

MINUTES

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

1. CALL TO ORDER AND ROLL CALL

Audrey Noda, 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: Audrey Noda for Fiona Ma, CPA, State Treasurer
Tony Sertich for Betty T. Yee, State Controller
Lisa Mierczynski for Keely Martin Bosler, Director, Department of Finance
Ken Rider for David Hochschild, Chair, California Energy Commission
Grant Mack for Alice Busching 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 and Mr. Sertich attended the meeting in person. Ms. Noda, Ms. Mierczynski, Mr. Rider, and Mr. Mack all attended the meeting via internet conference line.

2. MINUTES

Ms. Noda asked if there were any questions or comments from the Board concerning the February 15, 2022, meeting minutes. There were none.

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

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

The item was passed by the following vote:

Audrey Noda for the State Treasurer	Aye
Tony Sertich for the State Controller	Aye
Lisa Mierczynski 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 February 15, 2022, Board meeting, which included:

- Mr. Chernow had the honor of representing the State of California and Treasurer Ma on a U.S. Department of the Treasury roundtable discussion on climate finance, where he shared CAEATFA's programs during a panel on Innovation in State and Local Governments.
- Travis Credit Union became the first credit union in the GoGreen Business program. Travis Credit Union is the first regulated depository institution to join GoGreen Business and will bring the benefits of credit union financing to commercial borrowers in its service area.
- CAEATFA also welcomed both Verdant and Accessity into the GoGreen Business On-Bill Repayment program.
- This month, Staff initiated a limited time Interest Rate Buy Down ("IRBD") for the GoGreen Multifamily program. Both GoGreen Multifamily participating finance companies, Ascentium Capital and Renew Energy Partners, will accept the promotional funds. The IRBD can be used to bring the interest rate for an energy efficiency equipment financing agreement to as low as 0% or to reduce the required internal rate of return for an energy service agreement, thus lowering monthly payments. This one-time promotion is available through June 30, 2022.
- Earlier this month, Mr. Chernow attended the first Assembly budget subcommittee hearing regarding CAEATFA's proposal to extend the administration of the California Hub for Energy Efficiency ("CHEEF") programs, use the CHEEF platform for non-ratepayer funded programs, and add five new staff for the CHEEF.
- CAEATFA has also submitted a spring finance letter requesting two additional positions for the core programs, to assist with the increasing workload associated with the oversubscribed Sales and Use Tax Exclusion ("STE") program.
- Energy Futures Group, Inc. ("EFG") was selected as the winning proposer for the CHEEF Technical Advisor Contract (CAEATFA03-21). The proposed max contract amount is \$299,999 over the entire three-year contract term. Staff have enjoyed working with EFG in the past and look forward to continuing to benefit from their technical expertise.
- CAEATFA is pleased to announce two new hires as of yesterday. Shuang Zhao and Aaron

Lingenfelter have both started as analysts in the CHEEF program, and Staff are thrilled to have them on board.

Mr. Chernow then concluded his report.

Ms. Noda thanked Mr. Chernow and Staff for thinking outside the box and bringing advancements and enhancements to the CAEATFA programs. Ms. Noda asked if there were any other questions or comments from the Board or the public. There were none.

4. BUSINESS ITEMS

A. REPORT FROM TESLA, INC., ON STATUS OF STE AWARD PROJECT PURSUANT TO RESOLUTION NO. 19-SM008 (INFORMATIONAL ITEM)

Staff introduced Erin Bradley, Associate General Counsel, Tax Incentives, Tesla, Inc., Rob McCafferty, Director of EHS, Tesla, Inc., and Jennifer Cohen, California Lead for Policy and Business Development, Tesla, Inc., all of whom joined via internet conference line.

Ms. Bradley introduced Tesla, Inc.'s ("Tesla") report, which she stated would include an update on production and delivery of its electric vehicles, as well as on employee health and safety matters. She began with production and delivery of Tesla electric vehicles. Ms. Bradley stated that in the fourth quarter of 2021, Tesla delivered 11,750 and produced 13,109 of its Model S and Model X electric vehicles and delivered 296,850 and produced 292,731 of its Model 3 and Model Y electric vehicles. Tesla anticipates these numbers will increase in 2022 as its factories in Austin, Texas, and Berlin, Germany, become operational.

Ms. Bradley stated that Tesla remains committed to California with 40,000 employees in the state. She stated that although the company was unable to apply for a sales tax exclusion this year due to the timing of application consideration, Tesla plans to apply with future projects. Ms. Bradley noted that the company was born in California and plans to continue here.

Ms. Bradley continued with Tesla's employee health and safety update. In 2021, the Fremont factory saw a 14% serious injury-rate reduction compared to 2020, as measured by American Society for Testing and Materials (ASTM) E2920 level 1, and Tesla's Total Recordable Incident Rate, as measured by the Occupational Safety and Health Administration, was also lower than industry average in 2021.

Ms. Bradley reported that Tesla received over 40,000 "Take Charge" submissions from associates in less than one year, and the program just hit 100,000 company-wide submissions last week, showing how engaged employees are at Tesla. The program provides an easy way for associates to provide (anonymously, if desired) ideas to identify or help correct hazards proactively before incidents can occur.

Ms. Bradley stated Tesla also recently improved its internal fire and medical response capabilities at the Fremont factory and continues to strengthen relationships with local fire, medical, and police personnel.

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

Mr. Sertich thanked Tesla for providing the reports over the last several years, which have been helpful in ensuring CAEATFA is meeting its mission and goals.

Ms. Noda asked if there were any other questions or comments from the Board or the public. There were none. Ms. Noda thanked Tesla for the report.

B. REQUEST TO APPROVE SECOND READOPTION OF EMERGENCY REGULATIONS FOR THE COMMERCIAL ENERGY EFFICIENCY FINANCING PROGRAM (ARTICLE 6 (COMMENCING WITH SECTION 10092.1) OF DIVISION 13 OF TITLE 4 OF THE CALIFORNIA CODE OF REGULATIONS) INITIALLY EFFECTIVE ON JULY 19, 2021

Presented by Jonathan Verhoef, Program Specialist

Staff proposed the readoption of regulations for the GoGreen Business program which were originally adopted on July 19, 2021, and readopted in January of 2022. The current readoption is being made with no additional changes.

The changes Staff made to the regulations in July were largely related to implementing a method of on-bill repayment through which small business customers will be able to make payments on their financing agreement through their utility bill. This feature is a major selling point for customers and finance companies, and Staff are in the process of finalizing efforts to make this operational through establishment of systems to transmit funds and communicate data between the utilities and participating finance companies. Staff have begun a “soft launch” of on-bill repayment to test the systems and operations with live energy-saving installations and financing agreements.

Other changes included in the proposed readoption include a streamlined set of program requirements for microloans of \$10,000 and under, expanded eligibility for self-installation of energy-saving measures by business owners and their staff, and new energy-saving measures in areas such as refrigeration, heating and cooling, and agricultural measures for greenhouse growing.

This is the final readoption of emergency regulations for the GoGreen Business program. Staff are concurrently working on the Certificate of Compliance as part of the regular rulemaking process to make these regulations permanent.

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

Ms. Noda 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. Noda called for a vote.

The item was approved by the following vote:

Audrey Noda for the State Treasurer	Aye
Tony Sertich for the State Controller	Aye
Lisa Mierczynski for the Director of Finance	Aye

Ken Rider for the California Energy Commission
Grant Mack for the Public Utilities Commission

Aye
Aye

5. PUBLIC COMMENT

Ms. Noda 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