



## AGENDA ITEM 2 (ACTION ITEM)

# Approval of Minutes

From Tuesday, March 19, 2024, at 10:30 a.m.

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Paul Bonderson State Office Building  
901 P Street, Room 102  
Sacramento, CA 95814

### PUBLIC PARTICIPATION CALL-IN NUMBER VIA ZOOM

(877) 853-5257, Meeting ID: 987 6693 6958, Passcode: 560284

Interested members of the public may use this number to call in to listen to and/or comment on items before CAEATFA. Additional instructions will be provided to callers once they call the indicated number. This call-in number is provided as an option for public participation.

### 1. Call to Order & Roll Call

Khaim Morton, Deputy Treasurer, called the California Alternative Energy and Advanced Transportation Financing Authority ("CAEATFA" or the "Authority") meeting to order at 10:31 a.m.

Members Present:

Khaim Morton for Fiona Ma, CPA, State Treasurer (Chair)  
David Oppenheim for Malia M. Cohen, State Controller  
Michele Perrault for Joe Stephenshaw, Director of Finance  
Ken Rider for David Hochschild, Chair, California Energy Commission  
Khalil Johnson for Alice Reynolds, President, Public Utilities Commission

Staff Present: Claudia Quezada, Ed.D., Executive Director

Quorum: The Chair declared a quorum.

### 2. Minutes

Mr. Morton asked if there were any questions or comments from the Board concerning the February 20, 2024, meeting minutes. There were none.

Mr. Oppenheim moved for approval of the minutes, and there was a second by Ms. Perrault. Mr. Morton stated there was a motion and a second and asked if there were any questions or comments from the public. There were none. Mr. Morton called for a vote.

The item was approved by the following vote:

Khaim Morton for the State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Michele Perrault for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye



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### 3. Executive Director's Report

Dr. Quezada gave a report on CAEATFA activity since the February 20, 2024, board meeting.

For program updates, Dr. Quezada reported the following:

- Dr. Quezada stated she is proud to announce that CAEATFA's new dual-language (English/Spanish) GoGreen Financing website has won a Gold Award in the first round of the 2024 Addys, which is the advertising industry's highest honor. The website will now advance to the regional Addy competition and, if successful, will go on to the national stage to compete with the best designed websites in the country. The GoGreen Financing campaign titled "Green Means Go," besides being awarded was the Addy, was also awarded with three other medals – one Silver medal for Best Illustration and two Bronze medals in the Video & Integrated Campaign categories. In 2023, web traffic to the GoGreen Financing website increased by more than 300% and GoGreen Home Energy Financing Program ("GoGreen Home") loan applications increased by more than 200% when compared with 2022.
- The 2023 CAEATFA Annual Report is on schedule to be completed and will soon be posted online.
- The draft FY22-23 Audit Report of CAEATFA's Bond Program is now complete.
- Under the Sales and Use Tax Exclusion Program, analysts continue with review of applications for projects under the 2024 award allocation.
  - Staff anticipates being oversubscribed in some application award pools, but there will be at least one more application round after consideration of the competitive applications. The remaining 2024 application round(s) are anticipated for July 1 through July 19 and September 23 through October 11.
- At today's meeting, Kelly Delaney, Energy Efficiency Financing Specialist, will give a presentation for CAEATFA staff's ("Staff") request for modifications to the GoGreen Home Program regulations.

Under her delegated authority, Dr. Quezada reported that she signed a one-year contract on February 1 for Inclusive Property Capital, Inc. to provide, configure, and support NGEN, a software as a service (SaaS) workflow management and data reporting system, for the GoGreen Home Energy Financing Program. The NGEN system will facilitate Participating lender and contractor entry of loan, project, and measure data via an online portal, removing the need for cumbersome PDF and Excel-based project forms, project approval emails, and allowable projects, and instead allow for electronic capture of data and certifications. The contract term is through January 31, 2025, with a maximum cost of \$100,000.

Dr. Quezada then concluded her report. Mr. Morton asked if there were any comments or questions from the Board or public. There were none.



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#### 4. Business Items

##### A. Request to Approve Modifications to the GoGreen Home Program (Article 5 (Commencing With Section 10091.1) of Division 13 of Title 4 of the California Code of Regulations) Under the Emergency Regulation Process

Presented by Kelly Delaney, Program Specialist

Ms. Delaney reported that Staff is seeking approval to proceed with the emergency regulation process to modify the GoGreen Home Energy Financing Program (“GoGreen Home” or the “Program”) regulations (“Regulations”). GoGreen Home is a financing program that provides a loss reserve for participating lenders to mitigate risk and allow them to offer attractive financing for residential energy efficiency improvements.

Over the past two years, GoGreen Home has seen significant growth, and this February, the Program surpassed \$100 million in private capital deployed to support energy efficiency upgrades. With the California Public Utilities Commission’s 2023 Decision approving Staff’s proposal to expand financing to clean energy measures, it is expected that the Program will see continued growth in the years ahead. This regulations package is necessitated primarily because of the inclusion of these new items into GoGreen Home’s portfolio of eligible measures, and the impacts that this will have on the Program going forward.

There are four significant amendments to the Regulations up for consideration at today’s meeting:

- 1) CAEATFA is proposing to add three new clean energy items to the Program’s list of eligible energy measures (EEMs). The first two are a bundled solar photovoltaic plus battery (solar PV + battery) measure, and there is also battery storage with pre-existing solar. Staff’s intent is to facilitate installation of package solar and battery systems, rather than solar or storage on their own, to best support California’s electrical grid and resiliency needs. Staff is also adding smart electric vehicle chargers that can interact with the grid and utility demand response programs. These three measures were decided upon after a thorough analysis by CAEATFA staff and its technical advisors using a nine-point benefits test approved by the Public Utilities Commission through its Decision and discussed at the GoGreen Home Program’s workshop in February.
- 2) Due to the high cost of these new measures for consumers, CAEATFA is proposing to raise the maximum allowable loan amount and term length from the current 15 year/\$50,000 threshold to 20 years/\$75,000. These new maximums will only apply to those loans that include the bundled solar PV + battery storage measure. Market research has shown that the average cost of these systems in California is roughly \$25,000, and, given that nearly a quarter of GoGreen Home loans are for amounts over \$25,000, the current cap could serve as an



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impediment for creditworthy Borrowers looking to pair clean energy measures with traditional efficiency projects. It should be noted that GoGreen Home's group of credit union Lenders are very careful to approve Borrowers who are most likely to pay back their loans.

- The average cost of a residential combined solar and battery storage system can be up to \$26,000<sup>1</sup>. 754 (23%) loans enrolled since 2022 were for loans over \$25,000 and 202 projects were for amounts between \$40,000 and \$50,000. As electrification trends upwards, more Borrowers will seek to maximize the co-benefits of pairing fuel switching/electrification upgrades with onsite solar generation and battery storage. For some larger properties, these costs might breach \$50,000, especially if the project also includes infrastructure improvements like electrical panel or wiring upgrades.
- 3) The addition of a Project Developer role to GoGreen Home. Project Developers are being actively utilized by the GoGreen Business Program to assist Borrowers in scoping projects, and CAEATFA has determined that these entities, such as energy auditors, could also have a role to play in advancing the GoGreen Home Program given the added layer of complexity that comes with combining clean energy and traditional efficiency measures.
  - 4) Aside from the clean energy measures and related changes, CAEATFA is also proposing a significant amendment concerning GoGreen Home Lenders. This change is the implementation of a pause mechanism which gives CAEATFA the ability to temporarily suspend a Lender's participation if patterns of defaults and payment delinquencies indicate an issue with, for example, underwriting or servicing processes that puts Loss Reserve dollars at risk. The intent of this proposal is to allow CAEATFA to intervene before significant losses occur and to ensure that the Loss Reserve is being utilized appropriately.

In addition to these amendments, this regulation package also contains a number of smaller items pertaining to Contractor management, updated eligibility requirements for select existing energy measures, and adding clarification to the withdrawal and termination process for both Contractors and Lenders.

Upon Board approval, Staff will proceed with the rulemaking process and submit the adoption of emergency Regulations to the Office of Administrative Law ("OAL"). The Regulations will be effective for 180 days until mid-October. Concurrently, Staff will be working on the readopt of the previous regulations package that was enacted in December 2023, with the aim of combining the two packages into one Certificate of Compliance ("COC"). The goal is to have this comprehensive COC finalized and submitted to OAL by mid-August, which would make permanent these Regulations by

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<sup>1</sup> "How much does a solar battery system cost?" Homeguide, 2023. <https://homeguide.com/costs/solar-battery-storage-system-cost>



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the end of summer.

Staff recommended the adoption of a resolution to authorize the Chair and Executive Director to adopt the emergency Regulations for the GoGreen Home Program.

Ms. Perrault moved for approval, and there was a second by Mr. Oppenheim.

Mr. Morton stated there was a motion and a second and asked if there were any questions or comments from the public.

Mr. Morton stated that he appreciates Staff's hard work and the speed with which Staff were able to compile these new changes to the Regulations. He also congratulated Staff on meeting the much anticipated \$100 million milestone for private capital leveraged for loan enrollments. Mr. Morton also expressed his gratitude for the Program's partners for their assistance with this regulations package. He also commented that the increase to the maximum loan amount for loans which include solar and battery storage is a good update and will help the State meet its electrification goals.

Ms. Perrault concurred with Mr. Morton's comments and added that she is supportive of the inclusion of EV charging measures in the Regulations.

Mr. Oppenheim stated that the Controller is very supportive of the updates to the Regulations. He also asked about Program access for Californians in underserved areas, stating that the Controller's Office has a strong commitment to Diversity, Equity, and Inclusion (DEI) and making sure that underserved communities have access to electrification, adding that benefits from electrification, once solar and battery storage systems are in place, can have a great benefit for cost savings in addition to helping the State meet its climate goals. Ms. Delaney replied that Staff is committed to ensuring access to underserved communities, but Program rules concerning underwriting mean that the Program can only do so much on its own. She stated that the Program relies on its enrolled lenders to undertake good creditworthy underwriting practices, and that most lenders partnering with the Program are credit unions, which are more highly regulated than some other lending institutions. The GoGreen Home Program also relies on other programs in the state, such as TECH Clean California, which is a large driver of heat pump market uptake, offers incentives for equity borrowers, to help with borrower inclusion and access. Ms. Delaney continued that the previous regulations package for the Program, which was approved by the Board at the November meeting, included an option for bringing in external funds for interest rate buydown ("IRBD"), and Staff has been working with Program partners to explore this avenue for more Program access for the under-resourced, and would also help by bringing down the loan cost for equity borrowers. Dr. Quezada added that Staff has an extensive network and is working to partner with Certified Community Development Institutions (CDFIs), whose sole interest is reaching out to underserved and underfinanced communities and helping them access capital. Coupled with Program partners that already serve these



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communities, along with the IRBD option, Dr. Quezada stated that Program access will not be prohibitive for under-resourced communities. Mr. Oppenheim thanked Dr. Quezada for the elaboration.

Mr. Rider stated that California Energy Commission ("CEC") Chair David Hochschild is very supportive of the Program's expansion into the solar, battery storage, and EV charging spaces. He stated that Staff has been keen to anticipate market changes and is quick to adapt Program rules to accommodate these changes and added that the current proposed Regulations changes mirror changes made recently at the CEC to its loan programs, like the eco-financing loan it offers to local government and schools, which it is expanding to include solar and EV charging measures.

There were no further comments and Mr. Morton called for a vote.

The item was approved by the following vote:

Khaim Morton for the State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Michele Perrault for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

## 5. Public Comment

Mr. Morton asked if there were any comments or questions from the public. There were none.

## 6. Adjournment

There being no further business, public comments, or concerns, the meeting adjourned at 10:52 a.m.

**Respectfully submitted,**

Claudia Quezada, Ed.D., Executive Director