



# CHEEF

CALIFORNIA HUB FOR  
ENERGY EFFICIENCY FINANCING

ENERGY EFFICIENCY FINANCING PILOTS

# QUARTERLY REPORT & PROGRAM STATUS SUMMARY

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FOURTH QUARTER 2020

CALIFORNIA ALTERNATIVE  
ENERGY AND ADVANCED  
TRANSPORTATION FINANCING  
AUTHORITY (CAEATFA)

Prepared by:  
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*"The Hub" and "CHEEF" are used interchangeably in this report as abbreviations for the California Hub for Energy Efficiency Financing.*

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## The State of California has ambitious goals to reduce greenhouse gas emissions and address climate change.

In 2006, the Legislature passed the California Global Warming Solutions Act (Assembly Bill 32), which created a comprehensive, multi-year program to reduce greenhouse gas (GHG) emissions in California. In the subsequent Scoping Plans, intended to describe the approach California will take to reduce GHGs, one of the primary methods identified is increasing efficiency in existing buildings.

With so many headlines about electric vehicles, rooftop solar and other renewables, it's easy to forget how important energy efficiency is to the GHG reduction mix. Billions of square feet of existing commercial and residential properties, and equipment and appliances vital to businesses and households, are in need of energy upgrades.

There is simply not enough government or ratepayer funding to pay for these upgrades.

With this awareness, the California Public Utilities Commission (CPUC) allocated funds to launch several pilot programs designed to attract private capital to finance energy efficiency upgrades.<sup>1</sup> In its guidance decision, the CPUC acknowledged that energy efficiency (EE) measures are important tools for addressing greenhouse gas emissions, and that lowering the barriers to EE retrofits and financing—particularly in underserved market sectors—is critical to reaching the state's goals of reduced energy consumption and spreading benefits to all Californians.

### Background

The California Public Utilities Commission Decision 13-09-044 (D. 13-09-044) authorized a series of financing programs designed to attract private capital to finance EE upgrades and established the California Hub for Energy Efficiency Financing (Hub, or CHEEF) to administer the new programs. The CPUC requested that the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) assume the administration of the Hub and directed the investor owned utilities (IOUs) and CPUC staff to assist CAEATFA with implementation.

A core feature of the financing programs is to incentivize private finance companies to enter the EE market and improve terms or expand credit criteria for the financing of EE projects by providing a credit enhancement funded with IOU EE ratepayer funds. Financing that covers 100% of project costs removes the upfront cost barrier for Californians to undertake EE retrofits. A key objective is to test whether transitional ratepayer support for credit enhancements can lead to self-supporting EE finance programs in the future.

In a separate document<sup>2</sup>, the CPUC further clarified the goals and metrics under which the financing pilot programs would be evaluated. The financing pilots should be scalable, be leveraged by private capital, support EE upgrades, reach underserved Californians, and produce energy savings.

This report is prepared in response to D. 13-09-044, which directs CAEATFA, in conjunction with the IOUs (Pacific Gas & Electric [PG&E], Southern California Edison [SCE], San Diego Gas & Electric [SDG&E] and SoCalGas [SCG]), to issue quarterly reports on the progress of the Hub financing pilots. These reports contain quarter highlights and other informational items to keep interested parties informed as to the programs' challenges and successes.

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<sup>1</sup> Decision 13-09-044

<sup>2</sup> Resolution E-4900, published December 14, 2017

## Executive Summary – Q4 2020

### Outreach Highlights

- **CAEATFA staff presented on the CHEEF in multiple virtual events** during the quarter, including webinars for the Local Government Sustainable Energy Coalition and the California Green Business Network. Staff also participated in virtual small business webinars hosted by State Treasurer Fiona Ma for the Sacramento Hispanic Chamber of Commerce, the San Diego Asian Chamber of Commerce, the Fresno Chamber of Commerce, and the Yuba-Sutter Chamber of Commerce.
- **[GoGreenFinancing.com](https://www.go-green-financing.com), the public-facing platform for the CHEEF programs, was translated into Spanish** in November, making the Programs more accessible to the estimated 10 million Californians who speak Spanish at home.

### Residential Energy Efficiency Loan (REEL) Assistance Program Developments

- **More than 1,000 loans have now been enrolled in the REEL Program.** CAEATFA staff marked this milestone in early December with a press release and digital newsletter issued by the office of State Treasurer Fiona Ma. By the end of 2020, 1,059 loans had been enrolled in the REEL Program.
- **REEL lenders enrolled 149 loans in Q4**, avoiding a seasonal slowdown and building upon the momentum established in Q3. The Q4 2020 enrollment totals were more than double those from Q4 2019.
- **Work began on regulatory modifications for the REEL Program.** Following the CPUC's [Resolution E-5072](#), which approved the transition of REEL from a pilot to a full-scale program, CAEATFA staff began preparations to update the REEL Program regulations to support streamlined operations and scaling.

### Small Business Energy Efficiency Financing (SBF) Program Developments

- **The Marketing Implementer for the CHEEF Programs selected a subcontractor to conduct research and develop strategy for the SBF Program.** The subcontractor will focus primarily on identifying small businesses and industries with a need for energy efficiency financing and supporting marketing efforts for SBF, with additional support for REEL and the CHEEF Programs in general.

### Affordable Multifamily Energy Efficiency Financing (AMF) Program Developments

- **The pilot period for the AMF Program was extended.** CAEATFA staff requested and received an extension from the CPUC, which shifts the date by which the Program must enroll its first loan from December 31, 2020 to July 1, 2022. The extension was granted to allow for the significant project lifecycle time for affordable multifamily projects and assess the market effectiveness of the two financing products now available through the Program.

### CHEEF Infrastructure and On-Bill Repayment (OBR) Developments

- **CAEATFA awarded a new contract for the Trustee Bank to Zions Bank.** The Trustee Bank holds the ratepayer funds provided by the IOUs to serve as credit enhancements. Zions Bank will begin serving as the Trustee Bank in Q1 2021, as the current contract expired on December 31, 2020.
- **Progress continued on the system testing and document development needed to launch OBR.** In Q4, SDG&E continued system testing with the Master Servicer, and CAEATFA staff worked with the IOUs on drafting and revising the OBR authorization form and tariffs.



REEL customer Juliana Maziarz in front of her Los Angeles home

## Residential Energy Efficiency Loan (REEL) Assistance Program

Key REEL Metrics – Q4 2020 (October 1-December 31, 2020)

<b>149</b> New REEL Loans Enrolled	<b>\$16,596</b> Average Loan Size	<b>\$2,472,762</b> Amount Financed
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[Click here](#) to view the latest data summaries for the REEL Program, published on a monthly basis.

### Updates

Despite the health and economic difficulties posed by the COVID crisis, REEL lenders enrolled 149 loans in the Program in Q4 2020, more than double the loans enrolled in Q4 2019 (73). The average loan size increased 17% during the quarter, from \$14,166 in Q3 to \$16,596 in Q4. In all, nearly \$2.5 million in energy upgrades were financed through REEL in Q4. The quarter’s activity brought the total number of loans enrolled in the Program by year’s end to 1,059, 42% of which were enrolled in 2020.

Reach to underserved Californians remained consistent in Q4. 61% of loans enrolled were for upgrades on properties in Low-to-Moderate Income (LMI) census tracts, a slight decrease from Q3 (64%) and higher than overall Program totals (57%). Loan dollars issued for properties in LMI census tracts comprised 56% of the total capital distributed during the quarter. Nearly one-fifth (19%) of enrolled loans were for properties in disadvantaged communities as categorized by CalEnviroScreen, in line with metrics from Q3 (20%) and since Program inception (18%).


Interest rates for the Program did not change in Q4 and continue to be available to customers at historically low rates ranging from 3.48% to 8.12%. The average interest rate across all loans enrolled in Q4 was 5.1%.

CAEATFA staff began work on regulatory updates in response to the CPUC’s Resolution E-5072 that approved the transition of REEL from a pilot to a full-scale program in April 2020. Staff began drafting modifications that will support streamlined operations and scaling of the program. The drafting process is expected to continue through Q1 2021, with opportunities for public participation and the formal regulatory approval process to follow.

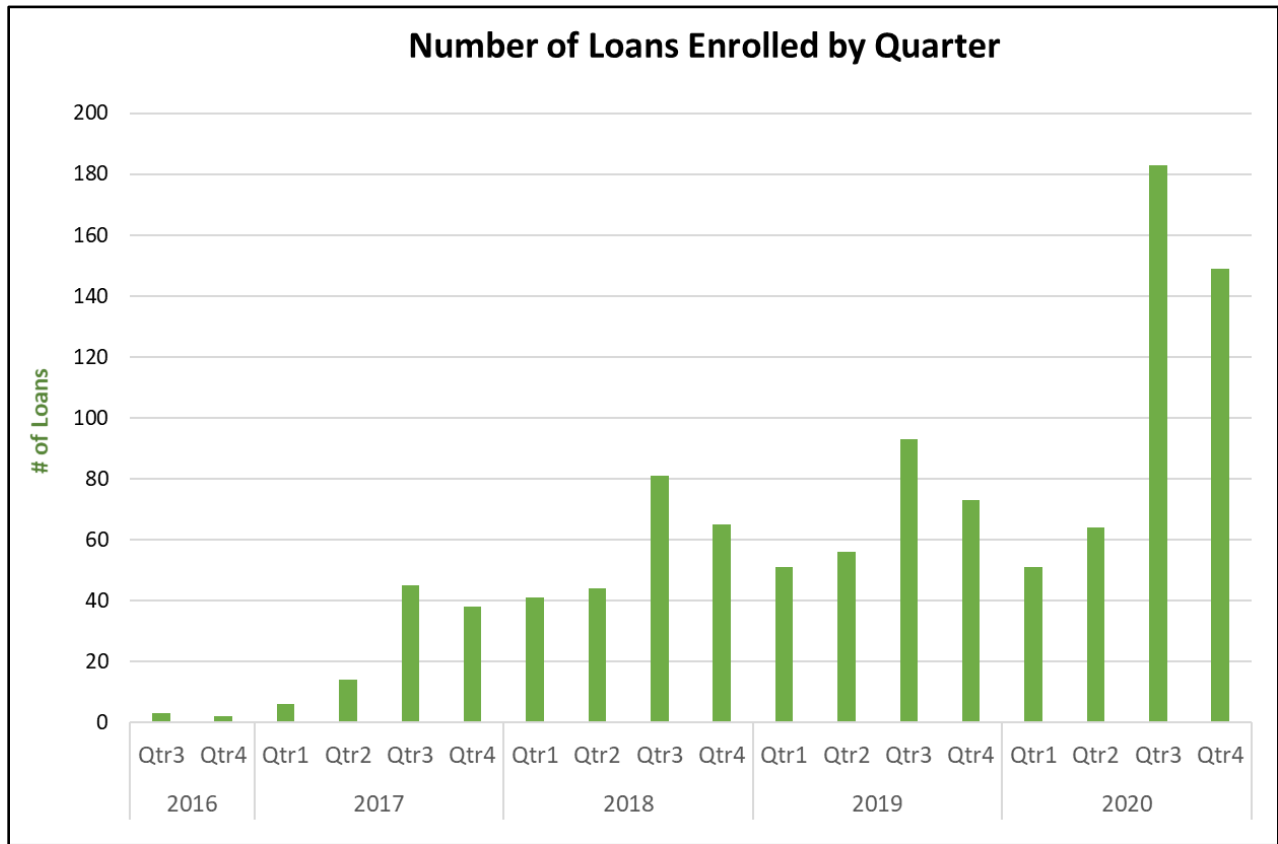
**Table 1. Top 5 Energy Efficiency Measures Installed through REEL (Q3 2016 – Q4 2020)**

 <b>HVAC Equipment</b> 675 Projects	 <b>Windows</b> 293 Projects	 <b>HVAC Ductwork</b> 241 Projects	 <b>Insulation</b> 201 Projects	 <b>Cool Roofs</b> 154 Projects
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**Table 2. Heat Pump Measures Installed through REEL (All Time)**

 <p><b>Heat Pumps</b></p>	
<p><b>Space Heating</b> 88 Projects</p>	<p><b>Water Heating</b> 8 Projects</p>

**Table 3. REEL Loan Activity Since Program Inception (Q3 2016 – Q4 2020)**



**Table 4. REEL Loans Enrolled by Lender – Q4 2020**

Lender	Loans Enrolled	Total Financed Amount
California Coast Credit Union	100	\$1,370,334
Desert Valleys Federal Credit Union	3	\$44,467
Eagle Community Credit Union	0	\$0
First US Community Credit Union	9	\$138,666
Matadors Community Credit Union	33	\$865,381
Pasadena Service Federal Credit Union	0	\$0
Valley Oak Credit Union	4	\$53,913

## Outreach

Working in partnership with the office of State Treasurer Fiona Ma, CAEATFA staff highlighted the achievement of 1,000 REEL loans enrolled. The milestone was featured in Treasurer Ma's [December newsletter](#), as well as a [news release](#) that included an interview with a REEL customer.

Staff coordinated with the Marketing Implementer to launch the Spanish-language translation of [GoGreenFinancing.com](#), the customer-facing platform for the CHEEF Programs. An estimated 10 million Californians speak Spanish at home, and the translated site will support efforts to make REEL and the other CHEEF Programs accessible to Spanish speakers.

Over 57,000 users visited GoGreenFinancing.com in Q4, an increase credited to IOU marketing campaigns that resumed in October after a 7-month hiatus prompted by the COVID crisis. Several of these campaigns — including paid digital and social media from SCE and SDG&E, emails from SCE and a SCG Home Energy Report — drove significant traffic to GoGreenFinancing.com during the quarter that was augmented by ongoing social media marketing and paid search campaigns led by the Marketing Implementer. The web traffic in Q4 was more than double the number of visitors in Q3 (23,745), but significantly less than the prior year (75,141 in Q4 2019).



*Screenshot of a GoGreen Financing Twitter post used in Q4 2020*

In Q4, the Marketing Implementer completed an RFP process to hire a marketing strategist as a subcontractor in coordination with CAEATFA staff and the IOU marketing leads. More information on this activity can be found in the SBF section of this report (p. 12).





**CONTRACTOR CHOICE**  
 By the end of Q4, REEL borrowers could choose from **492 REEL Contractors**

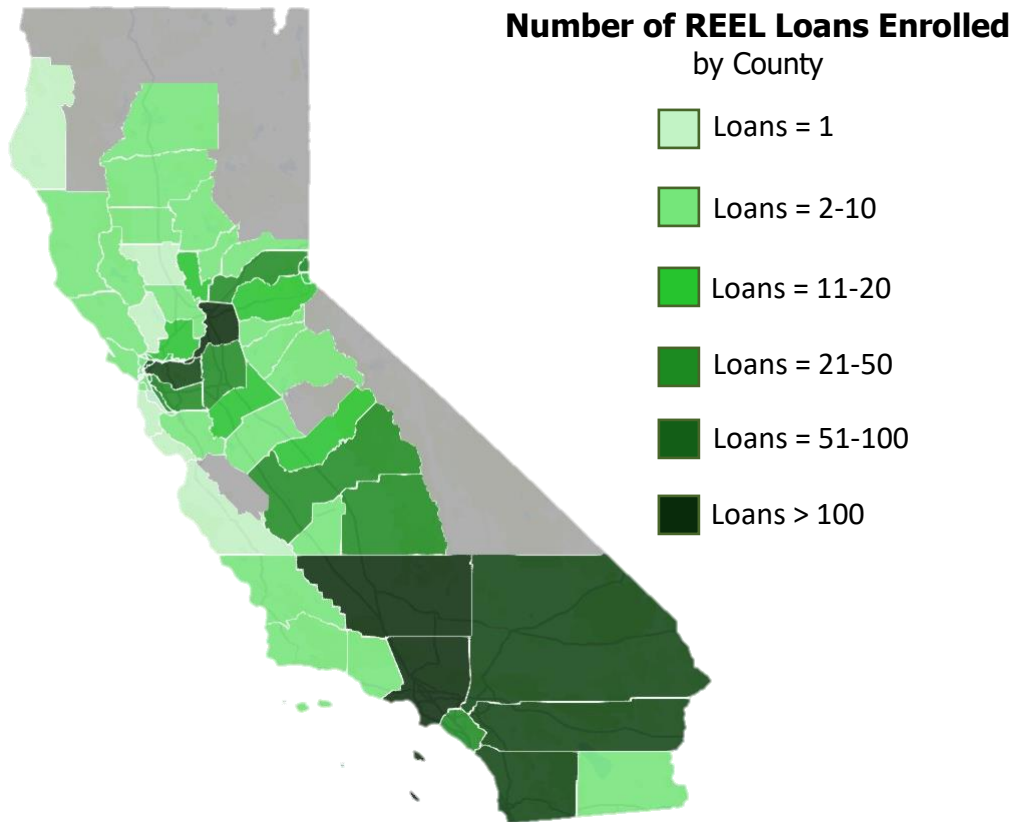
**Contractor Outreach**

A total of 492 contractors were enrolled in the REEL Program at the end of the fourth quarter. Over the course of the quarter, 34 new REEL Contractors joined in the Program, and 6 were suspended from enrolling new projects during routine quality checks for license status.

A robust network of enrolled Program Contractors is considered critical to the success of the REEL Program, as contractor referrals form an important source of project enrollments. Currently, 99.6% of Californians live in a county served by a REEL Contractor. Customers can additionally refer their preferred contractors to the REEL Program.

**Map of Enrolled REEL Loans by County**

The map below shows the number of REEL loans enrolled, by county, from the start of the program through the end of Q4 2020.



*For information about REEL program structure and eligibility, see Appendix 1.*

# REEL Portfolio Facts and Figures

(Program Inception through Q4 2020)

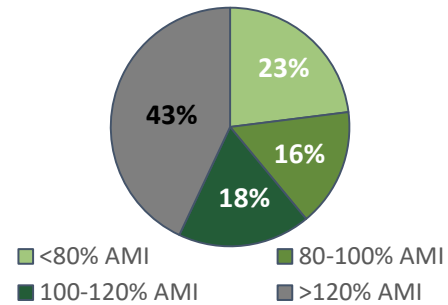
**\$17,582,051**  
Total Amount Financed

**1,059**  
Total Loans Enrolled

**\$2,660,180**  
Total Loan Loss Reserve Contributions

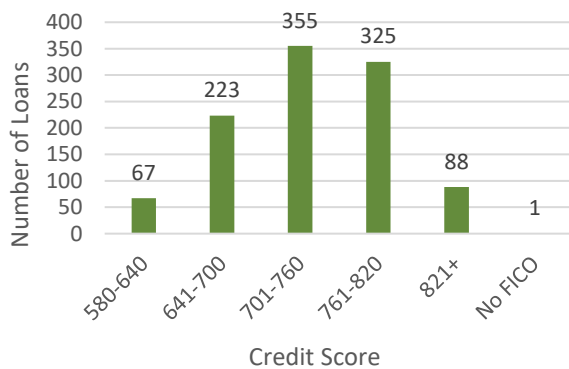
**86%** **Finance-Only Projects**  
*Cases in which borrower made upgrades using REEL without a rebate or incentive*

Percentage of Loans Made to Upgrade Properties by **Census Tract Income**<sup>3</sup>

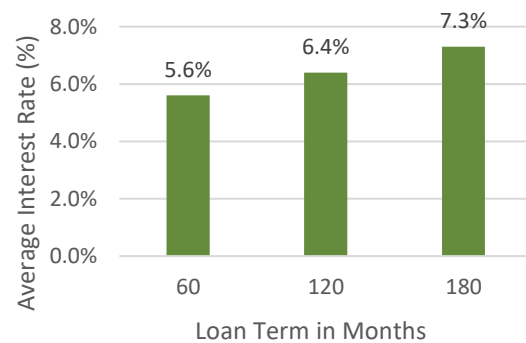


## REEL Borrower Data

REEL Borrower **Credit Scores**

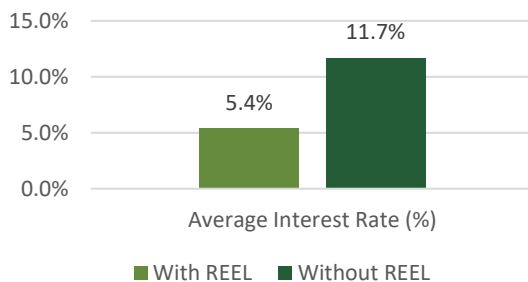


REEL Average Interest Rate by **Term Length**

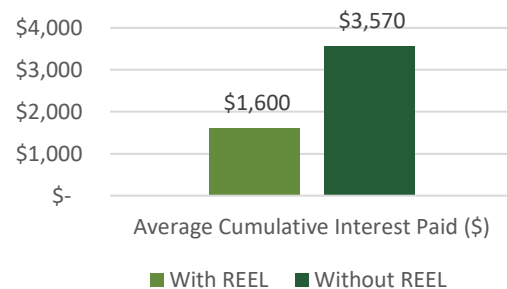


## Financing Comparison: Borrower Outcomes With vs. Without REEL

**Average Interest Rate** for terms up to 60 months<sup>4</sup>



**Cumulative Average Interest Paid** for terms up to 60 months<sup>4</sup>



[Click here](#) to view data summaries for the REEL Program, published on a monthly basis.

<sup>3</sup> Low-to-Moderate Income (LMI) census tracts are those with median family incomes <120% of Area Median Income.

<sup>4</sup> These charts compare interest rates between REEL loans and the equivalent non-REEL signature loan products offered by the Program's participating lenders, using a data set for loans with terms up to 60 months for borrowers who would have qualified for non-REEL loans.

REEL Loan Portfolio Report

**Table 5. Summary of REEL Loans with Status of Paid in Full, Current or Past Due through Dec. 31, 2020**

	Number of Loans	Original Total Principal Amount	Outstanding Total Principal Amount
<b>Paid in Full</b>	<b>175</b>	<b>\$2,744,387</b>	<b>\$0</b>
California Coast Credit Union	98	\$1,360,228	\$0
Desert Valleys Federal Credit Union	8	\$87,759	\$0
Eagle Community Credit Union	2	\$30,193	\$0
First US Community Credit Union	7	\$77,771	\$0
Matadors Community Credit Union	60	\$1,188,435	\$0
<b>Current</b>	<b>865</b>	<b>\$14,475,447</b>	<b>\$12,634,656</b>
California Coast Credit Union	486	\$7,641,314	\$6,567,972
Desert Valleys Federal Credit Union	16	\$316,996	\$271,039
Eagle Community Credit Union	7	\$132,775	\$104,080
First US Community Credit Union	65	\$914,888	\$825,193
Matadors Community Credit Union	258	\$4,995,809	\$4,462,428
Pasadena Service Federal Credit Union	3	\$55,824	\$51,133
Valley Oak Credit Union	30	\$417,840	\$352,811
<b>30 Days Past Due</b>	<b>3</b>	<b>\$49,938</b>	<b>\$46,559</b>
California Coast Credit Union	2	\$17,628	\$15,645
Desert Valleys Federal Credit Union	1	\$32,310	\$30,914
<b>60 Days Past Due</b>	<b>1</b>	<b>\$13,574</b>	<b>\$12,126</b>
California Coast Credit Union	1	\$13,574	\$12,126
<b>Total</b>	<b>1044</b>	<b>\$17,283,346</b>	<b>\$12,693,341</b>

**Table 6. Summary of REEL Charge-Offs, Claims Paid and Recoveries through Dec. 31, 2020**

	Number of Loans	Charge-Off Amount at Time of Claim	Claims Paid <sup>5</sup>	Approved Claims Pending <sup>6</sup>	Recoveries Paid to Program
<b>Charged Off</b>	<b>15</b>	<b>\$281,330</b>	<b>\$218,427</b>	<b>\$34,771</b>	<b>(\$42,525)</b>
California Coast Credit Union	14	\$269,749	\$208,004	\$34,771	(\$42,525)
First US Community Credit Union	1	\$11,581	\$10,423	\$0	\$0
<b>Net Credit Enhancement Funds Expended (Claims Paid minus Recoveries Paid to Program)</b>					<b>\$175,902</b>

<sup>5</sup> Through REEL, participating lenders may submit a claim for reimbursement for up to 90% of a charge-off of the outstanding Claim-Eligible Principal Amount. The Claim-Eligible Principal amount may be less than the Total Principal Amount. The Claims Paid column reflects the amount that REEL Lenders were paid on the claim.

<sup>6</sup> Approved Claim Payments were processed in January 2021 for claims filed in December 2020.



Image from GoGreen Financing digital campaign

## Small Business Energy Efficiency Financing (SBF) Program

### Key SBF Metrics – Program Inception through Q4 2020

<b>7</b> Total Projects Enrolled	<b>\$1,479,104</b> Total Amount Financed	<b>62</b> Enrolled Contractors and Project Developers	<b>3</b> Participating Finance Companies
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### Updates and Challenges

The SBF Program did not enroll or pre-approve any new projects in Q4 2020. Faced with economic uncertainty and fluctuating restrictions on operations stemming from the COVID crisis, businesses were focused on keeping their doors open and seeking capital for basic operating expenses. CAEATFA staff believe these issues, combined with the pause in IOU programs due to both COVID and the transition to third-party implementer contracts, directly contributed to the limited uptake of SBF in 2020.

The range of financing products available through the SBF Program will soon expand. In Q4, the CHEEF received an application from Renew Energy Partners to offer Efficiency Service Agreements (ESAs) through SBF, utilizing a structure that will allow customers to make upgrades potentially off-balance sheet and with immediate cash-flow benefits. The application is undergoing review, and the ESAs are expected to become available through the Program in Q1 2021.

In order to best support other rate-payer funded EE programs offered through the IOUs and the RENs, SBF is structured to allow customers to finance the out-of-pocket costs that are not covered through the Program. During Q4, the IOUs, and in some cases RENs, began awarding contracts to third-party program implementers to operate EE programs launching in Q1 2021; concurrent with this process, CAEATFA staff reached out to each of the implementers assigned to administer the programs. Where implementers have expressed interest and where SBF is a good match for the program, plans are now underway to integrate SBF as a financing option, including a potential microlending opportunity to help customers who need less than \$5,000 in financing<sup>7</sup>.

Upcoming marketing strategy work will also help SBF reach small businesses that need and are able to utilize energy efficiency financing. In coordination with CAEATFA and IOU staff, the Marketing Implementer brought on Lux Insights and Stoke Strategy to conduct market research analysis of the small business sector, identify key customer segments and targeting methods, and develop positioning and messaging within the existing marketing budget. The contract will be executed and work will begin early in Q1 2021, with deliverables to be completed on a rolling schedule throughout Q1 and Q2 2021. The contract for the Marketing Implementer is held by SCG.

<sup>7</sup> \$5,000 is the minimum threshold for loans issued through the IOUs' On-Bill Financing programs.

Don't let a broken appliance slow you down – find the competitive financing rates and flexible terms you need to get it replaced and keep your business in top form. Learn more at [ow.ly/GSmr50C4iGY](https://ow.ly/GSmr50C4iGY)



*Screenshot of a GoGreen Financing Twitter post used in Q4 2020*

**Table 7. SBF Finance Agreement Status by Lender as of December 31, 2020**

	Finance Agreements Enrolled	Total Amount Financed
Alliance Funding Group	0	\$0
Ascentium Capital	4	\$350,891
DLL Financial Solutions Partner	3	\$1,128,213

*For information about SBF program structure and eligibility, see Appendix 1.*



*Image from GoGreen Financing digital campaign*

## **Affordable Multifamily Energy Efficiency Financing (AMF) Program**

### **Updates**

Following the approval of Ascentium Capital as a new Finance Company in the AMF Program in Q3, CAEATFA staff began promoting Ascentium’s equipment finance agreements for energy retrofit projects between \$10,000 and \$250,000 in Q4. These efforts included a virtual meet-and-greet with Ascentium staff and AMF stakeholders, affordable multifamily property owners, and other program implementers. The Program’s first enrolled finance company, Renew Energy Partners, also presented. Additionally, CAEATFA staff virtually attended the San Diego Housing Federation Annual Conference and the Southern California Association of Nonprofit Housing Annual Conference to promote the Ascentium product and the AMF Program overall.

CAEATFA staff requested and received an extension of the pilot period for the AMF Program from the CPUC in Q4. This extension was requested to allow for the significant amount of time needed to develop affordable multifamily projects, as well as allow time to assess whether the two available financing products meet the needs of the affordable multifamily market. As Program development has been completed and regulations are in place, CAEATFA is able to keep the Program open with very little additional cost. Additionally, as the CPUC’s Clean Energy Financing Proceeding is underway, further direction for the Program may be provided. The extension shifts the deadline for the pilot to enroll a loan to July 1, 2022.

### **Challenges**

Challenges to completing energy efficiency upgrades in the affordable multifamily sector still remain, and property owners must navigate complex debt structures and arduous project development processes associated with these types of projects. With two financing options available through AMF and the pilot period extended through mid-2022, CAEATFA staff hopes the available financing will allow property owners to make energy upgrades. Staff will continue to gather information on the needs of property owners and where financing offerings do not meet those needs.

*For information about AMF program structure and eligibility, see Appendix 1.*



*Photo by Allyunion at English Wikipedia*

## **Nonresidential Program**

The Nonresidential Program is not being actively developed at this time. Launch of the Nonresidential Program is dependent upon the development of On-Bill Repayment (OBR), a complex feature that is moving toward implementation. CPUC Decision 17-03-026 required all pilots to be launched by the end of 2019, and since OBR was not yet developed, CAEATFA staff made the decision in 2019 to redirect resources to the SBF and AMF Programs.

The Nonresidential Program was originally authorized as an OBR program for large commercial or public buildings, with no credit enhancement. In the event that CAEATFA is authorized to develop the Nonresidential Program in the future, prior work can be leveraged to ultimately establish this program. While developing the SBF Program design and regulations, CAEATFA staff anticipated how the Nonresidential Program would be incorporated into the Hub's offerings.

## **On-Bill Repayment (OBR)**

In Q4, SDG&E continued system testing with the Master Servicer. Once SDG&E has completed this process, all four IOUs will be finished with OBR system connectivity and data exchange testing. CAEATFA staff continued working with the IOUs on drafting and revising documents necessary for OBR implementation, including modifications to the Authorization to Add Charges to the Bill Form and OBR Tariffs. The IOUs are expected to submit OBR Tariff modifications via Advice Letters to the CPUC in Q1 2021, with a regulatory process to follow in Q2 and an anticipated launch of OBR in all four IOU territories early in Q3.

As part of the CPUC's new Clean Energy Financing Proceeding (R.20-08-022), there has been much discussion of potential future "Tariffed On-Bill" (TOB) financing programs. The Tariffed On-Bill concept is unrelated to the CHEEF's "On-Bill Repayment" (OBR) program, which is a product of the CPUC's Decision 13.09.044 to authorize OBR for private capital, third-party lending programs. OBR functionality will allow borrowers to repay energy efficiency financing through their utility bills, a convenience that many consumers find attractive. The CPUC considers OBR functionality to be a critical component of the CHEEF programs due to its potential for encouraging program uptake and reducing default rates. SBF, AMF, and the Nonresidential Program (should it be developed) will include OBR as a key feature.

## **CHEEF Infrastructure**

### **Contracting Updates**

Following approval from the Department of General Services (DGS) in Q3, the contract for the Master Servicer went into effect in Q4. The contract was awarded to Concord Servicing Corporation, which has worked with CAEATFA since 2015 on the process, design, and implementation of the Programs. The new contract will have an

initial term of two years, with a not-to-exceed amount of \$3.5 million, after which CAEATFA may choose to execute two one-year extensions valued at \$1 million each, for a total contract term of up to four years.

CAEATFA staff awarded a contract for Trustee Bank services to Zions Bank as the previous contract expired on December 31, 2020. The Trustee Bank holds ratepayer funds provided by the IOUs to serve as credit enhancements under the various programs. The contract will have a term of three years, with a not-to-exceed amount of \$360,000 and no options to extend the term length. The contract will take effect on January 1, 2021.

### Updates on CPUC Clean Energy Financing Proceeding

In Q3 2020, the CPUC released a new Order Instituting Rulemaking (OIR) to investigate and design clean energy financing options for electricity and natural gas customers (R. 20-08-022). The rulemaking will address statewide financing options for clean energy investments and, among other topics, provide long-term direction on the scope of CHEEF programs and on budget and administration.

CAEATFA sent a public letter to the Director of the CPUC's Energy Division to address questions and considerations raised about the CHEEF Programs through the OIR and the submitted comments. CAEATFA staff plan to participate in a CPUC-hosted workshop on the Proceeding that will take place in January 2021.



# Appendices

## Appendix 1: Program Design

### REEL

The Residential Energy Efficiency Loan (REEL) Assistance Program provides attractive financing to owners and renters of existing residential properties who select from a broad list of energy efficiency measures intended to reduce energy consumption. Customers may upgrade a single-family home, townhome, condo, duplex, triplex, fourplex or manufactured home. Renovations for up to four units can be bundled into the same loan.

As with all Hub programs, eligibility requires that the property receive electric or natural gas service from at least one of the IOUs: PG&E®, SDG&E®, SCE® or SoCalGas®. Properties in areas served by community choice aggregators (CCAs) or electric service providers (ESPs) qualify. Those in areas served by publicly owned utilities (POUs) qualify only if they also receive energy service from an IOU (for example, electricity from the Sacramento Municipal Utility District and natural gas from PG&E). For financing to be considered “claim-eligible” in the case of a default, 70% of that financing must be used to fund the installation of measures that use the type of energy that the IOU delivers.

CHEEF staff strive to make REEL financing available to underserved borrowers, while also ensuring that credit is extended appropriately and without unintended negative consequences for the borrower. REEL loans are approved for customers with the cash flow to repay them, and customers who are eligible for free services are directed to them rather than encouraged to take on debt.

In keeping with the CPUC’s directive that a third of credit enhancement funds should support loans to Low-to-Moderate Income (LMI) customers, when REEL launched, the program provided a 20% loan loss reserve contribution for loans to LMI borrowers and an 11% loan loss reserve contribution to non-LMI borrowers. In 2018, reflecting the fact that lenders had a difficult time determining “household” income and lenders were more sensitive to credit scores than income status when approving or not approving loans, CAEATFA added an additional methodology to determine LMI eligibility and offered the 20% loan loss reserve contribution to credit-challenged customers. Currently, a 20% credit enhancement is provided for loans in which:

- **Property in a LMI Census Tract** – Area Median Income (AMI) of the property census tract does not exceed 120% of the AMI for the Metropolitan Area, County, or State.
- **Low-to-Moderate Household Income** – Borrower’s household income is at or below 120% of the AMI for the Metropolitan Area, County or State.
- **Credit-Challenged** – A borrower whose credit score is less than 640 (if the lender has opted in to the Credit-Challenged facility by demonstrating additional benefits to credit-challenged borrowers).

At the same time that the Program seeks to make financing available to underserved customers, REEL is a debt program and borrowers, no matter their income or credit score, need to have adequate monthly cash flow to repay loans to avoid negative consequences. This is achieved through required debt-to-income limits and the fact that lenders have “skin in the game” on every loan that they issue. Lenders are able to access up to 90% of the claim-eligible charged-off principal amount in the event of a default provided that they have the funds in their loss reserve account.

REEL launched in July 2016, and the current Program regulations were adopted in September 2018. Program regulations may be viewed on [the CAEATFA website](#).

## SBF

The Small Business Energy Efficiency Financing (SBF) Program provides financing to help small business property owners as well as tenants upgrade their equipment or buildings. Financing through the Program is available to small businesses, nonprofits and market rate multifamily properties (5 or more units) that meet at least one of the following business size requirements: Employ 100 or fewer individuals; receive annual revenue of less than \$15 million; and/or fall within SBA size guidelines (annual revenue limits up to \$41.5 million, depending on industry).

Business owners are able to finance 100% of project costs and may finance a single measure project or a comprehensive and deep energy retrofit. There are three methods of project qualification for the SBF Program:

1. The Program has published a searchable and downloadable [list of pre-qualified energy saving measures \(ESMs\)](#). Measures on the ESM list can be financed without any additional approval. This includes any measure that qualifies for an IOU, REN or CCA program.
2. Any measure approved by an IOU, REN, or CCA custom incentive program for the property within the last 24 months is eligible.
3. For any measures that are not listed on the ESM list or tied to a custom incentive program, an Energy Professional can certify that the installation of the measure will result in energy savings compared to existing conditions. For the SBF Program, an eligible Energy Professional is a California licensed Professional Engineer (PE) or an Association of Energy Engineers Certified Energy Manager (CEM).

As with all Hub Programs, eligibility requires that the property receive electric or natural gas service from at least one of the IOUs: PG&E®, SDG&E®, SCE® or SoCalGas®. Properties in areas served by community choice aggregators (CCAs) or electric service providers (ESPs) located within IOU territories qualify. Those in areas served by publicly owned utilities (POUs) qualify only if they also receive energy service from an IOU.

To best accommodate the small business energy efficiency market, the Program facilitates a variety of financing instruments for potential customers to consider, including loans, equipment leases, service agreements and savings-based payment agreements; each participating Finance Company offers products from this menu of authorized instruments. Small business owners may finance up to \$5 million. Available financing options are viewable on the [GoGreen Financing website](#).

For participating finance companies, up to \$1 million of the financed amount is eligible to receive a credit enhancement in the form of a loss reserve contribution, as follows:

- The first \$50,000 of claim-eligible financing will receive a loss reserve contribution at 20%
- Remainder (up to an additional \$950,000) will receive a loss reserve contribution at 5%
- Maximum loss reserve contribution per agreement will be \$57,500

Lenders are able to access up to 90% of the claim-eligible charged-off principal amount in the event of a default provided that they have the funds in their loss reserve account.

SBF launched in July 2019, and current Program regulations went into effect in January 2020. SBF Program regulations may be viewed on [the CAEATFA website](#).

## **AMF**

The Affordable Multifamily Energy Efficiency (AMF) Program seeks to facilitate energy efficiency retrofits in multifamily properties of five or more units where at least 50% of the units are income-restricted at low to moderate (80-120% of area median income). To be eligible, properties must remain affordable for at least five years.

The AMF Program will fund any energy efficiency or demand response measure approved for rebate and incentive by any IOU, REN or CCA, as well as any measure from the Energy Saving Measures list developed for use in the SBF Program. In-unit as well as common area measures are eligible. The financed amount may include non-energy efficiency improvements; solar photovoltaic and distributed generation may be financed but will not receive a credit enhancement.

Key AMF Program features include:

- No minimum or maximum financing size
- The first \$1 million of each financed project will be credit enhanced at 15% of the claim-eligible amount
- Fixed or variable rates allowed
- No underwriting requirements imposed on the Finance Company; underwriting is based on participating Finance Company requirements
- Designed to integrate with existing affordable multifamily housing energy programs such as the Low-Income Weatherization Program (LIWP) and Solar On Multifamily Affordable Homes (SOMAH)

Like the SBF Program, the AMF Program supports traditional loans and leases as well as energy service agreements and savings-based payment agreements. Available financing options are viewable on the [GoGreen Financing website](#).

As with all Hub Programs, eligibility requires that the property receive electric or natural gas service from at least one of the IOUs: PG&E®, SDG&E®, SCE® or SoCalGas®. Properties in areas served by community choice aggregators (CCAs) or electric service providers (ESPs) located within IOU territories qualify. Those in areas served by publicly owned utilities (POUs) qualify only if they also receive energy service from an IOU.

The Affordable Multifamily Financing (AMF) Program regulations went into effect in June 2020. AMF Program regulations may be viewed on [the CAEATFA website](#).

## **Nonresidential**

Like all the CHEEF financing programs, the Nonresidential Program is intended to encourage growth in private market lending to support energy efficiency improvements, in this case for public and large commercial buildings. Though a credit enhancement will not be provided, the Program will be designed to provide financing, which will be repaid on the utility bill, for building energy efficiency, distributed generation, battery storage and demand response projects. The flexibility of the program will allow the combination of financing with IOU rebates and other incentives.

The Nonresidential Program is not being developed at this time. Launch of the Nonresidential financing program is dependent on the development of On-Bill Repayment (OBR) functionality.








## Appendix 2: Impact of the Credit Enhancement

The credit enhancement mitigates risk for lenders, yielding better loan terms for customers and encouraging more energy efficiency lending that will help California achieve its greenhouse gas reduction goals. The information below is based on the REEL Program, the longest-running Hub Program.

Based on CAEATFA's agreements with REEL lenders, the credit enhancement has resulted in better terms and approval rates for REEL customers. When interested financial institutions submit an application to become a lender, CAEATFA asks them to describe their most similar loan product (typically an unsecured personal loan) and to describe their current interest rate, minimum credit scores, maximum loan amounts and maximum terms for these loans. With this information, CAEATFA is able to ensure that the final and approved REEL product has appropriate benefits for borrowers.

Because lenders are free to set their own underwriting criteria within program guidelines, individual products vary from lender to lender. The table below gives some highlights of changes that resulted as a result of the credit enhancement. When a range is stated below, it generally ties back to the borrower's credit score.

**Table 8. Impact of the Credit Enhancement by REEL Lender**

							
	STATEWIDE LENDERS			REGIONAL LENDERS			
Interest Rate	Reduction ranged from 640 - 1640 bps <sup>8</sup>	Reduction ranged from 591 - 841 bps	Reduction ranged from 333 - 783 bps	Reduction ranged from 949 - 1100 bps	Reduction ranged from 600 - 1162 bps	Reduction ranged from 76 - 756 bps	Reduction ranged from 309 - 809 bps
Minimum Credit Score	No change from existing 600	Reduced from 660 to 580	No change from existing 580 <sup>9</sup>	No change from existing 580	No change from existing 580	Reduced from 640 to 600	No change from existing 600
Maximum Loan Amount	Increased from \$20,000 to \$50,000	Increased from \$15,000 to \$50,000	Increased from \$20,000 to \$50,000	Increased from \$15,000 to \$50,000	Increased from \$25,000 to \$50,000	Increased from \$25,000 to \$50,000	Increased from \$20,000 to \$30,000
Maximum Loan Term	Increased from 5 years up to 15	Increased from 5 years up to 15	Increased from 5 years up to 15	Increased from 5 years up to 15	Increased from 5 years up to 15	Increased from 5.5 years up to 15	Increased from 5 years up to 15
<i>The interest rates reflected in this table are effective as of December 31, 2020.</i>							

<sup>8</sup> bps = Basis point, a common unit of measure for interest rates. A single basis point is equal to 1/100th of 1%, so 100 bps = 1%

<sup>9</sup> 580 is the REEL program minimum

The provision of a credit enhancement is at the heart of the Hub’s financing program design. As the table on the previous page shows, REEL lenders have made improvements to their existing underwriting criteria as a result of the loan loss reserve that significantly benefit potential borrowers. For example, a borrower with a lower credit score can get a loan from California Coast Credit Union with an interest rate of 7.48% through the REEL Program—more than 1300 basis points lower than California Coast’s ordinary rate on an unsecured personal loan. Moreover, that borrower can stretch out payments on the REEL loan over a term of up to 15 years, as opposed to having to pay it back in five years, as is the case with California Coast’s non-REEL unsecured loans. The extended payback period available to REEL borrowers translates to lower monthly payments, a key factor in keeping loans affordable.

**How the Credit Enhancement Helps Achieve Program Goals**

The Credit Enhancement is more than just a financial mechanism. For Hub programs, it means the difference between achieving program goals—increasing the availability of attractive financing for energy investments throughout California, including for underserved borrowers—and not. The table below demonstrates the impact of the credit enhancement in several scenarios:

<b>BORROWER...</b>	<b>Without REEL</b>	<b>With REEL</b>
...with a credit score of 580	Borrower would be <b>unlikely to qualify</b> for a personal loan.	Borrower may qualify for a REEL loan with a <b>term of 5, 10 or 15 years</b> , paying an interest rate as low as 3.99% for a 5-year term and 5.99% for 15 years.
...wants a 5-year repayment term	Assuming a credit score of 700, borrower could likely take out a personal loan, paying the <b>nationwide average of 10.3%</b> <sup>10</sup> . The resulting payment on a \$25,000 loan would be <b>\$535 per month</b> . Borrower may not be able to afford the high monthly payment.	Borrowers with credit scores of 580 and above would likely qualify for a REEL loan, with interest as little as 3.99% for a 5-year term. Borrower’s payment on this loan would be <b>\$460 each month</b> , a \$75 monthly savings from a standard unsecured personal loan.
...wants lowest monthly payment	Unsecured personal loans with 15-year terms are largely <b>unavailable in today’s market</b> .	Borrower can spread out monthly payments up to 15 years with a REEL loan, making a \$25,000 loan with a 15-year term rate of 5.99% only <b>\$211 per month</b> . Borrower would save \$324 monthly compared to a 5-year unsecured personal loan.

This means that for a borrower with a **credit score of 700, seeking \$25,000** for home energy upgrades:

	<b>Without REEL</b>	<b>With REEL</b>
<b>Financing Product</b>	Unsecured personal loan	REEL loan
<b>Interest Rate</b>	10.3%	5.99%
<b>Term Length</b>	5 years	15 years
<b>Monthly Payment</b>	<b>\$535</b>	<b>\$211</b>

<sup>10</sup> [Credit Union National Association Monthly Credit Union Estimates, September 2020](#)

### Appendix 3: Loss Reserve Account Beginning and Ending Balances

#### IOU Holding Accounts

The IOUs release funds into their respective holding accounts upon approval of CAEATFA staff request. CAEATFA staff coordinates with the IOUs to ensure acceptance of the funds from the IOUs and transfer of these funds to the appropriate Program account.

**Table 9. Balance of IOU Holding Accounts**

	SCG	PG&E	SCE	SDG&E
Beginning Balance 10/1/2020	\$740.61	\$729.81	\$729.00	\$734.36
Release of Credit Enhancement (CE) Funds from IOUs	\$0.00	\$0.00	\$0.00	\$0.00
Transfer of Funds to REEL Program Account	\$0.00	\$0.00	\$0.00	\$0.00
Interest Accrued	\$0.00	\$0.00	\$0.00	\$0.00
Ending Balance 12/31/2020	\$740.61	\$729.81	\$729.00	\$734.36

#### REEL-Related Accounts

There are three REEL-related accounts administered by CAEATFA:

- The **REEL Program Account** holds the available portion of the requested CE funds that are used to credit enhance projects enrolled in the REEL Program. Once a project is enrolled in the REEL Program, the CE portion of the Claim Eligible Amount is transferred to the Participating Lender’s Loan Loss Reserve (LLR) Account. The IOUs hold additional funds budgeted for the REEL Program, and those funds are available to be released to the holding account when needed, then transferred to the Program account.
- The **REEL Reservation Account** holds funds set aside in the event a loan is pre-approved.
- The **REEL Interest Account** holds the interest swept from the REEL Program Account, the REEL Reservation Account and all the REEL Lender Loan Loss Reserve Accounts.

**Table 10. Balance of REEL-Related Accounts**

	REEL Program	REEL Reservation	REEL Interest
Beginning Balance (10/1/2020)	\$672,162.51	\$0.00	\$6,413.69
Credit Enhancement (CE) Funds Released from IOUs	\$0.00	\$0.00	\$0.00
Contributions to Lender Loss Reserve Accounts	(\$372,399.91)	\$0.00	\$0.00
Funds Recaptured from Annual Rebalance	\$0.00	\$0.00	\$0.00
Net Interest (Earned and Swept) <sup>11</sup>	\$0.00	\$0.00	\$32.50
Ending Balance (12/31/20)	\$299,762.60	\$0.00	\$6,446.19

<sup>11</sup> Interest earned in all REEL-related accounts is swept on a monthly basis into the REEL Interest account. For Q4 2020, interest earned on REEL-related accounts totaled \$32.50, of which \$7.60 was earned and swept from the REEL Program account, \$24.81 was earned and swept from the seven REEL Lender LLR accounts, and \$0.09 was earned in the REEL Interest account.

### REEL Lender Loan Loss Reserve Accounts

Each time a lender enrolls a project, a loss reserve contribution of either 11% or 20% (depending on whether or not the loan was made to an underserved borrower) is transferred from the REEL Program Account into the respective lender’s Loan Loss Reserve (LLR) Account. The ending balance on the table below shows the amount the lender has available to offset a borrower defaulting on a loan.

### Annual Rebalance of Lender Accounts

D. 13-09-44 directs CAEATFA to recapture funds periodically when loans are paid off to meet the goal of developing a sustainable program, and D. 17-03-026 gives CAEATFA the ability to true up its credit enhancement funds at its discretion. CAEATFA has chosen to complete the recapture of Credit Enhancement funds through an annual rebalance. The rebalance occurs annually in August for the previous fiscal year running July 1-June 30; the rebalance will appear in the Q3 report. Recaptured funds are transferred from the Lenders LLR Accounts back to the Program Account. Claims made by a Lender during the fiscal year reduce the amount of funds recaptured.

**Table 11. Balance of REEL Lender Loss Reserve Accounts**

	California Coast Credit Union	Matadors Community Credit Union	Valley Oak Credit Union	Desert Valleys Federal Credit Union	Eagle Community Credit Union	Pasadena Service Federal Credit Union	First U.S. Community Credit Union
Beginning Balance 10/1/2020	\$937,928.44	\$721,603.28	\$62,156.87	\$46,472.89	\$24,198.55	\$9,206.09	\$133,453.17
Claims Paid <sup>12</sup>	(\$4,917.43)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Loss Reserve Contributions	\$221,847.22	\$135,497.60	\$9,848.22	\$4,891.38	\$0.00	\$0.00	\$22,149.35
Ending Balance 12/31/2020	\$1,154,858.23	\$857,100.88	\$72,005.09	\$51,364.27	\$24,198.55	\$9,206.09	\$155,602.52

<sup>12</sup> Additional claims totaling \$34,771 approved in December 2020 were processed in January 2021.

### SBF-Related Accounts

Loss reserve accounts for the SBF Program operate under a similar process as those for the REEL Program loss reserve accounts. Each time a finance company enrolls a project, 20% of the first \$50,000 of the agreement and 5% of the next \$950,000 is transferred from the SBF Program account into the respective finance company's loss reserve account. The ending balance on Table 11 shows the amount the finance company has available in the loss reserve to offset a customer defaulting on a finance agreement.

**Table 12. Balance of SBF-Related Accounts**

	SBF Program	SBF Interest
Beginning Balance 10/1/2020	\$283,472.09	\$826.43
Contributions to Loss Reserve Accounts	\$0.00	\$0.00
Net Interest (Earned and Swept) <sup>13</sup>	\$0.00	\$4.95
Ending Balance 12/31/2020	\$283,472.09	\$831.38

**Table 13. Balance of SBF Lender Loss Reserve Accounts<sup>14</sup>**

	Ascentium Capital	DLL Financial Solutions Partner
Beginning Balance 10/1/2020	\$37,617.24	\$78,910.67
Claims Paid	\$0.00	\$0.00
Contributions to Loss Reserve Accounts	\$0.00	\$0.00
Ending Balance 12/31/2020	\$37,617.24	\$78,910.67

<sup>13</sup> Interest earned in all SBF-related accounts is swept on a monthly basis into the SBF Interest account. For Q4 2020, interest earned on SBF-related accounts totaled \$4.95, of which \$3.52 was earned and swept from the SBF Program account and \$1.43 was earned and swept from the two REEL Lender LLR accounts.

<sup>14</sup> Loss reserve accounts exist for SBF's three participating Finance Companies. Account activity will be reported for the third Finance Company upon enrollment of its first financing agreement with the Program.



## Appendix 4: Budget

Budget authorization information and end notes follow on the subsequent page.

**Table 14. Budget for Hub Expenditures (September 2014 through December 31, 2020)**

Item	Original Authorized Budget
<b>Hub Administration (CAEATFA)</b>	
<i>Start-up costs, Hub administration, direct implementation, outreach and training</i>	
Allocation per D.13.09.044 for CAEATFA implementation	5,000,000
CAEATFA outreach and training to finance companies and contractors	2,000,000
Reserve fund allocation to CAEATFA in November 2016 <sup>1</sup>	8,360,000
Credit Enhancement funds allocated to CAEATFA for FYs 20-22, if needed, per Resolution E-5072	7,700,000
Subtotal allocated to Hub administration costs (CAEATFA)	23,060,000
Expended through 12/31/20 <sup>2</sup>	(12,534,522)
Hub Administration funds remaining	10,525,478
<b>Marketing, Education, Outreach (MEO)</b>	
Statewide MEO plan initial allocation <sup>3</sup>	8,000,000
Expended through 9/30/20 <sup>4</sup>	(7,954,727)
ME&O funds remaining	45,273
<b>Credit Enhancement</b>	
Initial allocation per D.13.09.044	42,900,000
Earmarked by IOUs for Admin and Direct Implementation per PIPs <sup>5</sup>	(9,863,976)
Funds allocated to CAEATFA for administration, if needed, for FYs 20-22, per Res. E-5072 <sup>6</sup>	(7,700,000)
Subtotal Credit Enhancement funds after administration	25,336,024
Funds expensed as claims payments to lenders (less recoveries)	(175,902)
Credit Enhancement funds remaining in budget	25,160,122
Currently encumbered as of 12/31/20 <sup>7</sup>	(2,440,864)
Unencumbered Credit Enhancement funds available	22,729,681
<b>IOU Administration</b>	
<i>Start-up costs, On Bill Repayment (OBR) build-out, direct implementation</i>	
Administration, general overhead and direct implementation per PIPs	9,863,976
IT costs	8,000,000
Subtotal allocated for IOU Administration	17,863,976
Expended <sup>8</sup>	(17,863,976)
IOU Administration funds remaining	-
<b>Hub Pilot Reserve</b>	
Initial allocation	9,344,931
Allocated to CAEATFA for administration in November 2016	(8,360,000)
Reserve funds remaining after administrative allocation	984,931
<b>Total Original Authorized Budget (total of gray rows)</b>	
	<b>75,244,931</b>
Total of Original Budget Expended	<b>(38,529,127)</b>
Total Original Budget Remaining	<b>36,715,804</b>

### **Budgetary Authorization**

D.13-09-044 directs the IOUs to allocate a total of \$75.2 million to finance the programs over the initial period. Table 14 provides an itemized breakdown of these allocations, current expenditures and remaining balance. As of December 31, 2020, CAEATFA had expended \$12,534,522 of the \$23.1 million allocated for Hub Administration, Direct Implementation, and Marketing, Education, and Outreach.

### **Budget End Notes**

1. Funds were authorized per the Joint Ruling of Assigned Commissioner and Administrative Law Judge on Financing Pilots and Associated Marketing Education and Outreach Activities, November 2016.
2. Quarterly expenditures are based on good faith estimates due to a lag in invoice submittals.
3. The initial allocation for ME&O also included \$2 million to CAEATFA for outreach to finance companies and contractors, and is depicted in the Subtotal Allocated to Hub Administration Costs (CAEATFA).
4. The contract for the statewide Marketing Implementer is administered by SoCalGas, and numbers reflect data reported to CAEATFA. The previous contract for the Marketing Implementer ended on 9/30/20. Resolution E-5072 permitted a new contract to be issued, keeping spending at current levels with funding from energy efficiency funding already approved and unutilized. From October 1, 2020 through December 31, 2020, the Marketing Implementer spent \$174,582.40.
5. Program Implementation Plans (PIPs) were filed by the IOUs and CHEEF in 2014 and 2015.
6. Resolution E-5072 allows CAEATFA to re-allocate up to \$7.7 million of Credit Enhancement funds for administrative purposes should funding become exhausted before a new long-term budget is allocated by the CPUC.
7. Credit Enhancement funds are allocated to Lender Loss Reserve accounts and recaptured when loans are paid off. They may also be paid out if a lender submits a claim for a default. For more detail, see tables 9-13.
8. CAEATFA does not have access to IOU expense details and assumes that all originally allocated administration funds have been spent. Decision 17.03.026 approved additional expenditures of up to \$500,000 per year, per IOU (and \$800,000 for SoCalGas) from 2017 through 2020, using funding from energy efficiency funding already approved or for incremental funding, subject to the Advice Letter process.








## Appendix 5: Participating Finance Company Overview

All Hub programs leverage private capital through participating Finance Companies. Each Finance Company enrolls in a Hub program through an application process and subsequently receives credit enhancements for the financing they enroll that meets program criteria. There are currently:




- **7 participating REEL Lenders:** California Coast Credit Union, Desert Valleys Federal Credit Union, Eagle Community Credit Union, First US Community Credit Union, Matadors Community Credit Union, Pasadena Service Federal Credit Union and Valley Oak Credit Union
- **3 participating SBF Finance Companies:** Alliance Funding Group, Ascentium Capital, and DLL Financial Solutions Partner
- **2 participating AMF Finance Companies:** Ascentium Capital and Renew Energy Partners

The tables below provide details on the qualities of these participating Finance Companies and their involvement with the Hub programs to date.



**Table 15. Participating REEL Lenders**

	Date Enrolled in REEL	Counties Served	Number of Credit Union Members	Total REEL Loans Enrolled	REEL Loans Enrolled in Q4 20
	September 2016	Statewide	185,000	601	100
	September 2016	Portions of Inyo, Kern, San Bernardino	4,000	25	3
	March 2018	Orange	20,000	9	0
	June 2018	12 in Northern California	25,000	73	9
	March 2016	Statewide	20,000	318	33
	April 2018	Pasadena, statewide federal employees	11,000	3	0
	August 2015	Madera, Tulare, specific employer groups in Kings & Fresno	6,700	30	4









**Table 16. Participating SBF Finance Companies**

	Date Enrolled in SBF	Products Offered	Financing Limits	Total SBF Projects Enrolled
	May 2019	Equipment leases	\$10,000 - \$5 million	0
	March 2019	Equipment finance agreements	\$10,000 - \$2 million	4
	March 2019	Equipment leases, service agreements, loans	\$10,000 - \$5 million	3

**Table 17. Participating AMF Finance Companies**

	Date Enrolled in AMF	Products Offered	Financing Limits	Total AMF Projects Enrolled
	August 2019	Energy service agreements	\$250,000 - \$10 million	0
	September 2020	Equipment finance agreements	\$10,000 - \$250,000	0

Appendix 6: Enrolled Finance Company Product Features  
**Table 18. Enrolled REEL Lender Product Features**





		<b>Residential Energy Efficiency Loan (REEL) Approved Lenders</b> <i>Financing for single-family residential units</i>				
	Lending Area	APR <sup>1</sup> (04/28/2020)	Loan Size	Minimum Credit Score	Pre-Approval	Contact Info
<b>STATEWIDE LENDERS</b>						
Available to borrowers in:						
	Anywhere in California	4.48% - 7.48% 3.48% - 4.48% for loans \$2,500 - \$30,000 <sup>2</sup>	\$2,500 - \$50,000	600	Instant pre-approval for qualified borrowers (up to \$25,000)	(858) 495-1637 CCCU Energy Group: Ray, Zak, Bill & Katya <a href="mailto:energy@calcoastcu.org">energy@calcoastcu.org</a>
	Anywhere in California	3.99% - 5.99% <sup>3</sup>	\$2,500 - \$50,000	580	Within 24 hrs <sup>4</sup>	(818) 993-6328, option 3 MCCU Consumer Lending <a href="mailto:energy@matadors.org">energy@matadors.org</a>
<b>REGIONAL LENDERS<sup>5</sup></b>						
Available to borrowers in:						
	Indian Wells Valleys, Searles Valley, Kern River Valley, Bishop, Barstow, and parts of Kern and Inyo counties <sup>6</sup>	4.00% - 8.00%	\$2,500 - \$50,000	580	Within 24 hrs <sup>4</sup>	(866) 743-6497 Eric Bruen <a href="mailto:REEL@desertvalleys.org">REEL@desertvalleys.org</a>
	Orange County	4.99% - 8.12%	\$2,500 - \$50,000	580	Within 24 hrs <sup>4</sup>	(949) 639-7819 Bob Thompson <a href="mailto:bthompson@eaglecu.org">bthompson@eaglecu.org</a>
	Sacramento, Placer, Nevada, El Dorado, Amador, Yuba, Yolo, Sutter, San Joaquin, Solano, Sierra, and Contra Costa counties <sup>7</sup>	4.99% - 7.49% <sup>3</sup>	\$2,500 - \$50,000	600	Within 24 hrs <sup>4</sup>	(800) 556-6768 x2009 First US Consumer Lending <a href="mailto:energy@firstus.org">energy@firstus.org</a>
	Pasadena, Covina, Vernon, and the greater San Gabriel Valley	6.40% - 8.10%	\$2,500 - \$30,000	600	Within 24 hrs <sup>4</sup>	(877) 297-4707 PSFCU Lending <a href="mailto:lending@mypsfcu.org">lending@mypsfcu.org</a>
	Tulare County and Madera County <sup>8</sup>	5.62% - 8.12%	\$1,500 - \$50,000	580	Within 24 hrs <sup>4</sup>	(559) 688-5996 x2315 Kiersty Vaughan <a href="mailto:kvaughan@valleyoak.com">kvaughan@valleyoak.com</a>

✓ **100% Financing** (No closing costs or annual fees) ✓ **No Collateral Required** ✓ **Terms Up to 15 Years**

Apply for a loan and start your REEL project today. More at [GoGreenFinancing.com](http://GoGreenFinancing.com)

<sup>1</sup>APR = Annual percentage rate. Rates are subject to change at any time. Check with lender for the most up-to-date rate information. <sup>2</sup>30-month payback term limit. <sup>3</sup>Includes 0.5% auto-pay discount. <sup>4</sup>During normal business hours. <sup>5</sup>Regional lenders require a one-time \$5 membership fee. <sup>6</sup>Please see Desert Valleys' website for membership details. <sup>7</sup>Existing and retired federal employees throughout the State of California are also eligible. <sup>8</sup>Valley Oak can lend to select employee groups in Kings and Fresno counties. Please see Valley Oak's website for membership details.

**Table 19. Enrolled SBF Finance Company Product Features**

   			
	Equipment finance agreements	Equipment leases, service agreements* and loans	Equipment leases
<b>Amount available</b>	\$10,000 - \$2,000,000	\$10,000 - \$5,000,000	\$10,000 - \$5,000,000
<b>Term</b>	12 - 60 months Up to 84 months if required for project cashflow	12 - 84 months Up to 120 months if required for project cashflow	24 - 120 months \$50,000 minimum required for 60+ months
<b>Document fees</b>	\$195 (\$295 if prefunding)	\$125 (\$225 if financing more than \$250,000)	\$395
<b>WHAT CAN BE FINANCED</b>			
Energy efficiency & demand response	✓	✓	✓
Soft costs	✓	✓	✓
Nonenergy saving measures	✓	✓ <sup>X</sup>	✓ <sup>X</sup>
Distributed generation & battery storage	✓	✓	
<b>CUSTOMER ELIGIBILITY</b>			
Tenant occupants permitted	✓	✓ <sup>T</sup>	✓ <sup>TZ</sup>
<b>Minimum months in business</b>	12 months (up to \$100,000) Greater amounts require 18+ months in business	18 months	Varies Please inquire for details
<b>FEATURES</b>			
<b>Application only (no financials required)</b>	Up to \$250,000	Up to \$125,000	Up to \$300,000
<b>Fast credit approvals</b>	Within 2 business hours (up to \$250,000)	Within 24 hours (up to \$250,000)	Within 24 hours (up to \$300,000)
<b>Other features</b>	<ul style="list-style-type: none"> <li>■ Prefunding up to 95% of financed amount for contractors that satisfy a credit check</li> </ul>	<ul style="list-style-type: none"> <li>■ Progress payments or escrow funding for contractors who pass credit checks</li> <li>■ DLL can bill for and collect regular service and maintenance charges for contractor</li> </ul>	<ul style="list-style-type: none"> <li>■ Cannabis grow operations may qualify</li> <li>■ Lease reamortization option after 5 years</li> </ul>
<b>Contact</b>	<b>Josh Patton</b> (281) 902-1969 <a href="mailto:joshpatton@ascantiumcapital.com">joshpatton@ascantiumcapital.com</a> <a href="http://Ascantium.info/GoGreen19">Ascantium.info/GoGreen19</a>	<b>Matt Singer</b> (484) 688-4644 <a href="mailto:msinger@leasedirect.com">msinger@leasedirect.com</a>	<b>David Goldstein</b> (714) 450-1026 <a href="mailto:dgoldstein@alliancefunds.com">dgoldstein@alliancefunds.com</a>

\*Service agreements require a minimum of \$50,000 and at least a 36-month term. <sup>X</sup>Up to 30% of claim-eligible amount. <sup>T</sup>If financing term is less than or equal to time remaining on occupancy lease. <sup>TZ</sup>Limited to measures not affixed to property.




All financing is subject to credit approval and compliance with the program terms. Rates and terms are subject to change. Please contact the finance company representatives above for up to date information.

**GoGreenFinancing.com**

02/25/2020

**Table 20. Enrolled AMF Finance Company Product Features**

## Affordable Multifamily Financing Program Product Features

	Equipment finance agreements	Energy service agreements
Amount available	\$10,000 - \$250,000	\$250,000 - \$10,000,000
Terms	12-84 months	60-120 months
Fees	\$195 (\$295 if prefunding)	No upfront fees Early termination fees apply
Features	<ul style="list-style-type: none"> <li>Similar to a lease, but ownership resides with customer throughout term</li> <li>48-hour credit approval</li> </ul>	<ul style="list-style-type: none"> <li>Service payments based on savings</li> <li>Potential off-balance sheet treatment</li> <li>Installation and maintenance included</li> </ul>
Collateral	UCC-1 Fixture Filing, no property lien	UCC-1 Fixture Filing, no property lien
<b>What can be financed*</b>		
Energy efficiency & demand response	✓	✓
Soft costs	✓	✓
Non-energy saving measures	✓	✓
Distributed generation & battery storage	✓	✓


**Josh Patton**  
281-902-1969  
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**Michael Savage**  
888-938-6256 x703  
[msavage@renewep.com](mailto:msavage@renewep.com)

\*All financing is subject to credit approval and compliance with the program terms. Rates and terms are subject to change. Please contact the finance company representatives above for up-to-date information.

1/25/2021

**GoGreenFinancing.com**



## Appendix 7: Hub Infrastructure

CAEATFA is creating a statewide platform for finance companies and contractors to participate in the uptake of energy efficiency projects through increased access to financing. As the administrator of the Hub, CAEATFA is responsible for developing uniform program requirements, standardized documentation and processes, and acting as a central entity to facilitate investment in energy efficiency projects and implementation of the programs.

Key infrastructure elements needed to implement the Hub include a Master Servicer, Trustee Bank, Contractor Manager, Marketing Implementer, and Technical Advisors. Below are descriptions of each of these roles and information regarding their current status.

### Master Servicer

<i>Organization</i>	Concord Servicing Corporation
<i>Duties</i>	The Master Servicer plays a key role in the daily administration of the programs, accepting loan enrollment applications and processing on-bill repayment transactions.
<i>Contract Term</i>	10/22/20 – 7/31/22
<i>Notes</i>	Following a solicitation process in Q2 2020, Concord Servicing Corporation was awarded a new Master Servicer contract, which was approved by the Department of General Services on September 11, 2020. This contract has an option for two one-year extensions.

### Trustee Bank

<i>Organization</i>	US Bank
<i>Duties</i>	The Trustee Bank holds the ratepayer funds provided by the IOUs to serve as Credit Enhancements under the various programs. CAEATFA provides direction to the Trustee Bank to transfer CE funds between various accounts.
<i>Contract Term</i>	1/1/18 – 12/31/20
<i>Notes</i>	Following an RFP process in Q4 2020, Zions Bank will become the Trustee Bank vendor beginning 1/1/21. The new contract will have a term of three years (through 12/31/23) and will not have an option for extension.

### Contractor Manager

<i>Organization</i>	Frontier Energy
<i>Duties</i>	The Contractor Manager recruits, enrolls, trains, and supports contractors and conducts quality control oversight of projects not participating in an IOU rebate/incentive program.
<i>Contract Term</i>	6/4/19 – 5/28/21
<i>Notes</i>	Option for a one-year extension.



## Marketing Implementer

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<i>Organization</i>	Center for Sustainable Energy
<i>Duties</i>	The Marketing Implementer is responsible for leading statewide marketing campaigns and administers GoGreen Financing, the customer-facing platform for information on CHEEF programs. The contract for the Marketing Implementer is held by SoCalGas and is not administered by CAEATFA nor represented in CAEATFA's administrative costs. However, the Marketing Implementer works closely with CAEATFA and the IOUs to manage customer marketing for the programs. The Center for Sustainable Energy (CSE) has served as the Marketing Implementer since 2014.
<i>Contract Term</i>	10/1/20 – 9/30/22
<i>Notes</i>	The CPUC's Resolution on REEL approved continued marketing activity for the Hub Programs. This contract has an option for a one-year extension.

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## Technical Advisor

The Technical Advisor provides expertise to CAEATFA in the development and implementation of the Hub programs.

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<i>Organization</i>	Energy Futures Group (EFG)
<i>Duties</i>	Provides technical assistance for program research development and implementation.
<i>Contract Term</i>	3/13/19 – 3/13/21
<i>Notes</i>	Option for a one-year extension.

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## Appendix 8: Customer-Facing Products

Customer-facing products are discussed throughout this report, but this Appendix functions as a summary.

**gogreen FINANCING™** Designed and implemented by the Marketing Implementer, the Center for Sustainable Energy (CSE), with input and direction from CAEATFA and the IOUs, GoGreen Financing ([www.gogreenfinancing.com](http://www.gogreenfinancing.com)) serves as the primary customer-facing platform for the financing programs. The platform was translated into Spanish in November 2020 ([www.gogreenfinancing.com/es](http://www.gogreenfinancing.com/es)).

GoGreen Financing contains information for end users (customers), contractors, finance companies and partners for each of the programs. Some of the resources on the website include:

- Pages that allow potential REEL borrowers to find a local REEL participating Contractor, review the rates of participating Lenders and apply for a REEL loan online through the participating Lender’s website
- Pages that allow potential SBF customers to find an SBF participating Contractor or Project Developer, review the products offered by participating Finance Companies and apply for an SBF finance agreement through the participating Finance Company’s website
- Program descriptions and benefits of the AMF Program and information about products offered by participating Finance Companies
- Partner resources for interested contractors, finance companies, local governments and nonprofits (some of which are available to these organizations to co-brand), including:
  - Customer-facing REEL and SBF flyers, available in both English and Spanish
  - Finance company comparison charts for REEL and SBF
  - PowerPoint Presentations
  - Partner talking points
  - REEL case studies

Lending Area	APR <sup>1</sup> (%)	Loan Size	Minimum Credit Score	Pre-Approval	Contact Info
<b>STATEWIDE LENDERS</b> Available to borrowers in:					
<b>CALIFORNIA COAST</b> Anywhere in California	6.99% - 8.99%	\$2,500 - \$50,000	620	Instant pre-approval for qualified borrowers (up to \$25,000)	(866) 495-6237 COC Energy Group Pty, M & K Inc <a href="http://www.cocenergy.com">www.cocenergy.com</a>
<b>North County Credit Union</b> Anywhere in California	5.99% - 7.99%	\$2,500 - \$50,000	640	Within 24 hrs*	(916) 963-6326, option 3 MCC Consumer Lending <a href="http://www.mccconsumer.com">www.mccconsumer.com</a>
<b>REGIONAL LENDERS</b> Available to borrowers in:					
<b>REDFRUIT ENERGY</b> Inland Empire, Valley, Southern Valley, Kern River Valley, Bishop, Bienville, and parts of Kern and Inyo Counties**	5.99% - 9.99%	\$2,500 - \$50,000	580	Within 24 hrs*	(866) 742-3437 EAG Bank <a href="http://www.eagbank.com">www.eagbank.com</a>
<b>EAGLE ENERGY</b> Orange County	4.99% - 9.99%	\$2,500 - \$50,000	580	Within 24 hrs*	(949) 439-7819 EAG Energy <a href="http://www.eagleenergy.com">www.eagleenergy.com</a>
<b>FIRST US</b> Sacramento, Placer, Nevada, El Dorado, Nevada, Yuba, Yuba, Sutter, San Joaquin, Solano, Sierra, and Contra Costa counties**	5.99% - 9.99%	\$2,500 - \$50,000	620	Within 24 hrs*	(916) 554-6764 x2009 First US Consumer Lending <a href="http://www.firstus.com">www.firstus.com</a>
<b>First Service</b> Fresno, Colusa, Yuba, and the greater San-Golden Valley	6.49% - 9.99%	\$2,500 - \$50,000	600	Within 24 hrs*	(877) 297-6767 FSC Energy Lending <a href="http://www.fscenergy.com">www.fscenergy.com</a>
<b>Valley Oak</b> Tulare County and Madera County	7.49% - 9.99%	\$1,000 - \$50,000	580	Within 24 hrs*	(559) 688-0096 x2215 Valley Oak <a href="http://www.valleyoak.com">www.valleyoak.com</a>

100% Financing (no closing costs or annual fees)     No Collateral Required     Terms Up to 18 Years  
 Apply for a loan and start your REEL project today. More at [GoGreenFinancing.com](http://GoGreenFinancing.com)

Screenshots of the REEL lender chart and Find a Contractor tool from GoGreenFinancing.com