

# California Hub for Energy Efficiency Financing

## Quarterly Report and Program Status Summary

January 1, 2016 – March 31, 2016



CALIFORNIA HUB FOR  
ENERGY EFFICIENCY  
FINANCING

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# CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING (CHEEF) QUARTERLY REPORT AND PROGRAM STATUS SUMMARY

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## Section 1: Background

Through a series of pilot programs spanning the residential, multifamily, and non-residential market sectors, CAEATFA is partnering with the California Public Utilities Commission (“CPUC”), the investor-owned utilities (“IOUs”)<sup>1</sup>, and the Center for Sustainable Energy (“CSE”) to support the development of new, scalable, and leveraged financing products for consumers to help them produce deeper and broader energy efficiency projects than previously achieved through traditional program approaches. The pilots aim to bring broader access to private capital and will assist in removing the upfront cost barrier of financing for consumers to undertake energy efficiency retrofits.

In September 2013, the CPUC approved Decision 13-09-044 (“D.13-09-044”), which authorized two-year pilot programs to be supported by up to \$66 million of IOU ratepayer funds and serving four market segments; credit enhancements to lenders are intended for only the first three markets below:

- Single-family, with one-third of funds reserved for low and moderate income households,
- Multi-family, affordable housing with master meters,
- Small businesses, and
- On-Bill Repayment of financing by non-residential energy users, without credit enhancement.

The pilot programs were established with a myriad of goals, all of which are intended to support the State’s broader energy efficiency and environmental policy goals using an innovative approach. Primarily, the pilots are designed to:

- (a) attract a greater amount of private capital to the energy efficiency retrofit market by reducing risk to lenders;
- (b) broaden the availability of financing to individuals who might not have been able to access it otherwise; and,
- (c) address the upfront cost barrier to energy efficiency retrofit projects.

This report is responsive to D.13-09-044, Ordering Paragraph 21, which directs CAEATFA in conjunction with the IOUs to issue quarterly reports through the pilot period by program and on CHEEF operational expenses. The reports are to notify the CPUC of implementation progress and issues, the platform and space within which CHEEF functions take place, accounts and account managers associated with the CHEEF, database permission criteria and platforms, customer facing products, pilot program performance aggregate profile information regarding borrowers, and an overview of participating financial institutions. Appendix A of this report includes information on each of the above-listed data points that are required pursuant to D.13-09-044.<sup>2</sup>

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<sup>1</sup> The IOUs consist of Pacific Gas & Electric (PG&E), San Diego Gas and Electric Company (SDG&E), Southern California Edison (SCE), and Southern California Gas Company (SoCalGas) , .

<sup>2</sup> D.13-09-044 directed that quarterly reports be issued beginning on January 31, 2014. However, CAEATFA did not receive approval by that date to operate in the role of CHEEF. Due to that circumstance, SoCalGas requested and the Commission granted a suspension of Ordering Paragraph 21 until the time the CPUC established a revised

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In March 2015, CAEATFA submitted a letter to Edward Randolph, CPUC Energy Division Director, to request that the Commission consider several changes to the pilot program design as identified in D.13-09-044. These recommendations were provided with the purpose of creating a more streamlined implementation and experience for program participants, as well as to support various market needs that may not have been considered in previous phases of program development. In a subsequent Assigned Commissioner and Administrative Law Judge's Ruling that included the letter as an attachment, it was noted that CAEATFA's letter would be treated as a Petition for Modification ("PFM") of Decision 13-09-044.<sup>3</sup> Following this determination, the Commission issued Decision 15-06-008 ("D.15-06-008"), dated June 11, 2015, to partially modify Decision 13-09-044 and Resolution E-4680 implementing the energy efficiency financing pilot programs.<sup>4</sup> D.15-06-008 sought to address adjustments to the financing pilots previously suggested by CAEATFA in its PFM. Most notably, D.15-06-008 extends the finance pilots' terms beyond 2015 so that each pilot is funded for a full 24 months of operation, based on the time that each pilot launches. D.15-06-008 also acknowledged that loans issued during the pilot terms will have ongoing administrative expenses beyond the pilot terms.

Decision 15-06-008 left several of the issues included in the PFM open until later resolution. The issues that were left unresolved under D.15-06-008 were:

1. whether to broaden the scope of Eligible Energy Efficiency Measures ("EEEMs");
2. whether to remove a requirement that CAEATFA use a competitive bid process to select lease providers for small business pilots; and,
3. whether to expand the list of eligible financial products and credit enhancements support structures.

On June 16, 2015, the Commission issued a Notice of Prehearing Conference and Administrative Law Judge's Ruling Regarding Prehearing Conference Statements. A Prehearing Conference was held on July 6, 2015, regarding these remaining issues. A July 23, 2015 amended scoping ruling<sup>5</sup> stated that the only issues the Commission would consider before the pilots have run were (1) whether to authorize financing for energy service agreements ("ESAs") (related to issue 3 above), and (2), whether to

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schedule of requirements. Although the CPUC has not provided further direction regarding the timing for issuing quarterly reports, CAEATFA issued the initial report in 2Q, 2015. See letter of SoCalGas to Paul Clanon dated January 24, 2014, and response of Paul Clanon to SoCalGas dated February 4, 2014 regarding this matter: <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M086/K120/86120334.PDF>.

<sup>3</sup> Revised Assigned Commissioner and Administrative Law Judge's Ruling Re: California Alternative Energy and Advanced Transportation Financing Authority's Proposed Modifications to Decision 13-09-044 (Energy Efficiency Financing Pilots): <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M148/K824/148824390.PDF>.

<sup>4</sup> Decision 15-06-008 Partially Modifying Decision 13-09-044 and Resolution E-4680 Implementing Energy Efficiency Financing Pilot Programs: <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M152/K787/152787673.PDF>.

<sup>5</sup> Amended Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge Regarding Issues Remaining from the California Alternative Energy and Advanced Transportation Funding Authority March 9, 2015 Letter Requesting Changes To Decision 13-09-044, dated July 23, 2015 (Amended Scoping Memo). <http://docs.cpuc.ca.gov/SearchRes.aspx?DocFormat=ALL&DocID=153414090>

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dispense with the requirement for a competitive selection process for lessors of energy equipment. Issues deferred to after the pilots have run are:

- a. Whether to make EEEMs that are only eligible as part of package measures individually eligible for financing.
- b. Whether to mandate adoption of a single list of EEEMs statewide.

The assigned Commissioner also deferred consideration of whether CAEATFA could offer different types of financial support or credit enhancements besides Loan Loss Reserve and Debt Service Reserve Funds. The deferral was without prejudice to CAEATFA renewing its request when it had a more concrete proposal for Commission consideration.

In December 2015, Decision 15-12-002, concluded that (1) ESAs are eligible for OBR financing, and (2) CAEATFA may choose an open market approach based on standard lease company qualifications much like the Residential Energy Efficiency Loan Assistance (“REEL”) program to qualify lease providers to participate, and (3) removed the requirements to competitively select lease providers for small business pilots.

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**Section 2: Budget**

The Decision directs the IOUs to allocate a total of \$65.9 million to the finance pilots over the initial pilot period. Table 1 provides an itemized breakdown of costs and expenditures.

<b>Table 1. Finance Pilot Budget with CAEATFA Expenditures from September 12, 2014 through March 31, 2016</b>		
<b>ITEM</b>	<b>FUNDING AMOUNT</b>	<b>Expenditures Through 3/31/2016</b>
1. <b>CHEEF start-up cost (includes CAEATFA administrative and contracting costs)</b>	<b>\$ 5 million</b>	<b>\$ 1,318,194.51</b>
2. <b>Marketing, education, outreach</b>	<b>\$ 10 million</b>	
a. <b>Statewide MEO plan</b>	\$ 8 million	<b>NA</b>
b. <b>CAEATFA outreach and training to financial institutions and contractors</b>	\$ 2 million	<b>\$ 75,091.98</b>
3. <b>Residential pilots</b>	<b>\$28.9 million</b>	
a. <b>Single family loan loss reserve</b>	\$ 25 million	<b>NA</b>
b. <b>Energy Financing Line Item Charge (\$ to PG&amp;E)</b>	\$ 1 million	<b>NA</b>
c. <b>Multi-family debt service reserve fund</b>	\$2.9 million	<b>NA</b>
4. <b>Non-residential pilots</b>	<b>\$ 14 million</b>	
a. <b>Small business sector OBR with credit enhancement</b>	\$ 14 million	<b>NA</b>
i. <b>Sub-pilot: OBR for lease providers</b>		
ii. <b>Sub-pilot: Off-bill for lease providers</b>		
b. <b>Non-residential OBR without credit enhancement</b>		
5. <b>Information Technology (\$ to IOUs)</b>	<b>\$ 8 million</b>	<b>NA</b>
<b>TOTAL FUNDING FOR EE FINANCING PILOTS</b>	<b>\$ 65.9 MILLION</b>	
<b>TOTAL CAEATFA EXPENDITURES</b>		<b><u>\$ 1,393,286.49</u></b>
<b>TOTAL CAEATFA FUNDING BUDGET REMAINING</b>	<b><u>\$ 5,606,713.51</u></b>	

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To date, CAEATFA has expended approximately \$1,393,286.49 of the \$7 million allocated for CHEEF start-up costs, education, outreach, and training for lenders and contractors.<sup>6</sup> This funding covers CAEATFA's expenditures from September 12, 2014 through March 31, 2016. As of, March 31, 2016, \$157,333.31 of the funds has been expended on contracts with third parties – specifically the master servicer (Concord Servicing Corporation) and the trustee (US Bank).

As of July 1, 2015, CAEATFA received extended legislative budget authority to carry out the services of the CHEEF within the initial existing \$7 million budget through June 30, 2017 (FY 16-17). As the timeframe for development of the IT infrastructure for the OBR pilots is determined, CAEATFA will work with the CPUC to identify the appropriate level of future budget augmentations.

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<sup>6</sup> These expenditures were under review by the IOUs during the time of this report.

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## Section 3: CHEEF Infrastructure

**This Section complies with the direction from the CPUC to provide updates on the “The platform and space within which CHEEF functions take place.”**

CAEATFA is creating a streamlined, statewide platform for lenders and contractors to participate in the uptake of energy efficiency projects through increased access to financing. As the manager of the CHEEF, CAEATFA is developing uniform program requirements, standardized documentation and processes, and a central administrative entity to facilitate investment in energy efficiency projects and implementation of the pilot programs.

### *CHEEF Infrastructure*

Central to the infrastructure needed to implement the CHEEF Pilot Programs are a Master Servicer, Trustee bank, Contractor Manager, Data Manager, and Technical Advisor. Below are descriptions of each of these roles and information on the current status as it relates to CAEATFA’s procurement processes.

- **Master Servicer.** The Master Servicer (MS) plays a key role in the daily administration of the program, accepting lender and loan enrollment applications, and processing on-bill repayment transactions. Through a competitive solicitation, CAEATFA selected Concord Servicing Corporation as the MS under a contract that became effective on April 23, 2015. CAEATFA Staff has continued worked to familiarize the MS with the Pilot Programs, specifically focused on developing the infrastructure for the Residential Energy Efficiency Loan Assistance Program (“REEL”) while simultaneously developing the foundation for on-bill repayment functionality.

On December 7, 2015 the Department of General Services (DGS) approved an amendment that extended the Concord Servicing Corporation contract for one-year. The current contract with Concord Servicing Corporation is now set to expire on December 31, 2016.

- **Trustee Bank.** The Trustee holds the ratepayer funds provided by the IOUs to serve as credit enhancements under the various pilot programs. CAEATFA will maintain the integrity of ratepayer funding, and provide direction to the Trustee bank to transfer credit enhancement funds between IOU program holding accounts and participating lender accounts. The program regulations under development will identify the amount of credit enhancement funds available for each enrolled loan/lease, and will also identify the processes for payment of claims under the program.

Since the Trustee contract was approved by the Department of General Services on March 11, 2015, US Bank has worked with CAEATFA to establish (1) one holding account for each of the four IOUs; (2) one IOU program holding account for each IOU-program combination; (3) one IOU-program reservation account for each IOU-program combination and (4) one lender reservation account for each IOU program in which the lender chooses to enroll. As of

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September 30, 2015 all of the IOUs have transferred credit enhancement funds into their Holding Account for the Residential Energy Efficiency Loan (REEL) Assistance Program.

On October 30, 2015 the Department of General Services (DGS) approved an amendment that extended the US Bank contract for one-year. The current contract with US Bank is now set to expire on December 31, 2016.

- **Data Manager.** The Data Manager will receive Pilot Program data from the Master Servicer and other energy efficiency finance program administrators to prepare it for public presentation and use. The Request for Proposal (RFP) for this service has not yet been released; CAEATFA staff is working on developing the RFP for the data manager as the data points for the residential and commercial pilots are still under development. Concurrently, the program will continue to collect the appropriate data to ultimately be transmitted to the data manager when it is on-board.
- **Contractor Manager.** The Contractor Manager will enroll and manage participating contractors, coordinate with the Center for Sustainable Energy on outreach, and conduct quality control oversight of projects not participating in an IOU rebate/incentive program. The RFP for this service is under development, and is expected to be released in June 2016.
- **Agent Bank.** The Agent Bank is a new entity envisioned under the CHEEF infrastructure. In CAEATFA Staff's research and outreach to interested lenders on the On-Bill Repayment Pilots, lenders expressed the need for additional safeguards around their funds, as the IOUs remit daily payments designated for all participating lenders to the Master Servicer. In working with Concord Servicing, legal counsel, and advisors, it was determined that an Agent Bank is an appropriate role to accommodate interested lender needs. The IOUs will remit borrower repayments to accounts held at the Agent Bank and the Agent Bank will receive directions from the Master Servicer to transfer funds to the designated lender. Staff has completed the initial draft of the agent bank RFP to accommodate OBR functionality and anticipates advertising the RFP for the agent bank in May 2016. Under this timeframe, an Agent Bank will be selected and under contract in July/August 2016.
- **Technical Advisor.** The Technical Advisor will provide necessary expertise to assist in CAEATFA's development and implementation of the CHEEF programs. The Request for Offer (RFO) for this service is currently under development and being further refined. During this time, CAEATFA has been working in close collaboration with industry experts and stakeholders to obtain the relevant subject matter expertise and continues to receive support from Harcourt Brown & Carey, a long-time advisor on the pilots in coordination with the IOUs as they hold the contract. CAEATFA anticipates that the Technical Advisor RFO will be released in April 2016 with an expected start date for the selected firm of May 2016. In addition, CAEATFA anticipates expanding its Technical Assistance support throughout the development and implementation of the CHEEF programs and administrative infrastructure.

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## Section 4: Program Development

### *Residential Energy Efficiency Loan Assistance Program*

The Residential Energy Efficiency Loan Assistance (“REEL”) Program (previously referred to as the Single Family Loan Program) is the first in the sequence of the pilots to launch.

#### Regulatory Development

The program regulations were approved by the Office of Administrative Law (“OAL”) and considered effective as of March 9, 2015. CAEATFA is able to statutorily adopt emergency regulations, which serves as a shortened rulemaking process. Under State law, emergency regulations are effective for an initial 180-day period, and may be re-adopted for two additional 90-day periods as an agency completes its regular rulemaking process. The REEL regulations were re-adopted with some amendments to incorporate early lessons learned in August 2015, and were effective September 8, 2015.

On October 30, 2015, CAEATFA issued a Notice of Proposed Rulemaking for the REEL program along with the proposed regulation text and the Initial Statement of Reasons, beginning a 45-day public comment period which concluded with a public hearing on December 15, 2015. CAEATFA received no public comments during this period.

In response to experience gained in early program implementation CAEATFA released a modified version of the proposed regulations<sup>7</sup> for a 15-day comment period from January 6, 2016 – January 21, 2016. CAEATFA received no public comments during this period. The proposed regulations were approved by the CAEATFA board on February 16, 2016.

These proposed regulations include updates to streamline program participation and administration. Staff incorporated less burdensome ways to administer the program, such as standardized program identifiers and project data tracking requirements. Additionally, implementation issues raised internally and by stakeholders, as well as program data tracking needs and incorporating the ability to enroll a loan that will not receive a credit enhancement for solar installation, required updates to and clarification of the regulatory text.

In addition, as the basic foundations for on-bill functionality are established as described below, the REEL Program regulations will be updated to incorporate the Energy Finance Line Item Charge for customers in PG&E service areas, and may also include other revisions resulting from lessons learned during CAEATFA’s experience onboarding lenders and contractors.

#### Infrastructure Development and Operations

The processes, procedures, and checklists used by the Master Servicer to enroll loans have been developed and tested. In November 2015, the MS and CAEATFA began testing the loan enrollment process to 1) ensure that the enrollment procedures were effectively operationalized and practical 2) ensure the MS’s ability to evaluate loan and project eligibility

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<sup>7</sup> Proposed regulations approved by the CAEATFA board on February 16, 2016 - [www.treasurer.ca.gov/caeatfa/cheef/reel/regulations/2016/20160106/text.pdf](http://www.treasurer.ca.gov/caeatfa/cheef/reel/regulations/2016/20160106/text.pdf)

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and 3) identify and test possible functionality issues that may arise as data is uploaded onto the database being built out for the program. CAEATFA and the MS plan to test the pre-approval process as well as the Master Servicer's ability to evaluate eligible comprehensive/Whole House projects in April, 2016.

In conjunction with CAEATFA, the MS continues to meet with the IOUs to discuss overall program development, data collection, data transfer, and data storage functionality necessary for both the off-bill and on-bill pilots, including the operational functionality of the IOU's Authorization to Release Customer Information form. Concord's information technology department is also building out their database functionality to manage the day-to-day activity of the pilot programs.

The operation infrastructure to enroll a loan under REEL is established and launched, as noted below, CAEATFA is working with its lenders on streamlining processes and procedures related to their specific financing products, and can now begin training and enrolling contractors into the program.

### Eligible Energy Efficiency Measures

During this period CAEATFA and the IOUs continued to analyze and improve the usability of the online data portal that identifies the Eligible Energy Efficiency Measures (EEEMS) under the program, which will be used by contractors, lenders, and the Master Servicer, to ensure project eligibility. The portal can be found at <http://eeems.azurewebsites.net/>. CAEATFA worked with staff at the CPUC and the IOUs to clarify requirements for EEEMs when a project is completed without an IOU rebate or incentive (Finance-Only Path). During this time, CAEATFA has continued to work with the IOUs to update the EEEMs portal to clearly communicate the financing requirements for comprehensive/ whole house projects. CAEATFA will continue to work with the IOUs to improve the portal.

### Lender Recruitment and Training

CAEATFA has been recruiting, enrolling and training Participating Financial Institutions ("PFIs") and Participating Finance Lenders ("PFLs"). To date, CAEATFA has approved one PFL, Viewtech Financial Services ("Viewtech") and two PFIs, Valley Oak Credit Union and Matadors Community Credit Union, approved March 21, 2016. CAEATFA Staff is working with Viewtech, Valley Oak and Matadors to prepare them for on-boarding loan enrollments with the Master Servicer. These lenders are also in the process of building and modifying their internal systems to accommodate their new CHEEF loan products. In addition, CAEATFA Staff is in the process of reviewing additional lender applications and continuing to engage prospective program participants. In order to create a smooth lender interface with the program CAEATFA has invested a significant amount of time to refine the loan enrollment process and integrate with lenders' existing procedures. Some examples include CAEATFA facilitating testing with Concord, creating procedures for partner notifications, conducting operations walkthroughs, and advocating for the acceptance of e-signatures on customer documents by the IOUs. CAEATFA staff has also created implementation tools and resource materials for lenders which includes checklists, an implementation manual, fillable PDF forms and a loan enrollment workbook.

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### Contractor Recruitment and Training

Contractor training material was also developed during this period with the first versions of the curriculum largely finalized at the end of the quarter. Upon consultation with CSE and the IOUs, it was determined that Contractor training would begin once the first PFI or PFL established the functionality to enroll a loan. Contractor training will begin in April 2016 with the first in-person contractor training event being held in Tulare, CA on April 13, 2016 at the Southern California Edison Energy Center. Valley Oak Credit Union, which is anticipated to be the first lender that will be prepared to enroll a loan under the REEL program, is expected to be in attendance to engage with contractors. During this period, CAEATFA staff developed resources for contractors to implement the program including an implementation handbook, sample project documentation, and video tutorials on [thecheef.com](http://thecheef.com) and/or <http://www.treasurer.ca.gov/caeatfa/cheef/reel/contractor/index.asp>.

### ***On-Bill Repayment Programs***

Several of the Pilot Programs will include On-Bill Repayment (“OBR”) as a key feature. CAEATFA staff is continuing to work with the IOUs and the MS to lay the foundation and establish the OBR infrastructure.

### Infrastructure Development and Operations

One key components of the OBR infrastructure is the Data Exchange Protocol (DEP), which establishes the specific data points, file layout and frequency under which data and payments will be exchanged via secure and automated processes between the MS and IOUs. This will enable the IOUs to remit payment data securely to the MS/Agent Bank. After working through multiple complex residential and commercial customer data scenarios, the MS and the IOUs signed off on the DEP in January, 2016. Though mostly significant for the on-bill pilots, the DEP is critical for the sharing of customer energy consumption data within the REEL program.

The Master Servicer, PGE, SDG&E, SoCalGas, and SCE, have been working independently, and in close coordination to build their individual customized IT systems to accommodate the data exchange and, in the case of the utilities modify their billing systems to accept energy efficiency financing charges on their bills. During this period, CAEATFA, the MS and the IOUs launched into planning for the testing of the data exchange protocol and the OBR infrastructure. The parties identified several risks and gaps related to testing plans that had been developed to date, and developed several mitigation strategies to address the related risks and to ensure a robust testing plan approach and process. The Master Servicer plans to bring on a resource with experience in testing and developing OBR programs in early April 2016. Concurrently, the parties will work together to develop a testing plan and testing schedule. Once the testing plan is finalized, CAEATFA will be able to determine the timeframes for the launch of the OBR Pilot Programs.

The MS and CAEATFA continue to work through the on-bill lender interaction process. This work includes development of communication, data flow, and cash flow between the lenders and the MS/Agent Bank.

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### Program Development and Regulations

During this time, CAEATFA staff has continued to research program design features and financial structures for the small business loan, lease, energy service agreements and commercial projects; financing structures best suited for multifamily projects; and the incorporation of EFLIC under the REEL Program. CAEATFA's regulatory process to develop these programs will begin once CAEATFA staff is able to adequately incorporate the on-bill repayment features as described above. CAEATFA anticipates holding workshop for the EFLIC and Commercial pilots over the summer of 2016, followed by workshops for the multifamily pilots

CAEATFA staff will be able to provide a more accurate and detailed anticipated timeline for the OBR pilots once the testing plan is finalized and complete. CAEATFA's workshop and regulatory process will take place through the fourth quarter of 2016.

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## Section 5: Additional Information

More information on the CHEEF Pilot Programs is available on CAEATFA's website at <http://www.treasurer.ca.gov/caeatfa/cheef>. To receive notifications regarding workshops, regulations, and other items related to the CHEEF, please sign-up [here](#) for CAEATFA's listserve. Please direct inquiries on this report or generally on the CHEEF Pilot Programs to CAEATFA at (916)651-8157 or [cheef@treasurer.ca.gov](mailto:cheef@treasurer.ca.gov).

## Appendix A: Reporting Components Required by D.13-09-044

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Below is a full list of data points required by D.13-09-044 to be submitted as part of this Quarterly Report. Many of these components are related to the implementation stages of the program. As detailed above, CAEATFA is in the process of establishing the basic infrastructure for implementing the financing pilots. Additional information will be provided in subsequent Quarterly Reports as program activity ramps-up.

- **The platform and space within which CHEEF functions take place**
  - See Section 3 on p. 5.

- **Accounts and account managers associated with CHEEF**

The following CHEEF accounts have been established with US Bank:

- CHEEF PG&E Holding Account
  - CHEEF PG&E REEL Program Account
  - CHEEF PG&E REEL Reservation Account
  - Valley Oak Credit Union PG&E REEL Loss Reserve Account
  - Viewtech PG&E REEL Loss Reserve Account
  
  - CHEEF SDG&E Holding Account
  - CHEEF SDG&E Program Account
  - CHEEF SDG&E Reservation Account
  - Valley Oak Credit Union SDG&E REEL Loss Reserve Account
  - Viewtech SDG&E REEL Loss Reserve Account
  
  - CHEEF SCE Holding Account
  - CHEEF SCE Program Account
  - CHEEF SCE Reservation Account
  - Valley Oak Credit Union SCE REEL Loss Reserve Account
  - Viewtech SCE REEL Loss Reserve Account
  
  - CHEEF SoCalGas Holding Account
  - CHEEF SoCalGas Program Account
  - CHEEF SoCalGas Reservation Account
  - Valley Oak Credit Union SoCalGas REEL Loss Reserve Account
  - Viewtech SoCalGas REEL Loss Reserve Account
- **Database permission (and levels therein) criteria and platforms**

CAEATFA is still in the process of working with the Master Servicer to establish database infrastructure. No permissions have been set at this time.
  - **Customer facing products (such as websites/informational charts)**

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- CAEATFA maintains information about the pilots and related workshops, trainings, and events on its website:  
<http://www.treasurer.ca.gov/caeatfa/cheef/reel/contractor/index.asp>.  
 Information on Eligible Energy Efficiency Measures is available online at:  
<http://eeems.azurewebsites.net/>.  
 CAEATFA is also working with the Center for Sustainable Energy to integrate messaging about the financing pilots within the Energy Upgrade California efforts  
[\(https://www.energyupgradeca.org/en/\)](https://www.energyupgradeca.org/en/).  
 Additional information regarding the CHEEF pilot programs, lender profiles, contractor resources, marketing and continuing education information can be found at [thecheef.com](http://thecheef.com).
- **Transactions of various financial products administered by CHEEF and certain aggregate profile information about borrowers, project purposes/scope, financed amounts, etc.**
  - No transactions have occurred under the CHEEF programs yet.
- **Overview of participating FIs for the REEL program**
  - As of March 31, 2016, three lenders - Viewtech Financial Services, Valley Oak Credit Union and Matadors Community Credit Union - have enrolled in the Residential Energy Efficiency Loan Assistance Program. CAEATFA is currently recruiting other Eligible Financial Institutions, and conducting additional outreach.

**Viewtech Financial Services** anticipates offering their REEL product on a statewide basis through Retail Installment Contracts (RICs) offered to borrowers through the contractor. While Viewtech’s current rate on a non-REEL RIC ranges from 7.99% for borrowers with high FICO scores, up to 14.99% for those with lower FICO scores, the interest for the REEL product has been greatly reduced for those borrowers whose FICO scores fall into the lower end of the spectrum. Through the availability of the CE, Viewtech is able to offer a rate of either 7.99% or 8.99%.

<b>Viewtech</b>		
<b>Borrower FICO</b>	<b>Non REEL RIC Rate Range</b>	<b>REEL loan or RIC Rate</b>
780+	7.99%	7.99
720-779	7.49 to 9.99%	7.99
680-719	8.99 to 12.24%	7.99
640-679	11.99 to 14.99%	8.99
600-639	14.99%	8.99

## Appendix A: Reporting Components Required by D.13-09-044

### CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING (CHEEF) QUARTERLY REPORT AND PROGRAM STATUS SUMMARY

January 1, 2016 – March 31, 2016

The lower interest rates will result in customer savings for borrowers with FICO scores lower than 720, as shown here. For example:

- a Viewtech customer with a FICO score of 600, taking out a \$20,000 12-year loan, would save \$10,448 in interest over the life of the loan.
- a Viewtech customer with a FICO score of 680, taking out a \$15,000 12-year loan, would save \$5,315 in interest over the life of the loan.

**Valley Oak Credit Union** is a regional credit union offering financial products and services in California’s Central Valley, a region dominated by low-to-moderate income households according to the CA Department of Housing and Community Development. Valley Oak serves borrowers in Fresno, Kings, Madera, and Tulare counties and is eager to offer energy efficiency financing to its members in order to help them to reduce their energy consumption, improve their homes, and ultimately lower their cost of living expenses.

While Valley Oak does not currently offer an existing energy efficiency home improvement loan, a member seeking this type of financing would have applied for a “Personal” loan through the credit union at a rate of 8.95% for high FICO borrowers and at rates up to 15.95% for those with a lower FICO. With the availability of the CE they have been able to develop a loan product offering rates that range from 7.41% to 9.91%.

Valley Oak		
Borrower FICO	Non REEL Rate	REEL loan Rate
730+	8.95%	7.41
680-729	9.95%	7.91
640-679	11.95%	8.41
600-639	13.95%	8.91
580-599	15.95%	9.91

The lower interest rates will result in significant customer savings for credit-challenged borrowers. For example:

- a Valley Oak customer with a FICO score of 580, taking out an \$8,000 7-year loan, would save \$2,203.41 in interest over the life of the loan.
- a Valley Oak customer with a FICO score of 600, taking out a \$20,000 12-year loan, would save \$8,668.91 in interest over the life of the loan.

## Appendix A: Reporting Components Required by D.13-09-044

### CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING (CHEEF) QUARTERLY REPORT AND PROGRAM STATUS SUMMARY

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**Matadors Community Credit Union** is a statewide credit union offering financial products to pay for eligible energy efficiency to qualified single-family residential customers throughout California. Up to 30% of the loan can be used to pay for other home improvements, such as water-saving projects and remodeling.

Matadors currently doesn't offer single measure energy efficiency home improvement loans, and a member seeking this type of financing would have applied for a "Personal" loan through the credit union at a rate of 9.90% for higher FICO borrowers and at rates up to 12.40% for those with a lower FICO. With the availability of the CE they have been able to develop a loan product to cover single measures, as well as whole house retrofits, offering unsecured financing rates that range from 5.99% to 7.99%.

Matadors				
Minimum Borrower FICO	Term	Personal Loan Rate	Term	REEL loan Rate
660	12 months	9.90-12.40%	60 months	5.99%
660	12 months	9.90-12.40%	120 months	6.99%
660	12 months	9.90-12.40%	180 months	7.99%

The lower interest rates will result in longer repayment terms, and savings for credit-challenged borrowers. For example a Matadors member who needs to take a personal loan of \$5,000 for an emergency HVAC replacement would be charged at least 9.90% for a loan that has to be repaid in 1 year. That same borrower, with the REEL product option, will pay only 5.99% and has up to 5 years to repay the loan.