



**CHEEF**

CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING

**gogreen**  
FINANCING™

# Small Business Financing Program Manual

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# Small Business Financing Program Manual

## Contractor Section

# PART 1 – PROGRAM OVERVIEW

PART 2 – PARTICIPATION

PART 3 – ELIGIBILITY

PART 4 – PROCESS

PART 5 – GETTING STARTED

# Join the Small Business Energy Efficiency Team!

- The Small Business Energy Efficiency Financing Program is designed to enable broad financing access and participation by small businesses.
- Many partners work together:

State of California	Administers the Program
Finance Companies	Offer financing products with attractive terms
Contractors	Install projects
Project Developers	Coordinate projects on behalf of small businesses
Investor-Owned Utilities	Support and promote the Program



# What is the CHEEF and What is GoGreenFinancing?

The California Hub for Energy Efficiency Financing (**CHEEF**) is a public-private partnership administered by the State of California Alternative Energy and Advanced Transportation Financing Authority (**CAEATFA**), and supported by California's investor-owned utilities.

[GoGreenFinancing.com](https://www.gogreenfinancing.com) is the platform where Californians can find financing solutions for energy efficiency projects!



# Small Business Financing Program Benefits

## Trusted

Administered by the State of California and supported by the Investor-Owned Utilities

## Attainable

No upfront investment required of customers

## Comprehensive

Several financing options available including loans, leases, and service agreements

## Inclusive

Building owners and tenant occupants qualify

## Flexible

Complete energy efficiency and non-energy efficiency projects with one financing product

# Why Become a Participating Contractor?

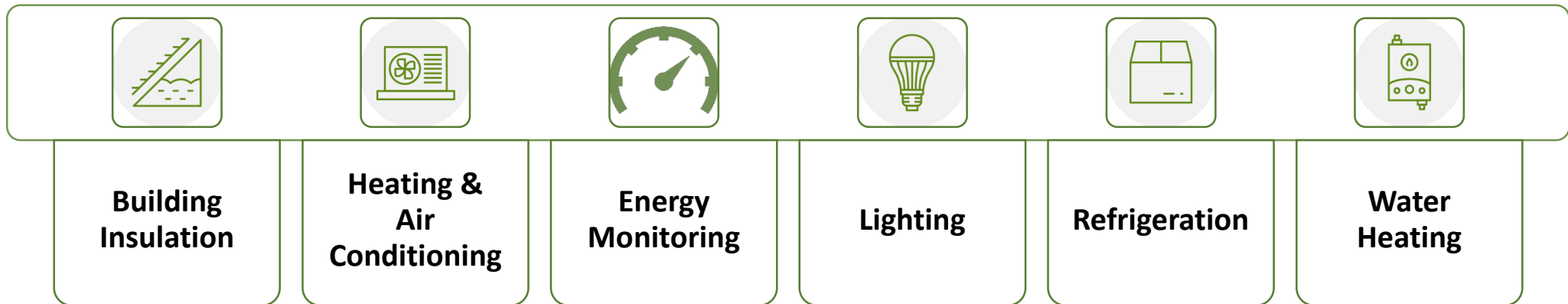
- Provide your customers with access to attractive financing for energy efficiency projects
- Gain credibility as a contractor with a State of California (CAEATFA) administered program
- Present your customers an attractive option when Commercial Property Assessed Clean Energy (C-PACE) and On-Bill Financing (OBF) won't work
- Be listed as a Participating Contractor on the GoGreenFinancing website
- Leverage the Small Business Financing Program to expand and grow your business!





# What Types of Projects Qualify?

- Projects must retrofit existing facilities, not new construction
- Projects must include at least one Energy Savings Measure (ESM)
  - Energy efficiency improvements
  - Demand response measures
- Example ESMs include:



# Projects Have a Lot of Flexibility



**Complete projects  
with single or  
multiple Participating  
Contractor(s)**

**Your choice whether  
or not to apply for  
utility rebates**

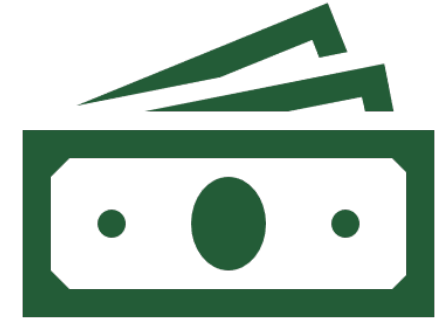
**Combine self-install  
measures with  
contractor-installed  
measures**

**Scale from a single  
measure to a  
comprehensive  
retrofit**

**Include Non-Energy  
Savings Measures**

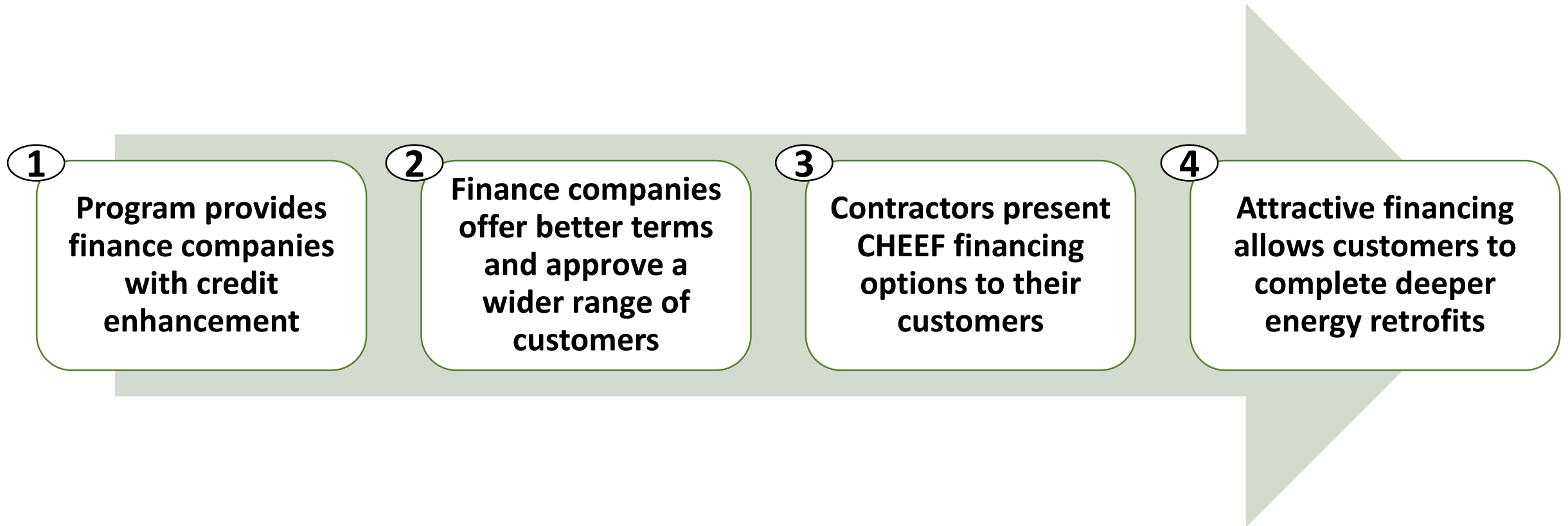
**Include solar/storage,  
though it will not  
receive a credit  
enhancement**

# Why is Financing Important?



- Energy projects using financing tend to have deeper energy savings and larger scopes of work
- Small Business owners often do not want to use their scarce capital for energy efficiency projects
- Financing allows contractors to offer their customers projects based on monthly payments and budget impact, rather than total construction cost
  - Positive cash flow options available!
- Financing can be used in conjunction with (or as an alternative to) utility rebates

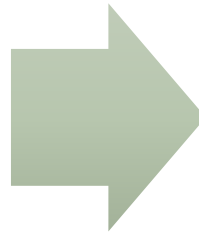
# How the Program Works



# What is Credit Enhancement?

## A Loss Reserve that Covers Defaults

- Acts as "insurance" for financing companies
- Finance companies can recoup some losses in the case of default
- No cost to finance company, contractor or customer



## Types of Benefits for Customers

- Lower rates
- Longer terms
- Larger financed amounts
- Lower contractor reserve requirement
- Approvals of more customers
  - Fewer years in business
  - Fewer years remaining on lease
  - Lower credit score minimums

# How is This Program Different from on-Bill Financing? (OBF)

## OBF

## CHEEF Small Business Financing Program

How  
financing is  
structured

Rate-payers provide capital  
Utility administers

Private finance companies provide capital

0% interest

interest rate

Utility checks bill pay history  
& approves project

Finance company checks credit  
& approves project

Repaid to utility through energy bill

Repaid direct to financing company

# How is This Program Different from on-Bill Financing? (OBF) Continued



Loans



Loans, leases, service agreements & cash-flow positive options

Eligibility requirements and options

Bill neutrality requirements

No payback or bill neutrality requirements

Energy efficiency

Include related or code-required repairs, DR, and non-energy saving measures

Measures must be eligible for a utility rebate or incentive\*

Almost any energy saving measure can qualify

\* Except for PG&E's OBF Program

\$5,000 - \$100,000 per meter

Finance any amount up to \$5 million

# Why Use This Program?

- ✓ **Your project requires more flexibility than OBF allows**
  - Projects requiring more than \$100,000 per meter or less than \$5,000
  - Larger projects that don't meet payback requirements or projects that may never be "bill neutral"
    - HVAC
  - Projects that save energy but aren't eligible for an IOU rebate\*
- ✓ **Your customer wants to choose from various financing products**
  - Traditional loans and leases
  - Service agreements and Cash-flow-positive "savings-based payment agreements"
- ✓ **Your project is not a good candidate for Commercial PACE**
  - Customer doesn't own their building
  - Project is too small to be worth the transaction costs of PACE
- ✓ **Your customer wants fast credit and project approval that a private finance company can provide**

\*PG&E has an OBF option that allows for financing of measures not part of rebate or incentive programs



# Available Financing Products

## Loan

- Customer takes ownership of ESMs in exchange for regular payments

## Lease or Equipment Financing Agreement

- Provides the Customer with use of ESMs in exchange for regular payments
- Title can transfer at end of lease term or at beginning of term

## Service Agreement

- Provides the Customer with use of ESMs as well as **ongoing service and maintenance** in exchange for regular payments

## Savings-Based Payment Agreement

- Provides the Customer with use of ESMs in exchange for regular payments
- The terms must be **“cash-flow positive”**: The customer's monthly charges (for energy and equipment) will be lower than their previous energy charges

# Participating Financing Companies

- The CHEEF is regularly recruiting and enrolling new finance companies in the Program
- Finance companies offer a variety of products, rates, and terms
- Beginning in March 2019, the current list of finance companies and details on their offerings can be found at:  
[GoGreenFinancing.com/smallbusiness](https://GoGreenFinancing.com/smallbusiness)



PART 1 – PROGRAM OVERVIEW

**PART 2 – PARTICIPATION**

PART 3 – ELIGIBILITY

PART 4 – PROCESS

PART 5 – GETTING STARTED

# Contractor Responsibilities on Projects



1. Inform customers of all enrolled financing companies and available products
2. Develop scope(s) of work
3. Provide customer with Bill Impact Estimate (BIE) – *Program provides a generic BIE for your use*
4. Contract with customer for installation
5. Obtain permits
6. Install measures at project site(s)
7. Certify installation is complete and complies with Program rules
8. Provide customer and project data to CAEATFA through easy-to-use web-based interface

# The Project Developer Role

## **You may be approached by a Project Developer (PD)**

- A Project Developer (PD) may assume many of the responsibilities described on the previous slide
- A PD is optional and not required to complete a project

## **The PD acts in a supporting role for the customer**

- The PD helps the customer generate an energy-saving plan, provides data to the Program, and guides projects through to completion
- PDs do not perform or manage installation

## **The PD role can be filled by diverse organizations**

- This role can be filled by organizations accustomed to interacting with customers, contractors, and programs
- Examples include utility program implementers, manufacturers, distributors, non-profits, trade associations, and local governments

# Contractor Participation Requirements

1. Active license from the Contractors State License Board (CSLB) relevant to the work performed under the Program
2. No disciplinary action or citations against CSLB license within the past 24 months
3. No outstanding judgments or liens
4. Carry at least \$1 million of general liability (GL) insurance
5. Provide installation service of at least one Energy Efficiency or Demand Response measure eligible under this Program
6. Complete Small Business Financing Program training
7. Sign a Program application and agree to abide by Program rules, regulations, and liability

# Getting Approved

- Finish Program training for Contractors
- Complete the short Participating Contractor enrollment application available at: [GoGreenFinancing.com/SmallBusinessContractors](https://GoGreenFinancing.com/SmallBusinessContractors)
- E-mail the enrollment application to [cheef@treasurer.ca.gov](mailto:cheef@treasurer.ca.gov)

If you are planning a project now, don't wait!



You must be approved for participation by the date the scope of work is complete.

PART 1 – PROGRAM OVERVIEW

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# Property Eligibility

- Must be used for business activities
- Must receive electric and/or gas utility bill from at least one of the California investor-owned utilities shown at the right
- Properties receiving electric or gas service from a CCA or ESP are still eligible, as long as the utility bill comes from an IOU. For example, customers of Peninsula Clean Energy who receive their bill from PG&E are eligible.



# Customer Eligibility

## Business Size

- A non-profit or for-profit business that meets at least one of the following:
  - 100 or fewer employees
  - Annual revenues less than \$15 million
  - SBA size standard requirement for the customer's industry (*Ranges from annual revenues of \$750,000 - \$38.5 million*)

## Occupancy

- Building owners or tenants

## Credit Standards

- No bankruptcies, judgements, or liens within last 5 years
- Financing Companies will set their own credit guidelines

# Basic Project Requirements

- Energy saving retrofit projects (not new construction)
- Contractor's license must be applicable to the project
- Contractor secures necessary permits and approvals
- Contractor installs all measures in compliance with Title 24 and all other applicable codes and laws
- Project includes Energy Savings Measures (electric or gas) that match the IOU service type at the installation location



# Energy Saving Measures (ESM)

All projects must include at least one energy saving measure

## Energy Saving Measure (ESM)

Any **Energy Efficiency** or **Demand Response** measure, as defined, including alterations and improvements that are legally or practically required to complete the installation of the Energy Saving Measure. An ESM must utilize or conserve a fuel provided by an IOU/CCA/ESP at the Eligible Property.

## Energy Efficiency (EE)

An energy using appliance, equipment, control system, or practice for which the installation or implementation results in reduced grid-supplied energy use while maintaining a comparable or higher level of energy service as perceived by the customer.

## Demand Response (DR)

Reductions, increases, or shifts in electricity or gas consumption by customers in response to either economic or reliability signals.

# ESM Qualification Methods



## Method 1

Pre-Qualified Energy  
Saving Measure  
(ESM) List



## Method 2

IOU Custom  
Approved Energy  
Saving Measures



## Method 3

Professionally  
Certified Energy  
Saving Measures

# Method 1: Pre-Qualified ESM List

- The Program has published a searchable and downloadable list of pre-qualified energy saving measures at [GoGreenFinancing.com/SmallBusinessContractors](https://GoGreenFinancing.com/SmallBusinessContractors)
- Measures on the ESM list can be financed without any additional approval for:
  - Up to \$5 million of lighting measures
  - Up to \$350,000 for non-lighting measures; projects exceeding this limit should use Method 3: Professional Certification
- ESMs must match the IOU fuel type, and some ESMs include eligibility requirements
- Any measure that qualifies for an IOU/REN/CCA deemed rebate is included eligible through the ESM list

## The ESM list contains measures in these categories

Agriculture

Appliances

Building Envelope

Data Centers

Demand Response

Food Service

HVAC

Industrial

Lighting

Pool Products

Refrigeration

Water Heating

# Method 2:

## IOU Custom Approved Measures



- Any measure approved by an IOU, REN, or CCA custom incentive program for the property within the last 24 months is eligible
- Contractor must provide a copy of IOU custom approval letter / notice to proceed with the financing submittal



# Method 3: Professionally Certified Measures

- An Energy Professional can certify that the installation of the measure will result in energy savings compared to existing conditions
- For the Small Business Program, an eligible Energy Professional is a California licensed **Professional Engineer** (PE) or an Association of Energy Engineers **Certified Energy Manager** (CEM)
- Energy Professionals must submit an estimate of annual energy or demand savings for certified measures
- This method should be used to qualify non-lighting projects greater than \$350,000.

California PE	AEE CEM
 A circular seal for a Registered Professional Engineer, Electrical, State of California. The outer ring contains the text "REGISTERED PROFESSIONAL ENGINEER" at the top and "ELECTRICAL" at the bottom. The inner circle contains "YOUR NAME HERE" at the top and "12345" in the center. The words "STATE OF CALIFORNIA" are at the bottom.	 The logo for the Association of Energy Engineers (AEE) Certified Energy Manager (CEM). It features the letters "CEM" in a large, bold, blue font, with a registered trademark symbol (®) to the upper right. Below "CEM" is the text "Certified Energy Manager" in a smaller, blue font.
Look up eligible professionals at <a href="https://GoGreenFinancing.com/SmallBusinessContractors">GoGreenFinancing.com/ SmallBusinessContractors</a>	



# Measures Must Save Energy Provided by an IOU to Qualify as an ESM

- Not all customers in California receive electricity and gas service from one of the four IOUs
- Many customers receive electricity from municipal utilities or co-ops. For example: SMUD in Sacramento and LADWP in LA are two of the largest Munis in the state.
- If a measure saves electricity, and electricity is not provided by an IOU the measure will not be considered an ESM
- For the finance company to receive a credit enhancement, measures must save energy for a fuel provided by an IOU



# Flexibility to Finance Measures Beyond EE and DR

Flexible financing allows a project to include ESMs, non-ESMs, and Distributed Generation/Storage



**ESM:** HVAC, lighting, water heating, DR, etc.



**Non-ESM:**

- Painting, landscaping, etc.
- Electric measures in non-IOU electric service territory (muni or co-op)



**Distributed Generation:** Solar PV, combined heat & power, battery storage

Finance companies may limit how much non-ESMs and DG can be installed because it affects their credit enhancement

# Which Portion of Financing is Eligible to Receive a Credit Enhancement?

Type of Measure	Eligibility for Credit Enhancement
ESM	Up to \$1 million
Non-ESM	Up to 30% of the Credit-Enhanced amount
Distributed Generation	Not credit-enhanced



Some finance companies will approve projects with Non-ESMs and DG and others will have more strict limits. It's important to check project scope with the finance company!

# Lighting + Furnace Project 1: Property with Service from Two IOUs

Electric service:



Gas service:



Measure	Type	Cost	Notes
Lighting + ceiling repair	ESM	-	<i>Line item costs are not required</i>
Furnace	ESM	-	
<b>ESM Total</b>		<b>\$42,000</b>	<i>ESMs must represent at least 70% of the credit enhanced financing. Based on an ESM cost of \$42,000 in this example, up to \$60,000 is available for credit enhancement.</i>
New flooring	Non-ESM	-	<i>Up to 30% of the credit-enhanced financing can be for non-ESMs. In this example, \$18,000.</i>
<b>Non-ESM Total</b>		<b>\$18,000</b>	
<b>Financing receiving credit enhancement</b>		<b>\$60,000</b>	<i>\$42,000 ESM + \$18,000 Non-ESM</i>
Solar water heater	DG	\$5,000	<i>DG does not receive a credit enhancement</i>
<b>Project Grand Total</b>		<b>\$65,000</b>	

# Lighting + Furnace Project 2: Property with Service from an IOU and Muni



Measure	Type	Cost	Notes
Furnace	ESM	-	
<b>ESM Total</b>		<b>\$17,500</b>	<i>ESMs must represent at least 70% of the credit enhanced financing. Based on an ESM cost of \$17,500 in this example, up to \$25,000 is available for credit enhancement.</i>
Lighting + ceiling repair	Non-ESM	-	<i>Lighting is not an eligible ESM in SMUD territory.</i>
New flooring	Non-ESM	-	
<b>Non-ESM Total</b>		<b>\$42,500</b>	<i>Up to 30% of the credit-enhanced financing can be for non-ESMs. In this example, \$7,500.</i>
<b>Financing receiving credit enhancement</b>		<b>\$25,000</b>	<i>\$17,500 ESM + \$7,500 Non-ESM</i>
Solar water heater	DG	\$5,000	<i>DG does not receive a credit enhancement</i>
<b>Project Grand Total</b>		<b>\$65,000</b>	

PART 1 – PROGRAM OVERVIEW

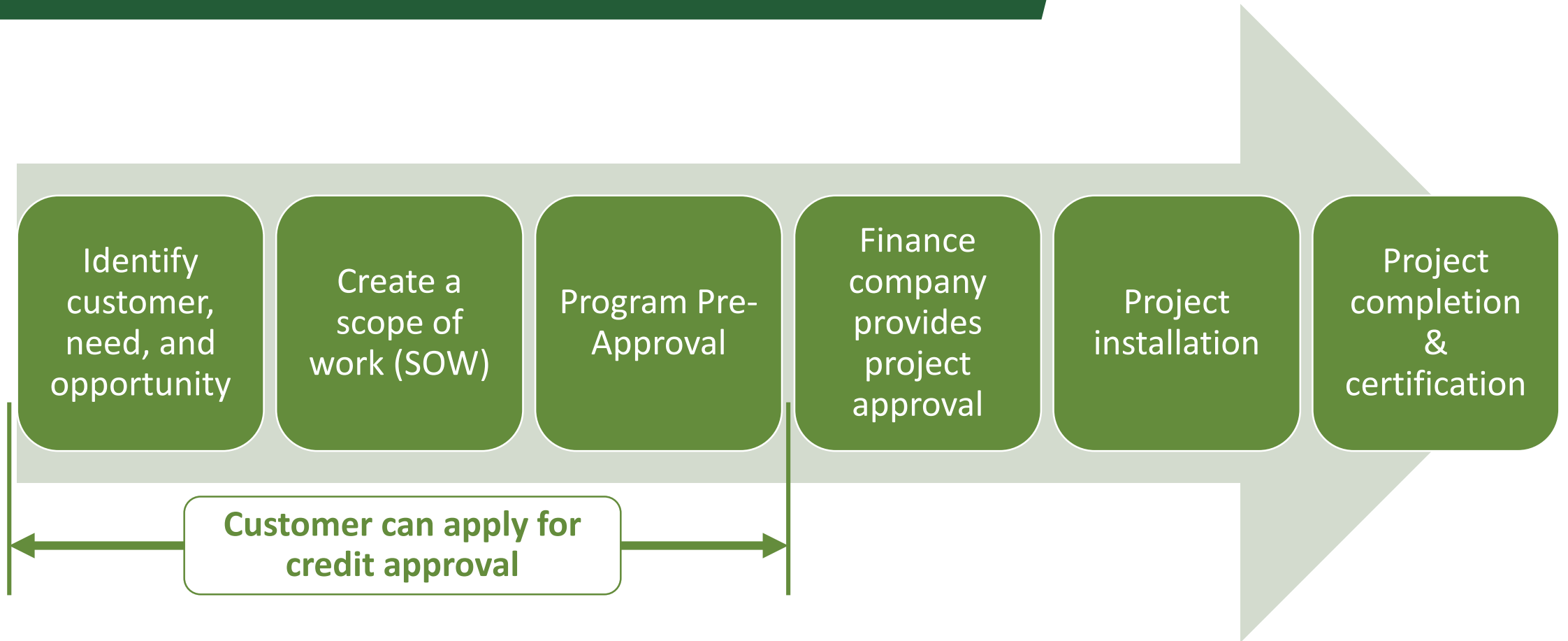
PART 2 – PARTICIPATION

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# Small Business Financing Program Process at a Glance



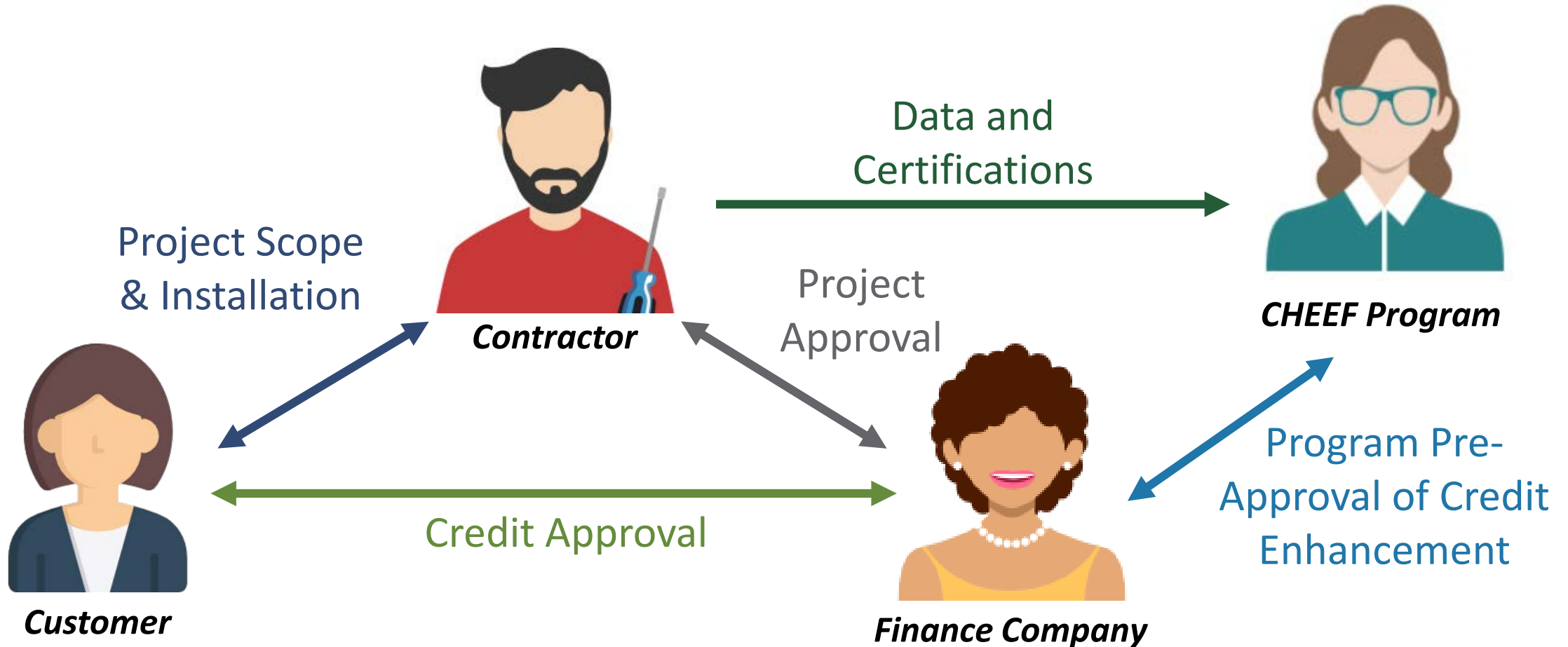
# Simple Program Process

- Program aligns with a typical project process and your normal business practices
- Credit Pre-approval for the customer and Program Pre-Approval process is quick and easy
- Pre-qualified measures on the ESM list don't need any other energy savings check to be installed
- Web-based interface will enable easy interaction with the program





# How Parties Interact During the Project Lifecycle



# Contractor Process Steps: Pre-Installation

## Development of Scope of Work

- Develop scope(s) of work and discuss with customer
- Direct customer to financing options at [GoGreenFinancing.com](http://GoGreenFinancing.com)
- Provide the customer with a bill impact estimate

## Program Pre-Approval

- Provide Finance Company with project details
- Submit scope(s) of work, cost estimates and utility bill(s) to the Program
- Program Approves Credit Enhancement for Finance Company

## Finance Company Approves Installation

- Pull necessary permits
- Order equipment

# Contractor Process Steps: Installation & Certification

## Installation

- Install measures identified in SOW

## Submit Data to Program

- Update measures and total cost of SOW
- Provide IOU rebate information (if any)
- Upload customer's invoice

## Certification

- Provide finance company with certificate of completion, if required
- Provide Program with certification that installation is complete and the project complies with Program rules
- Customer certifies work is complete

# Post-Installation Verification (Excluding IOU Custom Projects)



Contractors must maintain project records for 2 years

Projects may be subject to post-installation verification checks, including:

## Examples of verification checks

Proper permits were obtained

IOU rebates were obtained, (if applicable)

Cost totals reported to the program match the customer invoice

Equipment was installed as reported



### Desktop Review

Electronic project documentation will be verified



### Photo Review

Pictures of installed equipment may be requested



### Field Verification

A site visit to the project may be completed post-installation

If the Program Administrators find that contractors are not supplying truthful data or are not following program rules such as obtaining permits, **contractors will be subject to removal from the Program.**

**PART 1 – PROGRAM OVERVIEW**

**PART 2 – PARTICIPATION**

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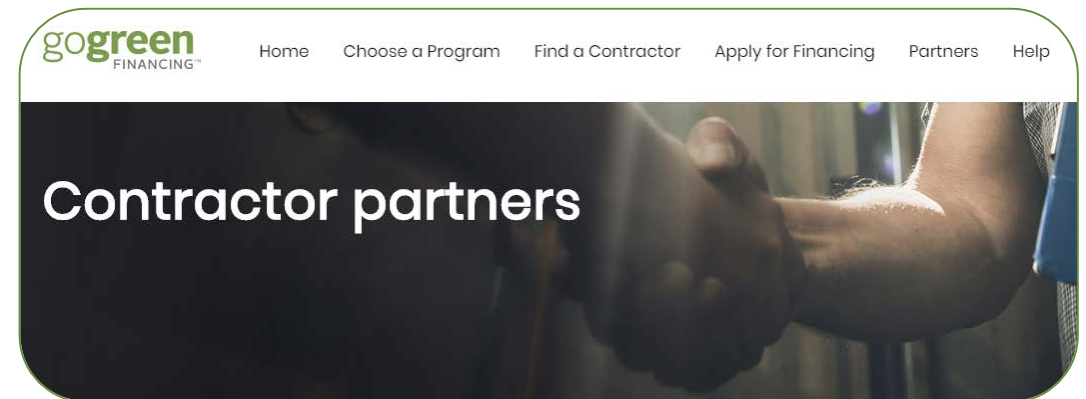
**PART 4 – PROCESS**

**PART 5 – GETTING STARTED**

# GoGreenFinancing

## The GoGreenFinancing website can help you:

- Explain the benefits of the Small Business Energy Efficiency Financing Program to your customers
- Answer frequently asked questions
- Showcase yourself as a Participating Contractor
- Understand financing options available to your customers and direct them to apply
- Access additional program resources



[gogreenfinancing.com/SmallBusinessContractors](https://gogreenfinancing.com/SmallBusinessContractors)

# Resources to Get Started

## Visit GoGreenFinancing To Find:

- Contractor Enrollment Application
- Program Manual
- Searchable and downloadable Pre-Qualified ESM List
- Bill Impact Estimate
- Energy Professional (PE, CEM) Lookup
- Small Business Financing Program Regulations

[GoGreenFinancing.com/SmallBusinessContractors](https://GoGreenFinancing.com/SmallBusinessContractors)

## Contact CAEATFA For Additional Help

- Jonathan Verhoef  
[jverhoef@treasurer.ca.gov](mailto:jverhoef@treasurer.ca.gov)



# At-A-Glance Eligibility Checklist for Contractors

If your project meets these criteria, encourage your customer to apply with an SBF finance company! The finance company will check and approve the customer's credit, review the project and give you the go-ahead to proceed with installation.



## ☐ CUSTOMER

- ☐ A for-profit or non-profit business that meets one of the following:
  - ☐ 100 or fewer employees
  - ☐ Annual revenues less than \$15 million
  - ☐ SBA size standard requirement for the customer's industry

## ☐ PROPERTY

- ☐ Must be used for business activities
- ☐ An IOU (PG&E, SoCalGas, SCE or SDG&E) bills the property for gas and/or electric service
  - Customers may receive service from a Community Choice Aggregator (CCA) or Energy Service Provider (ESP) as long as there is a bill from an IOU.*

## ☐ ENERGY SAVING MEASURES (ESMs)

- ☐ Each measure must qualify using one of the following methods:
  - ☐ Included on Pre-qualified ESM list
  - ☐ IOU Custom-approved measure
  - ☐ Professionally certified measure
- ☐ Must save energy corresponding to the fuel provided by an investor-owned utility (IOU)

## ☐ PROJECT

- ☐ Energy efficiency retrofit projects (includes DR) consisting of at least one ESM
  - Project can contain non-energy measures or DG, though the finance company will determine amount allowed*
- ☐ Total cost for non-lighting ESMs installed utilizing the Pre-qualified ESM List does not exceed \$350,000
- ☐ Contractor is enrolled in the Program prior to completing their scope of work

**For more information: [www.GoGreenFinancing.com](http://www.GoGreenFinancing.com)**



# Small Business Financing Program Manual

## Project Developer Section

**PART 1 – PARTICIPATION**

PART 2 – PROJECT ELIGIBILITY

PART 3 – PROJECT PROCESS

PART 4 – GETTING STARTED

# What Role Does a Project Developer Play?

Project Developers facilitate and coordinate projects for small business customers

- Identify new project opportunities
- Develop scope(s) of work
- Help customers find and select a contractor
- Facilitate data exchange with the Program
- Certify customer self-installed measures
- Certify Program compliance



In order to perform or manage installation of measures, Project Developers must be licensed as a contractor. Those that intend to install measures should also enroll in the Program as a Participating Contractor

## Who might play the role of a Project Developer?

- Utility program implementers
- Energy consultants
- Local governments or non-profits
- Equipment distributors
- Manufacturer representatives

# Why Become a Participating Project Developer?

- Advance your organizational goals by incorporating this Program into your existing business practices.
- Connect your customers to attractive financing for energy efficiency projects and remove the upfront cost barrier
- Help customers access deeper energy savings by financing more comprehensive retrofits
- Be listed as a Participating Project Developer on the GoGreenFinancing website
- Collaborate with the State of California and the Investor-Owned Utilities

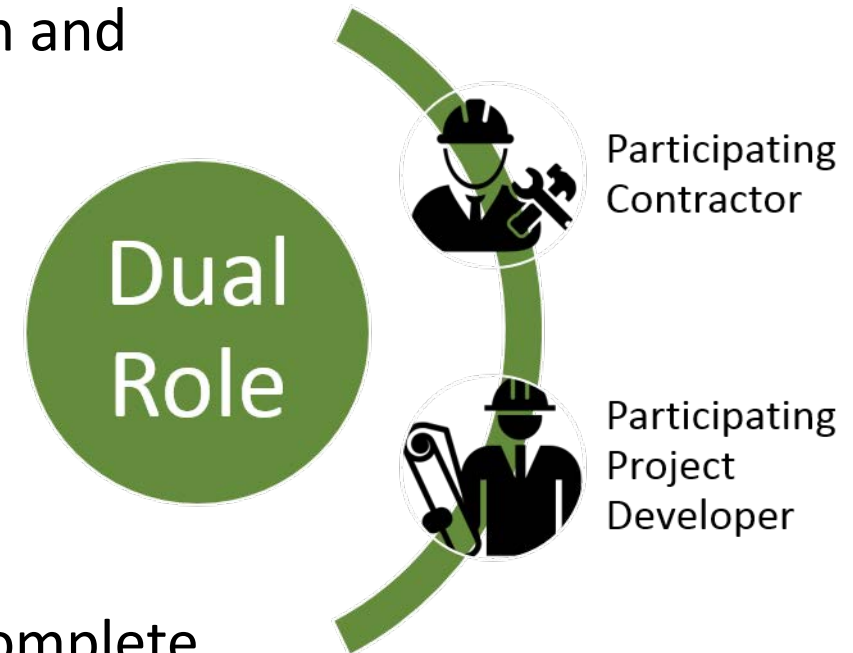


# Project Developer Participation Requirements

1. Implementer of utility energy efficiency or demand response programs with a verifiable IOU/REN/CCA contract  
– or –  
Demonstrated project development experience on at least 10 completed projects
2. No outstanding judgements or liens
3. Carry at least \$1 million of general liability (GL) insurance
4. Complete the Contractor training and this Project Developer training
5. Sign a Program application and agree to abide by Program rules, regulations, and liability

# Participating Contractor and Project Developer Dual Role

- Parties that meet the participation criteria for Contractors and Project Developers are eligible to enroll in the Program and participate in both roles.
- If a Project Developer also enrolls as a Participating Contractor, they are allowed to complete the following program responsibilities:
  - Contract with customer for installation
  - Install measures
  - Hire or subcontract other trades
- A participant acting in a dual role will be required to complete project certifications relevant to each individual role



# CHEEF Contractors vs. Non-CHEEF Contractors

## CHEEF Contractor or Participating Contractor

- Enrolled in the CHEEF Small Business Financing Program
- Install ESMs
- May install non-ESMs
- May install Distributed Generation
- Certify projects for the Program

## Non-CHEEF Contractor

- Not enrolled in the Program
- May install non-ESMs
- May install Distributed Generation
- Doesn't interact with the Program

**In addition to data related to CHEEF contractor work, Project Developers report to the program on:**

- Whether a non-CHEEF contractor installed any non-ESMs or DG
- Total cost of the non-ESMs or DG
- CSLB license number of the non-CHEEF contractor

PART 1 – PARTICIPATION

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# Recap from Contractor Training

Flexible financing allows a project to include Energy Savings Measures (ESMs), non-ESMs, and Distributed Generation (DG)/Storage



## ESMs

- HVAC, lighting, water heating, DR, etc.
- Includes costs that are legally or practically required for installation

*ESMs are eligible for credit enhancement up to \$1 million*



## Non-ESMs

- Painting, landscaping, etc.
- Electric measures in non-IOU electric service territory (muni or co-op)

*Up to 30% of the credit-enhanced portion can also be non-ESMs*



## Distributed Generation

- Solar PV, combined heat & power, battery storage

*DG is not credit-enhanced*

Finance companies may limit how much of the project cost can include non-ESMs and DG because it affects their credit enhancement

# ESM Eligibility Details

- EE and DR measures must qualify via one of the three methods discussed in the Contractor training
  1. Pre-qualified ESM List
  2. IOU Custom
  3. Professionally Certified
- Legally or practically required work can be included in the cost of the ESM
  - Any work that is required to comply with codes and laws associated with the ESM
  - Any work that is required to return the building to working order after ESM installation
  - These measures and their associated cost are eligible to be credit enhanced
- ESMs can only be installed by Participating Contractors or self-installed by the customer

# Self-Install ESMs

- Self-install measures are those that may be installed by the customer without the use of a Participating Contractor
- Projects with self-install measures must have a Project Developer involved to:
  - Submit measure and project data to the Program
  - Provide project certification
- The pre-qualified ESM List identifies which measures are eligible for self-install
- Examples of self-install measures include:
  - Plug-in appliances or equipment, screw-in lighting, smart thermostats, office electronics



# ESM Utility Service Match

- Project Developers need to confirm utility service type for ESM eligibility
- Properties with mixed service (e.g. IOU and Muni) are eligible for the Program but only certain measures will be considered an ESM

		Scenario	Eligibility	Examples
Mixed Service	}	IOU Electric IOU Gas	<ul style="list-style-type: none"> <li>Both gas and electric EE and DR measures are eligible as an ESM</li> </ul>	SCE + SoCalGas
		Muni/Co-op Electric IOU Gas	<ul style="list-style-type: none"> <li>EE and DR measures must result in <b>gas</b> savings to be an eligible ESM</li> <li>Electric measures are considered a non-ESM</li> </ul>	SMUD + PG&E Gas
		IOU Electric Muni Gas / No Gas	<ul style="list-style-type: none"> <li>EE and DR measures must result in <b>electric</b> savings to be an eligible ESM</li> <li>Gas measures are considered a non-ESM</li> </ul>	SCE + Long Beach Gas
		No IOU Service	<ul style="list-style-type: none"> <li>Ineligible for Program</li> </ul>	Palo Alto Electric & Gas

# Non-ESM and DG Eligibility Details

- Non-ESMs and DG can be included on projects, within limits
  - Non-ESMs and Project Developer fees (if any) can comprise up to 30% of the credit-enhanced financing
  - Some finance providers may allow Non-ESMs beyond the 30% limit, but the financing for the additional non-ESMs won't be credit enhanced
  - Some finance providers will permit DG, others may not – DG is never credit enhanced
- Non-ESMs and DG can be installed by Participating Contractors or non-CHEEF contractors
- Customers can self-install non-ESMs if they are legally permitted to do so

# Project Flexibility

The Small Business Financing Program is flexible enough to accommodate many types of projects with different parties engaged such as:

CHEEF Contractor, no  
Project Developer

- CHEEF Contractor(s) install all ESMs or subcontract portions of the work; no Project Developer involved

CHEEF Contractor &  
Project Developer

- One or more CHEEF Contractors install or subcontract for all ESMs; Project Developer coordinates project for customer OR
- One or more CHEEF Contractors install some ESMs; customer self-installs some ESMs; Project Developer coordinates project for customer

Project Developer, no  
CHEEF Contractor

- Customer self-installs all ESMs; Project Developer coordinates project for customer

Any of these project types may also include non-CHEEF contractors installing non-ESMs or DG.

# Who can Install Which Types of Measures?

Type of Installer	Measure Type		
	ESM	Non-ESM	DG/Storage
<b>CHEEF Contractor</b>	Yes	Yes	Yes
<b>Non-CHEEF Contractor</b>	No	Yes	Yes
<b>Self-Installer</b>	Yes, if measure is eligible for Self-Install	Yes, if legally permitted	Yes, if legally permitted

# How Finance Companies View the Project Components

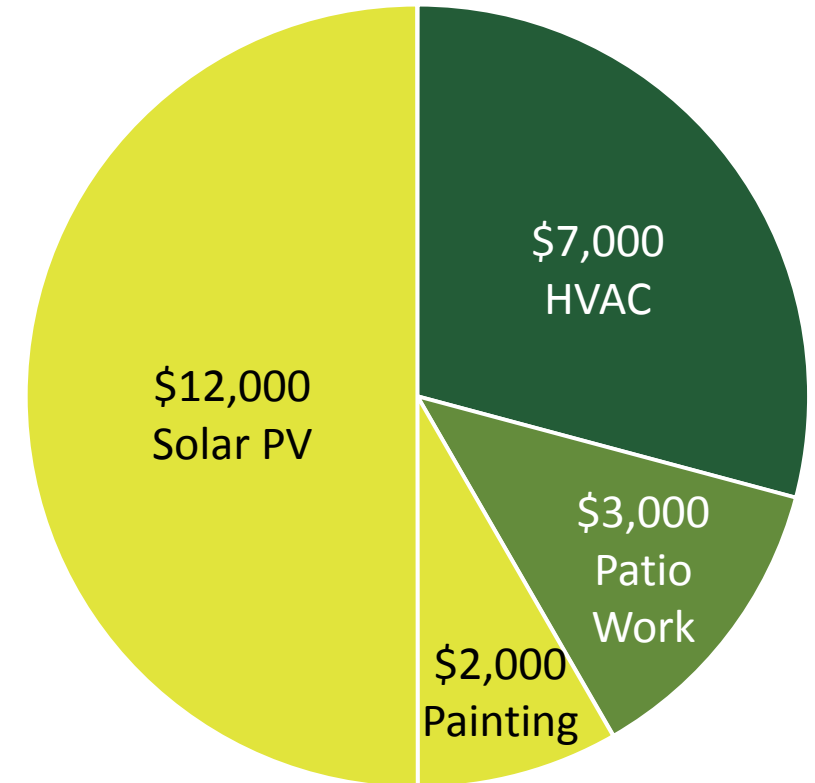
- **Credit Enhancement:**

- Recall that for finance companies, the credit enhancement acts as insurance and allows them to offer better terms or broader approvals than they otherwise would

- **Claim-eligible:**

- The portion of the financing that receives the **credit enhancement** is also considered “**claim-eligible**”
- In the event of a default, the finance company can recoup part of their loss on the claim-eligible portion
- They don’t get to recoup losses on the part of the financing that is claim-ineligible
- As a result, finance companies may have varying policies on what they will finance under the Program

Example Project	
Claim-eligible ESM	\$7,000
Claim-eligible Non-ESM	\$3,000
Claim-Ineligible	\$14,000
Total Project Cost	\$24,000





# Understanding What Portion of Financing is Credit-enhanced

Total Financed Amount • *Up to \$5 million*

Claim-Eligible Financed Amount • *Up to \$1 million*

Claim Ineligible Financed Amount

**At least 70%**

**Up to 30%**

**Energy Saving Measures (ESM)**  
EE, DR

Legally &  
Practically  
Required

Non-Energy  
Components

Pre-  
Qualified  
ESM List

IOU  
Custom  
Program  
Approval

Certified by  
Professional  
Engineer (PE)  
or  
Certified  
Energy  
Manager  
(CEM)

Measures  
that are  
required to  
complete the  
installation of  
ESMs

Non-ESM:  
Patio,  
Paint,  
Floors,  
MUNI  
Measures

Project  
Developer  
Fees

Non-energy  
components  
beyond 30% of  
the credit-  
enhanced  
financed  
amount

Additional  
project cost  
beyond \$1MM

Distributed  
Generation &  
Storage

# Lighting + Furnace Project 1: Property with Service from Two IOUs

Electric service:



Gas service:



Measure	Type	Cost	Notes
Lighting + ceiling repair	ESM	-	<i>Line item costs are not required</i>
Furnace	ESM	-	
<b>ESM Total</b>		<b>\$42,000</b>	<i>ESMs must represent at least 70% of the credit enhanced financing. Based on an ESM cost of \$42,000 in this example, up to \$60,000 is available for credit enhancement.</i>
New flooring	Non-ESM	-	<i>Up to 30% of the credit-enhanced financing can be for non-ESMs. In this example, \$18,000.</i>
<b>Non-ESM Total</b>		<b>\$18,000</b>	
<b>Financing receiving credit enhancement</b>		<b>\$60,000</b>	<i>\$42,000 ESM + \$18,000 Non-ESM</i>
Solar water heater	DG	\$5,000	<i>DG does not receive a credit enhancement</i>
<b>Project Grand Total</b>		<b>\$65,000</b>	

# Lighting + Furnace Project 2: Property with Service from an IOU and Muni



Measure	Type	Cost	Notes
Furnace	ESM	-	
<b>ESM Total</b>		<b>\$17,500</b>	<i>ESMs must represent at least 70% of the credit enhanced financing. Based on an ESM cost of \$17,500 in this example, up to \$25,000 is available for credit enhancement.</i>
Lighting + ceiling repair	Non-ESM	-	<i>Lighting is not an eligible ESM in SMUD territory.</i>
New flooring	Non-ESM	-	
<b>Non-ESM Total</b>		<b>\$42,500</b>	<i>Up to 30% of the credit-enhanced financing can be for non-ESMs. In this example, \$7,500.</i>
<b>Financing receiving credit enhancement</b>		<b>\$25,000</b>	<i>\$17,500 ESM + \$7,500 Non-ESM</i>
Solar water heater	DG	\$5,000	<i>DG does not receive a credit enhancement</i>
<b>Project Grand Total</b>		<b>\$65,000</b>	

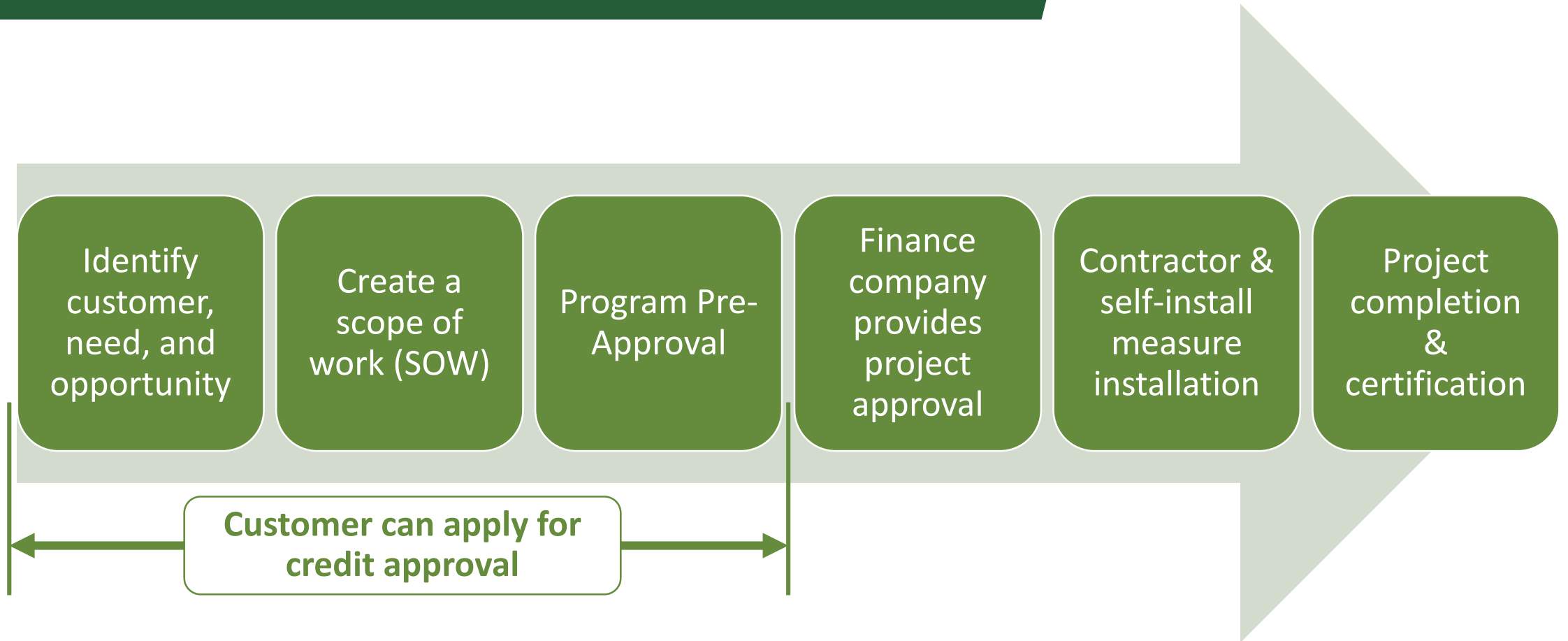
PART 1 – PARTICIPATION

PART 2 – PROJECT ELIGIBILITY

**PART 3 – PROJECT PROCESS**

PART 4 – GETTING STARTED

# Small Business Financing Program Process at a Glance



# Contractor and Project Developer Roles Compared

## Licensed Contractor

- CSLB-licensed
- Contracts with customer for installation
- Obtains permits
- Installs measures at project site(s)
- Can hire subcontractors or other trades
- Certifies installation completion, program compliance, code compliance, proper permits and licenses, and information accuracy

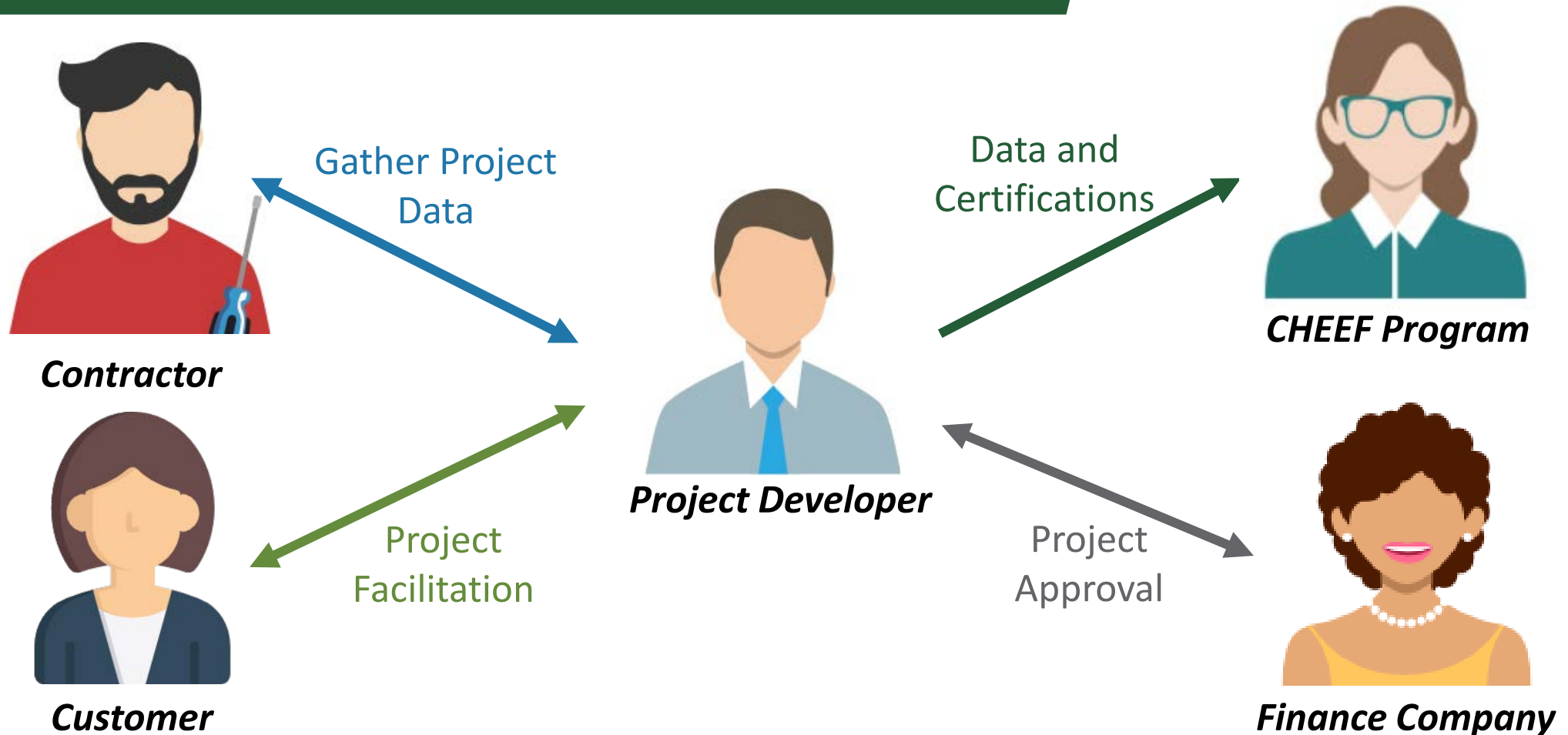
## Project Developer

- May contract with customer for consultation or may provide subsidized service
- Works with customer and contractor(s) to shepherd a project through the Program
- Involved from project design through completion
- Certifies self-install measures, program compliance, and information accuracy

## Either Role

- Develops scope(s) of work
- Provides customer with Bill Impact Estimate (BIE) – template available from the Program, if needed
- Performs energy assessment, if needed or desired by customer (energy assessments are not required)
- Provides customer and project data to CAEATFA through easy-to-use, web-based interface

# How Parties Interact During the Project Lifecycle



# Project Developer Process Steps

## Scope of Work Development

- Perform an energy assessment, if desired
- Develop scope(s) of work and discuss with customer
- Direct customer to GoGreenFinancing.com to choose among financing options
- Provide the customer with a bill impact estimate

## Program Pre-Approval and Installation

- Provide Finance Company with project details
- Submit scope(s) of work, cost estimates and utility bill(s) to the Program
- Program Approves Credit Enhancement for Finance Company
- Finance company gives go-ahead for Installation
- Installation

## Submit Data and Certifications to Program

- Submit updated measure and project data
- Upload Customer invoice(s)
- Customer, Contractor, and PD provide certifications



PART 1 – PARTICIPATION

PART 2 – PROJECT ELIGIBILITY

PART 3 – PROJECT PROCESS

**PART 4 – GETTING STARTED**

# Use the SBF Program to Support Your Organization's Goals

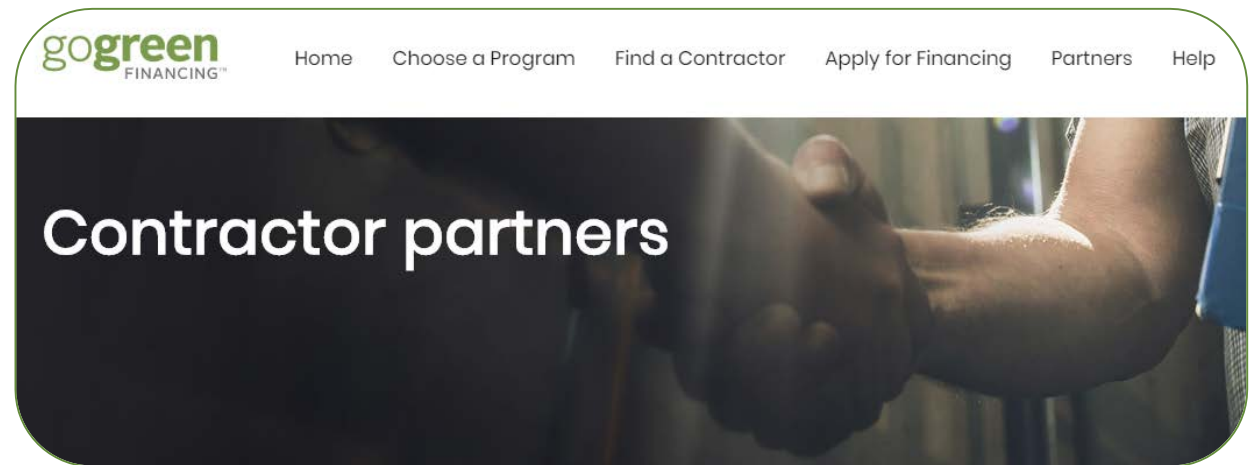
## Find new customers and project opportunities

- Incorporate the Small Business Financing Program into your own existing business development strategies
- Leverage existing utility outreach channels
- Work with a single finance company, or provide your customers with options by engaging with multiple financing companies
- Form referral partnerships with contractors and/or finance companies

# GoGreenFinancing

## GoGreenFinancing.com can help you:

- Explain the benefits of the Small Business Energy Efficiency Financing Program to your customers
- Get answers to frequently asked questions
- Showcase yourself as a Participating Project Developer
- Understand financing options available to your customers and direct them to apply
- Access additional program resources



# Resources to Get Started

## Visit GoGreenFinancing To Find:

- Project Developer Enrollment Application
- Program Manual
- Searchable and downloadable Pre-Qualified ESM List
- Bill Impact Estimate
- Energy Professional (PE, CEM) Lookup
- Contractor Training Module
- Program Regulations

[GoGreenFinancing.com/SmallBusinessContractors](http://GoGreenFinancing.com/SmallBusinessContractors)

## Contact CAEATFA For Additional Help

- Jonathan Verhoef  
[jverhoef@treasurer.ca.gov](mailto:jverhoef@treasurer.ca.gov)



# At-A-Glance Eligibility Checklist for Project Developers

If your project meets these criteria, help your customer apply with an SBF finance company! The finance company will check and approve the customer's credit, review the project and give the go-ahead to proceed with installation.



## ☐ CUSTOMER

- ☐ A for-profit or non-profit business that meets one of the following:
  - ☐ 100 or fewer employees
  - ☐ Annual revenues less than \$15 million
  - ☐ SBA size standard requirement for the customer's industry

## ☐ PROPERTY

- ☐ Must be used for business activities
- ☐ An IOU (PG&E, SoCalGas, SCE or SDG&E) bills the property for gas and/or electric service
  - Customers may receive service from a Community Choice Aggregator (CCA) or Energy Service Provider (ESP) as long as there is a bill from an IOU.*

## ☐ ENERGY SAVING MEASURES (ESMs)

- ☐ Each measure must qualify using one of the following methods:
  - ☐ Included on Pre-qualified ESM list
  - ☐ IOU Custom-approved measure
  - ☐ Professionally certified measure
- ☐ Must save energy corresponding to the fuel provided by an investor-owned utility (IOU)
- ☐ Must be installed by a Participating Contractor, unless self-install eligible per the Pre-qualified ESM list

## ☐ PROJECT

- ☐ Energy efficiency retrofit projects (includes DR) consisting of at least one ESM
  - Project can contain non-energy measures or DG, though the finance company will determine amount allowed*
- ☐ Total cost for non-lighting ESMs installed utilizing the Pre-qualified ESM List does not exceed \$350,000
- ☐ Contractor is enrolled in the Program prior to completing their scope of work

Finance company receives a credit enhancement based on up to \$1MM of claim-eligible financing. Claim-eligible financing must be comprised of at least 70% ESMs and up to 30% non-ESMs. Additional non-ESMs and DG may be financed, but that portion is not claim-eligible nor credit enhanced.

**For more information: [www.GoGreenFinancing.com](http://www.GoGreenFinancing.com)**