GoGreen Home Program Regulatory Workshop:

July 14, 2022

California Alternative Energy and Advanced Transportation Financing Authority

CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING

Zoom Closed Captioning

Button at the bottom of the screen for attendees to toggle the captions on/off.

Introduction

Staff Introductions:

- **Miriam Joffe-Block,** Senior Manager
- **Bill Heberger,** Program Manager
- **Kelly Delaney**, Program Specialist

Questions & Comments

- For questions, please **type your question into the Q&A box** or click the button to **raise your hand** and you can speak live, and **for comments please click the button to raise your hand** and we will unmute you.

Distribution of Slides

- Workshop slides will be available at https://www.treasurer.ca.gov/caeatfa/cheef/GoGreen Home/regulations/index.asp

CAEATFA administers the CHEEF and GoGreen Home

California State Treasurer's Office

California Alternative Energy & Advanced Transportation Financing Authority (CAEATFA)

California Hub for Energy Efficiency Financing (CHEEF)

- GoGreen Home
- GoGreen Business
- GoGreen Multifamily

California Public Utilities Commission authorized the CHEEF to bring private capital to energy efficiency financing, and authorized CAEATFA as its administrator

gogreen FINANCING™

GoGreen Home leverages private capital for energy efficiency

- Credit enhancement allows lenders to offer:
  - Lower interest rates (reduced by over 1000 bps)
  - Longer payback terms (up to 15 years)
  - Larger amounts available to borrow (up to $50K)
  - Broader credit approvals
- Open to homeowners and renters in single-family homes, town homes, condominiums, mobile & manufactured homes.
- Unsecured or equipment-secured; no property liens.

GoGreen Home Standard Loans: 2016 to April 2022

1,926
loans enrolled

$32.94MM
total amount financed

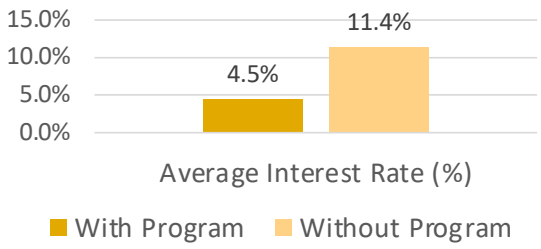
$6.52
Private capital leverage ratio

56%
loans for properties in LMI census tracts

$17,104
average loan size

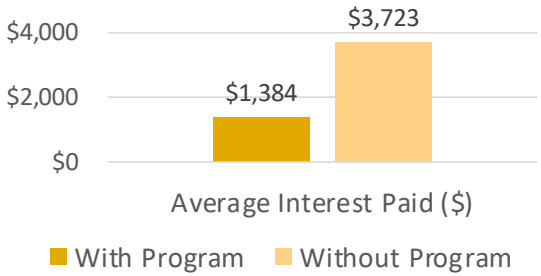
Average Interest Rate

For loans with terms up to and including 60 months



Average Interest Paid

for loans with terms up to and including 60 months



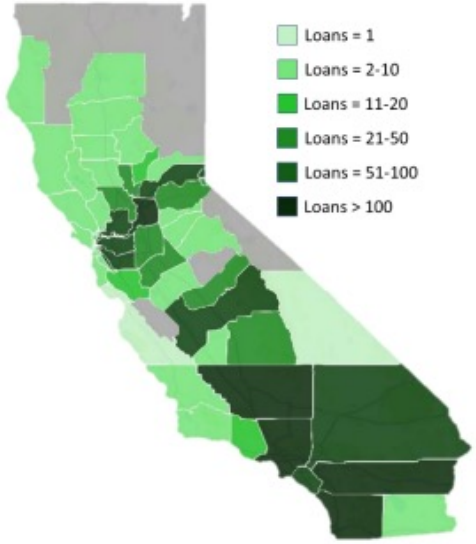
Top 3 Measures Installed:

HVAC
Equipment and ductwork

Building envelope
Air sealing, insulation, cool roofs, windows

Water heating
Water heaters, low-flow fixtures

Loans Enrolled by County



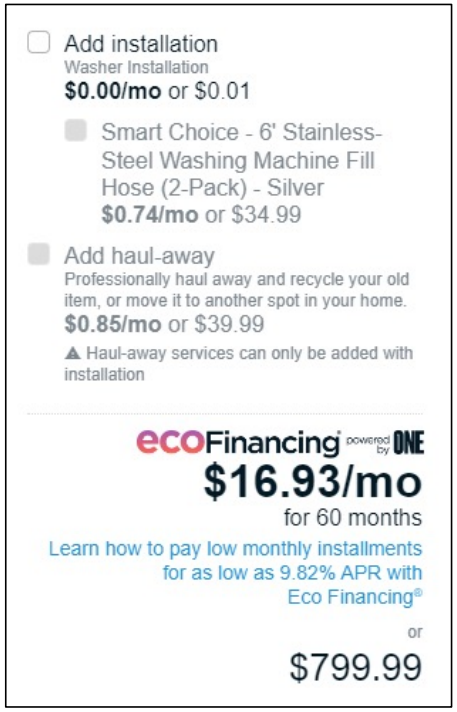
570+
contractors

9
finance companie

GoGreen Home Microloan Update

- With May 2021 regulation modifications, CAEATFA created a streamlined pathway for “Microloans” under $5,000.
- Goal was to facilitate lending through online utility marketplaces for energy efficient appliances.
  - GoGreen Home is the first state EE financing program to offer financing at the point-of-sale online!
- One Finance/Enervee began offering financing for sales through the SoCalGas marketplace in August 2021; financing on the SoCalEdison marketplace launch expected in mid/late 2022.

449	$1,450	26%	48%
Loans	Avg loan size	Renters	Credit Challenged (580 – 640)



Current Regulatory Status

- May 2021 – CAEATFA adopted emergency modifications to the regulations to:
  - Allow for operational improvements like electronic data collection and batch loan enrollment to support higher volumes
  - Enable CAEATFA to bring in sources of funding beyond the IOU Public Purpose Program funds to provide credit enhancements for loans to customers served by public utilities
- March 2022 – Readopted emergency regulations with *additional* modifications.
- June 2022 – Readopted the emergency regulations for a second time with *no* additional modifications.
- Sept 2022 – Emergency regulations will expire
- May-Sept 2022 – Completing the regular rulemaking process to make changes permanent

Regulation Modification Anticipated Timeline

Friday May 27, 2022	Thursday July 14, 2022	Tuesday August 17, 2022	Friday August 31, 2022	Late September, 2022
Public comment period began	Regulatory Workshop & Public comment period closes at 5pm PDT	Regulations presented to CAEATFA's Board for approval	CAEATFA submits regular rulemaking package to Office of Administrative Law	Regulations permanently adopted

We want your input!

- Please provide comments during this workshop, or **today by 5pm PDT**.
- Comments can be submitted to: cheef@treasurer.ca.gov or reach out to us for a phone call.
- CAEATFA will consider all comments and incorporate them as appropriate.
- Modified GoGreen Home regulations are available at: https://www.treasurer.ca.gov/caeatfa/cheef/GoGreenHome/regulations.

Key Proposed Modifications

- Establishment of a "Microloan"
- Improved safety test rules
- Inclusion of Leases/Service Agreements
- "Channel Partner" role to support Lenders
- Flexibility for supplying data to the Program
- Modifications to list of Eligible Energy Efficiency Measures
- Set-up for Statewide Expansion
- Modifications to Borrower Privacy Disclosure

This workshop will address substantive changes

This presentation highlights the most significant **additions and changes**

Text cleanup and **clarifications** not covered today can be viewed in the redlined document.

- Additions
- Changes
- Clarifications

The proposed edits to regulations are available at: https://www.treasurer.ca.gov/caeatfa/cheef/GoGreenHome/regulations.

Workshop agenda

Microloan Pathway	Financial Product Eligibility	Lender Participation	Participating Contractors	Loan Enrollment
Claims	Reporting	QA/QC	Credit Enhancement	Project Requirements
	EEEMs	Statewide Expansion	Borrower Privacy Disclosure	

Establish "Microloan" category for loans under $5,000

Regulations Section
§10091.1(bb)
§10091.5(j)
§10091.8(f)
§10091.10(c)(4)

Microloan Pathway

Addition:

What: For loans under $5,000:

- Minimum credit score of requirement of 580 remains; but Debt-to-Income check is optional.
- Measures that are not eligible for self-install must be installed by a licensed contractor, but do not need to be installed by a GoGreen Home Participating Contractor.
- Only one customer utility account number (matching the fuel source corresponding to the equipment) is required.

Why:

- Smaller loans require more streamlined processes to be economically viable for lenders.
- Allows for a scalable financing product that can be accessed at the point of sale through online utility marketplaces for energy efficient appliances.
- Smaller loans pose less risk to customers, lenders and ratepayers; it is reasonable to have a different set of requirements.
- Impractical to require GoGreen Home Contractor selection through online marketplace.

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Expand eligible financial products to include leases & service agreements

Regulations Section §10091.5(a)(3) & (d)

Financial Product Eligibility

- **Addition:**

What:

- A lease/service agreement product provides Borrower with the use of equipment in exchange for payments over a specified term. Title to the equipment may or may not transfer to customer.
- For a lease with ongoing service and maintenance included in the price, or for a service agreement, a guarantee of functionality of the equipment is required.
- Finance companies must disclose either the APR (inclusive of fees) or the total and monthly cost of the Project for the Borrower.

Why:

- Equipment leasing, particularly for HVAC, and service agreements, provide additional options to customers. Customers may appreciate the option for ongoing service.
- Knowing the APR or the total project cost is important for consumers to make an informed choice about whether they want to lease or own their equipment.

Allow refinancing in specific cases

Regulations Section §10091.5(c)

Financial Product Eligibility

+ **Addition:** Allow lenders to refinance their existing customers' GoGreen Home debt at lender's discretion.

Why:

- Borrowers should be able to take advantage of opportunity when interest rates go down.
- Borrowers may want to undertake additional improvements.

Note: Refinancing is currently allowed for a loan for the same project made within 3 months. This change is to allow lenders to provide loans when customers need to pay contractors deposits on equipment.

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Create Channel Partner role to support lender business models

Regulations Section §10091.1(l) &.4

Lender Participation

- **Addition:**

  What:

  - A Lender may bring in a Channel Partner as a co-applicant.
  - Assists Lenders with marketing, deal generation, following program requirements and collecting and submitting data to CAEATFA.
  - Not involved in the servicing, origination, or underwriting of the loan.
  - Agrees to follow all Program rules and provides a set of certifications at application.

  Why:

  - Creates flexibility for a variety of lender business models including point of sale financing and allows Lenders to outsource some processes via a partner.
  - An official Channel Partner role allows CAEATFA to have a regulatory relationship with these entities.

Adjust net worth eligibility requirement for Eligible Finance Lenders

Regulations Section §10091.3(c)(1)

Lender Eligibility

- **Change:** Reduce net worth requirement for Eligible Finance Lenders (EFL) interested in joining the program from $1 million to $500,000.

Why:

- Current eligibility requirements for an EFL to join GoGreen Home include net worth of at least $1,000,000.
- CAEATFA is seeking a balance between a high enough net worth requirement to ensure a finance company has a track record of profitability or investor commitment and a reasonable bar for new market entrants.
- Notably higher than the $250K for mortgage lending and $25K for consumer lending required by the California Department of Financial Protection in order to receive a Finance Lender's License.
- One of the goals of the CHEEF Programs is to attract new finance companies to energy efficiency financing.

New eligibility pathway for finance companies that aren't required to hold CFL licenses

Regulations Section §10091.3(c)(2)(B)

Lender Participation

- **Change**

Why:

- Some finance companies that offer operating leases or service agreements are not legally required to hold a California Finance Lenders License through the Department of Financial Protection and Innovation (DFPI).
- The four proposed eligibility requirements (detailed in the section below) serve to protect consumers while bringing more options to GoGreen Home Borrowers.

What:

- These finance companies must:
  - Certify that they don't need a CFL license and **do** hold all required licenses to offer their product in California.
  - Meet all other criteria required of Finance Lenders per existing regulations.
  - Meet a threshold requirement of $20 million for committed capital.
  - Provide evidence of experience: ≥ 500 similar transactions funded.

Lenders to provide information on both products and processes

Regulations Section §10091.2 &.3

Lender Participation

- **Clarification:**
  - **What:** As part of their application, Lenders will explain their product marketing, loan origination, and operational processes (including how they will ensure compliance with Program rules), successorship plans, how they plan to obtain required data and certifications, and how they plan to execute loan enrollments in the Program.

  Why:
  - Previous language was convoluted and contained some duplication.
  - In addition to details about loan products that would be offered under GoGreen Home, CAEATFA needs to understand how the Lender will position the product and conduct its transactions and operations to be compliant with the Program.
  - Changes to the loan enrollment requirements provide flexibility for different lending models and support scaling. This change allows Lenders to demonstrate their adherence to requirements.

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Clarify expectations for Participating Contractors

Regulations Section §10091.6(f) & (g)

Contractors

- **Addition:** CAEATFA may require up to 1 hour of Program-related, online training for contractors annually.
  - **Why:** This provision gives CAEATFA the option to provide safety testing training, or refresh/update Participating Contractors on current/new program requirements.
- **Clarification:** CAEATFA can remove a contractor from the Program generally (and not just through an audit or inspection) for fraud or misrepresentation.
  - **Why:** Contractor misbehavior may come to light unrelated to an audit or field inspection.
- **Clarification**: CAEATFA may share information related to a contractor's participation in GoGreen Home and their projects financed through the Program with program funders.
  - **Why**: This provision bring the regulations in line with current practice as CAEATFA must include such information in regular reporting to the IOUs and other sources of funding.

New data points added for Contractor applications

Regulations Section §10091.6

Contractors

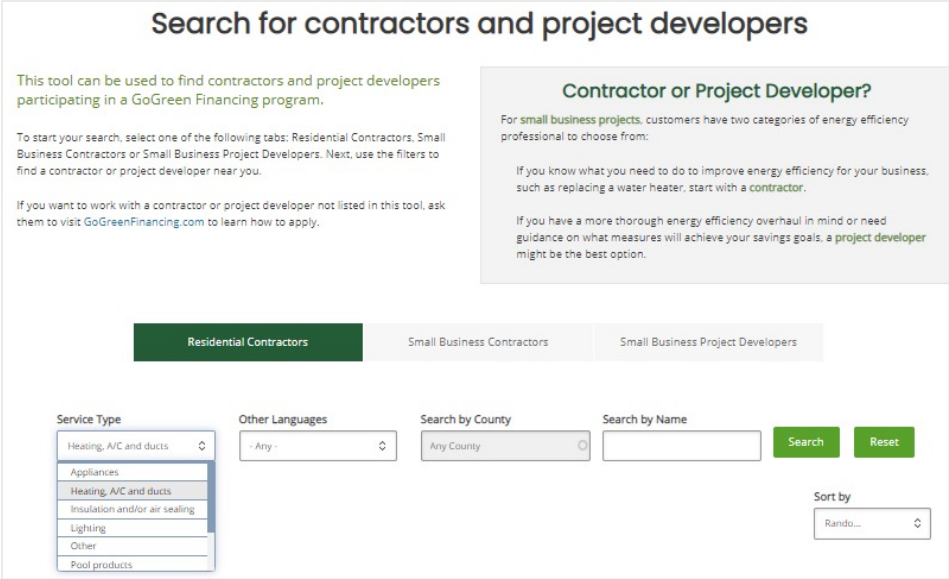
Clarification:

What Contractors provide:

- Geographic area served
- Types of services offered
- Languages spoken
- Best contact information for customers
- Preferred method of contact

Why:

- Aligns with current practices
- Provides useful information for Borrowers



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Overview: changes to enrollment data, processes and verifications

Regulations Section §10091.8

Loan Enrollment

Why: Previously, pre-enrollment data collection and verification process was burdensome for Lenders, highly manual and added operational cost for CAEATFA. To facilitate upcoming operational changes to ease the burden, to support high-volume lending, and to facilitate a point-of-sale online marketplace model, simplification and support of electronic data is needed.

Overview of changes:

- Clarification of when Participating Contractors are and aren't required to do the installation
- Flexibility as to how data and certifications can be submitted to the Program.
- Some pre-enrollment checks will move to post-enrollment compliance.
- Borrower project certifications consolidated.
- Increased options for confirmation of a Borrower's utility service.
- Removal of data points found to be unnecessary; a few new data points are added.
- Certain data points previously captured operationally are now officially added to the regulations.
- Removal of obsolete processes.

Clarify when Participating Contractors are and aren't required

Regulations Section
§10091.1(s)(1)
§10091.10(c)

Participating Contractor

Clarification: Clarify that the Borrower is required to use a GoGreen Home Participating Contractor to install EEEMs, and not required when:

- the EEEM is eligible for self-install.
- the work is to install additional related home improvements, such as cupboards or new flooring.
- the work is financed by a Microloan (if not self-install eligible, must be a CSLB-licensed contractor).
- the work is to install alterations which are legally or practically necessary to complete the installation of EEEM(s).
  - E.g. hiring a non-GoGreen Home electrician to upgrade an electrical panel so that the Participating Contractor can install a Heat Pump Water Heater EEEM.

Why:

- This was the original intention; these changes clarify an ambiguity about when a GoGreen Home Participating Contractor is and isn't required.
- Removes unnecessary burden on Borrower to seek Participating Contractors to install non-EEEMs.

Remove obsolete pre-approval process

Regulations Section
Formerly §10091.7

Loan Enrollment

- **Change:** Remove pre-approval and reservation language.

  Why:
  - The existing formal (regulatory) pre-approval process is operationally burdensome.
  - No lenders have utilized the pre-approval or reservation option in over 3 years.
  - CAEATFA is looking into a functional pre-approval process that could happen operationally.

New data submission flexibility offers operational improvements

Regulations Section §10091.8(c)

Loan Enrollment

- **Change:** Allow more flexibility as to who supplies particular data points between lender, contractor and borrower.

  Why:

  - Current rules are overly prescriptive as to which party provides what data.
  - The change allows the program to accommodate different business models and to set up a web-based/cloud-based submission pathway.

- **Change:** Allow data to be submitted in a "format approved by the Authority", rather than in specific forms (e.g. the "Loan Enrollment Workbook").

  Why:

  - Sets the program up for electronic data submission and to accommodate different lender IT capabilities.

Change data submission requirements to ease lender burden

Regulations Section §10091.8(h) & (e)

Loan Enrollment

- **Change:** Move permit verification from pre-enrollment to post-enrollment:

  What:

  - CAEATFA to expand scope of post-enrollment permit verification activities performed by the Contractor Manager.

  Why:

  - Helps promote permit compliance without burdening Lenders at the time of funding and loan enrollment.

- **Change:** Combine Borrower and self-installer project certifications into a single list:

  Why:

  - Universal set of project certifications is simpler for lenders to supply to Borrowers.

Change considerations for 'proof of utility service'

Regulations Section §10091.8(f)

Loan Enrollment

- **Change:** Require proof of electric or gas "delivery" instead of utility bills for IOU's "servicing the property"
  - Why:
    - "Delivery" is a broader term and reflects the fact that CCAs may be offering "service"
    - If the CHEEF is able to incorporate non-ratepayer funding and offer financing for non-IOU fuel measures, customer's non-IOU utility information will be needed
- **Addition:** New options for confirmation of utility service; lengthen window for "current" bills from 60 to 90 days.
    - (Existing) Copy of a current bill demonstrating fuel delivery to the property.
    - **(New)** Letter of confirmation establishing service at the property.
    - **(New)** Evidence that property is served by a master meter in a mobile home park.
    - **(New)** Certification by a PFI, PFL, or Participating Contractor that is implementing an IOU/REN/CCA program that the Borrower is receiving fuel delivered by IOU.
  - Why:
    - Provides Lender and Borrower additional flexibility, e.g. when utility service is new.
    - Removes paperwork submission when not necessary.
    - 60-day window meant lenders had to ask for new utility bills, even though utility companies do not change.

Simplify loan enrollment data points to ease lender burden

Regulations Section §10091.8(c)

Loan Enrollment

Why: Reduces and/or streamlines the amount of data required from Lenders.

- **Change:** The following data no longer needs to be submitted at enrollment:
  - Building Type
  - Utility Commodity Service ID (CSAID)
  - Replacement or new EEEM
  - Rebate or incentive amount, whether or not the rebate was applied to the project, anticipated or actual
  - Monthly payment amount
  - Date of first payment
- **Addition:** Add the following data:
  - Whether customer enrolled in autopay
- **Change:** Make the following data <u>voluntary</u>:
  - Borrower income range
  - Why Borrower chose GoGreen Home
  - Census Tract (required if Lender is reporting Borrower as qualifying as underserved by LMI census tract for purpose of 20% Loss reserve Contribution).

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Post-claim recoveries allocation

Regulations Section §10091.9(d)

Claims

- **Clarification:** The methodology by which post-claim recovery payments are applied.

  What: Recoveries to be applied first to Lender's reasonable collection costs, second to the Lender 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 and fourth, reimbursing self for any inchoate losses.

  Why: Clarifies the intent of regulations and removes ambiguity.

Clarify who can be the beneficiary of a claim

Regulations Section §10091.9(c)(13) & (g)

Claims

- **Clarification:** Make clear that the beneficiary of a claim on a Loss Reserve Account may be an entity other than the Lender.

  Why: a Lender may direct the payment of a claim to a purchaser or investor. The intent of the regulations has always been to support a secondary market for energy efficiency loans.

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New lender program activity reporting requirements

Regulations Section §10091.11(b)

Reporting

- **Addition:** Upon CAEATFA's request, on a monthly basis, Lenders will share:
  - "# of applications received"
  - "# of applications approved"
  - "description of any promotional activities and results"
  - "description of any noteworthy patterns or activities"
  - "updated interest rates for their non-GoGreen Home loans or other 'appropriate comparables'"

  Why:
  - Lenders are currently sharing this information voluntarily. This data contributes to analysis of marketing efforts to ensure the efficient use of marketing funds.
  - Helps CAEATFA maintain an accurate understanding and report on how the loss reserve is benefiting Borrowers.

Simplify monthly loan performance reporting

Regulations Section §10091.11(b)

Reporting

- **Change:** Remove or separate the following data points from the monthly loan performance reporting: “Program Participation ID”, “Original Total Loan Principal”, “Updated Payment Amount”, “Inchoate Losses”, “Date’s of Charge-off” and “Have enforcement proceedings begun”.
  - Why:
    - These are data that we can generate internally, do not need or do not need reported monthly.
      - Recoveries do not happen frequently and can be reported as they occur
    - Removal of these data points facilitates automated reporting for Lenders
- **Change:** Allow Lenders to report data in a format approved by the Authority.
  - Why: Allows Lenders to automate their reporting rather than use a pre-determined manual entry form

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Change QA/QC process to ease lender burden while ensuring compliance

Regulations Section §10091.10(g)

QA/QC

- **Change:**

  What:

  - Replace highly specific requirements as to what percentage of projects result in site inspections to grant the Authority the right to conduct Quality Assurance and Quality Control Reviews
  - Create flexibility for desktop reviews, photo reviews or site visits

  Why: Previous language was tied to IOU rebates and few projects are now receiving IOU rebates.

  - The language change allows CAEATFA to develop a QA policy based on need. For example, CAEATFA may decide to increase the number of projects for which closed permits are checked since the pre-enrollment permit check was removed.
  - Photo or video verifications have been adopted during the time of COVID.

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Simplify Loss Reserve Contribution, provide more flexibility for Lender accounts

Regulations Section §10091.7(a)

Credit Enhancement

- **Change:** Remove the "net of rebate" calculation.

  What:

  - "Net of rebate" calculation was historically applied to reduce a credit enhancement if Borrower received a rebate and did not apply it to their project cost.

  Why:

  - The calculation added administrative burden for de minimis amount of funds.
  - Borrowers rarely do not apply the cost of rebates and rebates have become increasingly uncommon.
  - Aligns the regulations with GoGreen Business.

- **Addition:** Allow Lenders to utilize up to three loss reserve accounts.
  - **Why:** Enables a secondary market by allowing Lenders to maintain separate pools of loans for separate purchasers or investors.

Consider Borrowers with no credit score as 'Credit-Challenged'

Regulations Section §10091.1(i)

Credit-Challenged Borrowers

- **Change:** Update the definition of Credit-Challenged Borrower to include Borrowers with no credit score as well as Borrowers with a low score.

  Why: Lenders should be appropriately compensated for taking on the additional risk of lending to Borrower with no credit score.

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Clarify EEEMs and additional related improvement eligibility

Regulations Section §10091.1(s)

Project Requirements

- **Clarification:** Eligible Improvements may include alterations that are legally or practically required to complete the installation of the EEEMs. For example, electrical panel upgrade for a heat pump water heater.
  - Why: Brings the Regulations in alignment with original intention.
- **Clarification**: Replace "gas savings" and "electric savings" with "correspond to gas" and "correspond to electricity" to describe a measure's relationship to IOU fuel source
  - Why: A measure like a heat pump (electric measure) may result in "gas savings," if the customer previously had a gas furnace. However, a heat pump utilizes electricity as its fuel and so saying "corresponds to" is more accurate.
- **Clarification:** Additional related home improvements may include any equipment, alteration or improvement that is not an EEEM or is an EEEM that utilizes a non-IOU fuel source (limited to 30% of the project cost).
  - Why: Explicitly prevents the installation of equipment that does not meet the Program's requirements from being installed as part of the 30% non-energy measures. Reduces confusion regarding what is or isn't allowed and aligns GoGreen Home with other CHEEF Programs' regulations.

Change safety test triggers to align with projects that pose risk

Regulations Section §10091.10(f)(1)

Project Requirements

Change: Refine safety testing (e.g. CAZ/CAS/NGAT) triggers to apply when measures are most likely to present a combustion safety issue.

Why:

- Previous requirement to test when a third EEEM is installed was arbitrary and confusing for contractors.
- Air sealing and duct sealing, not the # of measures, affects combustion gasses if there is not proper ventilation.
- Sealed combustion / direct vent systems pose little risk of back-drafting.

Previous Triggers	Modified Triggers
3 EEEMS including at least one of the following: 1) Whole Building Air Sealing 2) Duct Sealing and/or Duct Replacement 3) Attic Insulation and Air Sealing	Either of the following EEEMs: 1) Whole Building Air Sealing 2) Duct Sealing
AND	AND
Any gas appliance present	An atmospherically-vented gas appliance within the building's sealed envelope

Change safety test, processes and verification

Regulations Section §10091.10(f)(2) & (g)

Project Requirements

- **Change:** Broaden qualifications for safety testing beyond current BPI certification requirement to include contractors completing training on generally accepted standards for combustion safety and ventilation testing, such as NGAT.
  - **Why:** Several parts of the state lack BPI certified testers, and NGAT testers are not always available for hire by private contractors. Full BPI certification may not be necessary for basic combustion safety.
- **Change:** Safety test information verification moved from pre- to post-enrollment.
  - **Why:** Reviewing safety test qualifications is not part of a reasonable lender check prior to funding. Safety test review and coaching with contractors should happen during QA/QC.
- **Clarification:** The Program may require contractors to provide documentation to CAEATFA of a passed safety test.
  - **Why:** This brings regulations in line with current practice and advises contractors to retain safety testing documentation.

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EEEMs list expanded and refined

Regulations Section §10091.10(j)

EEEMs

Why: New and modified Eligible Energy Efficiency Measures (EEEMs) provide more opportunities to improve the energy efficiency of California residences, acknowledges stakeholders' requests and aligns GoGreen Home with other CHEEF Programs.

Overview of changes:

- Add several new EEEMs
- Change self-install / contractor-install designations for some EEEMs
- Change the fuel-type eligibility for some EEEMs
- Table format now aligns with GoGreen Business

Type of Change	Detail	Number of Measures
New	Added to GoGreen Home	21
Modified	Added Self-Install Eligibility	7
	Removed Self-Install Eligibility	2
	Removed Code References	16
	Revised Fuel Type Eligibility	6
	Other Aspects	3

California Alternative Energy and Advanced Transportation Financing Authority

CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING

New EEEMs

Regulations Section §10091.10(j)

EEEMs

- **Addition:** New EEEMs have been added to the list.

  Why:

  - They've been identified as energy-saving measures in studies or by the IOUs, or
  - They support or improve the efficiency of a measure (e.g. sensors signaling the need for maintenance).

Category	Measure Name
HVAC	Air Filter Alarm or Sensor
	Air Filter Upgrade – MERV 13
	Diagnostic or Fault Detection Alert Systems
	Duct Sizing or Optimization
	ECM Furnace Fan Motor
	Fan or Motor Control
	HVAC Tune-up and Optimization
	Ventilation Fan
Lighting	LED Tape Lighting and Light Bulbs
Pool Products	Pool Cover
Water Heating	Tank Insulation
Demand Response	Thermal Energy Storage (TES) System
Appliances	Range Hoods
	Convection Stove (Electric)
	Induction Range or Cooktop
Building Envelope	Insulated Siding
	Window Coverings (Interior)
	Window Coverings (Exterior)
	Heat Reflective Coating
Other	Other Measures Qualifying Through IOU/REN/CCA Programs - Self Install

New EEEMs (page 1 of 5)

Regulations Section §10091.10(j)

EEEMs

Category	Measure Name	Requirements (if any)	Self-install?	Rationale
Appliances	Induction Range or Cooktop		Yes	Induction cooktops can save energy compared to electric ranges according to prior studies by DOE and ACEEE.
Appliances	Range Hoods	ENERGY STAR	No	Range hoods certified by ENERGY STAR use 70% less energy compared to standard models according to EPA.
Appliances	Convection oven (Electric)		Yes	Convection ovens are estimated to be 20% more efficient than standard ovens, based on information from the DOE.
Water Heating	Tank Insulation		Yes	This measure is being added since it has been identified in studies and evaluations as an energy saving measure for residential tank water heaters.
Demand Response	Thermal Energy Storage (TES) System	Must be used for the purpose of permanent load shifting (PLS)	No	This measure is being added since demand response measures are permissible and since there are residential-scale measures that can enable thermal energy storage for air conditioning systems. Customers with a time-of-use rate can benefit from thermal energy storage systems.

New EEEMs (page 2 of 5)

Regulations Section §10091.10(j)

EEEMs

Category	Measure Name	Requirements (if any)	Self-install?	Rationale
HVAC	Air Filter Alarm or Sensor		No	An air filter alarm or sensor notifies the homeowner when the filter is dirty and in need of replacement. A dirty filter can negatively affect the energy performance of an HVAC system.
HVAC	Air Filter Upgrade – MERV 13	MERV 13 air filter upgrade. Must be installed with an ECM fan motor and a filter sensor or alarm.	No	This measure is being added since residential customers may be interested in upgrading their HVAC filtration, and it is being coupled with an ECM fan motor and a filter alarm/sensor to ensure that energy savings are possible. 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 notifies the homeowner when the filter is dirty and in need of replacement.
HVAC	Diagnostic or Fault Detection Alert Systems		No	A diagnostic or fault detection system can notify a homeowner when issues arise with HVAC systems in order to keep equipment operating at the highest level of performance.

New EEEMs (page 3 of 5)

Regulations Section §10091.10(j)

EEEMs

Category	Measure Name	Requirements (if any)	Self-install?	Rationale
HVAC	Duct Sizing or Optimization		No	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	ECM Furnace Fan Motor		No	This measure is being added since it has been identified in studies and evaluations as an energy saving measure for residential HVAC systems.
HVAC	Fan or Motor Control		No	This measure is being added since it has been identified in studies and evaluations as an energy saving measure for residential HVAC systems.
HVAC	HVAC Tune-up and Optimization		No	This measure is being added since it has been previously identified by at least one of the IOUs as an energy saving measure.
HVAC	Ventilation Fan	ENERGY STAR	No	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.

New EEEMs (page 4 of 5)

Regulations Section §10091.10

EEEMs

Category	Measure Name	Requirements (if any)	Self-install?	Rationale
Building Envelope	Insulated Siding	Siding panels with rigid foam insulation backing	No	Insulated siding materials can increase the R-value of a home and reduce air leakage through rigid foam panels mounted on the backside of vinyl siding.
Building Envelope	Heat Reflective Coatings	Solar reflectance ≥ 0.5 as tested to ASTM C1549-16	No	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.
Building Envelope	Window coverings (Interior)	Limited to the following specific items: Cellular Shades, Window Quilts, and Roman Shades.	Yes	Insulating interior window coverings can reduce energy usage for cooling (by shading windows and preventing heat from entering) and heating (by preventing heating from escaping).
Building Envelope	Window coverings (Exterior)	Limited to the following specific items: Solar Screen, Roller Shade/ Shutter, Louvered Shutters, and Awnings.	No	Can reduce energy usage for cooling by shading windows and walls, thus blocking solar gain.

New EEEMs (page 5 of 5)

Regulations Section §10091.10

EEEMs

Category	Measure Name	Requirements (if any)	Self-install?	Rationale
Other	Other Measures Qualifying Through IOU/REN/CCA Programs - Self Install	Measure not qualifies for an IOU/REN/CCA EE or DR program and for which the IOU/REN/CCA program allows self-install.	Yes	This measure is being added as a complement to the existing IOU/REN/CCA measure (OT-REBA) to allow for self installation when permitted by the IOU/REN/CCA program.
Pool Products	Pool Cover		Yes	Pool covers have been identified in studies and evaluations as an energy saving measure for heated pools.
Lighting	LED Tape Lighting		Yes	Tape lighting is a common and popular lighting measure that can save energy versus baseline products such as halogen puck lights, halogen rope light, and linear fluorescent.
Lighting	LED Light Bulbs		Yes	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.

Self-install eligibility modified

Regulations Section §10091.10(j)

EEEMs

- **Change:** Remove self-install eligibility language from the body of Section 10 and add to the EEEMs Table.
  - Why: Table format more clearly communicates the eligibility for specific EEEMs.
- **Change:** Update measures in the top table as eligible for self-install.
  - Why: These measures do not require permits, performance is unlikely to be affected by non-professional installation, and they are common "DIY" measures.
- **Change:** Update measures in the bottom table as no longer eligible for self-install.
  - Why: Professional installation will best ensure efficiency and safety given the complexity of the equipment.

Category	Measure Name	Eligible for Self-Install
Appliances	Clothes Dryer (Gas)	Yes
	Clothes Washer*	Yes
	Dishwasher*	Yes
Building Envelope	Window Film	Yes
HVAC	Duct Insulation	Yes
Lighting	LED Lighting	Yes

Category	Measure Name	Eligible for Self-Install
Water Heating	Heat Pump Water Heater	No
	Tankless Water Heater (Electric)	No

* Update is to align rules with original intent to allow self-installation

Remove references to code from itemized requirements

Regulations Section §10091.10(j)

EEEMs

- **Change**

  What:

  - Remove references to Title 20 and/or Title 24 for each measure; only show requirements that are above or in addition to code (e.g. ENERGY STAR).

  Why:

  - Code compliance is an overall program requirement.

Category	Measure Name	Requirements
Building Envelope	Cool Roof	
	Windows	
Appliances	Clothes Dryer (Gas)	ENERGY STAR
	Induction Range or Cooktop	
	Refrigerator	ENERGY STAR
	Dishwasher	ENERGY STAR
	Clothes Washer	ENERGY STAR
Lighting	LED Lighting	ENERGY STAR
Pool Products	Pool Pump Motor	ENERGY STAR
	Pool Variable Speed Motor	
Water Heating	Heat Pump Water Heater	ENERGY STAR
	Shower Thermostatic Valve	
	Tankless Water Heater (Gas)	ENERGY STAR

Modify EEEMs by fuel type eligibility

Regulations Section §10091.10(j)

EEEMs

- **Change:** Consolidate dual listings of hot water-saving measures by separate fuel-type eligibility into a single measure each.

  What:
  - For example, instead of listing a dishwasher for hot water heated by Gas and a dishwasher for hot water heated by Electricity, a single dishwasher will be listed.

  Why:
  - Navigating dual listings by fuel source creates an overly complex compliance and data burden for lenders and contractors.
  - It is impractical to assess a customer's source of water heating as part of an online marketplace sale for these self-install items.
  - As 85% of CA households heat hot water with gas, and the cost of these appliances is minimal, the risk of cross subsidization of non-IOU fuel source measures is minimal and outweighed by the benefits of simplicity.

Measure Name
Clothes Washer (ENERGY STAR®; water source from electric water heater)
Clothes Washer (ENERGY STAR®; water source from gas water heater)
Dishwasher (ENERGY STAR®; water source from electric water heater)
Dishwasher (ENERGY STAR®; water source from gas water heater)
Faucet Aerator (water source from electric water heater)
Faucet Aerator (water source from gas water heater)
Shower - Thermostatic Valve (water source from electric water heater)
Shower - Thermostatic Valve (water source from gas water heater)

Confusing!

California Alternative Energy and Advanced Transportation Financing Authority

CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING

Modified EEEMs (other)

Regulations Section §10091.10(j)

EEEMs

Changes:

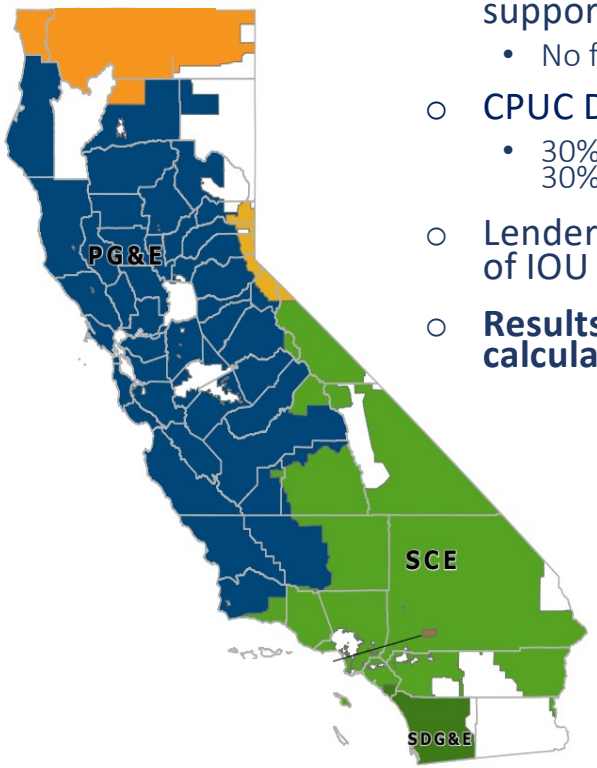
- Add Gas IOU eligibility for Radiant Barrier measure.
  - **Why:** Radiant Barriers can save heating energy in winter.
- Expand LED Lighting to include bulbs (previously was just fixtures)
  - **Why:** LED bulbs are also certified Energy Star, can generate savings compared to traditional bulbs.
- Add Energy Star as a requirement for pool pump motor measures.
  - **Why:** Certified products are widely available.
- When referring to an IOU/REN/CCA in the measures' specifications, change the word "rebate" or "incentive" to "program".
  - **Why:** Measures offered by IOU/REN/CCAs for their energy efficiency programs are financeable through GoGreen Home; these programs might promote energy efficiency technology without a rebate or incentive attached.

Workshop agenda

Microloan Pathway	Financial Product Eligibility	Lender Participation	Participating Contractors	Loan Enrollment
Claims	Reporting	QA/QC	Credit Enhancement	Project Requirements
	EEEMs	Statewide Expansion	Borrower Privacy Disclosure	

Challenge: complexity stemming from utility jurisdictions

Statewide Consistency



- IOU ratepayer funding for GoGreen Home means credit enhancement can only support loans for projects that save IOU fuel
  - No fuel substitution (heat pumps, heat pump water heaters) if electricity is provided by a POU
- CPUC Decision D. 13.09.044 provides some flexibility
  - 30% of Claim-Eligible Principal Amount can finance non-energy measures, so GoGreen Home allows 30% non-IOU measures
- Lenders, customers and even most contractors do not view the world through the lens of IOU vs. POU jurisdictions
- **Results in a web of complex measure eligibility requirements and constant calculations**

West Sac: PG&E Service
Heat pumps allowed

Sacramento: PG&E/SMUD Service
No heat pumps

New sources of funding means expanded measure eligibility for customers

Regulations Section §10091.16

Statewide Expansion

- CPUC Decision 21.08.006 allows CAEATFA to expand the CHEEF to incorporate additional sources of funding beyond IOU Ratepayer Energy Efficiency Funding
- Additional funding (from the federal government, state government, Publicly Owned Utilities (POUs)) could be used as credit enhancements for customers to upgrade measures that do not utilize an IOU fuel. For example, depending on the rules set by funders:
  - An IOU gas / POU electric customer could install a heat pump (fuel substitution project)
  - An IOU gas / POU electric customer could install a cool roof (electric only project)
  - A customer without gas service but who is a POU electric customer could install a heat pump water heater
- Because each funder may have different requirements, the language is written to describe what CAEATFA will do when we obtain additional funding

New Section for "Conditional Eligibility Expansion"

Regulations Section §10091.16

Statewide Consistency

- **Addition:** Conditional eligibility expansion

What:

- CAEATFA may gain access to funds from a non-IOU Energy Efficiency ratepayer source that can be used for loss reserve contributions for the cost of equipment and related costs corresponding to a non-IOU fuel source.
- CAEATFA will maintain a publicly accessible interested parties list.
- CAEATFA will publish **when such funding is available** and **how the types of equipment and related costs** may count toward the 70% of Claim-Eligible Principal Amount.

Why:

- A new section preserves the rest of the current rules as long as IOU ratepayers are the sole funding source and the credit enhancement remains restricted to IOU measures.
- Different funding sources may expand eligibility in different ways, so CAEATFA will need to publish that information.

Separate Program Holding Accounts for multiple program funders

Regulations Section §10091.1(ii)

Program Holding Accounts

Change/Clarification:

What:

- Updated definition of "Program Holding Account" to reference that there will be separate accounts for separate funds for the Program.
- Added language throughout regulations clarifying that actions (e.g. moving funds) will be taken on the "appropriate" Program Holding Account.

Why:

- Makes clear that CAEATFA will segregate credit enhancement funds from different funders.

Set-up for non-IOU fuel measures / simple statewide list

Regulations Section §10091.1(u) & 10091.10.(j)

Statewide Consistency

- **Change:** Eligible Properties: Remove requirement that they receive IOU fuel service.
  - **Why**: Some sources of non-ratepayer funding (like federal funds) would mean any home in California could be eligible.

- **Change:** Rename column in the EEEMs table from "IOU Fuel Source Eligibility" to "Fuel Source"
  - **Why**: Creates a generic listing of whether measures correspond to gas or electric fuel for when future funding is available.

Category	Measure Name	Fuel Source
Building Envelope	Air Sealing	Electric Gas
Building Envelope	Cool Roof	Electric
Building Envelope	Floor Insulation	Electric Gas
HVAC	Furnace	Gas
HVAC	Heat Pump	Electric

Workshop agenda

Microloan Pathway	Financial Product Eligibility	Lender Participation	Participating Contractors	Loan Enrollment
Claims	Reporting	QA/QC	Credit Enhancement	Project Requirements
	EEEMs	Statewide Expansion	Borrower Privacy Disclosure	

Update Borrower Privacy Disclosure

Regulations Section §10091.15

Privacy Disclosure

- **Addition:** Add "program funders" with whom we have agreements as entities CAEATFA might share borrower, loan and project data with after obtaining Borrower's permission.

  Why: CAEATFA may enter into agreements with other sources of funding beyond the IOUs (e.g. TECH) and needs to include these funders as the recipients of data reporting.

- **Clarification:** Specify the time period within which CAEATFA may share borrower, loan and project data (including addition of Contractor information) to be one year.

  Why:
  - Brings GoGreen Home's regulations into alignment with 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 or interagency agreements.

- **Clarification:** Make clear the anonymized and aggregated sharing of data with the public is separate and in addition to the sharing of borrower, loan and project data.

  Why: Clarifies that there are two types of data sharing to which Borrowers are consenting: release of their specific, individual data to specific entities named and then also anonymized and aggregated to share with the public.

Comments?

Today is the last day for comments.

Comments can be submitted to: cheef@treasurer.ca.gov.

Please reach out if you'd like to schedule a call.

Modified GoGreen Home regulations are available at: https://www.treasurer.ca.gov/caeatfa/cheef/GoGreenHome/regulations.