

NOTICE OF PROPOSED EMERGENCY ACTION

Government Code Section 11346.1(a)(2) requires that, at least five working days prior to submission of the proposed emergency action to the Office of Administrative Law, the adopting agency provide a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. After the submission of the proposed emergency to the Office of Administrative Law, the Office of Administrative Law shall allow interested persons five calendar days to submit comments on the proposed emergency regulations as set forth in Government Code Section 11349.6.

If you have any questions or comments regarding this proposed emergency action, please contact Kevin Nakano at kevin.nakano@treasurer.ca.gov or (916) 653-0015 with the California Alternative Energy and Advanced Transportation Financing Authority.

FINDING OF EMERGENCY

CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

Article 6 (commencing with Section 10092.1), Division 13, Title 4 of the California Code of Regulations

Pursuant to Section 26009 of the Public Resources Code, the amended regulations being adopted by the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) as emergency regulations (“Emergency Regulations”) are expressly deemed in statute to be necessary for the immediate preservation of the public peace, health and safety, and general welfare.

Authority and Reference

Authority: Public Resources Code Sections 26009. Section 26009 of the Public Resources Code authorizes the Authority to adopt emergency regulations necessary for the immediate preservation of the public peace, health, safety, or general welfare in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

Reference: Public Resources Code Sections 26002, 26002.5, 26003(a)(3)(A), 26003(a)(6), 26003(a)(7)(A), 26003(a)(8)(A), 26006, 26011, and 26040. CAEATFA’s purpose is to advance the State’s goals to reduce the levels of greenhouse gas emissions, increase the deployment of sustainable and renewable energy sources, implement measures that increase the efficiency of the use of energy, create high quality employment opportunities, and lessen the State’s dependence on fossil fuels. CAEATFA’s authorizing statutes enable it to provide financial assistance to various participating parties that carry out eligible projects.

Informative Digest

The California Alternative Energy and Advanced Transportation Financing Authority Act establishes the California Alternative Energy and Advanced Transportation Financing Authority (the “Authority” or “CAEATFA”) and requires CAEATFA to establish programs to provide financial assistance to participating parties for projects related to alternative energy sources and advanced transportation projects. Existing law authorizes CAEATFA to receive and utilize grants or loans from the federal government, a public agency, or any other source for carrying out the purposes of the Act.

Pursuant to this statutory authority, CAEATFA is the administrator of the California Hub for Energy Efficiency Financing (“CHEEF”) under a Memorandum of Agreement with the Public Utilities Commission (“CPUC”), and the Decision Implementing 2013-14 Energy Efficiency Financing Pilot programs, Decision 13-09-044 (“Decision”). The Small Business Energy Efficiency Financing Program (the “Program” or “GoGreen Business Energy Financing”) is one of several energy efficiency financing programs administered by CAEATFA through the CHEEF.

The Program launched in July 2019 (the second of the CHEEF pilot programs developed by CAEATFA) and targets the small business sector. The Program offers finance companies a credit enhancement in the form of a loss reserve contribution for every enrolled financing agreement.

In 2024, the GoGreen Business Energy Financing program incorporated the GoGreen Multifamily Energy Financing program into a single set of regulations for simplicity of administration. The GoGreen Multifamily Energy Financing program has had slow project flow and staff have solicited input from community lenders in the affordable multifamily space as well as networks of multifamily housing owners and other affordable housing advocates to seek ideas to better align the Program’s approach with typical lending practices for multifamily clean energy upgrades and energy efficiency retrofits. This input included requests for extended timelines for submission due to the complexity of funding for these projects, simplified eligibility for energy measures to keep costs down, allowing security against real property to help qualify projects for credit, and an increased rate of loss reserve contributions to help multifamily lenders achieve greater loss coverage.

Key Modifications:

The aforementioned proposed changes necessitate the modification of GoGreen Business Energy Financing regulations, specifically, §10092.1, §10092.2, §10092.5, §10092.7, §10092.8, and §10092.9.

Outreach for GoGreen Business Energy Financing Regulatory Action

CAEATFA staff regularly solicit feedback from Participating Contractors and Finance Provider Entities and carefully monitor Enrolled Financing Agreement data to understand Program performance. Early stakeholder feedback is represented in these proposed modifications. On

August 25, 2025, CAEATFA held a public workshop to further solicit stakeholder feedback on the proposed amendments.

CAEATFA has reviewed existing regulations on this topic and has concluded that the proposed regulations are not inconsistent nor incompatible with existing state regulations.

Substantive amendments and necessity for each section of the regulations:

§10092.1. Definitions.

This section defines terms used throughout the regulations.

- §10092.1(vv): An amendment was made to clarify that the definition of Multifamily Property may include a property with multiple buildings.

Necessity: This amendment clarifies the definition to align with a common structure of apartment complexes with several buildings on the same property.

§10092.2. Finance Entity Enrollment.

This section defines and describes the Finance Provider Applicant and Finance Provider Entity roles, application process, and enrollment process of the GoGreen Business Energy Financing program.

- §10092.2(c)(6)(D): An amendment was made to extend the final funding deadline to 12 months for multifamily installations.

Necessity: This section was amended to align with industry standard practices to allow a longer time interval between completion of installation and the conversion of the construction loan into a long-term loan. Final funding of the financing agreement is not required at submittal for enrollment; this amendment allows greater flexibility in completing the funding of the loan.

§10092.5. Eligible Financial Products.

This section defines and describes the required financial terms for Eligible Financing Agreements of the GoGreen Business Energy Financing program.

- §10092.5(b)(2): An amendment was made to clarify that refinancing agreement requirements do not apply to construction-to-permanent financing agreements.

Necessity: The rule against refinancing exists to prevent customers from benefiting from enhanced financing for projects which were previously installed outside of the Program and is not intended to prohibit construction loans as part of financing a single retrofit project. This

section was amended to be in alignment with industry standard practices.

- §10092.5(b)(5) and (6): An amendment was made to remove a rule prohibiting security against real property, and to simplify eligibility by removing specific requirements on the type of security.

Necessity: This amendment allows lenders flexibility in the type of security interest that may be taken on financing agreements in the Program and allows security against real property which is standard practice in multifamily lending.

§10092.7. Project Eligibility

This section outlines the eligibility requirements for projects to be eligible for the GoGreen Business Energy Financing program.

- §10092.7(a)(4): An amendment was made to exclude multifamily installations from a maximum of \$350,000 of non-lighting measures qualifying via the Eligible Energy Measures List.

Necessity: This amendment allows a simplified approach to measure eligibility for installations at multifamily properties to reduce project costs. The additional rigor of requiring an energy professional's certification is not needed for multifamily properties due to the consistency of the energy measures being installed.

- §10092.7(b)(3): An amendment was made to clarify that Eligible Energy Measures qualifying via the certification of an energy professional are in accordance with industry standards.

Necessity: This section was amended to include industry standards which enables better enforcement of best practices in energy savings and generation projections.

§10092.8. Financing Submittal and Enrollment

This section outlines the submittal and enrollment requirements for projects to be enrolled in the GoGreen Business Energy Financing program.

- §10092.8(a)(2): An amendment was made to extend the time for submittal for multifamily installations.

Necessity: This amendment allows a longer submittal time to accommodate industry standard practices for construction-to-permanent financing agreements for multifamily installations.

- §10092.8(b)(2)(OO): An amendment was made adding the Energy Professional's

estimate.

Necessity: This amendment clarifies that the data regarding greenhouse gas reductions are estimates, consistent with other data points in this section.

- §10092.8(b)(3)(E): An amendment was made to clarify that energy usage and greenhouse gas emissions estimates are in accordance with industry standards.

Necessity: This section was amended to include industry standards which enables better enforcement of best practices in energy savings and generation projections.

- §10092.8(b)(3)(E)(iv): An amendment was made to clarify and simplify requirements on battery storage.

Necessity: This amendment makes the Energy Professional's certification consistent with requirements regarding battery measures listed in section 10092.7.

§10092.9. Credit Enhancement

This section outlines the establishment of and contributions to Financial Provider Entities' Loss Reserve Accounts related to Projects that are enrolled in the GoGreen Business Energy Financing program.

- §10092.9(c)(2)(A): An amendment was made to change loss reserve calculations for multifamily installations from a tiered structure to a contribution of 10%, and to allow both affordable and market rate multifamily to receive the same loss reserve contributions. §10092.9(c)(2)(A)(i) was revised and moved to §10092.9(c)(2)(A).

Necessity: This amendment streamlines the calculation for loss reserve contributions and accelerates growth of loss reserves for lenders financing multifamily installations. This also allows unsubsidized multifamily housing to benefit from the same loss reserve contributions as affordable multifamily.

- §10092.9(c)(2)(B): An amendment was made to clarify language by using defined terms.

Necessity: This amendment makes regulations language more consistent by using defined terms.

Other Matters Prescribed by Statutes Applicable to the Specific State Agency or to any Specific Regulation or Class of Regulations

No other matters are prescribed by statute applicable to the Authority or any specific regulation or class of regulations pursuant to Section 11346.1(b) or 11346.5(a)(4) of the Government Code pertaining to the Emergency Regulation or to the Authority.

Mandate on Local Agencies or School Districts

The Executive Director of the Authority has determined that the Emergency Regulations do not impose a mandate on local agencies or school districts (pursuant to Government Code Section 11346.5(a)(5)).

Fiscal Impact

The Executive Director of the Authority has determined that the Emergency Regulations do not impose any additional mandated cost or savings requiring reimbursement under Section 17500 et. seq. of the Government Code, or any other non-discretionary cost or savings to any local agency or any cost or savings in federal funding to the State. Pursuant to the State Administrative Manual Sections 6601-6616, a Fiscal Impact Statement (Form 399) is submitted without the signature of a Project Budget Manager at the Department of Finance, as there are no fiscal impact disclosures required. There will be no cost or savings to any State Agency or effect on Federal funding to the State.

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