# TITLE 4, DIVISION 13, ARTICLE 6 OF THE CALIFORNIA CODE OF REGULATIONS

## NOTICE OF PROPOSED RULEMAKING

The California Alternative Energy and Advanced Transportation Financing Authority (the "Authority" or "CAEATFA"), organized and operating pursuant to Division 16 (commencing with section 26000) of the California Public Resources Code (the "Act")—pursuant to the authority vested in it by the Public Resources Code Section 26009 to promulgate regulations and Public Resources Code Section 26011 to provide financial assistance to a participating party, and acting pursuant to the Memorandum of Agreement ("MOA") between CAEATFA and the California Public Utilities Commission ("CPUC") which sets forth the policies and procedures for establishment of a series of ratepayer-funded pilot programs as authorized and described in the initial CPUC-approved Decision 13-09-044, Decision Implementing 2013-14 Energy Efficiency Financing Pilot Programs (the "Decision"), issued September 20, 2013 and subsequent CPUC actions[1]—proposes to amend the Commercial Energy Efficiency Financing Program regulations described below after considering all comments, objections, and recommendations regarding the proposed action. The Commercial Energy Efficiency Financing Program is known publicly as the "GoGreen Business Program" and is also referred to in this document as "Program."

## PUBLIC HEARING

The Authority has not scheduled a public hearing on this proposed rulemaking. However, a public hearing will be held if any interested person, or their duly authorized representative, requests a public hearing to be held relevant to the proposed rulemaking by submitting a written request to the Agency Contact Person identified in this notice no later than fifteen (15) days prior to the close of the written comment period.

## WRITTEN COMMENT PERIOD

Any interested person, or their authorized representatives may submit written comments relevant to the regulations to the Authority. **The written comment period on the regulations ends on Monday, August 10, 2026.** All comments must be submitted in writing by that time in order for them to be considered by the Authority. Comments may be submitted by email to ggb@treasurer.ca.gov, or submitted by fax mentioning CAEATFA in the subject line to (916) 651-7709, or may be mailed to P.O. Box 942809 Sacramento, CA 94209-0001.

In the event that substantial changes are made to the regulations during the written comment period, the Authority will also accept additional written comments limited to any changed or

[1] CPUC has issued additional decisions and rulings addressing issues related to the implementation of the pilot programs, including: D. 15-06-008, D. 15-12-002, D. 17-03-026; and D.21.08.006.

modified regulations for fifteen (15) calendar days after the date on which such regulations, as changed or modified, are made available to the public pursuant to Title 1, Division 1, Chapter 1, Article 2, Section 44 of the California Code of Regulations. Such additional written comments should be addressed to the Agency Contact Person identified in this notice.

## AUTHORITY and REFERENCE

<u>Authority</u>: <u>Public Resources Code Section 26006 and 26009</u>.
Section 26006 and 26009 of the Public Resources Code authorizes the Authority to adopt necessary regulations relating to its authority established by the Act, and Public Resources Code 26011 establishes the authority to provide financial assistance to a participating party.

<u>Reference</u>: <u>Public Resources Code Sections 26002, 26002.5, 26003(a)(3)(A), 26003(a)(6), 26003(a)(7)(A), 26003(a)(8)(A), 26011 and 26040</u>. On September 19, 2013, the CPUC approved Decision 13-09-044 and requested the Authority act as the master administrator of the California Hub for Energy Efficiency Financing ("CHEEF"), funded by ratepayer funds collected by the four investor-owned utilities: Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company (collectively the "IOUs"). CAEATFA's purpose is to advance the State's goals of reducing the levels of greenhouse gas emissions, increasing the deployment of sustainable and renewable energy sources, implementing measures that increase the efficiency of the use of energy, creating high quality employment opportunities, and lessening the State's dependence on fossil fuels. The Authority's statute enables it to provide financial assistance to various participating parties that carry out eligible projects. In July 2014, CAEATFA received initial Legislative budget authority to administer the CHEEF functions and subsequently entered into a Memorandum of Agreement with the CPUC and a receivables contract with the IOUs to implement the CHEEF.

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Existing law establishes the California Alternative Energy and Advanced Transportation Financing Authority and authorizes the Authority to provide "financial assistance" to "participating parties" for the implementation of "projects" as those terms are defined in Public Resources Code Section 26003. A Memorandum of Agreement between CAEATFA and the CPUC sets forth the policies and procedures for establishment of a series of ratepayer-funded programs as authorized and described in the CPUC-approved Decision 13-09-044, Decision Implementing 2013-14 Energy Efficiency Financing Pilot Programs, and associated governing actions ("Decision").

The Decision established the California Hub for Energy Efficient Financing ("CHEEF") to be administered by CAEATFA. CAEATFA was authorized to develop and implement a number of energy efficiency financing programs, intended to attract a greater amount of private capital to the energy efficiency retrofit market. The programs would make use of a credit enhancement to mitigate risk for finance companies, allowing them to offer more attractive rates and terms and to approve financing for individuals and businesses who might not be approved otherwise. The Decision also authorized on-bill repayment for several sectors including the commercial sector. Through on-bill repayment, customers can repay energy-related finance agreements through their utility bills.

The Office of Administrative Law ("OAL") first approved emergency regulations for the Commercial Energy Efficiency Financing Program in December 2018. Following a period of financing company and contractor enrollment, the program was launched for small business participants in May 2019. The Certificate of Compliance was completed in December 2019. The Program was initially known publicly as the "Small Business Financing Program" and, beginning in August 2021, as the "GoGreen Business Energy Financing Program" or just "GoGreen Business."

In early 2024, program staff adopted changes to incorporate the program's affordable multifamily program into GoGreen Business to have a single program for all multifamily and commercial lending. This approach allows lenders to have consolidated coverage for both property types. In conversation with community banks and other lenders with multifamily products, staff learned that several elements of program regulations conflicted with industry standard practices in this sector. Staff solicited input from lenders in this space and began the approach to update program regulations to better align with industry practices. Staff also began emergency regulations to address the need for funding to rebuild areas in California damaged by wildfires. To this end, Authority staff proposed making modifications through the emergency process in August of 2025.

As part of the emergency rulemaking, CAEATFA made publicly available the proposed modified emergency stakeholder regulations, held stakeholder discussions soliciting input, and conducted a virtual public workshop on August 25, 2025 followed by a 10-day public comment period. Two emergency regulations were approved by OAL, the wildfire regulations amendments were approved on September 29, 2025 (OAL File No. 2025-0917-01E) and the multifamily regulations amendments were approved on November 6, 2025 (OAL File No. 2025-1027-01E).

The proposed regulations associated with this Notice seek to make permanent most of the emergency modifications. They clarify eligibility of properties destroyed in a natural disaster for financing through the program, and make amendments to better align program requirements on lending to industry practices in the multifamily sector. These regulations are the result of stakeholder comments obtained since implementation in 2019 as well as during the emergency rulemaking process.

**Anticipated Benefits of the Proposed Action:**

Affordable housing is a growing need in California, along with the increasing impact of climate change. These amendments made with input from community lenders are intended to accelerate energy-saving property upgrades to make affordable housing more readily available, drive down tenants' utility bills, and mitigate the impact of climate change through reducing greenhouse gas emissions produced by energy generation.

**Evaluation of Inconsistency/Incompatibility with Existing State Regulations:**

Government Code Section 11346.5(a)(3)(D) requires that the notice of proposed rulemaking include, "[an] evaluation of whether the proposed regulation is inconsistent or incompatible with existing state regulations." CAEATFA's Staff reviewed the California Code of Regulations and found no existing regulations with which there might be inconsistency or incompatibility. Therefore, CAEATFA believes that the proposed regulation is neither inconsistent nor incompatible with existing state regulations.

## DISCLOSURES REGARDING THE PROPOSED ACTION

The Executive Director of CAEATFA has made the following determinations regarding the effect of the regulations:

**Mandate on local agencies or school districts:** None.

**Cost or savings to any state agency:** None.

**Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630:** None.

**Other nondiscretionary cost or savings imposed on local agencies:** None.

**Cost or savings in federal funding to the state:** None.

**Significant effect on housing costs:** None.

**Significant, statewide adverse economic impact directly affecting businesses including the ability of California businesses to compete with businesses in other states:** The Authority has made the determination that the proposed regulations will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. Participation in the Program is voluntary for California businesses. For those businesses that choose to participate, they are likely to access financing at better rates and terms than they would find outside of the Program, which provides a benefit. In fact, the Authority finds that the proposed regulation will have a positive effect on the participating customers as well as the State's economy and environment generally as a result of reducing the cost of financing, potential utility bill savings and reduction of greenhouse gases.

**Effect on Small Business:** The proposed regulations will not have an adverse impact on small businesses in California. Participation is voluntary and designed to offer access to attractive financing that a small business otherwise may not have.

**Cost Impacts on Representative Private Person or Business:** The Authority is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

## RESULTS OF ECONOMIC IMPACT ANALYSIS

The Authority finds that the regulations will have a positive effect on the state's economy as studies have cited access to attractive financing as a significant impediment for businesses to invest in energy upgrades. Therefore, the Authority finds there may be increased economic activity for manufacturers and installers of energy efficiency measures, finance companies who participate in the Program, and contractors and project developers who participate in the program. Additionally, businesses that make energy upgrades are likely to experience energy savings which could be reinvested into their businesses and into the state economy as a whole.

**Creation or Elimination of California Jobs:** The Authority finds that the regulations may have a positive impact on the creation of jobs within California, through manufacturers of energy efficiency measures benefitting from increased demand, contractors and project developers hired to install measures and from businesses participating in the Program who save on energy bills and are able to reinvest those savings into their businesses and hire additional workers. The Authority has not estimated the number of green jobs that may be created as a result of this Program as participation is voluntary.

**Creation, or Elimination, of California Businesses:** As the regulations provide an incentive to finance companies offering credit to California business owners, the elimination of businesses within California is improbable. The regulations are unlikely to significantly affect the creation of new businesses within the State of California.

**Expansion of Existing Businesses in California**
The Authority finds there would be increased economic activity for certain businesses of project developers and contractors who conduct energy efficiency retrofits, thus potentially expanding existing businesses.

**Benefits of The Regulation to The Health and Welfare of California Residents, Worker Safety, and The State's Environment:** The goal of the Program is to increase access to financing for California businesses to invest in energy efficient upgrades, thus reducing greenhouse gas emissions and helping meet California's ambitious environmental goals.

## SUMMARY OF THE PROPOSED CHANGES AND ADDITIONS

Section 10092.1. Definitions.

This section defines terms commonly used throughout the regulations and Program documents.

This section is being amended to update definitions related to repairs to buildings destroyed in a natural disaster, and to clarify the definition of multifamily.

Section 10092.2. Finance Entity Enrollment.

This section defines and describes the lender application process to participate in the program.

This section is being amended to extend program submission deadlines regarding multifamily installations.

Section 10092.5. Eligible Financial Products.

This section defines and describes the required financial terms for Eligible Financial Products of the GoGreen Business Energy Financing program.

This section is being amended to clarify that construction-to-permanent lending is not prohibiting under program restrictions on refinancing, and to allow other types of security for loans such as security against real property.

Section 10092.7 Project Eligibility.

This section details the requirements for Projects to be eligible for financing through the Program.

This section is being amended to simplify eligibility for multifamily energy upgrades, and to make explicit that repairs to properties destroyed in a natural disaster are eligible for the program.

Section 10092.8. Financing Submittal and Enrollment.

The purpose of this section is to detail the full requirements for Project Eligibility, including the documentation, data, and signed certifications that must be submitted by each participant to the authority for the Eligible Financing Agreement for a Project to enroll in the Program.

This section is being amended to extend the timeline for project submission for multifamily projects.

Section 10092.9. Credit Enhancement.

This section outlines the establishment of and contributions to Financial Provider Entities' Loss Reserve Accounts related to Projects that are enrolled in the GoGreen Business Program.

The section has been amended to change loss reserve calculations for multifamily installations from a tiered structure to a contribution of 10%, and to allow both affordable and market rate multifamily to receive the same loss reserve contributions.

## CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5(a)(13), the Authority must determine that no reasonable alternative considered by the agency or that has otherwise been identified and brought to the attention of the agency would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The Authority invites interested persons to present statements with respect to alternatives to the regulations during the written comment period.

## AGENCY CONTACT PERSON

Written comments shall be submitted or directed to: ggb@treasurer.ca.gov.

Inquiries and any questions regarding the substance of the regulations shall be submitted or directed to:

Jonathan Verhoef
Program Manager
CAEATFA
915 Capitol Mall
Sacramento, California 95814
Telephone: 916-809-4637
Email: jverhoef@treasurer.ca.gov

(backup contact) Kevin Nakano
Program Specialist
CAEATFA
915 Capitol Mall
Sacramento, California 95814
Telephone: 916-653-0015
Email: Kevin.Nakano@treasurer.ca.gov

## AVAILABILITY OF INITIAL STATEMENT OF REASONS AND TEXT OF THE PROPOSED REGULATIONS

The Authority has established a rulemaking file for this regulatory action, which contains those items required by law. The file is available for inspection at the Authority's office at 915 Capitol Mall, Third Floor, Sacramento, California 95814, during normal business working hours. As of the date this Notice is published in the Notice Register, the rulemaking file consists of this Notice, the Initial Statement of Reasons, the proposed text of the regulations, the Economic Impact Statement, and the Technical, Theoretical, and/or Empirical Studies, Reports, or Documents. Copies of these items are available upon request from the Agency Contact Person designated in this Notice or at the Authority's website located at https://www.treasurer.ca.gov/caeatfa/cheef/sblp/regulations/index.asp/.

## AVAILABILITY OF CHANGED OR MODIFIED TEXT

After the public hearing and at the end of the written comment period, the Authority may adopt the regulations substantially as described in this Notice, without further notice. If the Authority makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least fifteen (15) calendar days before the Authority adopts the proposed regulations, as modified. Inquiries about and request for copies of any changed or modified regulations should be addressed to the Agency Contact Person identified in this Notice. The Authority will accept written comments on the modified regulations for fifteen (15) calendar days after the date on which they are made available.

## AVAILABILITY OF FINAL STATEMENT OF REASONS

Upon completion, a copy of the Final Statement of Reasons may be requested from the Agency Contact Person designated in this Notice or at the Authority's website located at https://www.treasurer.ca.gov/caeatfa/cheef/sblp/regulations/index.asp.

## AVAILABILITY OF MATERIALS ON THE INTERNET

Materials prepared for this rulemaking, including this Notice, the Initial Statement of Reasons, the text of the proposed regulations, the Economic Impact Analysis, and Technical, Theoretical, and/or Empirical Studies, Reports, or Documents may be accessed on the Authority's website located at https://www.treasurer.ca.gov/caeatfa/cheef/sblp/regulations/index.asp.