



CHEEF
CALIFORNIA HUB FOR
ENERGY EFFICIENCY FINANCING

ENERGY EFFICIENCY FINANCING PROGRAMS

QUARTERLY REPORT & PROGRAM STATUS SUMMARY

FIRST QUARTER 2022

gogreen
FINANCING™

Prepared by the California Alternative Energy and
Advanced Transportation Financing Authority
(CAEATFA)

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Introduction

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. Senate Bill 32, passed in 2016, sets the goal of reducing GHG emissions to 40% below 1990 levels by 2030.

With so many headlines about electric vehicles, rooftop solar and other renewables, it is easy to forget how important energy efficiency is to the GHG reduction mix. Billions of square feet of existing commercial and residential properties, and the equipment and appliances vital to them, 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 (EE) upgrades in Decision (D.)13-09-044. In its guidance decision, the CPUC acknowledged that 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.

Regulatory Background

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 (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 CHEEF 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 D.17-03-026, the CPUC committed to continued funding for CAEATFA to administer the CHEEF Programs through the life of the pilots. In 2019 the Commission issued Resolution E-4900, transitioning the Residential Energy Efficiency Loan Assistance Program (now known as GoGreen Home Energy Financing) from a “pilot” to a “Program” and further clarifying the goals and metrics under which the CHEEF Programs would be evaluated. D.21-08-006 authorized up to \$75.2 million in incremental funding for the CHEEF Programs to support their administration through June 30, 2027, authorized CAEATFA to incorporate non-IOU ratepayer funds to support program expansion into non-IOU customer territories and imposed new reporting requirements.

This report is prepared in alignment with D.13-09-044 and D.21-08-006, 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 CHEEF Programs. These reports contain quarter highlights and other items to keep interested parties informed as to the Programs’ challenges and successes.

Reporting Updates in Response to D.21-08-006

D.21-08-006 requires CAEATFA to report on several new metrics and key performance indicators, as well as those previously outlined in Resolution E-4900. Many of these metrics, such as number of loans, total amount financed, analysis of participants (including underserved borrowers), growth rates, and mean APR and loan values, were already included in CHEEF quarterly reports and [GoGreen Home monthly data summaries](#) prior to D.21-08-006. CAEATFA will continue to report on these metrics.

Although D.21-08-006 does not require CAEATFA to report on the new metrics until the start of the new budget period in July 2022, CAEATFA plans to begin reporting on many of these metrics on an earlier timeline. For example, this report and the monthly data summaries for GoGreen Home now contain median loan size, median interest rates, and expanded reporting on geographic distribution of loans and non-energy benefits for borrowers. Some of the requested new reporting measures require resource dedication and establishment of new processes before they can be implemented. To report on energy savings, CAEATFA has worked with a technical consultant to create deemed savings estimates; the first version of the GoGreen Home Deemed Energy Savings Report, covering GoGreen Home activity from 2016-2021, will be released in Q2 2022 and periodically updated to incorporate future savings estimates. To report on ethnicity and socioeconomic data, CAEATFA will institute a post-project survey and collect this data on a voluntary basis from participants.

These and other newly required metrics will be added to quarterly reports on a rolling basis as CAEATFA establishes the operational changes necessary to report the data. It is estimated that all metrics required by D.21-08-006 will be fully incorporated into CHEEF quarterly reports by Q4 2022. Please see Appendix 9 for a detailed breakdown of reporting requirements and CAEATFA's compliance status.

Program Name Changes

In Q2 2021, CAEATFA, the IOUs, and the Marketing Implementer developed new names for the three CHEEF Programs that align with their public-facing platform, GoGreen Financing. Market research supports the effectiveness of the selected new names; additionally, the transition is intended to eliminate complexity for Program participants (many of whom organically refer to the Programs as “GoGreen Programs” or similar), better communicate the Programs’ value to consumers, and simplify marketing communications.

The CHEEF Program names were updated as follows:

- **GoGreen Home Energy Financing**, or **GoGreen Home**, replaced the Residential Energy Efficiency Loan Assistance Program (REEL)
- **GoGreen Business Energy Financing**, or **GoGreen Business**, replaced the Small Business Energy Efficiency Financing Program (SBF)
- **GoGreen Affordable Multifamily Energy Financing**, or **GoGreen Multifamily**, replaced the Affordable Multifamily Energy Efficiency Financing Program (AMF)

In Q3 2021 the Program names were updated in public-facing materials, including all Program forms and resources, information on the State Treasurer’s Office website, and the GoGreen Financing website. Updates to the materials and websites used by participating finance companies, contractors, utilities, and other channel partners followed on a rolling basis, and a full transition to the new Program names across all channels has now been completed. Additionally, CAEATFA staff have worked with the Attorney General’s Office to submit a request for trademark registration of the GoGreen Financing logo, which will support opportunities for co-branding with IOUs and other entities.

Executive Summary – Q1 2022

Outreach Highlights

- **CAEATFA staff participated in webinars and outreach events to promote the Programs.** These events included a presentation for the Palo Alto City Council on the opportunity to participate in the GoGreen Financing Programs, following the CPUC's Decision 2021-08-006 allowing the CHEEF to bring in non-ratepayer funding to support financing options for public utility customers. Additionally, staff attended the Northern California Home & Landscape Expo to reach contractors and let them know about opportunities with GoGreen Home.

GoGreen Home Energy Financing Program Developments

- **146 standard loans and 174 marketplace microloans were enrolled in the Program in Q1.** The number of standard loans enrolled, worth a total financed amount of \$2.8 million, increased 40% from Q1 2021.
- **CAEATFA finalized a Memorandum of Agreement (MOA) with the TECH Clean California initiative.** This partnership, CAEATFA's first acceptance of non-Public Purpose Program, IOU ratepayer funding after the issuance of D.21-08-006, will support credit enhancements for customers receiving gas from an IOU and electricity from a Publicly-Owned Utility (POU) to install heat pump technologies and other electric measures.
- **Modifications to the Program regulations were approved.** The Office of Administrative Law approved emergency regulations amendments to GoGreen Home after CAEATFA staff held a public workshop and received approval from the CAEATFA Board. The amendments include new rules to facilitate a streamlined pathway for Microloans, add Eligible Energy Efficiency Measures, and support batch loan enrollment and automated reporting. These regulations will remain in effect through June 2022.

GoGreen Business Energy Financing Program Developments

- **On-Bill Repayment (OBR) is now available in three IOU territories.** The "soft launch" of OBR functionality in three of the four IOU territories (SCE, SCG, and SDG&E) began for GoGreen Business financing enrollments at the end of the quarter.
- **Several finance companies were approved to participate in GoGreen Business.** Prime Capital Funding joined the Program to offer loans and leases using OBR, and two participating finance companies (Verdant Commercial Capital and Renew Energy Partners) were approved to begin offering OBR. Travis Credit Union, a participating GoGreen Home lender and the first credit union to enroll in GoGreen Business, was approved to join the Program in Q1 and is expected to launch their product in Q2.
- **The GoGreen Business regulations were re-adopted** following initial approval by the Office of Administrative Law in Q3 2021. The re-approval was made without any modifications and are expected to be re-adopted again in Q2, after which CAEATFA staff will begin the permanent rulemaking process.

GoGreen Affordable Multifamily Energy Financing Program Developments

- **An interest rate buy-down (IRBD) promotion for GoGreen Multifamily was launched via the Statewide Marketing Implementer.** Both of the finance companies participating in the Program, Ascentium Capital and Renew Energy Partners, are offering this promotion. The IRBD can be used to bring the interest rate for a financing agreement to as low as 0% or to reduce the required internal rate of return for an energy service agreement, thus lowering monthly payments. This promotion will be available for reservations made through Q2 2022.

CHEEF Infrastructure Developments

- **CAEATFA submitted a summary of its Track 2 Clean Energy Financing Proposal.** As part of the CPUC's Rulemaking on Clean Energy Financing (R.20-08-022), CAEATFA is requesting authorization to expand

the Programs to offer financing for comprehensive clean energy technologies (such as battery storage) and to re-launch a program serving large commercial and public buildings.

➤ **Vendor solicitations for the Contractor Manager, Technical Advisor, and Statewide Marketing Implementer began.** CAEATFA issued Requests for Proposals (RFPs) for the Contractor Manager and Technical Advisor for the GoGreen Financing Programs and coordinated with SoCalGas, which holds the contract for the Statewide Marketing Implementer, to release an RFP for that role.



GoGreen Home customer Juliana Maziarz in front of her Los Angeles home

GoGreen Home Energy Financing Program

Key GoGreen Home Metrics – Q1 2022 (January 1-March 31, 2021)

Standard Loans

| | | |
|----------------------------------|--------------------------------------|--|
| 146 New Loans Enrolled | \$19,357 Average Loan Size | \$2.83 million Amount Financed |
|----------------------------------|--------------------------------------|--|

Marketplace Microloans

| | | |
|---------------------------------------|--|--|
| 174 New Microloans Enrolled | \$1,576 Average Microloan Size | \$0.27 million Amount Financed |
|---------------------------------------|--|--|

View the latest [monthly data summaries](#) for GoGreen Home.

GoGreen Home Updates

The first quarter of the year is historically a slower period of activity for GoGreen Home, but loan enrollments increased significantly in Q1 2022 over the prior year. GoGreen Home lenders enrolled 146 new standard loans worth \$2.8 million with an average project size of \$19,357, a slight decrease in total loan volume from Q4 2021 (which saw 150 loans enrolled) but a slight increase in average loan size and total amount financed. Compared with Q1 2021, there was a 40% increase in new standard loan enrollments and a 56% increase in the amount financed. Since Program inception in 2016, GoGreen Home has financed 1,855 standard loans at a combined value of \$31.7 million.

Marketplace microloan enrollments via the SoCalGas platform continued with 174 new microloans enrolling over the course of the quarter. CAEATFA worked with One Finance, the Participating Finance Company offering this product, to unenroll a group of previously enrolled loans that were found to be inconsistent with the intention of the approved financing product. Unenrollment of a loan from the Program does not impact the customer, their financing, or their equipment in any way; the unenrollment means the loans will not be counted in program totals and lenders will not be able to access the loan loss reserve in the event of borrower default.

CAEATFA finalized an MOA for a new partnership with the TECH Clean California Initiative, a statewide decarbonization program. The agreement will eliminate barriers to attractive financing currently faced by millions of customers who receive gas service from an IOU and electric service from a Publicly-Owned Utility (POU), as TECH Clean California will provide funding for credit enhancements and administrative costs for loans to these customers. This partnership will allow these joint IOU gas/POU electric customers to finance eligible electric measures without fuel source restrictions through their GoGreen Home loan; without this partnership, these customers would be limited to using only 30% of their loan for eligible electric measures. The CPUC

confirmed CAEATFA's methodology to allocate specific costs between IOU ratepayer Public Purpose Program funds and TECH Clean California funds was consistent with prior guidance given in D.21-08-006. Following these steps, outreach to contractors and POUs began in March, and the first loans taking advantage of TECH funding are expected to enroll in Q2.

GoGreen Home Outreach

The Statewide Marketing Implementer published updates to the GoGreen Financing website that incorporate results from the market research and strategic analysis completed in 2021, including new visual design elements and text on the GoGreen Home landing page for customers. A new marketing content kit inclusive of social media content, customer testimonial videos, and blog posts was also completed. These assets are expected to be deployed in regional IOU marketing campaigns in Q2.



Outreach related to CAEATFA's partnership with TECH began in Q1 with several rounds of emails sent to contractors explaining the new Program rules and their implications on new projects.

A total of 568 contractors were enrolled in GoGreen Home at the end of Q1 2022. Over the course of the quarter, 29 new contractors joined the Program. Six contractors were removed or suspended from enrolling new projects during the quarter: one was suspended due to CSLB licensure expiration, one was removed be re-enrolled after company ownership transitions, and four were voluntarily removed due to company ownership transitions or by alerting the Contractor Manager that they no longer offer the Program to customers.

For information about GoGreen Home program structure and eligibility, see Appendix 7.

GoGreen Home Reporting

Data reported on pages 11-17 represents standard GoGreen Home loans enrolled through one of the eight participating credit union lenders. For data on marketplace microloans, see page 18.

Project Enrollment and Activity Data

Table 1: GoGreen Home Financing Activity

| | Q1 2022 | | All Time ¹ | |
|--|----------------|----------|-----------------------|----------|
| Loans Enrolled | 146 | | 1,855 | |
| Total Amount Financed | \$2.83 million | | \$31.69 million | |
| | Average | Median | Average | Median |
| Loan Size | \$19,357 | \$16,381 | \$17,086 | \$14,206 |
| Term Length in Months | 101 | 114 | 106 | 120 |
| Interest Rate² | 4.3% | 4.38% | 5.5% | 5.48% |
| Finance-Only Projects³ | 84% | | 88% | |

Table 2: GoGreen Home Loan Loss Reserve Contributions Metrics

| | Q1 2022 | All Time |
|---|------------------|------------------|
| Total Loan Loss Reserve Contributions <i>All contributions made by CAEATFA to loan loss reserve accounts for all enrolled loans.</i> | \$449,595 | \$4,860,733 |
| Average Loan Loss Reserve Contribution <i>The average contribution made by CAEATFA to a loan loss reserve account upon loan enrollment.</i> | \$3,079 per loan | \$2,620 per loan |
| For every \$1 of ratepayer-funded credit enhancement, the amount of private capital leveraged is: | \$6.29 | \$6.52 |

Table 3: GoGreen Home Loans Enrolled by IOU⁴

| Utility | Loans Enrolled | |
|-------------------------------------|----------------|----------|
| | Q1 2022 | All Time |
| Pacific Gas & Electric | 102 | 1,123 |
| San Diego Gas & Electric | 10 | 109 |
| Southern California Edison | 33 | 572 |
| Southern California Gas | 42 | 630 |

¹ The date of Program inception is marked by the first loan enrollment in GoGreen Home (July 2016).

² GoGreen Home interest rates are currently equivalent to the Annual Percentage Rate (APR) as no additional fees, such as origination fees, are charged by participating lenders for these loans. Some lenders charge a membership fee, which tends to be around \$5 and is de minimis for reporting APR.

³ Cases in which a borrower made upgrades using GoGreen Home without a rebate or incentive.

⁴ Some properties are served by more than one IOU, meaning the total of loans enrolled per IOU will not match the total number of loans enrolled. Loans enrolled by IOU are reported regardless of what measures are installed.

Table 4: GoGreen Home Loan Enrollment Volume (Q3 2016 – Q1 2022)

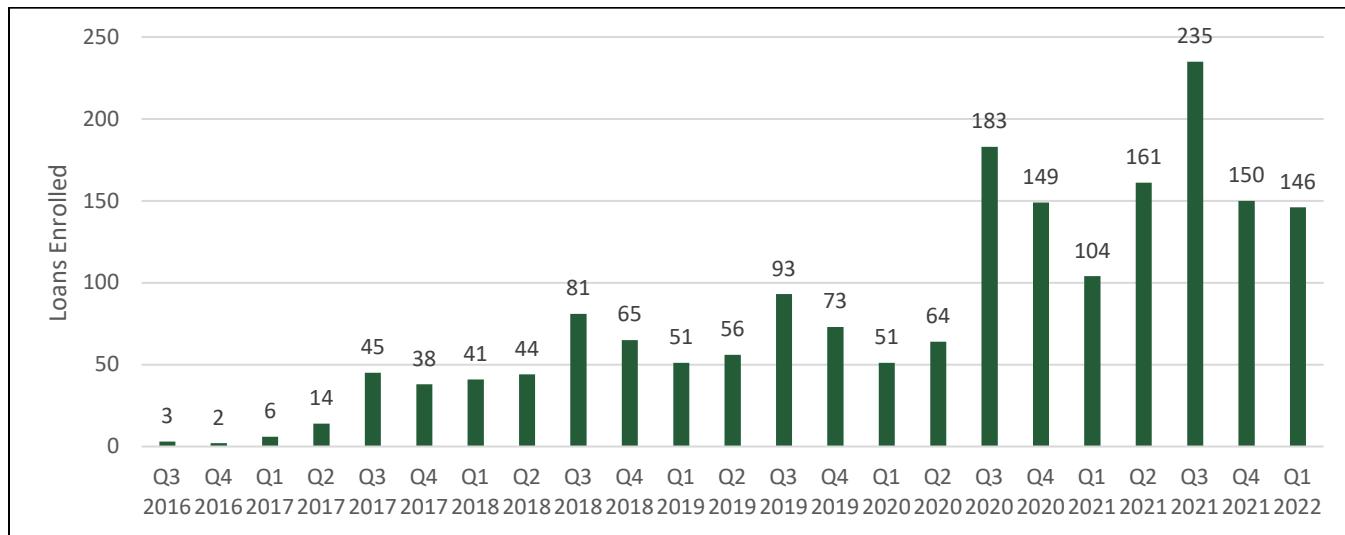


Table 5: GoGreen Home Loan Enrollment Volume Comparison (Q1 2020, Q1 2021 and Q1 2022)

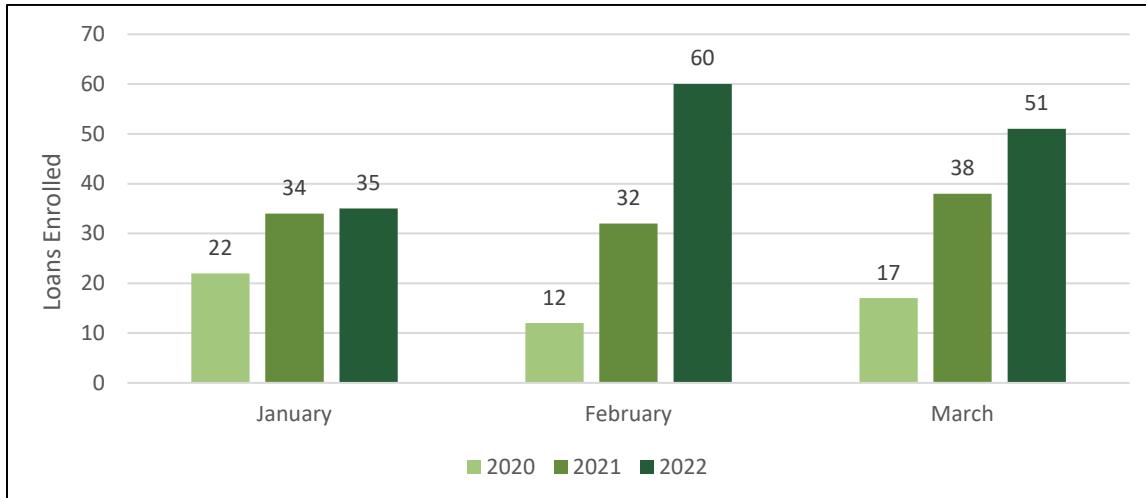


Table 6: GoGreen Home Loan Enrollments by Participating Lender

| Lender | Loans Enrolled | | Total Amount Financed in thousands | |
|---------------------------------------|----------------|----------|---------------------------------------|----------|
| | Q1 2022 | All Time | Q1 2022 | All Time |
| California Coast Credit Union | 65 | 1,011 | \$1,393 | \$16,680 |
| Desert Valleys Federal Credit Union | 3 | 39 | \$59 | \$656 |
| Eagle Community Credit Union | 1 | 12 | \$17 | \$210 |
| First US Community Credit Union | 36 | 205 | \$491 | \$2,839 |
| Matadors Community Credit Union | 23 | 459 | \$484 | \$9,299 |
| Pasadena Service Federal Credit Union | 0 | 3 | \$0 | \$56 |
| Travis Credit Union | 17 | 89 | \$362 | \$1,406 |
| Valley Oak Credit Union | 1 | 37 | \$20 | \$547 |
| | 146 | 1,855 | \$2,826 | \$31,694 |

Financing Data and Loan Portfolio Report

Table 7: Summary of Active GoGreen Home Loans by Status through March 31, 2022

| | Number of Loans | Original Total Principal Amount in thousands | Outstanding Total Principal Amount in thousands |
|---------------------------------------|-----------------|---|--|
| Paid in Full | 467 | \$7,474 | \$0 |
| California Coast Credit Union | 276 | \$4,026 | \$0 |
| Desert Valleys Federal Credit Union | 14 | \$159 | \$0 |
| Eagle Community Credit Union | 4 | \$86 | \$0 |
| First US Community Credit Union | 34 | \$468 | \$0 |
| Matadors Community Credit Union | 127 | \$2,562 | \$0 |
| Pasadena Service Federal Credit Union | 1 | \$19 | \$0 |
| Travis Credit Union | 6 | \$98 | \$0 |
| Valley Oak Credit Union | 5 | \$56 | \$0 |
| Current | 1,357 | \$23,700 | \$19,993 |
| California Coast Credit Union | 711 | \$12,225 | \$10,107 |
| Desert Valleys Federal Credit Union | 25 | \$497 | \$428 |
| Eagle Community Credit Union | 8 | \$124 | \$96 |
| First US Community Credit Union | 168 | \$2,337 | \$2,033 |
| Matadors Community Credit Union | 329 | \$6,696 | \$5,722 |
| Pasadena Service Federal Credit Union | 2 | \$37 | \$30 |
| Travis Credit Union | 83 | \$1,308 | \$1,223 |
| Valley Oak Credit Union | 31 | \$477 | \$355 |
| 30 Days Past Due | 3 | \$37 | \$32 |
| California Coast Credit Union | 1 | \$11 | \$10 |
| First US Community Credit Union | 1 | \$12 | \$11 |
| Valley Oak Credit Union | 1 | \$14 | \$10 |
| 90 Days Past Due | 1 | \$13 | \$11 |
| California Coast Credit Union | 1 | \$13 | \$11 |
| Total | 1,828 | \$31,224 | \$20,036 |

Table 8: Summary of GoGreen Home Charge-Offs, Claims Paid and Recoveries through March 31, 2021

| | Number of Loans | Charge-Off Amount at Time of Claim | Claims Paid ⁵ | Recoveries Paid to Program |
|---|-----------------|------------------------------------|--------------------------|----------------------------|
| Charged Off | 27 | \$421,653 | \$295,473 | (\$91,398) |
| California Coast Credit Union | 22 | \$363,805 | \$263,077 | (\$91,398) |
| First US Community Credit Union | 2 | \$21,527 | \$19,375 | \$0 |
| Matadors Community Credit Union | 3 | \$36,321 | \$13,021 | \$0 |
| Net Credit Enhancement Funds Expended (Claims Paid minus Recoveries Paid to Program) | | | | \$204,075 |

⁵ Through GoGreen Home, 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 GoGreen Home Lenders were paid on the claim.

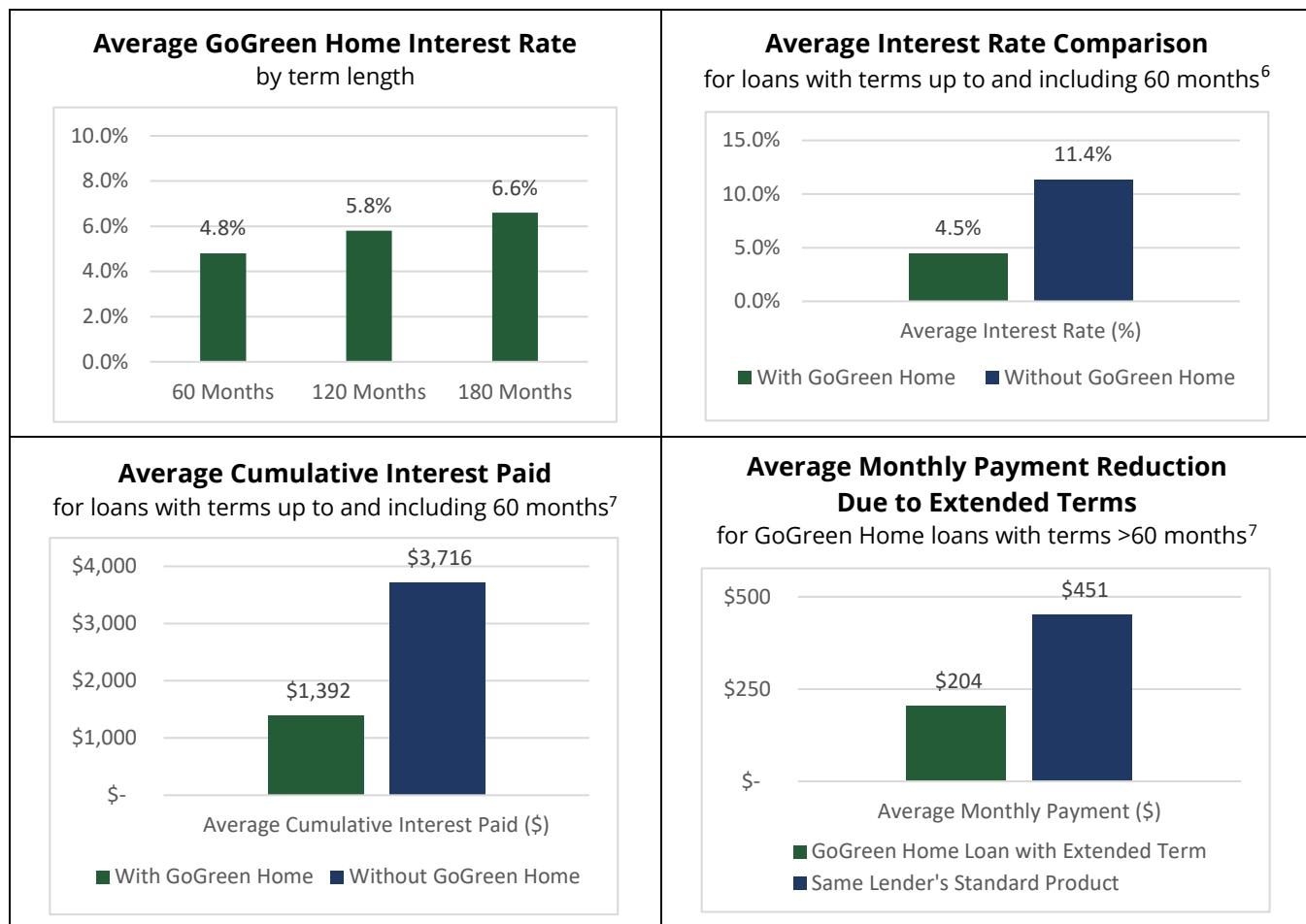
Table 9: Top Energy Efficiency Measures Installed through GoGreen Home (Q3 2016 – Q1 2022)

| | | | | |
|---|---|---|---|---|
|  |  |  |  |  |
| HVAC Equipment 1,230 Projects | Windows 462 Projects | HVAC Ductwork 392 Projects | Insulation 315 Projects | Cool Roofs 250 Projects |

Table 10: Heat Pump Measures Installed through GoGreen Home (Q3 2016 – Q1 2022)

| | |
|---|-------------------------------------|
|  | |
| Heat Pumps | |
| Space Heating 168 Projects | Water Heating 19 Projects |

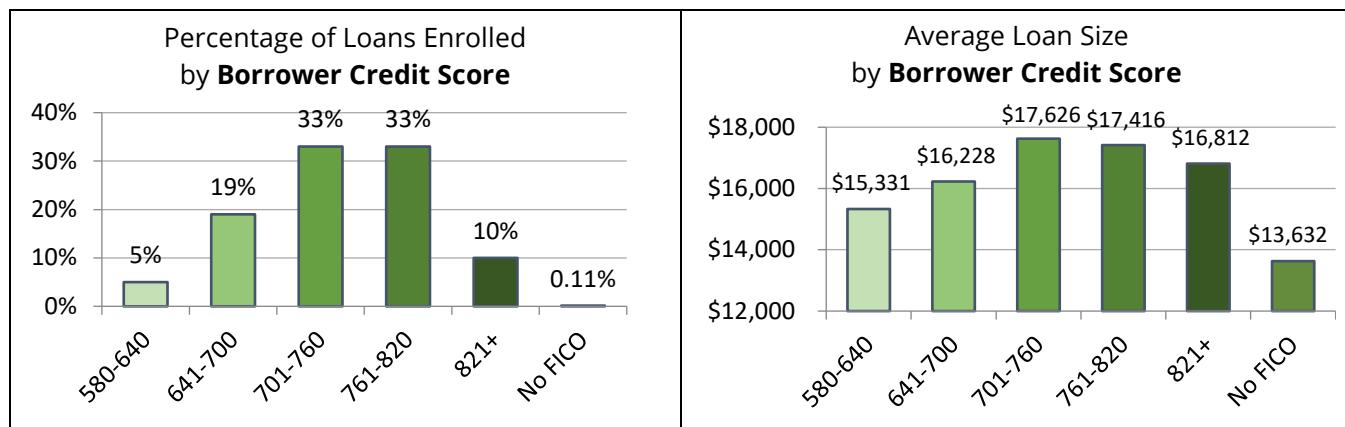
Table 11: Interest Rate and Monthly Payment Benefits for GoGreen Home Borrowers (Q3 2016 – Q1 2022)



⁶ These charts compare interest rates between GoGreen Home loans and the equivalent non-GoGreen Home signature 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-GoGreen Home loans.

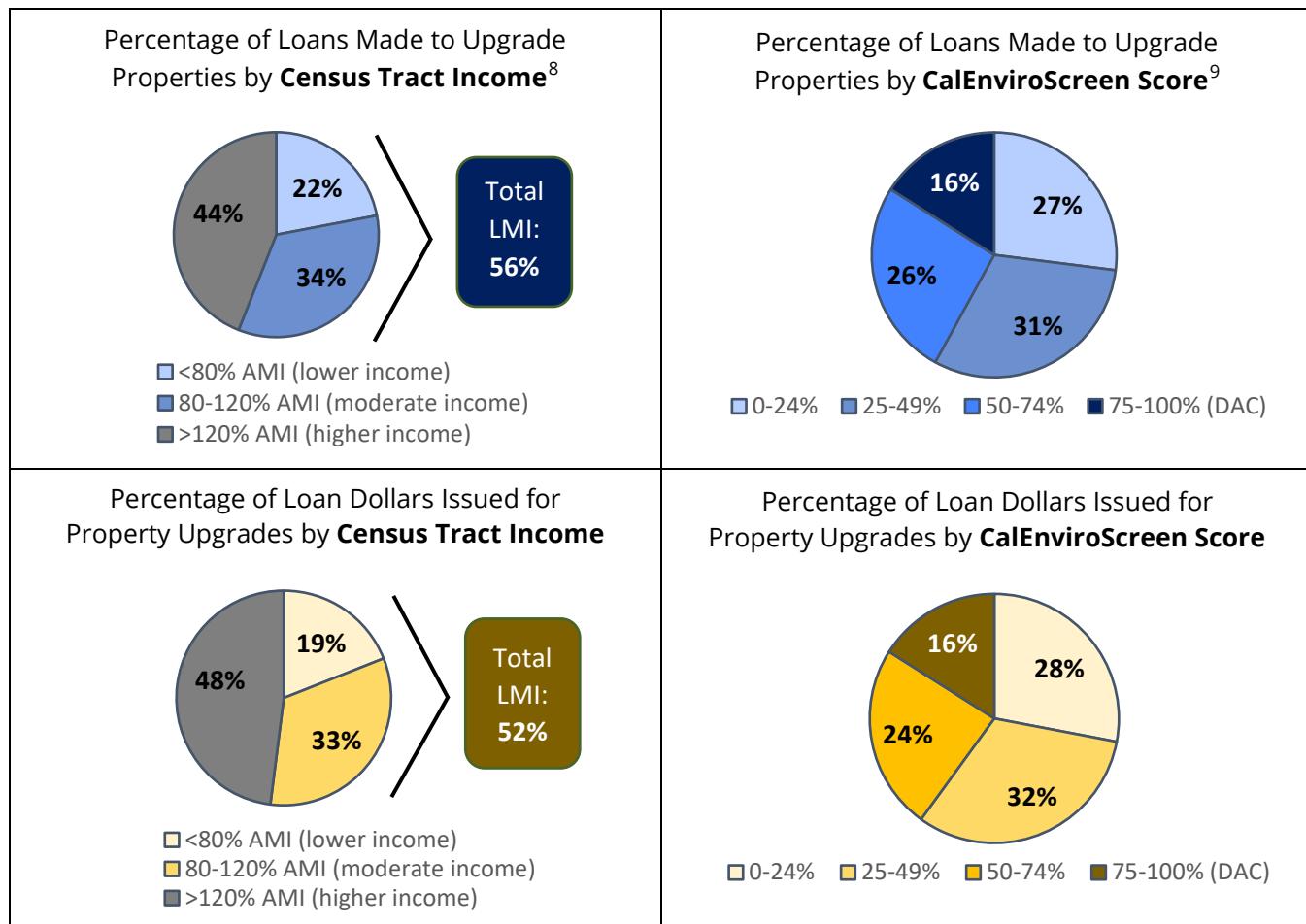
⁷ This chart compares monthly payments between GoGreen Home loans with terms greater than 60 months and what monthly payments would have been if the borrower had used the same lender's non-GoGreen Home signature product limiting them to shorter term lengths. Loans from one participating lender who currently offers signature products with terms greater than 60 months are excluded from this comparison.

Table 12: GoGreen Home Borrower Credit Score Metrics (Q3 2016 – Q1 2022)



How GoGreen Home Serves the Underserved

Table 13: Loan Activity by Census Tract Income and CalEnviroScreen Score



⁸ Low-to-Moderate Income (LMI) census tracts, for the purpose of this reporting and providing a 20% loss reserve contribution for the lender, includes tracts with median income that falls below 120% of the Area Median Income (AMI).

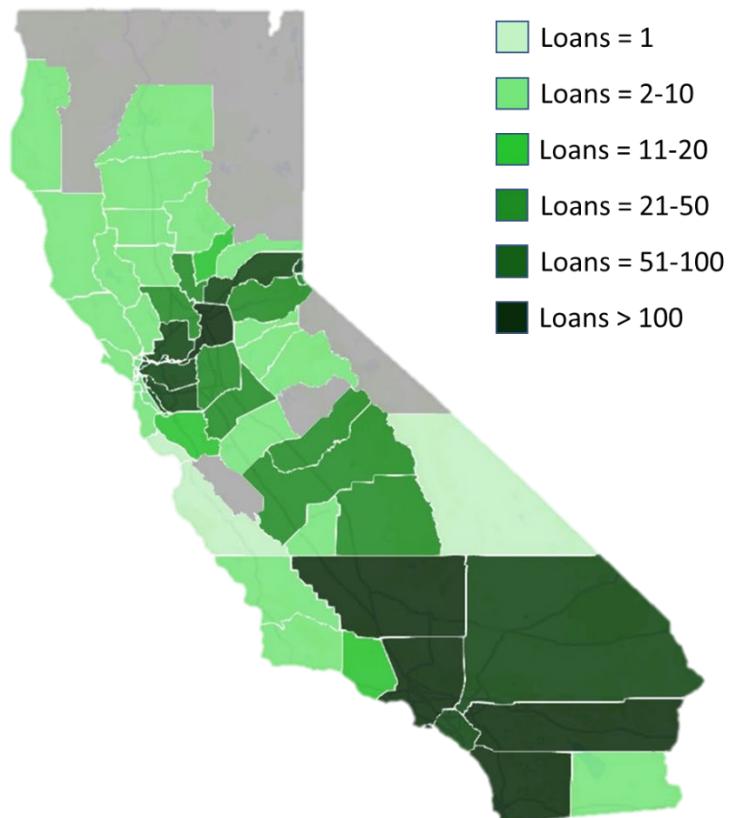
⁹ [CalEnviroScreen](#) is a pollution burden mapping tool that uses environmental, health, and socioeconomic data to produce scores for every census tract in California; CAEATFA is reporting loans for properties in tracts scoring in the top quartile (75-100%) as loans for projects in disadvantaged communities (DACs). This data uses the most recent version of CalEnviroScreen available at the time of publication.

Table 14: GoGreen Home Financing Feasibility Metrics

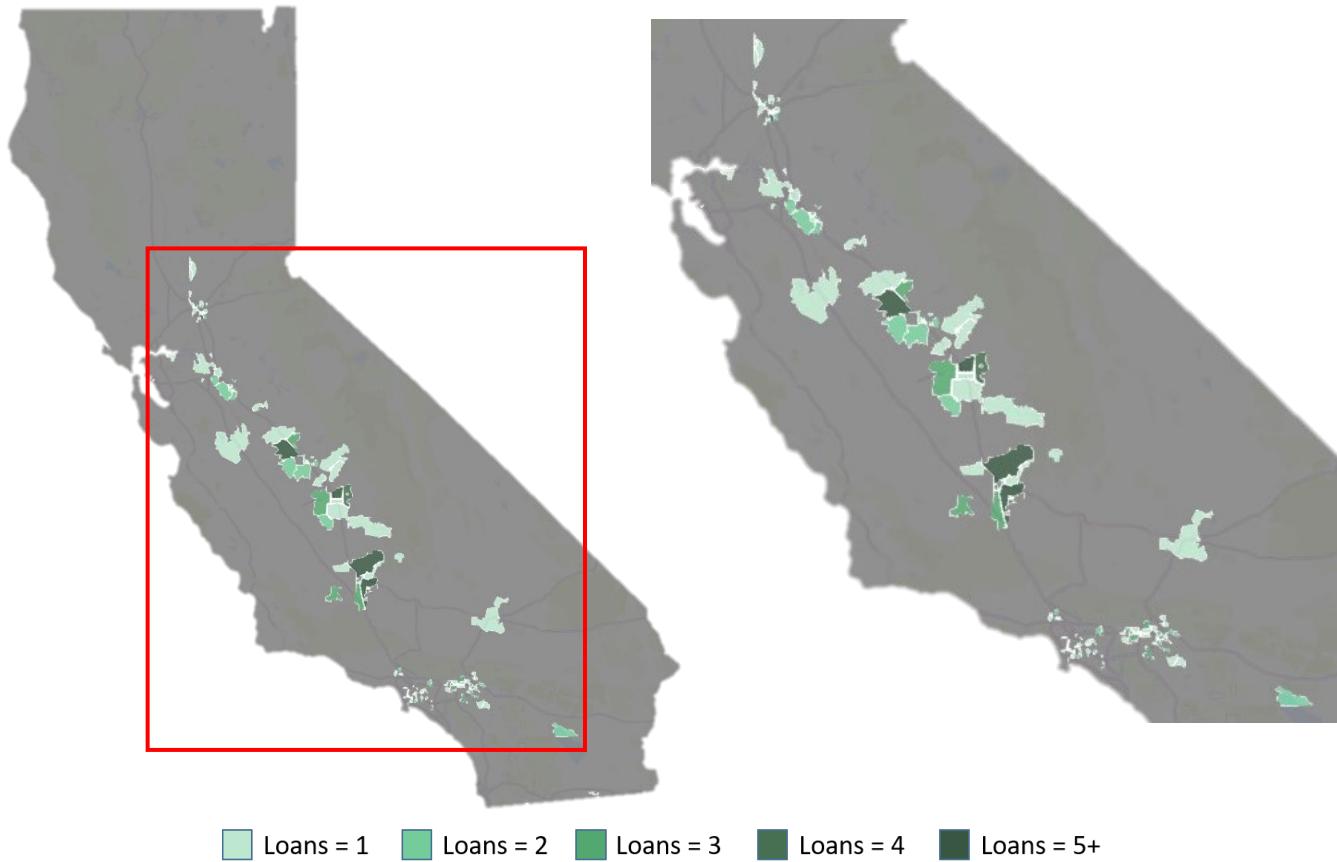
| | | |
|---|--|---------------------------------|
| <p>Access to Credit: <i>Borrower Credit Score of 580-640</i> Lenders typically require borrowers to have a minimum credit score of around 640 for unsecured loans of any significant value. Through GoGreen Home, lenders are able to approve loans for borrowers with credit scores as low as 580.</p> | <p>Loans Enrolled to Borrowers with <640 Credit Score</p> | |
| | 9 <i>Q1 2022</i> | 97 <i>All Time</i> |
| <p>Affordable Monthly Payments: <i>Term Lengths >5 Years</i> The vast majority of lenders typically offer a maximum term length of 5 years for unsecured loans. Through GoGreen Home, lenders are able to extend terms out to 15 years, which significantly lowers monthly payments for borrowers.</p> | <p>Loans Enrolled to Borrowers with Term Lengths >5 Years</p> | |
| | 80 <i>Q1 2022</i> | 1,121 <i>All Time</i> |
| <p>Access to Capital: <i>Loan Amounts >\$25,000</i> Sufficient access to capital is needed for deeper energy retrofits. While lenders typically limit unsecured loans to about \$25,000, most lenders are able to offer up to \$50,000 for all borrowers through GoGreen Home.</p> | <p>Loans Enrolled to Borrowers with Total Financed Amount >\$25,000</p> | |
| | 31 <i>Q1 2022</i> | 295 <i>All Time</i> |

Maps

Map of GoGreen Home Loans Enrolled by County (Q3 2016 - Q1 2022)



Map of GoGreen Home Loans for Properties in Disadvantaged Communities¹⁰ by Zip Code (Q3 2016 – Q1 2022)



¹⁰ For reporting purposes, CAEATFA considers properties in zip codes in the top quartile (75-100%) of CalEnviroScreen scores to be disadvantaged communities (DACs). This data uses the most recent version of CalEnviroScreen available at the time of publication.

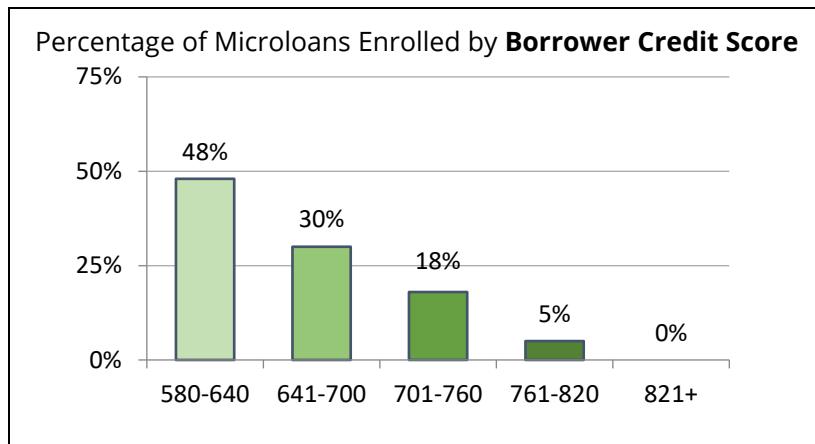
Marketplace Microloan Reporting

This section reports on microloans enrolled by One Finance and Enervee through their Eco Financing product, which finances loans for customers purchasing appliances through the SoCalGas utility marketplace. Microloans, per the GoGreen Home regulations, are limited to \$5,000 and are reported on separately so as not to skew data presented for standard loans. Eco Financing is currently available for customers in SoCalGas territory with a 60-month term length and a single interest rate for all borrowers; in Q1 2022, the interest rate was 9.02%.

Table 15: Microloan Financing Activity

| | Q1 2022 | | All Time | | | |
|---|----------------------------|------------------------------|----------------------------------|-------------------------------|------------------------------|-----------------------------------|
| Loans Enrolled | 174 | | 411 ¹¹ | | | |
| Total Amount Financed | \$274,304 | | \$595,494 | | | |
| Loan Size | \$1,576 <i>Average</i> | \$1,289 <i>Median</i> | \$1,449 <i>Average</i> | \$1,173 <i>Median</i> | | |
| Borrower Relationship to Property | 139 <i>Owners</i> | 35 <i>Renters/Lessees</i> | 305 <i>Owners</i> | 106 <i>Renters/Lessees</i> | | |
| Total Loan Loss Reserve Contributions | \$50,564 | | \$111,361 | | | |
| Average Loan Loss Reserve Contribution | \$291 per microloan | | \$271 per microloan | | | |
| Top 3 Appliances Purchased | 91 <i>Clothes Dryer</i> | 79 <i>Clothes Washer</i> | 52 <i>Convection Gas Oven</i> | 178 <i>Clothes Dryer</i> | 165 <i>Clothes Washer</i> | 155 <i>Convection Gas Oven</i> |

Table 16: Microloan Borrower Credit Score Metrics (Q3 2021 – Q1 2022)



¹¹ As part of Eco Financing, customers may return their appliance within the supplier's return window. In the event of a return, their debt obligation becomes cancelled, and therefore the total number of microloans reported as enrolled each month will include a small percentage of loans that will be cancelled. CAEATFA processes these removals on an ongoing basis as needed, and the "All Time" totals reflect any previously enrolled loans that have since been cancelled.



Image from GoGreen Financing digital campaign

GoGreen Business Energy Financing Program

Key GoGreen Business Metrics – Program Inception through Q1 2022

| | | | |
|--------------------------------------|--|---|---|
| 10 Total Projects Enrolled | \$1.68 million Total Amount Financed | 88 Participating Contractors and Project Developers | 8 Participating Finance Companies |
|--------------------------------------|--|---|---|

GoGreen Business Updates

No new projects were enrolled in GoGreen Business in Q1 2022. A pilot interest rate buy-down promotion, initially launched in Q2 2021, remained available and attracted multiple projects that are expected to enroll in Q2 2022.

After several years of development and coordination, On-Bill Repayment (OBR) functionality for GoGreen Business financing became available in three IOU territories (SCE, SCG, and SDG&E) in Q1. This “soft launch” period will allow the first projects leveraging OBR to enroll in the Program, with a full launch expected later this year that will include functionality in PG&E territory and will be coupled with significant outreach efforts.

Three new finance companies were approved to begin participating in GoGreen Business during the quarter. Prime Capital Funding will offer loans and equipment leases using the newly launched OBR functionality for projects between \$100,000 and \$5 million in value. Verdant Commercial Capital also enrolled in the Program in Q1 and will issue equipment finance agreements for projects between \$25,000 and \$5 million using OBR. Finally, Travis Credit Union (one of the lenders participating in GoGreen Home) was approved to join GoGreen Business and will launch a standard loan product through the Program in Q2.

GoGreen Business Outreach

The Statewide Marketing Implementer published updates to the GoGreen Financing website that incorporate results from the market research and strategic analysis completed in 2021, including new visual design elements and text on the GoGreen Business landing page for customers. A new marketing content kit inclusive of social media content, customer testimonial videos, and blog posts was also completed and is expected to be deployed in regional IOU marketing campaigns in Q2.

A webinar to promote and explain OBR functionality and introduce the GoGreen Business finance companies offering OBR to contractors will be held early in Q2. Additional outreach will follow pending the full launch of OBR functionality across all four IOU territories.

Table 17: GoGreen Business Finance Agreement Status by Lender as of March 31, 2022

| | Finance Agreements Enrolled | Total Amount Financed |
|--|-----------------------------|-----------------------|
| Accessity¹² | 0 | \$0 |
| Alliance Funding Group | 0 | \$0 |
| Ascentium Capital | 6 | \$537,852 |
| DLL Financial Solutions Partner | 4 | \$1,143,999 |
| Prime Capital Funding | 0 | \$0 |
| Renew Energy Partners | 0 | \$0 |
| Travis Credit Union | 0 | \$0 |
| Verdant Commercial Capital | 0 | \$0 |
| | 10 | \$1,681,851 |

For information about GoGreen Business program structure and eligibility, see Appendix 7.

¹² Accessity enrolled in GoGreen Business as a Participating Finance Company in Q2 2021. Accessity planned to offer loans through the Program via SDG&E's Small Commercial Program, operated by Willdan. However, in Q1 2022, the SDG&E program was closed due to low activity. CAEATFA staff are discussing alternate options for a GoGreen Business product offering with Accessity.



Image from GoGreen Financing digital campaign

GoGreen Affordable Multifamily Financing Program

GoGreen Multifamily Updates

In Q1, the Statewide Marketing Implementer launched an interest rate buy-down promotion for GoGreen Multifamily. CAEATFA staff has found that tight operating margins faced by property owners preclude them from moving forward with financing, even if interest rates are reduced due to the credit enhancement. The interest rate buy-down promotion aims to bring rates down even further to make monthly payments feasible. CAEATFA submitted a letter to the CPUC (as required by D.21-08-006) outlining plans to introduce this promotion to support GoGreen Multifamily projects in Q4 2021.

The promotion launched on March 1, 2022 and will be open for reservations through June 30, 2022 or as long as funds last, and both of the two finance companies participating in GoGreen Multifamily (Ascentium Capital and Renew Energy Partners) will offer interest rate buy-downs. The promotion can be used to bring the interest rate on energy efficiency upgrades through the Program down to as low as 0% or, in the case of energy service agreements, to reduce the required internal rate of return and thus lower monthly payments. A total of \$50,000 in promotional funds has been made available using unspent marketing funds from the Statewide Marketing Implementer's budget. To qualify for the promotion, projects must be pre-approved by one of the participating finance companies and CAEATFA staff, and projects must be completed and enrolled in the Program within 120 days of pre-approval.

The launch of the promotion was accompanied by direct outreach to Program partners, such as property owners, land trusts and IOU multifamily energy efficiency programs. Outreach will continue throughout the duration of the promotion period.

Challenges

Property owners in the affordable multifamily sector must navigate complex debt structures and arduous project development processes to complete energy efficiency upgrades, and, as described above, staff have determined that the credit enhancement alone does not sufficiently reduce interest rates to make energy efficiency projects feasible for these types of properties. Staff continue to maintain communications with Program partners to work towards facilitating projects.

For information about GoGreen Multifamily program structure and eligibility, see Appendix 7.



Photo by Allyunion at English Wikipedia

Nonresidential Program

CAEATFA is requesting via Track 2 of the Clean Energy Financing Proceeding (R.20-08-022) that the CPUC re-authorize the Nonresidential Program to allow large commercial and nonresidential entities to access the On-Bill Repayment infrastructure for their energy upgrades. Now referred to as the Public Buildings/Large Commercial Financing Program, this program would support financing for properties in the nonresidential, large commercial, and MUSH (municipal, university, schools, and hospitals) sectors. If authorized, this program would allow these types of facilities to use the existing On-Bill Repayment infrastructure for their financing without the use of a credit enhancement. For more information, view the CHEEF Infrastructure section below.

The Nonresidential Program is not being actively developed at this time. Launch of the program is dependent upon the development of On-Bill Repayment, a complex feature that took several years to develop and launched in 2022. D.17-03-026 from the CPUC required all pilots to be launched by the end of 2019, and since On-Bill Repayment was not yet developed at that time, the Program was effectively cancelled then.

The Nonresidential Program was originally authorized as an On-Bill Repayment program for large commercial and public buildings, with no credit enhancement. In the event that CAEATFA is authorized to develop the program, prior work can be leveraged to ultimately establish this program; while developing program design and regulations for GoGreen Business, CAEATFA staff anticipated how the program would be incorporated into the CHEEF's offerings.

CHEEF Infrastructure

CPUC Clean Energy Financing Proceeding: Track 2 Proposal

Through Track 2 of the CPUC's Rulemaking on Clean Energy Financing (R.20-08-022), CAEATFA intends to submit a proposal to expand the CHEEF Programs in two important ways:

- 1) **Expansion to comprehensive clean energy technology.** CAEATFA will request authorization to support financing for comprehensive clean energy technologies beyond energy efficiency and demand response measures for the GoGreen Financing Programs, either using funds from its existing approved budget or by bringing in external funds. CAEATFA has advocated for this authorization for several years, including as part of the recent Decision authorizing the continuation of the Programs through June 30, 2027 (D.21-08-006). If approved, CAEATFA staff expect that this broad measure eligibility would achieve several programmatic goals, including eliminating program complexity, addressing demand from customers, contractors, and lenders, and contributing more significantly to the State's goals of decarbonization and resiliency.
- 2) **Re-authorization of the Public Buildings/Large Commercial Financing Program.** CAEATFA has also requested that the CPUC re-authorize the Nonresidential Program initially authorized in D.13-09-044. Now referred to as the Public Buildings/Large Commercial Financing Program, this program would support financing for properties in the nonresidential, large commercial, and MUSH (municipal, university, schools, and hospitals) sectors. If authorized, this program would allow these facilities to use the existing On-Bill Repayment infrastructure for their financing without the use of a credit enhancement.

On March 15, CAEATFA submitted [a summary of its Track 2 proposal](#) to the CPUC. CAEATFA staff will participate in several related workshops and submit a full proposal in Q2.

Contracting Updates

CAEATFA staff led and supported three vendor solicitations for the CHEEF Programs in Q1 2022.

CAEATFA issued a Request for Proposals (RFP) for the Contractor Manager, who is responsible for recruiting, enrolling, training, and supporting contractors and conducting compliance oversight for projects enrolled in the Programs. CAEATFA anticipates entering into a three-year contract worth \$1.8 million with the selected vendor, with the allowance for two optional one-year extensions of up to \$500,000 each, bringing the total contract amount to a maximum of \$2.8 million over the entire possible five-year term of the agreement. CAEATFA expects to conduct candidate interviews and select a vendor in Q2.

CAEATFA also issued an RFP for the Technical Advisor, which provides technical assistance for program research, development and implementation. Energy Futures Group, which has served as CAEATFA's Technical Advisor since 2018, was awarded the contract. The contract term will begin in Q2 for a term length of three years, with a not-to-exceed budget amount of \$299,999 over the full term length.

CAEATFA staff coordinated with SoCalGas, which holds the contract for the Statewide Marketing Implementer, and the other IOUs to prepare for and issue an RFP for the role. This contract will be issued for three years with an allowance for two optional one-year extensions, with the budget not to exceed \$8 million over the entire possible five-year term as outlined in a Budget Advice Letter filed jointly by the IOUs (SoCalGas Advice No. 5883). CAEATFA will participate in the candidate interview and selection process, to be led by SoCalGas, in Q2.

Appendices

Appendix 1: Budget

Budgetary Authorization

D.13-09-044 directed the IOUs to allocate a total of \$75.2 million to finance the programs over the initial period. Table 19 provides an itemized breakdown of these allocations, current expenditures and remaining balance. As of March 31, 2022, CAEATFA had expended \$16,160,154 of the \$23.1 million allocated for CHEEF Administration, Direct Implementation, and outreach to finance companies and contractors. D.21-08-006 authorized up to an additional \$75.2 million in expenditures for the Programs beginning in July 2022. None of that funding is captured in this budget table, as it is for future years.

Table 18: Budget for CHEEF Expenditures (September 2014 through March 31, 2022)

| Item | 2013 Original Authorized Budget |
|---|---------------------------------|
| CHEEF Administration (CAEATFA) | |
| Start-up costs, CHEEF administration, direct implementation, outreach and training | |
| 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 ¹ | 8,360,000 |
| Credit Enhancement funds allocated to CAEATFA for FYs 20-22, if needed, per Res. E-5072 | 7,700,000 |
| Subtotal allocated to CHEEF administration costs (CAEATFA) | 23,060,000 |
| Expenditure through 3/31/22 ² | (16,160,154) |
| CHEEF Administration funds remaining | 6,899,846 |
| Marketing, Education, Outreach (MEO) | |
| Statewide MEO plan initial allocation ³ | 8,000,000 |
| Expenditure through 9/30/20 ⁴ | (7,954,727) |
| MEO funds remaining | 45,273 |
| Credit Enhancement | |
| Initial allocation per D.13.09.044 | 42,900,000 |
| Earmarked by IOUs for Admin and Direct Implementation per PIPs ⁵ | (9,863,976) |
| Funds allocated to CAEATFA for administration, if needed, for FYs 20-22, per Res. E-5072 ⁶ | (7,700,000) |
| Subtotal Credit Enhancement funds after administration | 25,336,024 |
| Funds expensed as claims payments to lenders (less recoveries) | (204,075) |
| Credit Enhancement funds remaining in budget | 25,131,949 |
| Currently encumbered as of 3/31/22 ⁷ | (4,362,998) |
| Unencumbered Credit Enhancement funds available | 20,768,951 |
| IOU Administration | |
| Start-up costs, On Bill Repayment (OBR) build-out, direct implementation | |
| Administration, general overhead and direct implementation per PIPs | 9,863,976 |
| IT costs | 8,000,000 |
| Subtotal allocated for IOU Administration | 17,863,976 |
| Expenditure ⁸ | (17,863,976) |
| IOU Administration funds remaining | - |
| CHEEF Pilot Reserve | |
| Initial allocation | 9,344,931 |
| Allocated to CAEATFA for administration in November 2016 | (8,360,000) |
| Reserve funds remaining after administrative allocation | 984,931 |
| Total Original Authorized Budget (total of gray rows) | 75,244,931 |
| Total of Original Budget Expended | (42,182,932) |
| Total Original Budget Remaining | 33,061,999 |

Table 19: TECH Clean California Expenditures and Allocations (through March 31, 2022)

| Administrative Costs | | |
|---|--|---------------|
| Start-up and fixed costs (e.g. initial outreach, accounting set-up, reporting) | | 12,566 |
| Variable, per loan costs (e.g. loan reviews, processing & compliance verifications) | | 0 |
| Administrative Total | | 12,566 |
| Credit Enhancement Allocations | | 0 |

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 CHEEF 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 March 31, 2022, the Marketing Implementer spent \$1,238,373; \$174,582 was spent in Q4 2020, \$225,503 was spent in Q1 2021, \$232,646 was spent in Q2 2021, \$176,540 was spent in Q3 2021, \$184,515 was spent in Q4 2021, and \$244,586 was spent in Q1 2022.
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 Table 9 (Summary of Charge-Offs, Claims Paid and Recoveries) and Appendix 2 (Loss Reserve Account Beginning and Ending Balances).
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. Resolution E-5072 authorized the IOUs to continue supporting the CHEEF Programs using their Annual Budget Advice Letter or separate advice letter processes and include funds in future business plan filings.

Appendix 2: 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 20: Balance of IOU Holding Accounts

| | SCG | PG&E | SCE | SDG&E |
|--|------------|-------------|------------|-------------|
| Beginning Balance (1/1/2022) | \$778 | \$250,748 | \$746 | \$250,742 |
| Release of CE Funds from IOUs | \$250,000 | \$0 | \$250,000 | \$250,000 |
| Transfer of CE Funds to GoGreen Home Account¹³ | \$0 | (\$250,000) | \$0 | (\$250,000) |
| Transfer of CE Funds to Operational Reserve Fund Account | (\$75,000) | \$0 | (\$75,000) | (\$75,000) |
| Interest Accrued | \$10 | \$52 | \$0 | \$55 |
| Ending Balance (3/31/2022) | \$175,788 | \$800 | \$175,746 | \$175,797 |

GoGreen Home-Related Accounts

There are two GoGreen Home-related accounts administered by CAEATFA:

- The **GoGreen Home Program Account** holds the available portion of the requested CE funds that are used to credit enhance projects enrolled in the Program. Once a project is enrolled in the 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 Program, and those funds are available to be released to the holding account when needed, then transferred to the Program account.
- The **GoGreen Home Interest Account** holds the interest swept¹⁴ from the GoGreen Home Program Account and all the GoGreen Home Lender Loan Loss Reserve Accounts.

Table 21: Balance of GoGreen Home-Related Accounts

| | GoGreen Home Program | GoGreen Home Interest |
|---|----------------------|-----------------------|
| Beginning Balance (1/1/2022) | \$379,230 | \$9,748 |
| Credit Enhancement (CE) Funds Released from IOUs | \$500,000 | \$0 |
| Contributions to Lender Loss Reserve Accounts | (\$506,020) | \$0 |
| Funds Recaptured from Recoveries | \$0 | \$0 |
| Funds Recaptured from Annual Rebalance | \$0 | \$0 |
| Net Interest Earned | \$109 | \$3 |
| Net Interest Swept | (\$109) | \$1,085 |
| Ending Balance (3/31/22) | \$373,210 | \$10,836 |

¹³ Funds received from PG&E and SDG&E in Q4 2021 were transferred into the GoGreen Home Program Account in Q1 2022. Additional funds received from SCG, SCE, and SDG&E in Q1 2022 will be transferred into the GoGreen Home Program Account in Q2 2022, which will be reflected in the next quarterly report.

¹⁴ Interest earned in all GoGreen Home-related accounts is swept on a monthly basis into the GoGreen Home Interest account. For Q1 2022, interest earned on GoGreen Home-related accounts totaled \$1,088, of which \$109 was earned and swept from the GoGreen Home Program account, \$976 was earned and swept from the nine GoGreen Home Lender LLR accounts, and \$3 was earned in the GoGreen Home Interest account.

GoGreen Home Lender Loan Loss Reserve Accounts

Each time a lender enrolls a project, a loss reserve contribution of either 11% or 20% (depending on whether the loan was made to an underserved borrower) is transferred from the GoGreen Home Program Account into the respective lender's 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 appears 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 22: Balance of GoGreen Home Lender Loss Reserve Accounts

| | California Coast Credit Union | Desert Valleys Federal Credit Union | Eagle Community Credit Union | First U.S. Community Credit Union | Matadors Community Credit Union | One Finance | Pasadena Service Federal Credit Union | Travis Credit Union | Valley Oak Credit Union |
|-----------------------------------|-------------------------------|-------------------------------------|------------------------------|-----------------------------------|---------------------------------|-------------|---------------------------------------|---------------------|-------------------------|
| Beginning Balance 1/1/2022 | \$1,850,704 | \$58,588 | \$28,165 | \$331,186 | \$1,099,672 | \$77,437 | \$7,301 | \$181,571 | \$87,415 |
| Claims Paid | \$0 | \$0 | \$0 | \$0 | (\$5,343) | \$0 | \$0 | \$0 | \$0 |
| Loss Reserve Contributions | \$208,304 | \$6,490 | \$1,891 | \$84,653 | \$84,704 | \$60,618 | \$0 | \$57,200 | \$2,161 |
| Net Interest Earned | \$486 | \$16 | \$8 | \$89 | \$286 | \$19 | \$2 | \$50 | \$22 |
| Net Interest Swept | (\$486) | (\$16) | (\$8) | (\$89) | (\$286) | (\$19) | (\$2) | (\$50) | (\$22) |
| Ending Balance 3/31/2022 | \$2,059,008 | \$65,078 | \$30,056 | \$415,839 | \$1,179,033 | \$138,055 | \$7,301 | \$238,770 | \$89,575 |

GoGreen Business-Related Accounts

Loss reserve accounts for GoGreen Business operate under a similar process as those for GoGreen Home 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 GoGreen Business Program account into the respective finance company's loss reserve account. The ending balance on the table below shows the amount the finance company has available in the loss reserve to offset a customer defaulting on a finance agreement.

Table 23: Balance of GoGreen Business -Related Accounts

| | GoGreen Business Program | GoGreen Business Interest |
|---|--------------------------|---------------------------|
| Beginning Balance 1/1/2022 | \$259,717 | \$1,236 |
| Contributions to Loss Reserve Accounts | \$0 | \$0 |
| Net Interest Earned | \$67 | \$0 |
| Net Interest Swept¹⁵ | (\$67) | \$104 |
| Ending Balance 3/31/2022 | \$259,717 | \$1,340 |

Table 24: Balance of GoGreen Business Lender Loss Reserve Accounts¹⁶

| | Ascentium Capital | DLL Financial Solutions Partner |
|---|-------------------|---------------------------------|
| Beginning Balance 1/1/2022 | \$58,215 | \$82,068 |
| Claims Paid | \$0 | \$0 |
| Contributions to Loss Reserve Accounts | \$0 | \$0 |
| Net Interest Earned | \$15 | \$21 |
| Net Interest Swept | (\$15) | (\$21) |
| Ending Balance 3/31/2022 | \$58,215 | \$82,068 |

¹⁵ Interest earned in all GoGreen Business-related accounts is swept on a monthly basis into the GoGreen Business Interest account. For Q1 2022, interest earned on GoGreen Business-related accounts totaled \$104, of which \$67 was earned and swept from the GoGreen Business Program account, \$36 was earned and swept from the two funded GoGreen Business Finance Company LLR accounts, and less than \$1 was earned in the GoGreen Business Interest account.

¹⁶ Loss reserve accounts exist for all eight Finance Companies participating in GoGreen Business. Account activity will be reported for the remaining Finance Companies upon enrollment of their first financing agreement with the Program.

Appendix 3: 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 GoGreen Home, the longest-running CEEEF Program.

Based on CAEATFA's agreements with GoGreen Home lenders, the credit enhancement has resulted in better terms and approval rates for 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 GoGreen Home product offers appropriate benefits for borrowers in exchange for lender access to the credit enhancement.

How the Credit Enhancement Makes Financing Feasible for Borrowers

Lenders have made improvements to their existing underwriting criteria as a result of the credit enhancement (which takes the form of a loan loss reserve) that significantly benefit potential borrowers. Private capital leveraged through the Program not only offers improved rates and terms, but often renders energy efficiency projects feasible. Monthly payments are reduced by more than \$300 on average for borrowers who take advantage of the 15-year term length offered by the majority of participating lenders, when compared with a standard 5-year unsecured loan. Coupled with lower interest rates and broader approval criteria, this greatly enhances the appeal and viability of financing for most borrowers and frequently makes the difference between completing or not completing an energy retrofit. This example illustrates these features in practice, using current rates and terms from a Participating Finance Company:

| | Without GoGreen Home | With GoGreen Home |
|--------------------------|---|--------------------------|
| Loan Details | Borrower has a credit score of 600 and seeks \$15,000 | |
| Financing Product | Unsecured personal loan | GoGreen Home Energy Loan |
| Interest Rate | 20.88% | 6.38% |
| Term Length | 5 years | 15 years |
| Monthly Payment | \$405 | \$130 |

Feasibility of financing is measured in a number of ways:

- **Access to credit:** Lenders typically require borrowers to have a minimum credit score of around 640 for unsecured loans of any significant value. Through GoGreen Home, lenders are able to approve loans for borrowers with credit scores as low as 580.
- **Affordable monthly payments:** The vast majority of private lenders typically offer a maximum term length of 5 years for unsecured loans. Through GoGreen Home, lenders are able to extend terms out to 15 years, which significantly lowers monthly payments for borrowers.
- **Access to capital:** Sufficient access to capital is needed for deeper energy retrofits. While lenders typically limit unsecured loans to about \$25,000, most lenders are able to offer up to \$50,000 for all borrowers through GoGreen Home.

See Table 14 (Financing Feasibility Metrics) in the GoGreen Home reporting section for tracking of GoGreen Home loans enrolled that demonstrate these criteria.

Table 25: Impact of the Credit Enhancement on Loan Terms by GoGreen Home Lender

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

| | Interest Rate | Minimum Credit Score | Maximum Loan Amount | Maximum Loan Term |
|---|--|-------------------------------|---|--|
| STATEWIDE LENDERS | | | | |
| California Coast Credit Union | <i>Reduced by:</i> 92 – 1650 basis points (bps) ¹⁷ | No change from existing 600 | <i>Increased:</i> \$30,000 to \$50,000 | <i>Increased:</i> 5 years to 15 years |
| Matadors Community Credit Union | <i>Reduced by:</i> 641 – 891 bps | <i>Reduced:</i> 660 to 580 | <i>Increased:</i> \$15,000 to \$50,000 | <i>Increased:</i> 5 years to 15 years |
| REGIONAL LENDERS | | | | |
| Desert Valleys Federal Credit Union | <i>Reduced by:</i> 749 – 1100 bps | No change from existing 580 | <i>Increased:</i> \$15,000 to \$50,000 | <i>Increased:</i> 5 years to 15 years |
| Eagle Community Credit Union | <i>Reduced by:</i> 704 – 1179 bps | No change from existing 580 | <i>Increased:</i> \$25,000 to \$50,000 | <i>Increased:</i> 5 years to 15 years |
| First US Community Credit Union | <i>Reduced by:</i> 280 – 1154 bps | <i>Reduced:</i> 640 to 580 | <i>Increased:</i> \$25,000 to \$50,000 | <i>Increased:</i> 5 years to 15 years |
| One Finance | <i>Reduced by:</i> 598 bps | <i>Reduced:</i> 640 to 580 | No change from existing \$5,000 | No change from existing 5 years |
| Pasadena Service Federal Credit Union | <i>Reduced by:</i> 450 – 850 bps | No change from existing 600 | <i>Increased:</i> \$20,000 to \$30,000 | <i>Increased:</i> 5 years to 15 years |
| Travis Credit Union | <i>Reduced by:</i> 200 – 300 bps | <i>Reduced:</i> 680 to 600 | <i>Increased:</i> \$35,000 to \$50,000 | No change from existing 15 years |
| Valley Oak Credit Union | <i>Reduced by:</i> 333 – 783 bps | No change from existing 580 | <i>Increased:</i> \$20,000 to \$50,000 | <i>Increased:</i> 5 years to 15 years |
| <i>The interest rates reflected in this table are effective as of March 31, 2022.</i> | | | | |

¹⁷ “bps” = Basis point, a common unit of measure for interest rates. A single basis point is equal to 1/100th of 1% (e.g., 100 bps = 1%).

How the Credit Enhancement Helps Achieve Program Goals

The credit enhancement is more than just a financial mechanism. For CHEEF 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:

Table 26: Impact of the Credit Enhancement on Achieving Program Goals

| | Without GoGreen Home | With GoGreen Home |
|--|---|---|
| Borrower has a credit score of 600 | Borrower would be unlikely to qualify for a personal loan. | Borrower may qualify for a GoGreen Home loan with a term of 5, 10 or 15 years, paying an interest rate as low as 3.49% for a 5-year term and 5.49% for 15 years. |
| Borrower wants a 5-year repayment term | Assuming a credit score of 600, borrower could take out a personal loan with a rate of 20.88% ¹⁸ using a GoGreen Home lender's market-rate product. The resulting payment on a \$25,000 loan would be \$675 per month. Borrower may not be able to afford the high monthly payment. | Assuming a credit score of 600, borrower could qualify for a GoGreen Home loan with interest as low as 4.38% for a 5-year term, using the same lender's GoGreen Home product. Borrower's payment on a \$25,000 loan would be \$465 each month, a \$210 monthly savings from the lender's market-rate product. |
| Borrower wants the lowest monthly payment | Unsecured personal loans with 15-year terms are largely unavailable in today's market. | Borrowers can spread out monthly payments up to 15 years through GoGreen Home. Assuming a credit score of 600, a \$25,000 loan with a 15-year term could receive a rate as low as 6.38% from the same GoGreen Home lender, resulting in payments of only \$216 per month, a reduction of \$459 per month from the lender's 5-year market-rate product. |

¹⁸ The rate of the equivalent non-GoGreen Home signature loan product offered by a Participating Finance Company.

Appendix 4: Participating Finance Company Overview

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

- **9 participating GoGreen Home Lenders:** California Coast Credit Union, Desert Valleys Federal Credit Union, Eagle Community Credit Union, First US Community Credit Union, Matadors Community Credit Union, One Finance, Pasadena Service Federal Credit Union, Travis Credit Union, and Valley Oak Credit Union
- **8 participating GoGreen Business Finance Companies:** Accessity, Alliance Funding Group, Ascentium Capital, DLL Financial Solutions Partner, Prime Capital Funding, Renew Energy Partners, Travis Credit Union and Verdant Commercial Capital
- **2 participating GoGreen Multifamily Finance Companies:** Ascentium Capital and Renew Energy Partners

Table 27: Participating GoGreen Home Lenders

| | Date Enrolled | Areas Served | Type of Institution | Total Loans Enrolled | Loans Enrolled in Q1 2022 |
|---|----------------|---|--------------------------------|----------------------|---------------------------|
|  CALIFORNIA COAST Your best interest. SM | September 2016 | Statewide | Credit Union (185,000 members) | 1,011 | 65 |
|  DESERT VALLEYS FEDERAL CREDIT UNION | September 2016 | Portions of Inyo, Kern, and San Bernardino Counties | Credit Union (4,000 members) | 39 | 3 |
|  EAGLE COMMUNITY CREDIT UNION | March 2018 | Orange County | Credit Union (20,000 members) | 12 | 1 |
|  ecoFinancing TM powered by ONE | July 2021 | SoCalGas territory, with additional territories expected | FinTech | 411 | 174 |
|  FIRST US Community Credit Union | June 2018 | 12 Counties in Northern California | Credit Union (25,000 members) | 205 | 36 |
|  Matadors Community Credit Union | March 2016 | Statewide | Credit Union (20,000 members) | 459 | 23 |
|  Pasadena Service Federal Credit Union | April 2018 | Pasadena County, statewide federal employees | Credit Union (11,000 members) | 3 | 0 |
|  TRAVIS CREDIT UNION | March 2021 | 12 Counties in Northern California | Credit Union (135,000 members) | 89 | 17 |
|  Valley Oak CREDIT UNION Rooted in Your Growth SM | August 2015 | Madera and Tulare Counties, employer groups in Kings & Fresno | Credit Union (6,700 members) | 37 | 1 |

Table 28: Participating GoGreen Business Finance Companies

| | Date Enrolled | Areas Served | Type of Institution | Products Offered | Financing Limits | Total Projects Enrolled |
|--|-----------------------------|--|--|---|-------------------------|-------------------------|
|  accessity | May 2021 ¹⁹ | Southern California (San Diego County) | Community Development Financial Institution (CDFI) | Loans | \$500 - \$5,000 | 0 |
|  Alliance | May 2019 | Statewide | Specialty Finance Company | Equipment leases | \$10,000 - \$5 million | 0 |
|  ascentium CAPITAL | March 2019 | Statewide | Specialty Finance Company | Equipment finance agreements | \$20,000 - \$2 million | 6 |
|  dL financial solutions partner | March 2019 | Statewide | Specialty Finance Company | Equipment leases, service agreements, loans | \$5,000 - \$5 million | 4 |
|  PRIME CAPITAL | February 2022 | Statewide | Specialty Finance Company | Equipment leases, loans | \$100,000 - \$5 million | 0 |
|  RenewEnergy PARTNERS | January 2021 | Statewide | Specialty Finance Company | Efficiency service agreements | \$250,000 - \$5 million | 0 |
|  TRAVIS CREDIT UNION | February 2022 ²⁰ | 12 Counties in Northern California | Credit Union | Loans | \$100,000 - \$350,000 | 0 |
|  VERDANT COMMERCIAL CAPITAL | March 2022 | Statewide | Specialty Finance Company | Equipment finance agreements, leases | \$25,000 - \$5 million | 0 |

Table 29: Participating GoGreen Multifamily Finance Companies

| | Date Enrolled | Areas Served | Type of Institution | Products Offered | Financing Limits | Total Projects Enrolled |
|--|---------------|--------------|---------------------------|-------------------------------|--------------------------|-------------------------|
|  ascentium CAPITAL | August 2020 | Statewide | Specialty Finance Company | Equipment finance agreements | \$10,000 - \$250,000 | 0 |
|  RenewEnergy PARTNERS | August 2019 | Statewide | Specialty Finance Company | Efficiency service agreements | \$250,000 - \$10 million | 0 |

¹⁹ Accessity enrolled in GoGreen Business as a Participating Finance Company in Q2 2021. Accessity planned to offer loans through the Program via SDG&E's Small Commercial Program, operated by Willdan. However, in Q1 2022, the SDG&E program was closed due to low activity. CAEATFA staff are discussing alternate options for a GoGreen Business product offering with Accessity.

²⁰ Travis Credit Union was approved to join GoGreen Business in Q1 2022 and is expected to launch their financing offering through the Program in Q2.

Appendix 5: Enrolled Finance Company Product Features

Table 30: Enrolled GoGreen Home Lender Product Features

|  gogreen FINANCING™ | | GoGreen Home Energy Financing <i>Lending options for residential energy upgrades</i> | | | | | |
|---|--|--|--------------------|-------------------------------|---|---|--|
| ✓ No closing costs or annual fees | | ✓ No collateral required | | ✓ Terms up to 15 years | | Start today! GoGreenFinancing.com | |
| Lending Area | | APR¹ (12/29/2021) | | Loan Size | | Minimum Credit Score | |
| STATEWIDE LENDERS | | Available to borrowers in: | | | | | |
|  | Anywhere in California | 2.98% - 6.38% | \$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 energy@calcoastcu.org | |
|  | Anywhere in California | 3.49% - 5.49% | \$2,500 - \$50,000 | 580 | Within one business day | (818) 993-6328, option 4 MCCU Consumer Lending energy@matadors.org | |
| REGIONAL LENDERS | | Available to borrowers in: | | | | | |
|  | Indian Wells Valleys, Searles Valley, Kern River Valley, Bishop, Barstow, and parts of Kern and Inyo counties | 4.00% - 8.00% | \$2,500 - \$50,000 | 580 | Within one business day | (866) 743-6497 Eric Bruen REEL@desertvalleys.org | |
|  | Orange County | 3.95% - 7.95% | \$2,500 - \$50,000 | 580 | Within one business day | (949) 639-7996 Federico Soto energy@eaglencu.org | |
|  | Sacramento, Placer, Nevada, El Dorado, Amador, Yuba, Yolo, Sutter, San Joaquin, Solano, Sierra, and Contra Costa counties ² | 2.95% - 7.49% | \$2,500 - \$50,000 | 580 | Within one business day | (800) 556-6768 x2009 First US Consumer Lending energy@firstus.org | |
|  | Pasadena, Covina, Vernon, and the greater San Gabriel Valley | 4.99% - 8.10% | \$2,500 - \$30,000 | 600 | Within one business day | (626) 351-9651 PSFCU Lending lending@mypsfcu.org | |
|  | Alameda, Colusa, Contra Costa, Merced, Napa, Placer, Sacramento, San Joaquin, Solano, Sonoma, Stanislaus, and Yolo counties ³ | 3.99% - 7.99% | \$1,000 - \$50,000 | 600 | Instant pre-approval for qualified borrowers | (707) 392-9277 Carla Eaton ceaton@traviscu.org | |
|  | Tulare County and Madera County ⁴ | 5.62% - 8.12% | \$1,500 - \$50,000 | 580 | Within one business day | (559) 688-5996 x2315 Kiersty Vaughan kvaughan@valleyoak.org | |
| <small>¹ APR = Annual percentage rate. May include .5% auto-pay discount. Rates are subject to change at any time. Check with lender for the most up-to-date rate information. ² Existing and retired federal employees throughout the State of California are also eligible. ³ Available to homeowners who receive gas and electric service from PG&E. ⁴ Valley Oak can lend to select employee groups in Kings and Fresno counties. Please see Valley Oak's website for membership details.</small> | | | | | | | |
| <small>1/4/2022</small> | | | | | | | |

Table 31: Enrolled GoGreen Business Finance Company Product Features²¹

|      | | <h3>GoGreen Business Energy Financing</h3> <p>Energy efficiency financing options for commercial retrofits</p> | | | |
|--|--|---|---|--|---|
| | | Equipment finance agreements | Equipment leases, service agreements ¹ , and loans | Equipment leases | Efficiency service agreements |
| Contact | | Josh Patton (281) 902-1969 joshpatton@ascentiumcapital.com Ascentium.info/GoGreen19 | Gillianne Daum (267) 637-9924 gdaum@leasedirect.com | David Goldstein (714) 450-1026 dgoldstein@alliancefunds.com | Michael Savage (888) 938-6256 x703 msavage@renewep.com |
| Amount available | | \$10,000 - \$2,000,000 | \$5,000 - \$5,000,000 | \$10,000 - \$5,000,000 | \$250,000 - \$5,000,000 |
| Term | | 12 - 60 months <small>Up to 84 months if required for project cash flow</small> | 12 - 84 months <small>Up to 120 months if required for project cash flow</small> | 12 - 120 months | 60 - 120 months |
| FEATURES | | | | | |
| Contractor prefunding | | Prefunding up to 95% of financed amount ² | Progress payments up to 50%, escrow funding up to 90% ² | Progress payments up to 50%: 30% prior to delivery and 20% upon delivery | Prefunding up to 50%, milestone payments also negotiable |
| Generation and storage measures financeable | | ✓ | ✓ | | ✓ |
| Credit approval process | | Approved within 2 business hours and no financials required (up to \$250,000) | Approval within 24 business hours (up to \$250,000) and no financials required (up to \$125,000) | Approval within 24 hours and no financials required (up to \$300,000) | Full underwrite required |
| Other features | | <ul style="list-style-type: none"> Payments as low as \$29 / month for the first 3 or 6 months of the term | <ul style="list-style-type: none"> DLL can bill for and collect regular service and maintenance charges for contractor | <ul style="list-style-type: none"> Cannabis operations may qualify Lease reamortization option after 5 years | <ul style="list-style-type: none"> Monthly payment is less than the savings, so project results in positive cash flow from day one Ongoing service and maintenance included |
| On-bill repayment (coming soon) | | | | | |
| CUSTOMER ELIGIBILITY | | | | | |
| Tenant occupants permitted | | ✓ | ✓ ³ | ✓ ^{3,4} | ✓ |
| Minimum months in business | | 12 months (up to \$100,000) <small>Greater amounts require 18+ months in business</small> | 18 months | 12 months (up to \$300,000) <small>Greater amounts require 36+ months in business</small> | 36 months |
| <small>¹ Service agreements require a minimum of \$50,000 and at least a 36-month term. ² Contractors must pass credit check. ³If financing term is less than or equal to time remaining on occupancy lease. ⁴Limited to measures not affixed to property.</small> | | | | | |
| 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 | | | | | |
| <small>09/28/2021</small> | | | | | |

²¹ The financing options chart will be updated to include product information from the newly-added GoGreen Business finance companies in Q2.

Table 32: Enrolled GoGreen Multifamily Finance Company Product Features

|  gogreen FINANCING™ | | GoGreen Affordable Multifamily Energy Financing <i>Helping affordable multifamily property owners invest in energy efficiency</i> | | | |
|--|--|---|--|--|--|
|   | | | | | |
| Equipment finance agreements Efficiency 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"> Similar to a lease, but ownership resides with customer throughout term 48-hour credit approval | <ul style="list-style-type: none"> Service payments based on savings Potential off-balance sheet treatment Installation and maintenance included | | | |
| Collateral | UCC-1 Fixture Filing, no property lien | UCC-1 Fixture Filing, no property lien | | | |
| What can be financed* | | | | | |
| Energy efficiency & demand response | ✓ | ✓ | | | |
| Soft costs | ✓ | ✓ | | | |
| Non-energy saving measures | ✓ | ✓ | | | |
| Distributed generation & battery storage | ✓ | ✓ | | | |
| Contact | | | | | |
| Josh Patton 281-902-1969 joshpatton@ascentiumcapital.com | | Michael Savage 888-938-6256 x703 msavage@renewep.com | | | |
| <small>*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.</small> | | | | | |
| 09/10/2021 | GoGreenFinancing.com | | | | |

Appendix 6: CHEEF 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 CHEEF, 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 CHEEF 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> | Option for two one-year extensions. |

Trustee Bank

| | |
|----------------------|---|
| <i>Organization</i> | Zions 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> | 1/1/21 – 12/31/23 |
| <i>Notes</i> | No 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 – 5/28/22 |
| <i>Notes</i> | A one-year, no-cost extension of the contract was approved on 5/24/21. An RFP is currently underway and a new contract will be awarded in Q2. |

Marketing Implementer

| | |
|----------------------|--|
| <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 E-5072 approved continued marketing activity for the CHEEF Programs. This contract has an option for a one-year extension. CAEATFA is coordinating with SoCalGas, who is leading a solicitation for this vendor. |

Technical Advisor

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

| | |
|----------------------|--|
| <i>Organization</i> | Energy Futures Group (EFG) |
| <i>Duties</i> | Provides technical assistance for program research development and implementation. |
| <i>Contract Term</i> | 4/19/22 – 4/18/25 |
| <i>Notes</i> | A new contract was awarded to EFG after a competitive solicitation process in Q1. This contract does not have an option for extension. |

Appendix 7: Program Design

GoGreen Home Energy Financing

The GoGreen Home Energy Financing Program (GoGreen Home) 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 CHEEF 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).

Previously, when lending to IOU gas customers who receive electric service from a non-IOU provider, lenders were limited in terms of the credit enhancement they would receive; only 30% of the “claim-eligible loan amount” (the portion of the loan that could be recouped through the Program in the event of a default) could finance electric measures. Beginning in Q2 2022, funding from CAEATFA’s agreement with Energy Solutions under the TECH Clean California Initiative expands financing eligible for the credit enhancement to include any electric measure for a customer who receives gas service from an IOU. For loans made to IOU electric customers who receive gas from a non-IOU provider, 70% of the “claim-eligible” financed amount must be used to fund the installation of electric measures.

CHEEF staff strive to make GoGreen Home financing available to underserved borrowers while also ensuring that credit is extended appropriately and without unintended negative consequences for the borrower. GoGreen Home 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 GoGreen Home 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 is 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.
- **Borrower’s Household Income is Low-to-Moderate** – Borrower’s household income is at or below 120% of the AMI for the Metropolitan Area, County, or State.
- **Borrower is 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, GoGreen Home 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 they have the funds in their loss reserve account.

GoGreen Home launched in July 2016, and the current Program regulations were adopted in May 2021. Program regulations may be viewed on [the CAEATFA website](#).

GoGreen Business Energy Financing

The GoGreen Business Energy Financing Program (GoGreen Business) provides financing to help small business property owners and tenants upgrade their equipment or buildings. Financing through GoGreen Business 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 GoGreen Business:

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 GoGreen Business, an eligible Energy Professional is a California licensed Professional Engineer (PE) or an Association of Energy Engineers Certified Energy Manager (CEM).

As with all CHEEF 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, GoGreen Business 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. Several Finance Companies offer the option to repay financing through the utility bill using the program's On-Bill Repayment functionality. 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 they have the funds in their loss reserve account.

GoGreen Business launched in July 2019, and current Program regulations went into effect in July 2021. Program regulations may be viewed on [the CAEATFA website](#).

GoGreen Affordable Multifamily Energy Financing

GoGreen Affordable Multifamily Energy Financing (GoGreen Multifamily) 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.

GoGreen Multifamily 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 GoGreen Business. 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 GoGreen Multifamily 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 GoGreen Business, GoGreen Multifamily 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 CHEEF 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.

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

Nonresidential Program

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 as launch of the Program was dependent on the development of On-Bill Repayment (OBR) functionality. Now that OBR is available, CAEATFA is requesting that the CPUC re-authorize the development of this Program to allow large commercial and nonresidential entities to access the OBR infrastructure for their energy upgrades through the Clean Energy Financing Proceeding.

Appendix 8: Customer-Facing Products

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



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) serves as the primary customer-facing platform for the financing programs. The platform was translated into Spanish in November 2020 (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 GoGreen Home borrowers to find a local participating Contractor, review the rates of participating Lenders and apply for a GoGreen Home loan online through the participating Lender's website
- Pages that allow potential GoGreen Business customers to find a participating Contractor or Project Developer, review the products offered by participating Finance Companies and apply for a GoGreen Business finance agreement through the participating Finance Company's website
- Program descriptions and benefits of GoGreen Multifamily 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 flyers, available in both English and Spanish
 - Finance company comparison charts
 - PowerPoint Presentations
 - Partner talking points
 - GoGreen Home case studies

The screenshot shows the GoGreen Financing website. At the top, a large image of a smiling man and woman is displayed with the text 'Find a contractor'. Below this, a search bar is labeled 'Search for contractors by county'. The search interface includes fields for 'Search by Name', 'Service Type' (with dropdown options for 'Any'), 'Other Languages' (with dropdown options for 'Any'), and a 'Search' button. To the left, there is a table titled 'GoGreen Home Energy Financing' with the subtitle 'Lending options for residential energy upgrades'. The table is divided into 'STATETWIDE LENDERS' and 'REGIONAL LENDERS'. Each row in the table provides information for a specific lender, including their name, available service areas, interest rates, loan amounts, and contact information. For example, the first row for 'STATETWIDE LENDERS' is for 'CALIFORNIA COAST FINANCIAL' with rates 3.95% - 4.35% and a contact phone number (800) 450-1007. The first row for 'REGIONAL LENDERS' is for 'EAGLE FINANCIAL' with rates 4.00% - 6.00% and a contact phone number (800) 251-0748.

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

Appendix 9: Reporting Requirements

CPUC Decision 21-08-006 requires CAEATFA to report on metrics and key performance indicators from the CHEEF Programs, including performance metrics previously adopted for financing evaluations in Attachment 1 of Resolution E-4900. While most of the requested reporting has been included in these reports for several years prior to these requirements being issued, some aspects require significant capacity to implement and will need to be incorporated into quarterly reports on a rolling basis through Q4 2022. The tables below outline these reporting requirements and CAEATFA's compliance with them.

Table 33: CHEEF Program Reporting Requirements from Resolution E-4900, Attachment 1

| | Current Reporting Status | Target Reporting Timeframe | |
|--|--|--|---|
| Number of loans issued: <ul style="list-style-type: none">Monthly growthTotal amount financedGeographic distribution of loans | Included in quarterly reports and monthly data summaries | Reporting pre-dates requirement | New reporting requirements from D.21-08-006 are intended to provide insights into how the Programs serve underserved populations. View current reporting on how GoGreen Home serves the underserved on pages 15-16. |
| Private capital participation: <ul style="list-style-type: none">Number of participating lendersTypes of financial institutions participatingAmount of private capital attracted | Included in quarterly reports and monthly data summaries | Reporting pre-dates requirement | |
| Reach to underserved Californians: <ul style="list-style-type: none">Credit scores of loan recipientsPayback term lengthPercentage of participants deemed "underserved" by CalEnviroScreen dataWhether participants would have qualified for or been able to accept loans from existing programs | Included in quarterly reports and monthly data summaries | Reporting pre-dates requirement; additional data on participant qualification added in Q3 2021 | New data has been added to the quarterly reports and monthly data summaries as of September 2021 to provide insight into whether financing would have been feasible for borrowers without the program and the products borrowers would have been able to qualify for from participating lenders without the CHEEF Programs. |
| Energy savings²²: <ul style="list-style-type: none">Through customer meter dataThrough NMEC analysisComparison of energy savings from other loan programs | Not currently reported | Q2 2022 | Staff plan to publish an initial deemed energy savings report in the first half of 2022 (ahead of schedule) covering loans enrolled in GoGreen Home through December 2021. CAEATFA will not be able to provide an NMEC analysis without the IOUs sharing energy consumption data with a vendor who will calculate savings. |

²² D.21-08-006 allows for flexibility in how CAEATFA reports on this metric; while all three metrics adopted in Resolution E-4900 are required for formal evaluations of the Programs, D.21-08-006 asks CAEATFA to report on "annual estimated energy savings from installed measures."

Table 34: CHEEF Program Reporting Requirements from D.21-08-006

| | Current Reporting Status | Expected Reporting Timeframe | Notes |
|---|--|---|--|
| Customer participation | Included in quarterly reports | Reporting pre-dates requirement | Several data points are provided, including loan volume and enrollment maps. |
| Loan performance statistics | Included in quarterly reports and monthly data summaries | Reporting pre-dates requirement | Currently reported for GoGreen Home, as other programs have not yet experienced any defaults or recoveries. |
| Costs associated with service of non-IOU customers | Not currently reported | Q2 2022 | Reporting will begin when the first loan supported by a non-IOU funding source is enrolled. |
| Administrative costs of the CHEEF (in nominal dollars and as a % of program spending) | Included in quarterly reports | Reporting pre-dates requirement for nominal dollars; improvements coming in 2022 | Administrative costs have been reported as part of the budget table in Appendix 1. Administrative costs as a percentage of Program spending can be derived from the budget table, but will be shown more clearly as new budget reporting is developed. |
| Annual estimated energy savings from installed measures | Not currently reported | Q2 2022 | Staff plan to publish an initial deemed energy savings report in the first half of 2022 (ahead of schedule), covering loans enrolled in GoGreen Home through December 2021. |
| Annual estimated non-energy benefits from installed measures | Financial benefits are currently reported | Q3 2022 | Interest rate savings and monthly payment reductions due to the credit enhancement are currently reported for GoGreen Home (see table 11). Staff plan to launch a post-project customer survey to collect information about other non-energy benefits in 2022. |
| Geographic breakdown of financing that includes, to the extent possible, ethnicity and socioeconomic data of loan recipients | Not currently reported | Q3 2022 | Staff plan to launch a post-project customer survey to collect this data (to the extent possible) beginning in 2022. |
| Mean and median loan values | Included in quarterly reports and monthly data summaries | Reporting pre-dates requirement for mean values; median values included as of Q3 2021 | |
| Mean and median Annual Percentage Rates (APRs) | Included in quarterly reports and monthly data summaries | Reporting pre-dates requirement for mean values; Q3 2021 for median values | GoGreen Home interest rates are currently equivalent to the APR as no additional fees are charged by participating lenders for these loans. |