

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
February 15, 2022**

1. CALL TO ORDER AND ROLL CALL

Fiona Ma, CPA, Chair, called the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or the “Authority”) meeting to order at 10:30 a.m.

Members Present: Fiona Ma, CPA, State Treasurer
Tony Sertich for Betty T. Yee, State Controller
Gayle Miller for Keely Martin Bosler, Director, Department of Finance
Ken Rider for David Hochschild, Chair, California Energy Commission
Grant Mack for Alice Reynolds, President, Public Utilities Commission

Staff Present: Derek Chernow, Executive Director

Quorum: The Chair declared a quorum.

Due to public health recommendations resulting from the novel coronavirus (COVID-19), and pursuant to Executive Order N-1-22, members of the Board were afforded the option to attend the meeting remotely. CAEATFA staff (“Staff”) has implemented additional social distancing measures, and participants have been asked to also participate remotely. Mr. Chernow attended the meeting in person. Ms. Ma, Mr. Sertich, Ms. Miller, Mr. Rider, and Mr. Mack all attended the meeting via internet conference line.

2. MINUTES

Ms. Ma asked if there were any questions or comments from the Board concerning the January 18, 2022, meeting minutes. There were none.

Ms. Miller moved for approval of the minutes, and there was a second by Mr. Sertich.

Ms. Ma stated there was a motion and a second and asked if there were any questions or comments from the public. There were none. Ms. Ma called for a vote.

The item was passed by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Tony Sertich for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Chernow gave his report, highlighting CAEATFA activity and news since the January 18, 2022, Board meeting, which included:

- The California Public Utilities Commission (“CPUC”) has approved CAEATFA’s cost-allocation methodology with the Technology and Equipment for Clean Heating (“TECH”) program, which will finance uptake of heat pump water heaters. Staff has also finalized a Memorandum of Understanding with Energy Solutions which will be CAEATFA’s first foray in accepting non-ratepayer money and expanding the GoGreen Home program. Staff hopes to officially launch this exciting, ground-breaking endeavor April 1st. This will help the millions of Californians that are served by gas investor-owned utilities and publicly owned electric utilities to take on decarbonization measures like heat pumps and heat pump water heaters through GoGreen Home.
- The GoGreen Business program has enrolled a new lender, Prime Capital, the first lender to offer on-bill repayment under the program, which CAEATFA will be launching soon.
- Mr. Chernow visited Halo Industries (“Halo”) in Santa Clara. Halo creates laser-based hardware systems for materials fabrication that help manufacturers reduce waste, improve quality, and enable next generation technologies. Halo has received funding from the Energy Commission and has applied to the Sales and Use Tax Exclusion Program.
- Kaylee D’Amico represented CAEATFA at a UC Davis Energy and Engineering Internship and Career Fair, which was a great opportunity to meet prospective candidates for CAEATFA’s anticipated job openings.
- Miriam Joffe-Block presented on the GoGreen Home program to the City of Palo Alto Ad Hoc Sub-Committee on Sustainability, as the city looks at options to finance greater decarbonization.
- Members of the CHEEF team attended the Northern California Home & Landscape Expo, which has historically been a well-attended consumer showcase. Staff were able to meet with various contractors to discuss the GoGreen Home program.

Mr. Chernow then concluded his report.

Mr. Rider congratulated Staff and the CPUC on working together on the TECH program.

Mr. Rider stated the California Energy Commission anticipates adopting a goal of 6 million heat pumps and this is a key move to driving toward that market transformation.

Ms. Ma asked if there were any other questions or comments from the Board or the public. There were none.

4. BUSINESS ITEMS

A. CONSIDERATION OF APPLICANT’S REQUEST TO EXTEND THE INITIAL TERM OF THE REGULATORY AGREEMENT OF A SALES AND USE TAX EXCLUSION AWARD

- 1) Sanitation Districts of Los Angeles County, Whittier (Los Angeles), No. 19-SM004, Mixed Recycling – Recycled Resource Extraction, \$15,212,303 of Qualified Property

Presented by Stefani Wilde, Program Analyst

The Sanitation Districts of Los Angeles County (the “Applicant”) was approved for a sales and use tax exclusion (“STE”) award in February 2019 for the purchase of approximately \$15 million in Qualified Property for an estimated STE value of \$1.2 million to upgrade its existing Puente Hills materials recovery facility in Whittier. As of December 2021, the Applicant has used the STE to purchase approximately 76% of the total Qualified Property amount approved.

The Applicant is requesting a two-year extension of the initial term of the Regulatory Agreement, until February 19, 2024, to accommodate significant delays related to the COVID-19 pandemic, including staffing shortages and limited equipment availability, as well as a reduction in recyclables, which has extended the project timeline.

Staff recommended approval of the Applicant’s request to extend the initial term of the Regulatory Agreement by two years to February 19, 2024.

Mr. Sertich moved for approval, and there was a second by Mr. Rider.

Ms. Ma stated there was a motion and a second and asked if there were any questions or comments from the Board or the public. There were none. Ms. Ma called for a vote.

The item was approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Tony Sertich for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

B. REQUEST TO ADOPT AMENDMENTS TO THE SALES AND USE TAX EXCLUSION PROGRAM REGULATIONS (ARTICLE 2 (COMMENCING WITH SECTION 10030) OF DIVISION 13 OF TITLE 4 OF THE CALIFORNIA CODE OF REGULATIONS) UNDER THE REGULAR RULEMAKING PROCESS

Presented by Ashley Emery, Program Manager

Staff requested the approval of amendments to the Sales and Use Tax Exclusion (“STE”) Program regulations under the regular rulemaking process. The proposed regulations address the program’s oversubscription and the unprecedented economic impact of the COVID-19

pandemic, as well as help improve and streamline program administration and incorporate lessons learned. The proposed regulations also incorporate technical and grammatical changes that were included in the emergency regulations that became effective in December 2021.

At the October 19, 2021, Board meeting, the CAEATFA Board approved a resolution to authorize the Executive Director to conduct a regular rulemaking for the STE Program. Staff subsequently issued the Notice of Proposed Rulemaking to begin the public comment period, which ended on January 24, 2022. CAEATFA did not receive any public comment during this public comment period, and there was no request to hold a public hearing.

Staff recommended approval of a resolution to adopt amendments to the Sales and Use Tax Exclusion Program regulations (Article 2 (commencing with Section 10030) of Division 13 of Title 4 of the California Code of Regulations) under the regular rulemaking process to include (1) emergency regulations that became effective in November 2020, and (2) emergency regulations that became effective in December 2021.

Mr. Sertich moved for approval, and there was a second by Mr. Mack.

Ms. Ma stated there was a motion and a second and asked if there were any questions or comments from the Board or the public. There were none. Ms. Ma called for a vote.

The item was approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Tony Sertich for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

C. REQUEST TO APPROVE READOPTION OF EMERGENCY REGULATIONS FOR THE GoGREEN HOME ENERGY FINANCING PROGRAM (ARTICLE 5 (COMMENCING WITH SECTION 10091.1) OF DIVISION 13 OF TITLE 4 OF THE CALIFORNIA CODE OF REGULATIONS)

Presented by Kelly Delaney, Program Analyst

Staff is seeking Board approval to readopt the emergency regulations of the GoGreen Home Energy Financing Program (“GoGreen Home”).

GoGreen Home is part of the CAEATFA-administered California Hub for Energy Efficiency Financing, a suite of financing programs funded with Public Purpose Program funds collected from the ratepayers of the investor-owned utilities (“IOUs”) and authorized by the California Public Utilities Commission.

These emergency regulations were first approved by the Board in March 2021 and became effective on May 24th. With the approval of the modifications in May, Staff were able to implement a number of important improvements to drive program growth. This includes launching a point-of-sale financing option for energy efficient appliance purchases through the utility marketplaces. In August, a GoGreen Home lender began offering financing through

the SoCalGas marketplace and has since enrolled 341 loans, of which 53% were made to credit-challenged borrowers and 28% were made to renters.

Staff is also proposing several new modifications in addition to the modifications that first became effective in May 2021, including:

- adding several new energy efficiency measures;
- changing the net worth requirement for finance companies to facilitate participation of newer entrants to the energy efficiency financing space; and
- updating the Borrower Privacy Disclosure to clarify the types of information shared by the Program with various audiences, including new sources of funding, and to better align the regulations with the California Information Practices Act.

Staff also proposes several clarifications to a new section originally added with the May 2021 modifications to help facilitate the addition of non-IOU funding to expand GoGreen Home financing eligibility to non-IOU fuel sources (for example, fuel substitution when electricity is provided by a POI). As the Executive Director mentioned, CAEATFA has just executed its first Memorandum of Agreement with an organization providing funding outside of the Public Purpose Program Funds.

The readoption proposed today is necessary to ensure that the amendments previously approved remain in effect, and the additional modifications help the program continue to grow and scale, while Staff completes the regular rulemaking process. Upon approval, Staff will proceed with the emergency rulemaking process and submit the readoption of the emergency regulations to the Office of Administrative Law. The regulations will be effective for an additional 90 days until mid-June 2022, with an option for a second readoption prior to submitting the regular rulemaking certificate of compliance.

Ms. Ma asked if there were any questions or comments from the Board.

Mr. Mack expressed his appreciation to Staff for their ingenuity and creativity in expanding the GoGreen Home program to help encourage not only energy efficiency but also building decarbonization, particularly by looking for other sources of funding for the program.

Mr. Mack stated he was excited to see how the program can continue to grow to help serve multiple policy objectives in California.

Mr. Sertich thanked CAEATFA and the CPUC for their collaboration. Ms. Miller agreed with Mr. Mack's comments and also thanked CAEATFA and the CPUC for their collaboration.

Mr. Sertich moved for approval, and there was a second by Ms. Miller.

Ms. Ma stated there was a motion and a second and asked if there were any other questions or comments from the Board or the public. There were none. Ms. Ma called for a vote.

The item was approved by the following vote:

Fiona Ma, CPA, State Treasurer	Aye
Tony Sertich for the State Controller	Aye
Gayle Miller for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Grant Mack for the Public Utilities Commission	Aye

5. PUBLIC COMMENT

Ms. Ma asked if there were any comments from the public, and there were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 10:45 a.m.

Respectfully submitted,

Derek Chernow
Executive Director