations may have a positive effect on businesses of contractors who perform energy efficiency retrofits or similar work. The proposed regulations may also have a positive effect on the State’s economy and environment generally because of the increased economic activity and energy conservation due to the Borrower’s investment in energy efficiency improvements for their homes.

§10091.2 ELIGIBLE FINANCIAL INSTITUTIONS AND ELIGIBLE FINANCE LENDER APPLICATIONS TO PARTICIPATE

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

One of the primary goals of the financing program authorized by Decision 13-09-044 is to “increase the volume of energy efficiency financing to attract capital providers and attract new market participants.” In order to attract capital providers who will offer loan products to customers and increase the volume of energy efficiency financing, the role and obligations of these capital providers in the Program must be clearly set forth.

This section outlines the processes by which an Eligible Financial Institution (“EFI”) or Eligible Finance Lender (“EFL”) applies to become a Participating Financial Institution (“PFI”) or Participating Finance Lender (“PFL”), describing the information it must provide in its application and the certifications, acknowledgements and agreements it is making under GoGreen Home.

This section was extensively reorganized to reduce confusion and improve readability (e.g., new subsections were added for describing the proposed loan programs, underwriting criteria, certifications, acknowledgements, and agreements) as well as modified to obtain additional needed information to evaluate applicants.

2. Specific Purpose of the Regulation

§10091.2(b)(3): This subsection is amended to add language that loan officers and staff named in the EFI's or EFL's application are authorized to provide, certify, and submit loan, retail installment contract, or lease/service agreement data. References to "reservations" and "pre-approvals" are also removed.

§10091.2(b)(4): This subsection is amended to remove the requirement that EFIs or EFLs specify that they are applying to the GoGreen Home Program.

§10091.2(c): This subsection is amended to add Eligible Channel Partner co-applicant details to the EFI or EFL application.

§10091.2(d)(3): This subsection is amended to require the EFI or EFL to include sample transaction documentation with the EFI's or EFL's application.

§10091.2(d)(4): This subsection is amended to require EFIs or EFLs to specify what they will finance.

§10091.2(d)(7): This subsection is amended to require EFIs or EFLs to describe their loan program's operational and compliance process.

§10091.2(d)(8): This subsection is amended to require EFIs or EFLs to identify which Borrower certifications are not pertinent and may be foregone pursuant to §10091.8(e).

§10091.2(d)(9): This subsection is amended to require EFIs or EFLs to disclose their intention for a loan after enrollment (e.g., hold, sell, transfer, etc.).

§10091.2(e)(2)(B): This subsection is amended to require PFIs or PFLs to certify in their application that, for all forthcoming loans, they will obtain executed GoGreen Home certifications and privacy disclosures from Borrowers and Participating Contractors.

§10091.2(i): This subsection is amended to clarify that PFIs or PFLs must seek the Authority approval if they wish to change their process for capturing Borrower certifications.

3. Necessity

§10091.2(b)(3): This amendment is necessary to allow for electronic loan enrollment submissions and to include the expanded financing products that were added to the definition of Eligible Loans. References to "reservations" and "pre-approvals" were removed because the Authority is removing the pre-approval and loan loss reservation process (see the former §10091.7).

§10091.2(b)(4): This amendment is necessary to simplify a redundancy in the application process. Since the application is specifically for the "GoGreen Home Program," it is obvious that EFIs and EFLs are applying to the GoGreen Home Program.

§10091.2(c): This amendment is necessary to identify and link EFIs or EFLs and Eligible Channel Partners applying together (see §10091.1(l) and §10091.4 for details).

§10091.2(d)(3): This amendment is necessary for the Authority to understand the EFI's or EFL's proposed loan program. As GoGreen Home evolves to accommodate different lending models and support scaling, reviewing the PFI's or PFL's transaction documents helps the Authority understand whether the product is truly a loan, lease, service agreement, or retail installment contract in order to effectively evaluate the application. This review also helps the Authority determine if there are any fees or prepayment penalties the customer is agreeing to.

§10091.2(d)(4): This amendment is necessary because the Authority needs to understand, for GoGreen Home marketing and communication purposes, to what degree EFIs or EFLs will finance items not covered by the credit enhancement (e.g., solar and storage) and to ensure that the "additional related" measures are in alignment with the scope and purpose of GoGreen Home regulations.

§10091.2(d)(7): This amendment is necessary to allow the Authority to understand how the EFI or EFL will position the product and conduct its transactions and operations to ensure compliance with GoGreen Home's regulations. As GoGreen Home evolves to accommodate different lending models and support scaling, the Authority wants to provide flexibility with regard to the EFI's or EFL's operations and technical abilities, but still ensure adherence to GoGreen Home requirements.

§10091.2(d)(8): This amendment is necessary because stakeholder feedback revealed that some EFIs or EFLs will only finance energy efficiency measures that do not require a permit or professional installation. Allowing the EFI or EFL to identify which certifications are irrelevant and not require them to be presented to the Borrower enables a more streamlined and user-friendly process.

§10091.2(d)(9): This amendment is necessary because it is important that the Authority understands 1) what entity(ies) will be benefiting from the Loan Loss Reserve and 2) the degree to which GoGreen Home is facilitating a secondary market for energy efficiency loans. This amendment assists the Authority with its public reporting and aligns GoGreen Home with the other CHEEF programs.

§10091.2(e)(2)(B): This amendment is necessary because, as the program scales to accept a larger volume of loan enrollments, it may not be practical for PFIs or PFLs to submit hundreds or thousands of copies of certifications and disclosures to the Authority prior to loan enrollment; the Authority may need to rely on their certification. Adding this certification in the EFI or EFL application will provide assurance that they understand their requirements to obtain executed certifications and disclosures from the Borrowers and Participating Contractors prior to submitting Eligible Loans for enrollment in GoGreen Home.

§10091.2(i): This amendment is necessary to correct a mischaracterization of the features of their GoGreen Home loan program which PFIs and PFLs must seek permission to change. When an EFI or EFL applies to join GoGreen Home, they must provide a description of their proposed loan program, including what Borrower certifications they propose are not pertinent to the Borrower (10091.2(d)(8)). This amendment clarifies that PFIs and PFLs are required to seek the Authority's approval if, after joining GoGreen Home, they wish to change their processes regarding which Borrower certifications they believe are not pertinent to their loan program.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

The Authority relied on direct discussions with current and potential stakeholders in seeking ways to make the application process both more thorough and easier for the applicant to complete (e.g., remove duplicative requests for descriptions of lender products).

5. Alternatives to the Regulations Considered by the Agency and the Agency's Reasons for Rejecting those Alternatives

The Authority finds that no alternatives it has considered would be either more effective in carrying out the purpose of the proposed regulation or equally effective but less burdensome to affected Eligible Financial Institutions and Eligible Finance Lenders.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary, and, in fact, the Authority finds that the proposed regulation may have a positive effect on California-based lenders who are able to expand their offerings to customers through the Program.

§10091.3 ADDITIONAL REQUIREMENTS FOR FINANCE LENDERS

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

While lenders meeting the Program's definition of "Financial Institutions" are tightly regulated and overseen by federal agencies such as the FDIC, Federal Reserve, Office of the Comptroller of the Currency (OCC) or Treasury Department, other lenders including specialty lease companies or some fintech companies are not. To allow for participation in the Program, but to ensure adequate consumer protection, the Authority developed a category for "Finance Lenders" who are not regulated institutions and thus need to meet additional requirements. This section outlines the additional requirements for an Eligible Finance Lender ("EFL") to include in the application to become a Participating Finance Lender ("PFL"); it also describes the information and certifications a PFL must provide in its application and its responsibilities under GoGreen Home.

This section was extensively reorganized to reduce confusion and improve readability (e.g., new subsections were added for demonstrating the EFL's experience and key operations, and making representations, warranties, and covenants to the Authority). Amendments were also made to align the regulations with current industry practice regarding insurance, and to facilitate participation of newer entrants into the energy efficiency financing space while ensuring company qualifications and consumer protections.

2. Specific Purpose of the Regulation

§10091.3(a)(2) (formerly): This subsection is amended to remove a requirement for EFLs to provide proof of and maintain motor vehicle liability.

§10091.3(c)(1): This subsection is amended to reduce the minimum net worth eligibility requirement for EFLs to join GoGreen Home from \$1 million to \$500,000.

§10091.3(c)(2): This subsection is amended to provide alternative eligibility requirements for EFLs who are not legally required to get a California Finance Lender's License, such as EFLs who will provide lease/service agreements which are now allowable as Eligible Loans. These EFLs must certify they do not require a California finance license and provide evidence of committed capital and a history of originating similar transactions.

§10091.3(c)(3): This subsection is amended to add a requirement that EFLs describe successorship plans or agreements in case they, as a PFL, later cease to operate.

§10091.3(d): This subsection is amended to clarify the qualifications and demonstration of experience that the EFL is required to provide in the application to participate in GoGreen Home with regard to consumer finance, underwriting, origination and servicing. Language regarding qualifications that needed to be demonstrated in writing was moved here from the original version of 10091.3(c) and reorganized. References to home improvement financing are changed to consumer finance. The lease/service agreement is being added as it is a new option under Eligible Loan types.

3. Necessity

§10091.(a)(2) (formerly): This amendment is necessary to bring the regulations up to current industry practice. Stakeholder feedback confirmed that lenders do not travel to project sites and that this type of insurance policy is not something regularly procured anymore. The Authority spoke with potential EFLs interested in participating in GoGreen Home and it became clear this requirement did not provide any value to GoGreen Home or Borrower protection.

§10091.3(c)(1): This amendment is necessary to facilitate participation of newer entrants to the energy efficiency financing space. The current requirement of net worth in excess of one million dollars risks precluding enrollment of some newer energy efficiency financing companies when one of the goals of the CHEEF is to increase the amount of private capital available for energy efficiency. The Authority has concluded that a lower amount of five hundred thousand dollars will be a reliable indicator of stability and investor commitment while allowing more EFLs to participate. Five hundred thousand dollars is still notably higher than the \$250,000 net worth requirement for mortgage lending and the \$25,000 net worth requirement for consumer lending maintained by the California Department of Financial Protection and Innovation for the California Finance Lender's License.

§10091.3(c)(2): This amendment is necessary to expand GoGreen Home to incorporate additional types of finance companies who can provide Borrowers with varied product options while remaining consistent with California lending laws. A finance company offering a retail installment contract, operating lease, or service agreement will not necessarily be required by law to hold a California Finance Lenders License. The requirements in lieu of holding a CFLL allow the Authority to still verify company capacity and qualifications and ensure consumer protection.

The Authority is allowing those companies that do not require a CFLL to participate in GoGreen Home, but added guardrails to the regulations to ensure the company has sufficient experience with underwriting and originating the types of products these companies will offer. Requiring the EFL to demonstrate at least \$20 million in committed capital for general financing activities was chosen as it demonstrates that financial backers, such as banks or other investors, have vetted the EFL and entrusted it with funds available to lend. This committed capital requirement for EFLs without CFLLs aligns GoGreen Home with the other CHEEF programs. Requiring evidence that the EFL has originated at least 500 similar transactions was added because that is enough history to show that the EFL has a degree of experience and credibility without excluding newer entrants from GoGreen Home.

§10091.3(c)(3): This amendment is necessary because it is important that the Authority understand what will happen to enrolled GoGreen Home loans if the PFL were to cease to operate, including what successor entity(ies) may end up benefiting from the Loan Loss Reserve.

§10091.3(d): This amendment is necessary to reorganize and clarify existing requirements from other locations in Section 10091.3 about what information the EFL must provide to demonstrate its capacity to participate in the Program, including its experience, its personnel, and its systems. Reference to home improvement financing was changed to consumer finance to allow finance companies with experience with consumer financing, but which may be new to home improvement financing, to participate in GoGreen Home.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

§10091.(a)(2) The Authority relied on direct discussions with current and potential stakeholders in seeking ways to make the application process more aligned with current industry practice (e.g., confirmed that lenders are not physically driving on company business and thus evidence of vehicle insurance is not necessary to request).

§10091.3(c)(2) The Authority consulted with the staff at the California Department of Financial Protection and Innovation, the regulatory body that issues California Finance Lenders Licenses (CFLL), to confirm that not all entities offering products meeting the definition of “Eligible Loan” in the regulations require a CFLL, and to seek guidance on other ways to ensure that these companies’ capacity and experience.

5. Alternatives to the Regulations Considered by the Agency and the Agency’s Reasons for Rejecting those Alternatives

§10091.3(c)(1): The Authority considered setting the net worth requirement for Eligible Finance Lender’s at two hundred and fifty thousand dollars, which is the minimum net worth required for residential mortgage lenders as set by the California Department of Financial Protection and Innovation, with twenty-five thousand dollars for non-residential lending or brokering. The regulations originally required one million dollars as a net worth; the Authority ultimately settled on five hundred thousand dollars as a reasonable compromise.

§10091.3(c)(2): The Authority considered not allowing lenders without a California Finance Lender’s License to enroll in the program because they are not subject to typical regulator oversight. The Authority rejected that alternative because doing so would preclude companies who do not offer traditional loans (such as a service agreement) to participate, reducing viable financing options for

Borrowers, *and* the Authority determined that the chosen approach of additional requirements (threshold requirements for committed capital, evidence of funded transactions) placed on these lenders helps demonstrate that these are experienced organizations which funders or investors have confidence in. Rejecting this alternative also aligns with the Authority’s intention to expand the Program by attracting more lenders who can in turn reach more borrowers and drive new levels of program uptake.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary, and, in fact, the Authority finds that the proposed regulation may have a positive effect on businesses of contractors who perform the work. The proposed regulation may also have a positive effect on the State’s economy and environment generally because of the increased economic activity and energy conservation due to Borrowers’ broader access to more sources of capital to put toward energy efficiency improvements facilitated by the expanded eligibility for lenders.

§10091.4 CHANNEL PARTNER

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

Under the current GoGreen Home regulations, a Participating Finance Lender (“PFL”) or Participating Financial Institution (“PFI”) is to carry the roles of underwriter, servicing, marketer, and reporter of data to the Authority as a single entity. However, this does not allow for business models where the lender performs underwriting and servicing but collaborates with a partner to generate and facilitate transactions as well as handle reporting to outside parties such as the Authority. The lack of this type of role presents a problem for GoGreen Home’s growth and scalability.

This new section establishes a new participant role for a “Channel Partner” to assist PFIs and PFLs in this capacity.

2. Specific Purpose of the Regulation

This section outlines the processes by which an Eligible Channel Partner (“ECP”) applies to become a Participating Channel Partner (“PCP”), describes the information it must provide in the application, and its responsibilities under GoGreen Home. This section outlines the required enrollment application information, such as contact information, lender co-applicant details, a description of their role, duties and experience, and the certifications, acknowledgements, and agreements with the Authority that the ECP must make as part of its combined application with the PFI or PFL.

As the ECP is a co-applicant with an EFI or EFL, some of the requirements are the same as in §10091.2 and §10091.3, such as a release of liability, the process once an application has been

submitted, and the requirement to update the Authority of any changes once enrolled in GoGreen Home.

3. Necessity

The Authority determined it is necessary to establish a regulatory relationship with the PCP as the PCP may be involved in promoting or representing GoGreen Home to customers, screening Borrowers and projects for eligibility, and/or submitting data for loan enrollments or required reporting.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

The Authority relied on direct discussions with current and potential lender stakeholders in determining the need and application process for a Channel Partner. The Authority also modeled the role based on similar participant roles that already exist in other CHEEF programs.

5. Alternatives to the Regulations Considered by the Agency and the Agency's Reasons for Rejecting those Alternatives

An alternative to the addition of this section would be to not create the PCP role, but this would limit the types of lenders the Authority can attract to the Program and thus limit Program uptake. Another alternative would be to not require a formal relationship with an entity acting in this capacity, but the Authority finds that this would introduce unnecessary risks to Borrowers, PFIs, and PFLs and that the proposed regulations are not exceptionally burdensome for PCPs and their PFI or PFL partners.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary, and, in fact, the Authority finds that the proposed regulation may have a positive effect on businesses of California-based PFIs and PFLs, as well as contractors who perform the work as well as on the State's economy and environment generally because of the increased economic activity and energy conservation due to increased access to financing for energy efficiency improvements facilitated by the PCP.

§10091.5 LOAN ELIGIBILITY AND MINIMUM UNDERWRITING CRITERIA

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

The goal of GoGreen Home is to leverage ratepayer dollars to attract private capital to the energy efficiency financing space. Minimum underwriting criteria and other loan eligibility requirements are necessary to establish both consumer protections as well as safeguards to manage the liability of the ratepayer dollars utilized as credit enhancements.

This section details the types and characteristics of loans that are eligible for GoGreen Home, how loan proceeds are to be allocated and relevant limits, refinancing requirements, information that must be disclosed to the Borrower, and Borrower underwriting eligibility.

This section is amended to expand and clarify the types of financial products PFI/PFLs may enroll through the program, as well as the option to refinance existing GoGreen Home loans, and streamline the eligibility requirements for Microloans.

2. Specific Purpose of the Regulation

§10091.5(a)(1): This subsection is amended by relocating and expanding upon the definition of an Eligible Loan to include clear descriptions of loans, retail installment contracts, and lease/service agreements.

§10091.5(a)(2): This subsection is amended to describe the legal structure of a retail installment contract.

§10091.5(a)(3): This subsection is amended to add a lease/service agreement as a new Eligible Loan type. A lease/service agreement product provides the Borrower with use of equipment, such as an HVAC system or water heater, in exchange for payments over a specified term. The functionality of the equipment must be guaranteed if the customer is paying an ongoing service and maintenance fee.

§10091.5(b): This subsection is amended by the addition of a provision describing what an Eligible Loan is from the Definitions section (originally 10091.1(t)(2)) with minor amendments and the reorganization of its content to 10091.5(a)(1), 10091.5(b), and 10091.5(c).

§10091.5(c): This subsection is amended by relocating the first provision from the Definitions to here. The second provision was also added to allow existing Enrolled Loans to be refinanced by the original PFI or PFL.

§10091.5(d): This subsection is amended to require lease/service agreement providers to disclose either the APR or the total project cost for each agreement.

§10091.5(j): This subsection is amended to remove the debt-to-income (“DTI”) eligibility requirement (55%) for a Microloan (under \$5,000).

3. Necessity

§10091.5(a)(1): This amendment is necessary to relocate the details of a loan from §10091.1(t), the definition of Eligible Loan, and to better distinguish the structure of what a traditional loan product is in GoGreen Home as the Authority adds new financing products as different types of Eligible Loans.

§10091.5(a)(2): The amendment is necessary to provide more information for existing and potential PFIs and PFLs who may wish to begin offering retail installment contracts, and to further differentiate retail installment contracts from a loan and lease/service agreement, which is a new type of finance product added to the regulations (see §10091.5(a)(3)).

§10091.5(a)(3): This amendment is necessary as new entrants offering leases/service agreements are emerging in the residential sector, with one company having approached the Authority with interest in participating in GoGreen Home. Its addition allows the Authority to provide more options to customers who may want the accompanying service and maintenance options that these products offer. The functionality guarantee protects consumers from negligence on the part of contractors when the customer pays for a maintenance service.

§10091.5(b): This amendment is necessary because Section 10091.5 is a more appropriate location for the restrictions on Eligible Loans, especially with the addition of leases/service agreements and new details about retail installment contracts; it also aligns the structure of this section with the structure of other CHEEF programs' regulations.

§10091.5(c): The relocation of the first provision to Section 10091.5 is necessary because it is more appropriate for details of refinancing to be in the section that discusses loan eligibility requirements. The addition of the second provision is necessary to allow a Borrower to take advantage of better interest rates or undertake additional improvements for their property. One of the intentions of GoGreen Home is to reduce costs to the Borrower while investing in energy efficiency home improvements, and this amendment gives opportunity for the Borrower to do that.

§10091.5(d): This amendment is necessary because finance companies that offer leases and service agreements tend to communicate their offerings in terms of monthly payments as opposed to interest rates. The Authority wants the Borrower to have transparency regarding all charges associated with a lease/service agreement so a Borrower can make an informed decision, just as they can make an informed decision for a loan or retail installment contract.

§10091.5(j): This amendment is necessary to support Microloan lending at scale and at high volume through automation. A DTI check requires a PFI or PFL to collect several data points on a Borrower, including income and monthly expenses which may make it cost-prohibitive for such a small amount of financing. Consultation with stakeholders revealed that achieving the necessary economies of scale means allowing PFIs or PFLs to rely on information efficiently and automatically obtained through a basic credit check. These amended requirements still offer consumer protection and reasonable protection of the ratepayer funds because smaller loans pose less risk to Borrowers, PFIs or PFLs, and ratepayers than larger loans. PFIs or PFLs also continue to have a financial incentive to prevent defaults based on the structure of the credit enhancement through GoGreen Home even if they do not perform a DTI check on smaller loans.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

§10091.5(a)(2) Staff at the California Department of Financial Protection and Innovation were consulted regarding how to describe the description of the structure of retail installment contracts.

§10091.5(a)(3) The structure of the lease/service agreement financial product was in part modeled after a similar financial product eligible for enrollment by lenders in other CHEEF programs for the multifamily and small business sector. The description was also informed by conversations with the Department of Finance Protection and Innovation regarding this type of financial product.

§10091.5(j) The Authority relied on direct discussions with current and potential lender stakeholders in determining the eligibility requirements for Microloans.

5. Alternatives to the Regulations Considered by the Agency and the Agency's Reasons for Rejecting those Alternatives

§10091.5(j) The Authority considered not creating a Microloan pathway with no debt-to-income ratio (DTI) check requirement but through consultation with lender stakeholders the Authority concluded that allowing PFIs or PFLs to rely on information efficiently and automatically obtained through a basic credit check was reasonable to achieve the necessary economies of scale to support high volume Microloan lending. The Authority believes these amended requirements are reasonable because smaller loans pose less risk to Borrowers, PFIs or PFLs, and the ratepayers' credit enhancement than larger loans; the DTI check is performed to ensure Borrowers will have enough income to repay the loan. In the case of default, the burden to these stakeholders is much lower for a Microloan (average size is \$1,300) than for a standard loan (average size is \$16,500). PFIs or PFLs also continue to have a financial incentive to prevent defaults based on the structure of the credit enhancement through GoGreen Home even if they do not perform a DTI check on smaller loans.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary, and, in fact, the Authority finds that the proposed regulation may have a positive effect on businesses of contractors who perform the work as well as on the State's economy and environment generally because of the increased economic activity and energy conservation due to increased access to financing for energy efficiency improvements facilitated by the addition of Microloans and the Lease/Service Agreement financial product.

§10091.6 CONTRACTOR QUALIFICATION AND MANAGEMENT

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

In order to attract contractors to implement energy efficiency upgrades effectively, protect consumers, and ensure proper installation of energy efficiency improvements, standards for eligibility and expectations for contractors must be clearly set forth.

This section outlines the processes by which an Eligible Contractor applies to become a Participating Contractor (referred to as “Contractor” throughout this document), describing the information they must provide in their application and their responsibilities under GoGreen Home.

The amendments to this section reflect the Authority’s need to capture important additional information about an Eligible Contractor applicant, as well as changes to the Authority’s expectations for Participating Contractors throughout their participation in the Program.

2. Specific Purpose of the Regulation

§10091.6(a): This subsection is amended to remove reference to the Center for Sustainable Energy, a GoGreen Home vendor, as a provider of GoGreen Home training for contractors.

§10091.6(a)(2)-(7): These subsections are amended to require that Eligible Contractors clarify the types of services they offer and provide affirmation of the appropriate licenses, the geographic area(s) they serve, the languages they speak, their preferred method of contact, and the best way for customers to contact them. Eligible Contractors who wish to have their logo published on the Authority’s customer-facing website, gogreenfinancing.com, will also be required to grant this permission to the Authority.

§10091.6(a)(9): This subsection is amended to remove a requirement that Eligible Contractors note the location of their GoGreen Home training when applying to enroll in GoGreen Home.

§10091.6(a)(12): This subsection was amended to remove the requirement that the contractor’s aggregate coverage be not less than twice the insurance limit.

§10091.6(a)(17): This subsection is amended to add a new indemnification to the Eligible Contractor application requiring the Eligible Contractor to hold the Authority harmless from any and all damages the Participating Contractor may produce.

§10091.6(a)(18): This subsection is added to require that Contractors acknowledge and agree that the Authority may share information related to their participation in the Program and their projects financed through the Program with program funders.

§10091.6(f): This subsection is amended to add a new training requirement, noting that the Authority may annually require up to one hour of GoGreen Home-related online training for Participating Contractors.

§10091.6(g): This subsection is amended to clarify that the Authority can remove, not suspend, a Participating Contractor from GoGreen Home for fraud or misrepresentation even if the misbehavior was not revealed in an audit or field inspection.

3. Necessity

§10091.6(a): This amendment is necessary because this vendor is no longer performing contractor training.

§10091.6(a)(2)-(7): These amendments are necessary to provide additional useful information for potential Borrowers looking to find a Participating Contractor that meets their needs. This change also brings the regulations up to date with current practice.

§10091.6(a)(9): This amendment is necessary as the data point is no longer required; GoGreen Home training used to be conducted in-person at varying locations but is now solely available online.

§10091.6(a)(12): This amendment is necessary to focus the regulations on the original intent of this insurance requirement. The Authority requires that Eligible Contractors have insurance and utilize the industry standard of \$1 million per occurrence. Many Eligible Contractors also have a higher aggregate amount, but the original requirement that any aggregate coverage must be two times their occurrence coverage produced an incident where an Eligible Contractor had a \$2 million occurrence and a \$2 million aggregate and was denied GoGreen Home entrance until they reduced the occurrence to \$1 million.

§10091.6(a)(17): This amendment is necessary as it provides additional protection for the Authority and aligns GoGreen Home with the CHEEF GoGreen Business Financing Program.

§10091.6(a)(18): This addition is necessary to bring the regulations in line with current practice as the Authority must include such information in regular reporting to the IOUs and other sources of funding, per the new Section 16.

§10091.6(f): This amendment is necessary to give the Authority the option to provide safety testing training or refresh and/or update Participating Contractors on current and/or new GoGreen Home requirements. As GoGreen Home continues to develop, it is important for GoGreen Home to have a mechanism in place to ensure that Participating Contractors will be kept up to date with changes.

§10091.6(g): This amendment is necessary to clearly state the intent of this subsection, which is that Participating Contractors can be removed from and no longer associated with GoGreen Home for fraud or misrepresentation. As the number of enrolled Participating Contractors is now over 500 across the State, it is prudent to be clear and consistent in communicating GoGreen Home's expectations.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

The Authority relied on its own experiences with contractors, feedback from its Contractor Manager vendor, which manages the enrollment and ongoing management of Participating Contractors, as well as existing internal and industry practices when considering these updates to the regulations.

5. Alternatives to the Regulations Considered by the Agency and the Agency's Reasons for Rejecting those Alternatives

The Authority finds that no alternatives it has considered would be either more effective in carrying out the purpose of the proposed regulation or equally effective but less burdensome to affected Participating Contractors.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary, and, in fact, the Authority finds that the proposed regulation may have a positive effect on businesses of contractors who perform the work. The proposed regulation may also have a positive effect on the State's economy and environment generally because of the increased economic activity and energy conservation due to investment in energy efficiency improvements.

§10091.7 ESTABLISHMENT AND FUNDING OF LOSS RESERVE ACCOUNTS

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

This section outlines the process by which each Lender's Loss Reserve Account(s) is established and funded under GoGreen Home by the Trustee Bank.

This section has been amended to clarify some ambiguities regarding Loss Reserve contributions calculations, reduce the administrative burden on PFIs and PFLs to participate in the program, and to allow up to three Loss Reserve Accounts per lender. Several provisions in this section were also updated to reflect a change to 10091.1(ii) in Definitions, indicating that funds from different funders will be stored in separate Program Holding Accounts, and transfers to or from these holding accounts will be made to the "appropriate" account.

2. Specific Purpose of the Regulation

§10091.7(a): This subsection is amended to add the option to establish up to three Loss Reserve Accounts for a PFI, PFL, or Successor Servicer upon request.

§10091.7(b) and (c): These subsections are amended by moving language regarding how the Loss Reserve Contribution is calculated and for how long an Eligible Loan can be enrolled in GoGreen Home from the Loan Enrollment section (§10091.8) to this section.

§10091.7(b)(1): This subsection was relocated here from Section 10091.8(l)(1) and was further amended to clarify that the Loss Reserve Contribution will be 11% or 20% of the Claim-Eligible Principal Amount and not the Credit Enhancement Basis.

§10091.7(d): This subsection is amended by moving language explaining that the Authority may reduce the Claim Eligible Principal Amount to bring an Enrolled Loan into compliance with 10091.5(f) if it determines that the loan inadvertently does not comply with Program requirements set forth in that section.

3. Necessity

§10091.7(a): This amendment is necessary to enable a secondary market by allowing PFIs, PFLs, or Successor Servicers to maintain separate pools of loans for separate purchasers. This aligns GoGreen Home with the other CHEEF programs.

§10091.7(b) and (c): It is more appropriate for the details of the Loss Reserve Contribution to be in the same section as the credit enhancement details and this change aligns GoGreen Home with other CHEEF programs.

§10091.7(b)(1): This provision was relocated to this section from 10091.8 (“Loan Enrollment”) because it is more appropriate for the details of how a loan’s Loss Reserve Contribution is calculated and made to be in the same section where the contribution process is fully described, as opposed to a section that describes the requirements for loan enrollment. Changing the reference to Credit Enhancement Basis to Claim Eligible Principal Amount is necessary as the Authority is removing the net-of-rebate calculation, and, thus, the Credit Enhancement Basis is no longer relevant. When GoGreen Home was first created, there was a concern that customers who received a rebate that was not applied to the project cost would benefit from both the rebate and the credit enhancement. The credit enhancement was, therefore, reduced by the amount of the rebate. This required collecting extra data points and setting up a process for calculations when 1) customers rarely did not apply the cost of rebates to their projects, 2) rebates have become increasingly uncommon, and 3) the amount was de minimis. The Authority launched the other CHEEF programs without this calculation, and this amendment aligns GoGreen Home with those programs.

§10091.7(d): It is more appropriate for the details of how a loan’s Loss Reserve Contribution may be affected by reducing the Claim Eligible Principal Amount to be in the same section where the contribution process is described.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

The Authority relied on feedback from and current practices by stakeholders, as well as its experience reviewing enrolled loans.

5. Alternatives to the Regulations Considered by the Agency and the Agency’s Reasons for Rejecting those Alternatives

The Authority finds that no alternatives it has considered would be either more effective in carrying out the purpose of the proposed regulation or equally effective but less burdensome to affected PFIs and PFLs.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary, and, in fact, the Authority finds that

the proposed regulation may have a positive effect on the State's economy and environment generally because of the increased economic activity and energy conservation due to speedier processing of Eligible Loans by PFIs and PFLs (not slowed down by the burdensome net-of-rebate calculation).

§10091.7 (FORMERLY) OPTIONAL LOSS RESERVE RESERVATION AND PROJECT PRE-APPROVAL

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

This section, which detailed an optional reservation and project pre-approval process for PFIs or PFLs, has been removed from GoGreen Home.

2. Specific Purpose of the Regulation

This section is removed from the GoGreen Home regulations.

3. Necessity

This deletion was necessary because the pre-approval process was burdensome and no PFIs or PFLs have utilized the regulatory pre-approval or reservation option since 2017.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

The Authority relied on feedback from and current practices by PFIs and PFLs, who now confident enough in their use of the GoGreen Home Program that they do not need to utilize these features.

5. Alternatives to the Regulations Considered by the Agency and the Agency's Reasons for Rejecting those Alternatives

The Authority finds that no alternatives are necessary as PFIs and PFLs no longer need to utilize these features.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary, and, in fact, the Authority finds that the proposed regulation may have a positive effect on businesses of contractors who perform the work as well as on the State's economy and environment generally because of the increased economic activity and energy conservation due to speedier processing of Eligible Loans by PFIs and PFLs (not slowed down by the burdensome Loss Reserve Reservation and Project Pre-Approval processes).

§10091.8 LOAN ENROLLMENT

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

This section describes the documentation and data required for a loan to be enrolled in GoGreen Home, as well as the source of the data and which participant is required to submit it.

As GoGreen Home prepares to expand and welcome new financing business models, the Program is seeking to allow flexibility for enrollment of a “batch” of loans at a single point in time to allow for scalability. Modifications include amendments to streamline and allow for electronic processing of the information that is provided by PFIs and PFLs while still ensuring data integrity and compliance. Data points required for loan enrollment were also organized into a table format to provide clarity and ease of reading.

2. Specific Purpose of the Regulation

§10091.8(b): This subsection is amended to allow the submission method for all data for loan enrollment to be in “a format approved by the Authority.”

§10091.8(c): This subsection is amended in the following ways:

- This subsection is amended in two general ways. Most significantly, it is modified to use a table format to more clearly identify the data elements required. Second, it is modified to specify when the Participating Contractor, PFI or PFL, the Borrower, or any of the above is able to supply the data.
- The following data points are added for enrollment: “Borrower Phone #,” “Borrower email,” “Borrower name,” and “Whether customer enrolled in autopay.”
- The following data point is removed as a required data point, except for if the PFI or PFL is reporting the Borrower as qualifying as underserved by LMI census tract for the purpose of a 20% Loss Reserve Contribution: “Census Tract.”
- Additionally, the following data points are removed for enrollment: “Building Type,” “Utility Commodity Service ID (CSAID),” “Replacement or new” (regarding the EEEM), “Permit number,” “Rebate or incentive amount, applicability, anticipated or actual,” “Monthly payment amount,” “Date of first payment.”

§10091.8(c)(10) and (11): These subsections are amended to require the account number(s) of the utility(ies) delivering service to the property whether or not the utility is an IOU. If the loan is a Microloan, only the name and account number for the utility that corresponds to the fuel source for the EEEM(s) is required.

§10091.8(c)(18): This subsection of the loan enrollment data table is amended to correct “fuel switch” to “fuel substitution.”

§10091.8(e)(1): This subsection is amended to identify those certifications that are required for all projects. Certifications regarding rebates and the sharing of Borrower information were removed.

§10091.8(e)(2): This subsection is amended to identify additional certifications that are only required for projects where professional installation is required per the regulations

§10091.8(f): This subsection is amended to provide several methods by which the Borrower can establish proof of IOU utility service (previously described in the former 10091.8(d)(6)). Descriptions of IOUs “servicing the property” were changed to “delivery” to the property, with references to “IOUs” removed completely.

§10091.8(f)(1)-(4): These subsections are amended to add new options to prove electric or gas delivery at the project address for Borrower eligibility.

§10091.8(l)(1)(A), (B), (C), (D): This subsection was relocated to Section 10091.7 (“Establishment and Funding of Loss Reserve Accounts”).

§10091.8(l)(1)(E) (formerly): This subsection was removed from GoGreen Home as the “net-of-rebate” calculation is no longer required.

3. Necessity

§10091.8(b): This amendment is necessary to set up GoGreen Home for electronic data submission and add flexibility to accommodate different PFIs’ or PFLs’ technology capabilities and support automation.

§10091.8(c): The various amendments to this section are necessary for the following reasons:

- The use of a table format makes for easier reading and comprehension. The modification specifying which parties are eligible to submit data points allows for more, and necessary, flexibility for participants. The Authority determined the current regulations to be overly prescriptive as to which party provides what data, and this change allows GoGreen Home to accommodate different business models and reduces the data to be submitted by PFIs or PFLs.
- The addition of data points to capture Borrower contact information is necessary for use in scheduling site inspections and/or engaging in follow-up surveys to gauge their experience with GoGreen Home. The addition of a data point capturing whether or not a Borrower is enrolled in autopay is necessary because this sometimes affects their interest rate.
- The removal of the data point “Census Tract” is necessary to simplify and streamline the loan enrollment process for Lenders. The Census Tract is relied upon by the Authority and PFIs and PFLs when they are designating a loan as made to an underserved Borrower, determined by the Area Median Income of the property’s census tract. For PFIs and PFLs who don’t regularly use the “Census Tract” method for underserved designation, it is a cumbersome data point to look up and include in each loan’s enrollment package. In response to this feedback, the Authority proposes to change this data point to only be required if a Lender wants to use the “Census Tract” data point for Underserved designation.
- The removal of other the data points is necessary as these data points were not needed or could be derived from other data points already provided. This change reduces and streamlines the amount of data required from PFIs or PFLs, reducing their operational burden. However, the removal of “permit number” specifically was necessary because any permit numbers associated with a project are submitted in loan enrollment documents. Capturing and verifying permit numbers is an administrative burden for currently enrolled PFIs and causes problems with operations without effectively leading to permit closure compliance. Instead, CAEATFA will

continue verifying permits were obtained and closed post-enrollment as described in §10091.10(g).

§10091.8(c)(10) and (11): Requiring the names and account numbers for any utilities delivering fuel to the property is necessary as the Authority needs to collect account numbers to work with the utilities to determine energy savings from the projects. For projects that could utilize non-IOU ratepayer funding as described in §10091.16 should it become available, the customer's non-IOU utility information will be needed.

Requiring account numbers for only one utility in the case of a Microloan reduces in-transaction friction for PFIs or PFLs, especially those making a Microloan through online purchases in utility marketplaces. In these cases, the loan is clearly going to support energy savings of one fuel type and so obtaining a single account number is sufficient.

§10091.8(c)(18): This amendment is necessary to because the original intent of this subsection was to identify when a measure resulted in the change of one IOU fuel type to another IOU fuel type. Pursuant to CPUC Decision 19-08-009, "fuel switching" refers to a customer changing from a CPUC-regulated fuel to a non-regulated fuel and "fuel substitution" is changing between regulated fuels.

§10091.8(e)(1): Identifying which certifications are required for all projects is necessary to clearly list and have one set of common certifications. This will streamline the enrollment process and reduce confusion on which certifications are required. The removal of the certifications related to rebates and information sharing is necessary because of the removal of §10091.8(e)(26) requiring rebate information, and the certification to share Borrower information was redundant with language in §10091.15 California Hub for Energy Efficiency Financing Privacy Rights Disclosure.

§10091.8(e)(2): Separating out those certifications required for projects requiring a professional installation as opposed to a self-installed project is necessary because requiring certifications that were irrelevant to projects hampered the loan enrollment process and caused confusion for Borrowers as to why they were seeing those certifications. This amendment streamlines the enrollment process by only requiring the necessary certifications tailored to the type of project.

§10091.8(f): This amendment is necessary because the new concept of "fuel delivery to a property" has a broader meaning than the previous "servicing a property" and reflects the fact that Community Choice Aggregators (CCAs) offer "service" of energy that is delivered by an IOU. This amendment is also necessary because PFIs or PFLs are allowed to finance measures for any non-IOU fuel within the 30% allowable as described in §10091.5(f)(2), and a uniform requirement for PFIs or PFLs to submit both a gas and electric utility bill for each project is much simpler than PFIs or PFLs deciding which utility bill to submit based on project characteristics. With the addition of §10091.16, if non-ratepayer funding is available to credit enhance financing for non-IOU fuel measures, the customer's non-IOU utility information will be needed to inform the Authority when to use the non-ratepayer funding.

§10091.8(f)(1)-(4): Additional flexibility for PFIs or PFLs to prove utility service at the property is necessary in instances when utility service is new and removes unnecessary paperwork submission. Some potential Borrowers are clearly served by a particular utility but do not have a recent bill because they have just established service. Additionally, homeowners' association managers of master-metered accounts in manufactured home parks have been reluctant to turn over utility bills. Finally, utility implementers who refer customers to GoGreen Home are working, by the nature of

their contracts, with IOU customers and should not need to provide a utility bill to prove service. GoGreen Home will continue to receive account numbers for each loan.

§10091.8(I)(1)(A), (B), (C), (D): It is more appropriate for the details of how a loan’s Loss Reserve Contribution is calculated and made to be in the same section where the contribution process is fully described, as opposed to a section that describes the requirements for loan enrollment.

§10091.8(I)(1)(E) (formerly): When GoGreen Home was first created, there was a concern that customers who received a rebate that was not applied to the project cost would benefit from both the rebate and the credit enhancement. The credit enhancement, therefore, was reduced by the amount of the rebate. This required collecting extra data points and setting up a process for calculations. This subsection removal is necessary because the “net-of-rebate requirement” was removed (see §10091.7(b)(1)) because 1) customers rarely did not apply the cost of rebates to their projects, 2) rebates have become increasingly uncommon, and 3) the amount was de minimis.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

The Authority relied on feedback from its Contractor Manager and PFIs and PFLs indicating that capture and delivery of some data points and certifications was overly burdensome and did not allow the ability to submit data electronically. Internal analysis also indicated where redundant data and certification capture could be streamlined with limited or no effect on overall compliance with Program regulations.

5. Alternatives to the Regulations Considered by the Agency and the Agency’s Reasons for Rejecting those Alternatives

This approach is an alternative to the more extensive loan enrollment requirements required by existing regulations and is being implemented due to input from and in collaboration with PFIs and PFLs to simplify sometimes burdensome processes.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary, and, in fact, the Authority finds that the proposed regulation may reduce burdensome efforts currently expected of California-based PFIs and PFLs and Participating Contractors.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary, and, in fact, the Authority finds that the proposed regulation may have a positive effect on businesses of Participating Contractors and PFIs/PFLs. A positive effect may be seen as well as on the State’s economy and environment generally because of the increased economic activity and energy conservation due to increased lender participation as these regulation amendments have opened up the program to more financial products and business models, streamlined operational burdens, and facilitated the option for more electronic processes.

§10091.9 CLAIMS

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

This section outlines the process and requirements for PFIs and PFLs to submit a claim for reimbursement from their Loss Reserve Account if a Borrower defaults on a GoGreen Home loan.

Amendments to this section are proposed to remove ambiguities, adjust which data points are required, provide the Authority the ability to request additional information when necessary, and to otherwise streamline the claim application process.

2. Specific Purpose of the Regulation

§10091.9(a): This subsection is amended to clarify that the outstanding Claim-Eligible Principal Amount does not include unpaid interest, unpaid late fees, or other unpaid charges.

§10091.9(c): This subsection is amended to add and remove several data points from the claim application. The following data points were removed from the claim application: “Program Participation ID” and “Address.” The following data points were added: “Lender internal loan ID,” “Amount of any inchoate losses,” and “Whether any acceleration notices have been sent.”

§10091.9(c)(13) and (g): These subsections are amended to clarify that a PFI or PFL may choose to direct their claim payment from the Program to an investor or a purchaser of their loans.

§10091.9(d): This subsection is amended to clarify the methodology by which post-claim recoveries are applied. Recoveries will be applied first to reasonable collection costs, second to the PFI or PFL making themselves "whole" with regard to principal (the 10% loss that is not covered by the claim payment), third to reimbursing the Program Holding Account IOU, and fourth to reimbursing the PFI or PFL for any inchoate losses.

§10091.9(f): This subsection is amended to expand the Authority’s authority to request additional information related to a charged-off loan in response to receiving a claim, such as payment history, application of payments, and history of collection attempts.

3. Necessity

§10091.9(a): This amendment is necessary to remove ambiguity and clarify that the intent of the regulations is that the loss reserve will help PFIs or PFLs recoup their initial investments in the event of losses, and nothing more.

§10091.9(c): These amendments are necessary to keep the data burden for claim applications as streamlined as possible for PFIs and PFLs. The removal of the listed data points is necessary because these data have not been needed during claim processing. The addition of the listed data points is necessary as they have been determined to be useful for claim processing and for when any recoveries are later reported.

§10091.9(c)(13) and (g): These amendments are necessary to help PFIs and PFLs take full advantage of the credit enhancement when selling loans or parts of their portfolios and to affirm the intent of the Regulations, which has always been to support a secondary market for enrolled GoGreen Home loans.

§10091.9(d): This amendment is necessary because the lack of clarity around this topic has resulted in confusing processes with regard to recoveries. With this amendment, there are now clear processes on how to apply recovery payments.

§10091.9(f): This amendment is necessary to bring the regulations in line with current practice. PFIs and PFLs have made this data available, and the Authority sometimes finds it helpful to see additional data, such as a history of collection attempts, or backup documentation showing non-payment to ensure that the PFI's or PFL's practice was consistent with industry standards with regard to collection attempts.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

The Authority relied on feedback from PFIs and PFLs as well as EFIs and EFLs interested in participating in GoGreen Home to receive their input.

5. Alternatives to the Regulations Considered by the Agency and the Agency's Reasons for Rejecting those Alternatives

This approach is an alternative to the more extensive claim application and processing procedures required by existing regulations and is being implemented due to input from and in collaboration with PFIs and PFLs.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary.

§10091.10 PROJECT REQUIREMENTS

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

This section describes measure and project eligibility for GoGreen Home, installation, safety testing requirements, and how projects are verified and inspected.

This section is updated to clarify when a GoGreen Home Participating Contractor is and is not required for a project. One substantive modification in this vein is that Participating Contractors are not required if the work is financed by a Microloan. Further, new Eligible Energy Efficiency Measures ("EEEMs") are added to provide additional opportunities to save energy for Borrowers, and the table listing EEEMs was modified to improve readability. Lastly, the regulations have been modified to streamline the Quality Assurance/Quality Control review processes to provide needed flexibility as the Program grows and evolves, while still ensuring that compliance verification efforts are accurately targeted to the projects that most need them.

1. Specific Purpose of the Regulation

§10091.10(b)(formerly): This subsection that stated that rebates and incentives do not need to be sought for EEEMs was removed.

§10091.10(b): This subsection is amended to remove the requirement that the PFI or PFL capture and submit to the Authority a Self-Installer's proof of purchase for each financed EEEM and instead will let the PFI or PFL deem on its own that proof has been provided "to its satisfaction" for both self-installed EEEMs and additional related home improvements.

§10091.10(c): This subsection is amended in three ways:

- Microloan exception for using a Participating Contractor: Allow installation for projects financed with Microloans that include EEEMs not eligible for self-install be performed by contractor licensed by the State of California, whether or not the contractor is enrolled in GoGreen Home, instead of requiring a GoGreen Home-enrolled Contractor.
- Contractor enrollment deadline: Change the requirement that the Participating Contractor must be enrolled in GoGreen Home before work begins to the date the PFI or PFL approves the project.
- Specify that the use of a GoGreen Home Participating Contractor is required except when the work is performed by a Self-Installer, or is to install legally and practically necessary alterations or additional related home improvements as described in 10091.1(s)(1)(B), or when the work is financed by a Microloan.

§10091.10(d) (formerly): This subsection is amended by relocating the identification of and requirements for EEEMs eligible for self-install to a new column in the EEEMs table.

§10091.10(e): This subsection is amended to no longer specifically require only Contractors to supply the Bill Impact Estimate to the Borrower, and instead allow anyone to supply it.

§10091.10(f)(1): This subsection is amended to refine the triggers for a safety test.

§10091.10(f)(2): This subsection is amended to include training that is proficient in the generally accepted standards for combustion safety and ventilation testing as an acceptable method to qualify a Participating Contractor to conduct the safety testing.

§10091.10(g): This subsection is amended to simplify descriptions of how projects will be verified and to clarify that as part of project reviews, GoGreen Home may undergo a desktop review and request project-related documentation from Contractors.

§10091.10(j): This subsection is amended to improve the readability of the EEEMs table and remove, add, and amend some measures in several ways.

- References to Titles 20 & 24: All references to the eligibility standards for unique EEEMs in Title 20 and Title 24 of the California Code of Regulations were removed from the EEEMs table, and new language was added in §10091.10(j) clarifying that all projects must comply with Title 20 and/or Title 24.

- EEEM eligibility based on IOU/REN/CCA “rebate” and “incentive”: All mentions of EEEM eligibility based on an IOU/REN/CCA “rebate” and “incentive” were changed to “energy efficiency program.”
- Self-installability of several EEEMs: Gas Dryers and Window Film were changed to allow for self-install. Water Heaters were changed to require professional installation.
- Fuel source eligibility: The word “IOU” was removed as an eligibility qualifier for fuel sources for EEEMs in this subsection and in the EEEMs table.

2. Necessity

§10091.10(b)(formerly): This deletion is necessary to remove legacy language from GoGreen Home’s early days. When GoGreen Home launched, rebates for energy projects were common and contractors often concluded that rebates or incentives were necessary to obtain financing. Therefore, the regulations clarified that rebates or incentives were not needed. This clarification is no longer necessary as rebates have become increasingly rare.

§10091.10(b): This amendment modifies a prior provision requiring the PFI or PFL to submit a receipt for projects installed by Self-Installers and is necessary to reduce the burden on the PFI or PFL. This modification will give the PFI or PFL the flexibility to determine its own level of required proof of purchase for self-installed Eligible Improvements.

§10091.10(c): There are three reasons for the three changes recorded here:

- Microloan exception for using a Participating Contractor: It is expected that Microloans will be used to finance purchases of appliances online through utility marketplaces. It is impractical to enforce that a Borrower will utilize a GoGreen Home Participating Contractor when they are making an online purchase, and most appliances, other than water heaters, are already eligible for self-install. Therefore, the effect of this change will be minimal for most small projects. Borrowers still have the option of using a GoGreen Home contractor if the Borrower takes out a Microloan.
- Contractor enrollment deadline: It is reasonable and necessary to allow an Eligible Contractor time to enroll in GoGreen Home while the PFI or PFL reviews customer credit and eligibility prior to approving the credit application. The previous requirement that Participating Contractors must be enrolled prior to starting work on the project created some ambiguity, depending on the Eligible Contractor's processes.
- Specify when a Participating Contractor is and is not required: This requirement was moved from the Definitions section (Section 10091.1(s)(1)) and expanded upon. This is necessary to clarify an ambiguity that implied only Participating Contractors are allowed to install alterations which are legally or practically necessary to complete the installation of an eligible energy efficiency measure (EEEM) (e.g., an electrical panel upgrade in order to install a heat pump water heater), or additional related home improvements. In many cases, it may make more sense for a specialty contractor to do the work (in the example above, an electrician for electrical panel upgrades). These specialty contractors have not been a focus of GoGreen Home recruitment as they are not installing EEEMs. Additionally, it may impose an unnecessary burden on the Borrower to seek Participating Contractors who are not

directly installing efficiency measures (e.g., finding a GoGreen Home electrician to upgrade the electrical panel so that the GoGreen Home plumber can install the energy efficient heat pump water heater).

§10091.10(d) (formerly): This amendment is necessary to parse out the self-installability of EEEMs beyond the previously referenced categories of Title 20 of the California Code of Regulations. The Authority wanted the flexibility to make some specific measures within Title 20 categories eligible for self-install but require professional installation for others due to safety or performance concerns as described further in §10091.10(j). The amendment also improves readability and ease of access to information for participants and stakeholders. This change also brings the regulations into alignment with the CHEEF’s Small Business Financing Program.

§10091.10(e): This amendment is necessary because, with the addition of the Participating Channel Partner and incorporation of finance companies with different business models, it does not make sense to restrict the provision of the Bill Impact Estimate to only the Participating Contractor.

§10091.10(f)(1): This amendment is necessary in order to ensure that a safety test is triggered when measures are most likely to present a combustion safety issue. The original requirement to test when a third EEEM was installed meant that an arbitrary measure, such as a pool pump, could trigger a combustion safety test. Participating Contractors told the Authority that these rules were frustrating and confusing and did not necessarily increase in-home safety for Borrowers. Through extensive outreach to the Authority’s industry consultant and contractor manager, IOUs, and other industry experts on safety testing, it was identified that atmospherically vented combustion appliances within the home’s sealed envelope posed the greatest risk when the home also underwent an air or duct sealing/replacement.

§10091.10(f)(2): This amendment was necessary because the Natural Gas Appliance Testing (NGAT) is a training that contractors receive if they participate in an IOU program, but the training does not certify contractors in safety testing. Not all contractors that participate in IOU programs need the extensive certification provided by the Building Performance Institute, and the Authority needed another way to include contractors who are proficient and have been trained in generally accepted industry standards such as NGAT.

§10091.10(g): This amendment was necessary because the current inspection selection criteria are overly detailed and prescriptive as to exactly how many onsite inspections occur and does not allow for photo or video review, which has become the norm during the Covid-19 pandemic and is efficient and effective. This change provides needed flexibility and allows GoGreen Home to prioritize certain types of projects for onsite inspections. This change aligns GoGreen Home with the other CHEEF programs.

§10091.10(j): The four amendments are necessary for the following reasons:

- Removal of references to Titles 20 & 24: This amendment is necessary to improve readability while highlighting certain measures that are above code (e.g., ENERGY STAR) and to align the table with other CHEEF programs.
- Change in reference to EEEM eligibility from IOU/REN/CCA “rebate” and “incentive” to “Energy Efficiency Programs”: This amendment is necessary as it is possible for one of these programs to offer energy efficient technology without having a rebate or incentive attached,

and the Authority intends for GoGreen Home to support these other ratepayer-funded programs. “Energy Efficiency” is necessary to distinguish from other IOU/REN/CCA programs for solar, etc.

- Allowing for self-installability of several EEEMs: This amendment is necessary because while Borrowers can choose to hire contractors to install gas dryers and window film, these EEEMs be installed by Borrowers with relatively low safety risk or risk of hampering efficiency performance. Conversely, given the complexity and safety risks for installing water heaters, and the risk of reduced savings if installed incorrectly, the Authority now requires professional installation.
- Changing “IOU Fuel Source Eligibility” to “Fuel source eligibility”: This amendment was necessary as this change will allow the credit enhancement to support EEEMs that correspond with a non-IOU fuel source should the Authority access additional non-IOU Energy Efficiency ratepayer funding and apply it as described in §10091.16.

Additions to the EEEMs list are necessary as stakeholders suggested new energy efficient measures be allowed in GoGreen Home to provide more options to Borrowers. The Authority’s technical consultant verified that these measures are highly likely to result in energy savings when installed in the vast majority of homes. Specific necessity is provided for each measure below:

- **Appliances—Range hoods ENERGY STAR:** This measure is being added since range hoods certified by ENERGY STAR use 70% less energy compared to standard models according to the EPA. ENERGY STAR certified products are widely available. Though performance may be affected by a non-professional installation in a home, this measure is eligible for self-installation as it would still reduce the electricity used.
- **Appliances—Induction Range or Cooktop:** This measure is being added since induction cooktops can save energy compared to resistance electric ranges according to prior studies by U.S. Department of Energy (DOE) and the American Council for an Energy-Efficient Economy (ACEEE).
- **Appliances—Convection oven (Electric):** This measure is being added since convection ovens are estimated to be 20% more efficient than standard ovens, based on information from the DOE. Convection ovens require less time and lower temperatures to cook food compared to standard ovens.
- **Building envelope—Insulated Siding:** This measure is being added as it adds to the insulation layer of a home and may help reduce thermal bridging. This measure is not eligible for self-install due to the requirements of tools/techniques and the reality that an improper install will yield no significant benefit.
- **Building envelope—Heat reflective coating:** This measure is being added as, when properly implemented, and in tandem with an efficient building envelope, it can drastically reduce a building’s heat absorption and thus reduce electricity consumption. This measure is not eligible for self-install due to the requirements of tools/techniques and product access.
- **Building envelope—Window coverings (Interior):** This measure is being added because, per DOE, certain window coverings improve energy efficiency. Limited to the following specific items: Cellular Shades, Window Quilts, and Roman Shades.
- **Building envelope—Window coverings (Exterior):** This measure is being added as, per ACEEE and DOE, such improvements can improve home energy performance. Limited to the

following specific items: Solar Screen, Roller Shade/Shutter, Louvered Shutters, and Awnings.

- **Demand Response—Thermal energy storage (TES) system:** This measure is being added as it can reduce the electricity use during peak consumption periods and with future improvements may be capable of increasing grid resiliency.
- **HVAC—Air filter upgrade (with efficient fan motor):** This measure is being added to ensure that energy savings are possible, by bundling with an efficient fan motor and a filter alarm/sensor, when a customer chooses to upgrade air filtration. An ECM motor saves energy relative to a PSC motor and can adjust its speed to maintain airflow despite the increased pressure drop caused by the filter upgrade. A filter alarm or sensor ensures that the homeowner or building occupant is aware of the need for replacement when the filter is dirty. A dirty filter can negatively affect the energy performance of an HVAC system.
- **HVAC—Air filter alarm or sensor:** This measure alerts the homeowner or building occupant of the need for replacement when the filter is dirty. A dirty filter can negatively affect the energy performance of an HVAC system.
- **HVAC—Ventilation Fan ENERGY STAR:** This measure is being added since ventilation fans certified by ENERGY STAR use 70% less energy compared to standard models according to the EPA. ENERGY STAR certified products are widely available.
- **HVAC—Diagnostic or fault detection alert:** This measure is being added since a diagnostic or fault detection system can notify a building occupant or homeowner when issues arise with HVAC systems in order to keep equipment operating at its highest level of performance.
- **HVAC—Duct sizing or optimization:** This measure is being added since poorly sized supply and return ducts can negatively affect HVAC system performance. Duct sizing/optimization can be performed as a stand-alone measure, often without modification to the HVAC equipment, or as part of an overall HVAC upgrade.
- **HVAC—Fan or motor control:** This measure is being added as an efficient motor control saves energy so the motor can adjust its speed to maintain airflow despite the increased pressure drop caused by a filter upgrade or other restrictions within the system.
- **HVAC—HVAC tune-up:** This measure is being added as HVAC tune-ups can provide increased efficiency even in an older system and may prolong the system life while reducing overall power consumption.
- **HVAC—ECM furnace fan motor:** This measure is being added as an ECM motor saves energy relative to a PSC motor and can adjust its speed to maintain airflow despite the increased pressure drop caused by a filter upgrade.
- **Lighting—LED tape lighting:** This measure is being added since LED tape lighting is a popular DIY lighting measure that can save energy versus baseline products such as halogen puck lights, halogen rope lights, and linear fluorescents.
- **Lighting—LED light bulbs:** This measure is being added as LED light bulb upgrades are a readily-available method of reducing electricity required for lighting by up to 80 percent in comparison to incandescent, halogen, or other light sources.
- **Other—Other measures qualifying through IOU/REN/CCA Programs—Self-Install:** This new measure is being added as a complement to the existing IOU/REN/CCA measure to allow for self-installation when permitted by an IOU/REN/CCA program.

- **Pool products—Pool cover:** This measure is being added due to its ability to save between 50% and 70% of the cost to heat a pool in addition to reducing the evaporation.
- **Water heating—Tank and pipe insulation:** This measure is being added as both tank and pipe insulation are known to conserve energy in comparison to an uninsulated system.

3. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

Suggestions for additions to the EEEMs List came from contractors, equipment distributors, and other industry professionals.

Technical reports and documents relied upon include: California’s Title 24 and Title 21 code requirements, ENERGY STAR research and requirements, the CPUC’s Database for Energy Efficiency Resources (DEER Database), Design Lights Consortium qualified products list, IOU deemed rebate catalogues and other energy efficiency Program lists, studies from the US Department of Energy (DOE) and the American Council for an Energy- Efficient Economy (ACEEE).

§10091.10(f)(1): This amendment regarding safety testing relied on extensive outreach to the Authority’s technical consultant and Contractor Manager, the IOUs, the Lawrence Berkeley National Lab, and other industry experts, such as the Building Performance Institute, who developed a commonly used safety testing method.

4. Alternatives to the Regulations Considered by the Agency and the Agency’s Reasons for Rejecting those Alternatives

Building envelope—Window coverings (Interior): The Authority considered adding some forms of interior and exterior window coverings, such as interior solar screens and louvered blinds, but further research indicated that energy savings of these types of coverings were not sufficient to warrant inclusion compared to the selected types (Solar Screen, Roller Shade/Shutter, Louvered Shutters, Awnings, Cellular Shades, Window Quilts, and Roman Shades).

§10091.10(j) Self-installability of certain EEEMs: The Authority’s initial approach for determining self-installability of measures considered three criteria: if it can be installed safely, if it can be installed without risk to energy savings, and if a contractor’s license is legally required for installation. The Authority considered a broader approach to self-installation eligibility which would have allowed for several measures, such as water heaters, to remain self-install eligible. Ultimately, this broader approach was rejected as this approach would remove the role of the Participating Contractor and the associated accountability, data provision, and certifications; the Authority also worried about quality of installation issues, safety risks to the Self-Installer, and risk of lower permit completion.

5. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary.

6. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary, and, in fact, the Authority finds that

the proposed regulation may have a positive effect on businesses of contractors who perform the work. The proposed regulation may also have a positive effect on the State's economy and environment generally because of the increased economic activity and energy conservation due to the Borrower's access to additional Energy Efficient improvements.

§10091.11 REPORTING

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

The CPUC Decision 13.09.044 states that "ongoing data collection on Program participants, ... project outcomes, and repayment results" are "essential to be able to test the value of various features of the authorized financing pilots."

This section describes the reporting requirements for PFIs and PFLs in GoGreen Home.

This section is amended to remove and add data points that are needed for Program participation and evaluation, in order to streamline a sometimes-burdensome monthly reporting process for participants while ensuring that the Authority is capturing relevant information regarding enrolled loans and the impact of its credit enhancement.

2. Specific Purpose of the Regulation

§10091.11(a): This subsection is amended in the following ways:

- The following data points from the monthly loan performance reporting requirement: "Program Participation ID," "Original Total Loan Principal," and "Updated Payment Amount."
- The data points of "Inchoate losses or acceleration notices" and "Date(s) of charge-off for any charge-offs and if enforcement proceedings have begun" were moved to be collected as part of a claim application.
- The "Loan Status" data point is updated to add "120 days past due" to align with PFI, PFL, and Successor Servicer reporting practices.
- New data points are added to distinguish the reporting period, date the report was issued, and updated interest rate, if applicable.

§10091.11(b): This subsection is amended to require the PFIs and PFLs to make a "good faith effort" to provide GoGreen Home with several loan program activity and marketing data points upon request from the Authority, but not more than monthly.

§10091.11(c): This subsection is amended to clarify the requirement that PFIs and PFLs must annually report any material changes to their original application, referencing not only the original application but also any updated certifications or modifications to their approved product.

§10091.11(d)(5): This subsection is amended to modify the requirement that PFIs and PFLs must continually report recovery data with the monthly performance report. Instead, they will report recoveries as they occur. When the PFI or PFL does report a recovery, they will report the gross recovery amount and the net amount reimbursable to their Loss Reserve Account.

3. Necessity

§10091.11(a): These amendments are necessary to ameliorate a sometimes-burdensome reporting process for PFIs, PFLs, and Successor Servicers and to allow PFIs, PFLs, and Successor Servicers to generate loan performance reports automatically from their systems. The data that was removed, after analysis, was deemed superfluous for GoGreen Home's reporting needs. Similarly, data points moved to the claim application were not necessary to receive monthly and are only likely to be relevant in the event of a default and claim. The PFIs and PFLs currently participating in GoGreen Home are already voluntarily supplying the "new" data points, so this change brings the regulations in alignment with current practice.

§10091.11(b): This amendment is necessary to bring the regulations in line with current practice and the other CHEEF programs. The data is valuable for the Authority's marketing and public reporting efforts. These changes also allow the Authority to capture information on promotions, such as delayed first payments, etc., as they occur. The data captured in §10091.11(b)(4), in particular, has been important for the Authority to demonstrate the value of the credit enhancement to customers.

§10091.11(c): This amendment is necessary to close a small gap in the directions on reporting; Lenders were previously being asked only to reaffirm information (e.g., insurance or licenses) or certifications provided in their initial application to join GoGreen Home. This change clarified that they must also review their currently approved product offerings and note any modifications or new certifications.

§10091.11(d)(5): This amendment is necessary because recoveries do not happen frequently. It is an unnecessary burden to require PFIs and PFLs to report that no recoveries have been made each month. The new requirement that they report the gross recovery amount and the net amount reimbursable to their Loss Reserve Account stems from the fact that, in practice, the Authority has found it necessary to understand both gross and net recoveries.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

These amendments are the result of input from PFIs and PFLs that the reporting requirements for the Program are overly burdensome. PFIs and PFLs would prefer to automate some reporting practices, which is enabled by eliminating several of the previously required but non-essential data points while prioritizing the collection of useful data that can be easily generated from most PFI's and PFL's software systems.

5. Alternatives to the Regulations Considered by the Agency and the Agency's Reasons for Rejecting those Alternatives

This approach is an alternative to the more extensive reporting procedures required by existing regulations and is being implemented due to input from and in collaboration with PFIs and PFLs.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses. Program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary. A positive effect may be seen due to due to increased lender participation as these regulation amendments streamline reporting requirements for lenders and make Program participation easier.

§10091.12 SALE OF ENROLLED LOANS

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

The intention of the Regulations has always been to support a secondary market for energy efficiency loans by allowing PFIs and PFLs to sell, transfer or assign the associated repayments of an Enrolled Loan.

This section describes the processes and requirements by which a Lender may apply to GoGreen Home to serve as a Successor Servicer.

This section is amended to clear up ambiguities in defining eligibility and certification requirements.

2. Specific Purpose of the Regulation

§10091.12(c)(12): This subsection is amended to clarify the distinction between eligibility requirements and certification requirements.

3. Necessity

§10091.12(c)(12): This amendment is necessary to clarify a distinction between eligibility requirements for EFLs seeking to join GoGreen Home as a Successor Servicer and the required certifications for their application. The language as currently worded implies that the EFLs applying to enroll as Successor Servicers can choose to certify they meet the requirements rather than provide evidence of it. This is not the intention of this subsection. This update clarifies that EFLs must provide evidence of compliance with eligibility requirements as well as make the required certifications.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

The Authority relied on internal analysis by Staff in the suggestion of this regulation amendment.

5. Alternatives to the Regulations Considered by the Agency and the Agency's Reasons for Rejecting those Alternatives

The Authority finds that there is no alternative to these clarification measures to the procedure embodied in existing regulations and is being implemented due to internal analysis conducted by Staff.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

This section has no direct bearing on small businesses.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses, as participation in the program is voluntary.

§10091.13 TERMINATION AND WITHDRAWAL

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

This section describes the processes and requirements by which a PFI, PFL or Successor Servicer may withdraw or be terminated from GoGreen Home.

This section is being amended to update and clarify how a lender's remaining loss reserve funds are handled if it withdraws from GoGreen Home.

2. Specific Purpose of the Regulation

§10091.13(b): This subsection is amended to clarify that if a PFI, PFL, or Successor Servicer withdraws from GoGreen Home, the remaining Loss Reserve Account funds in that PFI, PFL, or Successor Servicer's account can transfer to an appropriate PFI, PFL, or Successor Servicer account, or the Authority's Program Holding Account.

3. Necessity

4. **§10091.13(b):** This amendment is necessary to facilitate the transfer of loss reserve balances depending on the circumstances of the PFI, PFL or Successor Servicers withdrawal. If the PFI/PFL has sold their portfolio to a different PFI/PFL or has transferred it to a Successor Servicer it will be appropriate to transfer the loss reserve balance to that entity. If all loans have been repaid, then it will be appropriate to transfer the loss reserve balance to the appropriate Program Holding Account(s). Technical, Theoretical, and or Empirical Studies, Reports, or Documents

The Authority relied on internal analysis by Staff in the suggestion of this regulation amendment.

5. Alternatives to the Regulations Considered by the Agency and the Agency's Reasons for Rejecting those Alternatives

The Authority finds that no alternatives it has considered would be either more effective in carrying out the purpose of the proposed regulation or equally effective but less burdensome to affected PFIs, PFLs, or Borrowers.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

This section has no direct bearing on small businesses.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses, as participation in the program is voluntary.

§10091.15 CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING PRIVACY RIGHTS DISCLOSURE

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

State and federal laws protect the right to privacy of one's personal information. As a result of Borrower participation in the Program, the Authority may come into possession of personal information (including credit scores, payment history, and details about Projects and financing agreements) which will be maintained for the life of the loan. Therefore, it is imperative that the Authority inform the customer of their rights and obtain permission to collect this data. Certain disclosures and utility account information are also required under the Authority's contractual agreements with the CPUC and IOUs.

This section describes the CHEEF Privacy Disclosure that advises the Borrower of their privacy rights under the CHEEF, informing them that certain information may be shared with utility companies and other state or federal agencies.

Modifications to this section bring the Regulations into alignment with the Information Practices Act, indicate that reporting may occur to new external sources of funding, and clarify the types of information shared by the Program with different audiences.

2. Specific Purpose of the Regulation

§10091.15(a): This subsection is amended to allow the method by which the Borrower acknowledges receipt of the privacy rights disclosure to be in "a format approved by the Authority."

§10091.15(a)(1)(G): This subsection is amended to inform the Borrower that data related to the equipment or improvements funded with the proceeds of the loan, including costs, permit information, Contractor information, and shipping dates, may be disclosed to the Authority.

§10091.15(a)(1)(H): This subsection is amended to replace the customer service agreement identification number on the Borrower's utility bill with the "utility account" number.

§10091.15(a)(1)(J): This subsection is amended to inform the Borrower that the Authority may come into contact with data provided by the PFI, PFL, or PCP as part of their own quality assurance process or via satisfaction surveys.

§10091.15(c): This subsection is amended to 1) specify a disclosure period of one year for reporting specific information to third parties and 2) add "program funders" as an entity with whom Borrower, loan, and project data may be shared.

§10091.15(d): This subsection is amended to clarify that reporting anonymized and aggregated data is separate from, and in addition to, reporting of specific Borrower, loan, and project data.

§10091.15(e): This subsection is amended to add "Email address" as a data point to be utilized or released for surveys and evaluations.

3. Necessity

§10091.15(a): This amendment is necessary to allow for PFIs or PFLs to receive certifications for disclosures through their own electronic platforms. This adds flexibility to accommodate different PFIs' and PFLs' technology capabilities and to support automation where feasible. Staff has received

requests from current participants and interested parties on allowing for data transmission in various electronic formats that are effective and provide for consumer protection.

§10091.15(a)(1)(G): This amendment is necessary to reflect the fact that contractors provide permit and cost information to the Authority. Additionally, since GoGreen Home loans are now offered via utility online marketplaces, the Authority may come into possession of data related to product shipping dates. The addition of “Contractor information” specifically brings the regulations into alignment with existing practices.

§10091.15(a)(1)(H): This amendment is necessary because utilities are able to provide energy usage data to the Authority using the utility account number without also receiving the service agreement number. This provides an operational efficiency and reduces the administrative burden of collecting multiple data points related to utility account numbers.

§10091.15(a)(1)(J): This amendment is necessary to accommodate data potentially available to the Authority as part of GoGreen Home being offered via utility marketplaces and post-project surveys planned by potential PCPs.

§10091.15(c): The first amendment, specifying that information provided to the Authority may be released with a one-year period, is necessary to bring GoGreen Home's regulations into alignment with the California Information Practices Act, which requires a specified time limit within which specific information may be shared. One year provides sufficient time for any monthly, quarterly or annual reporting per contracts, interagency agreements, or if required by law. The second amendment, adding “program funders” as parties’ information may be released to, is necessary because the Authority may enter into agreements with other sources of funding beyond the IOUs and needs to include these funders as the recipients of data reports.

§10091.15(d): This amendment is necessary to clarify that there are two types of data sharing to which Borrowers are consenting: release of their specific, individual data to specific named entities, and also anonymized and aggregated sharing with the public.

§10091.15(e): This amendment is necessary to provide another reasonable method of contact through which Borrowers can be invited to participate in surveys.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

§10091.15(c) The Authority relied on CA Civil Code §1798.24 for the changes to this subsection.

5. Alternatives to the Regulations Considered by the Agency and the Agency’s Reasons for Rejecting those Alternatives

§10091.15(c) The alternative would be failure to comply with California Information Practices Act, so this was not considered. The time frame of sharing specific data (“one year” was selected because shorter alternatives (e.g., six months) were not enough time considering that the Authority is engaged in monthly, quarterly and annual reporting practices. A length of time longer than one year was also decided against, because it was determined that all obligatory reporting would likely occur within a year.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority finds that this section is unlikely to have any negative impact on small businesses, nor has the Authority identified any alternatives, or had alternatives brought to the attention of the Authority that would lessen any adverse impact on small businesses, if any. Program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses, as participation in the program is voluntary.

§10091.16 CONDITIONAL ELIGIBILITY EXPANSION

1. Public Problem, Administrative Requirement or Other Condition or Circumstance that the Regulation is intended to address

The Authority has been exploring the procurement of additional sources of funding, beyond IOU ratepayer funds, to solve a gap in GoGreen Home’s ability to serve all California residents, scale, and meet the State’s carbon reduction goals. Because to date GoGreen Home has been an IOU ratepayer-funded program and supports energy upgrades that correspond to an IOU fuel source, lenders have been limited in their ability to receive credit enhancements for measures that do not correspond to an IOU fuel source. The result is that customers that are served by a Publicly Owned Utility (POU) have not been eligible to finance electric energy efficiency measures or measures that result in fuel substitution from gas to electricity, like the adoption of heat pumps. However, there are over forty POUs providing electricity in the State and serving millions of customers.

This results in a web of complex eligibility requirements, causing confusion for GoGreen Home Contractors and Lenders. For example, financing for a cool roof, which is intended to reduce electricity consumption, is eligible for a credit enhancement in West Sacramento (where Pacific Gas & Electric (PG&E) provides both gas and electric service), but not in Sacramento (where PG&E provides gas service and the Sacramento Municipal Utility District provides electric service). One result of this complexity is a burden on PFIs who must become familiar with IOU and POU jurisdictional boundaries and specific measures and their corresponding fuel sources, and then analyze each project for its unique combinations of gas and electric service providers, measure costs, and measure fuel source. The cost of this burden is overall fewer transactions, even in IOU territories.

Securing a non-IOU ratepayer source of funding for GoGreen Home credit enhancements could mitigate much of the complexity described above. State residents who have IOU gas providers, but POU electricity providers could be allowed to make decarbonization upgrades in line with the State’s climate change goals, should the funder agree to utilize their contributions for this purpose. The Authority would be able to use non-IOU ratepayer funds as Loss Reserve contributions when a customer project was electric in nature or resulted in fuel substitution from gas to electricity – and that customer was not served by an electric IOU. Potential sources of funding could include federal sources, other state entities or programs, or the POUs.

This is a new section that describes what the Authority will do if the Authority secures additional funding for GoGreen Home from a non-IOU ratepayer source, thereby expanding the type of equipment and corresponding costs that can be credit enhanced by expanding the measure's fuel source eligibility.

Because additional funding sources may differ from one to the next in terms of the measure eligibility expansion they will facilitate and because their funding may be short term in nature, it is necessary to have a new section that specifies broadly what will happen when the Authority secures new funding.

2. Specific Purpose of the Regulation

§10091.16(a): This provision establishes that additional funding from a non-IOU Energy Efficiency ratepayer source may become available for GoGreen Home to use and what the Authority will do in that situation.

§10091.16(a)(1) This provision establishes that the Authority will maintain an interested parties list with whom to share information about the availability of additional funding and an equipment eligibility expansion. The interested parties list will be notified when a non-IOU Energy Efficiency ratepayer source of funds has been procured for use in GoGreen Home and will identify and describe any conditions on use of the funds that are put in place by specific funding sources.

§10091.16(a)(2) This provision establishes that non-IOU Energy Efficiency ratepayer funding described in §10091.16 will allow additional equipment, beyond what is currently allowed, to be applied toward the 70% Claim-Eligible Principal Amount (CEPA) and that the source of the funding, not the Authority, will determine the criteria for expanded eligibility. This subsection also clarifies that the expansion of the types of eligible equipment and related costs resulting from new sources of funding will be based on expanding the equipment's fuel source eligibility. In addition, this subsection establishes that the Authority will use the additional funding for Loss Reserve Contributions on a first-come, first-serve basis as loans are enrolled in the Program. Finally, this section clarifies potential sources of new funding.

§10091.16(a)(3): This provision establishes that once additional funding becomes available and the criteria for how that funding will expand eligibility is finalized, that criteria will be published on the Authority's website and the interested parties list within ten days of the funding becoming available.

3. Necessity

§10091.16(a): This provision is necessary to clarify that the source of any additional funding that will trigger the Authority to act in the ways described in this section must be from a non-IOU Energy Efficiency ratepayer source.

§10091.16(a)(1): This provision is necessary to establish a mechanism by which the Authority can keep interested parties informed about the availability of additional funding and an equipment eligibility expansion.

§10091.16(a)(2): This provision is necessary to explain how exactly additional non-IOU Energy Efficiency ratepayer funding will expand eligibility beyond current regulations, and that the funding source, not the Authority, is responsible for setting the exact eligibility expansion criteria. The current regulations require 70% of the CEPA to fund EEEMs that correspond to an IOU fuel source.

However, if the Authority were to secure credit enhancement funding from a POU, then it is likely that the POU funding could be used to allow EEEMs corresponding to the POU fuel source to count toward the 70% of the CEPA for that particular POU's service area. However, not all funding sources are going to set the same criteria. For example, a federal funding source is likely to allow its funds to be used as a credit enhancement for loans with measures corresponding to POU fuel sources, in any POU jurisdiction across the State, but may limit the use to particular measures on the EEEMs list.

§10091.16(a)(3): This provision was necessary to establish that the Authority will publicize and provide notice to the public, as well as Participating Contractors, PFIs, or PFLs, of the criteria put in place by the funding source and how those criteria will impact eligibility for particular measures in particular utility jurisdictions. For example, should a POU decide to provide funding that is limited to Loss Reserve Contributions for loans to customers in their particular service area, that criteria will be published on the Authority's website and the interested parties list will be notified when the website is updated.

4. Technical, Theoretical, and or Empirical Studies, Reports, or Documents

The creation of this new section is the result of input from PFIs, PFLs and Participating Contractors that the complex eligibility requirements were confusing and inhibiting participation in the program. Some guidance on how additional funds would be made accessible (e.g., first come, first served) came from exploratory conversations with potential funders as well as guidance from the CPUC.

5. Alternatives to the Regulations Considered by the Agency and the Agency's Reasons for Rejecting those Alternatives

An alternative approach originally taken in the emergency regulation modifications was to update the definition of "Program Holding Account" (see Section 10091.1 (ii)) by adding the qualifier "IOU" to indicate that additional funding would be held separately from IOU ratepayer funds. In the first re-adoption of the emergency regulation modifications, the Authority instead opted to describe separate Program Holding Accounts for multiple Program Funders as a clearer and cleaner way of accomplishing the same distinguishability. With this change, it becomes unnecessary to describe the creation of non-IOU ratepayer Program Holding Accounts.

§10091.16(a)(1) and (3): An alternative could be not establishing and going through a public notification process each time additional funding becomes available. However, this could result in near constant emergency readoptions to change and then revert when measures are eligible for credit enhancement. The Authority's first source of non-IOU ratepayer funding provided \$1.4 million for credit enhancements which could be used up in a matter of months. Therefore, the Authority believes that transparency can be achieved through the addition of these provisions and notifying the public through an interested parties list and the Authority's website.

6. Alternatives to the Proposed Regulation Action that Would Lessen any Adverse Impact on Small Business

The Authority has not identified any alternatives nor have any alternatives otherwise been identified and brought to the attention of the Authority that would lessen any adverse impact on small businesses as program participation is voluntary.

7. Evidence Supporting Finding of No Significant Adverse Economic Impact on any Business

The Authority has determined that there will be no significant adverse economic impact on any California businesses. Participation in the program is voluntary, and, in fact, the Authority finds that the proposed regulation may have a positive effect on businesses of Participating Contractors and PFIs/PFLs, as well as on the State's economy and environment generally because of the increased economic activity and energy conservation due to broader access to GoGreen Home financing for more Californians.

ECONOMIC IMPACT ASSESSMENT

Creation or Elimination of Jobs and Businesses within the State of California:

The regulations are designed to establish the Program structure, provisions and the type and level of financial assistance finance companies may obtain if accepted to participate in the Program. Existing staff will carry out these regulations, participation in the Program is voluntary, and these regulations do not place a burden on businesses within California, therefore these regulations do not affect the ability to create or eliminate jobs within the State of California.

The Authority finds that the regulations will have a positive effect on the State's economy and environment generally because of the anticipated increased economic activity, energy conservation and reduction of greenhouse gas emissions due to investments in energy upgrades. Studies have cited the need for lower cost financing as a main impediment to increasing the number of residents investing in energy efficiency upgrades; therefore, the Authority finds there would be increased economic activity for certain businesses who manufacture energy efficiency measures, and for contractors who conduct energy efficiency retrofits. Additionally, residents that make energy efficiency upgrades are likely to experience energy and thus, utility bill savings and may be able to apply those savings toward other types of economic activity.

The Authority finds that the regulations may have a positive impact on the creation of jobs within California, particularly those commonly referred to as "green jobs," such as manufacturers of energy efficiency measures benefitting from increased demand, and energy efficiency retrofit contractor companies who perform installations. The Authority has not estimated the number of direct and indirect green jobs that may be created as a result of this Program.

Creation of New or Elimination of Existing Businesses within the State of California:

The regulations help provide a credit enhancement to finance companies offering credit to California residents and, therefore, are not anticipated to eliminate existing businesses within the State of California. The Authority finds that the proposed regulations will have a positive effect on the businesses that are involved as installers for Eligible Energy Efficiency Measures. The regulations are unlikely to significantly affect the creation of new businesses within the State of California.

Expansion of Businesses or Elimination of Existing Businesses Within the State of California:

Studies have cited the need for lower cost financing as a main impediment to increasing the number of residents investing in energy efficiency upgrades; therefore, the Authority finds there could be increased economic activity for certain businesses of and contractors who conduct energy efficiency retrofits, thus potentially expanding existing businesses.

Benefits of the Regulations:

As the amendments make the Program more attractive to finance companies, contractors, and borrowers, there may be additional reduction of greenhouse gas emissions and an improvement of air quality. This could benefit the State's environment and residents' health. These amendments will have no impact on worker safety. Further, the amendments may benefit the State's fiscal health by incentivizing finance companies to enter into financing agreements and offer new products to borrowers who wish to invest in energy efficiency improvements and upgrades to their property(ies) and/or appliances.

California has aggressive energy reduction goals. A series of legislation passed in recent years, including Assembly Bill 32 (Nuñez, Chapter 488, Statutes of 2006), Assembly Bill 758 (Skinner, Chapter 470, Statutes of 2009), Senate Bill 350 (De León, Chapter 547, Statutes of 2015), and Senate Bill 100 (De León, Chapter 312, Statutes of 2018) have addressed energy efficiency issues and provided direction for establishing ambitious energy goals for the State. Additionally, in July of 2021, Governor Newsom directed the CPUC and the California Air Resources Board to accelerate California's progress to achieving carbon neutrality to 2035, in advance of the previous 2045 target.

In 2008 the California Public Utilities Commission adopted the California Long-Term Energy Efficiency Strategic Plan ("Strategic Plan"), which set forth a statewide roadmap to maximize the achievement of cost-effective energy efficiency in California's electricity and natural gas sectors from 2009 through 2020 and beyond. While the residential sector is not restricted by lack of financial products, two of the main barriers to achieving the energy efficiency goals laid out by the Strategic Plan are the high interest rates associated with that financing and the fact that many of the financing products currently available are difficult to access.

The purpose of the GoGreen Home Energy Financing Program is to provide credit enhancement support for finance companies financing energy efficiency improvements. Through the use of these credit enhancements, finance companies are able to mitigate risk and thus offer better rates and terms to a broader base of customers. The goals of the Program are to attract a greater amount of private capital to the energy efficiency retrofit market by mitigating risk to finance companies, to broaden the availability of financing to those who might not have been able to access it otherwise, and to address the upfront cost barrier to energy efficiency retrofit projects.

The goals of the amendments are to streamline the Program in order to reduce complexity and increase Program access to more Californians by expanding the types of measures for which PFIs and PFLs can receive a credit enhancement, provide more energy efficiency measure options, allow a new Microloan pathway to expand access to financing small upgrades, and establish a process by which additional non-IOU Energy Efficiency ratepayer funding can be accessed by GoGreen Home to expand eligibility. The addition of new financing products and participant roles, and changes to loan and project submission requirements and reporting are intended to create a better lender experience in order to attract more lenders who can in turn reach more borrowers and drive new levels of program uptake.

Small Business:

The proposed regulations will not have an adverse impact on small businesses in California. Participation is voluntary and designed to offer access to attractive financing that a resident otherwise may not have. Modifications in these regulations should equip energy efficiency contractors with more financing options for their customers, and thus grow their own businesses.