

GoGreen Business Program Public Workshop: Proposed Modifications to Regulations

August 25, 2025



Introduction

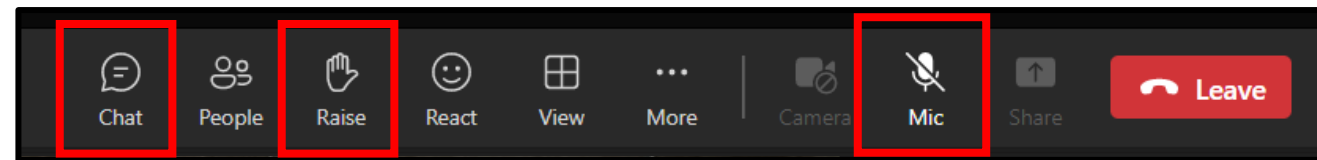
Staff Introductions:

- **Jonathan Verhoef**, CHEEF Program Manager
- **Kevin Nakano**, CHEEF Program Specialist

Questions & Comments



- For questions, please **type your question into the chat box** or click the button to **raise your hand**, then **unmute** or we will unmute you.

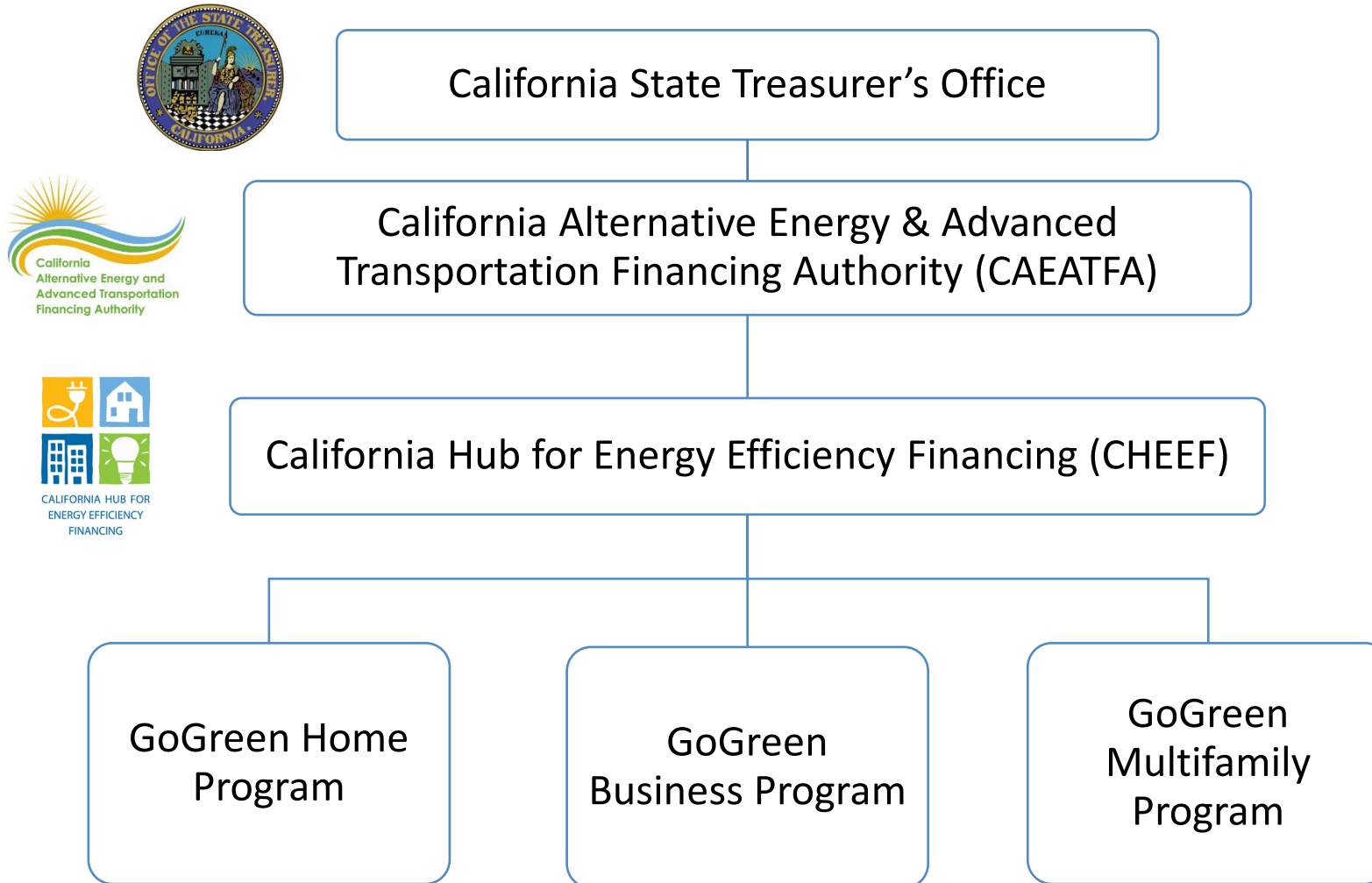


Distribution of Slides



- Workshop slides will be available at <https://www.treasurer.ca.gov/caeatfa/cheef/sblp/regulations/index.asp>

CAEATFA administers the CHEEF and GoGreen Business



California Public Utilities Commission
created the CHEEF to bring private capital to energy efficiency financing, and authorized CAEATFA as its administrator

gogreen
FINANCING™

GoGreen Business Leverages Private Capital for Energy Efficiency

Private lenders offer attractive loan terms for energy efficiency upgrades:

- Unsecured or equipment-secured; no security against real property **currently**
Credit enhancement allows lenders to offer:
 - Lower interest rates (50bps - 800bps), longer payback terms (up to 15 years), larger amounts available to borrow
 - Broader credit approvals (Shorter time in business, no borrowing history, industry sectors hard to qualify such as restaurants, cannabis growers, houses of worship)
- Open to for-profit and non-profit businesses including multifamily that meet one of three definitions:
 - 100 or fewer employees, **or**
 - Annual revenues of less than \$16 million, **or**
 - Meet SBA small business size requirements for their industry
- Top measures installed have been lighting, HVAC, and water heating



This Workshop will Address Substantive Changes

This presentation highlights the most significant **additions and changes**

Text cleanup and **clarifications** not covered today can be viewed in the redlined document.

- + Additions
- ↻ Changes
- 🔍 Clarifications

The proposed edits to regulations are available at:
<https://www.treasurer.ca.gov/caeatfa/cheef/sblp/regulations>.

Proposed Modifications Expand GoGreen Business

Noteworthy modifications and additions we'll cover today:

- Expanded project enrollment timeframes and refinancing clarification for Multifamily projects
- Security against real property for Multifamily projects
- Expanded measure eligibility for Multifamily projects
- Funding structure of Loss Reserve Contributions
- Additional changes have been made since draft regulations were originally published – the updated draft regulations will be available today.
- Future changes are contemplated as part of the permanent rulemaking process, planned for December

Regulation Modification Anticipated Timeline

September
1, 2025

Public comment
period closes at
5pm PDT

September
16, 2025

Regulations
presented to
CAEATFA's
Board for
approval

September
19, 2025

CAEATFA posts
Notice of
Emergency
Regulations and
follows with
regulations
package to OAL

October 7,
2025

Emergency
regulations
adopted

We Want Your Input!

- Please provide comments during this workshop or afterwards by **September 1, 2025 at 5pm PDT**.
- Comments can be submitted to: cheef@treasurer.ca.gov or reach out to us for a phone call.
- CAEATFA will consider all comments and incorporate them as appropriate.
- Modified GoGreen Business regulations are available at: www.treasurer.ca.gov/caeatfa/cheef/sblp/regulations/index.asp



Workshop Agenda

**Extended time
for project
submission**

**Refinancing
Clarification**

**Security
Against Real
Property**

**Simplified
Measure
Eligibility**

**Accelerated
Loan Loss
Reserve Funding**

Extended Time for Project Submission



- **Current Regulations** – Existing regulations require submission for enrollment within 90 days of project installation, and final funding to be released within 30 days of submission for enrollment.
- **Motive** – Multifamily lenders have said that retrofits in this sector often have several elements and funding sources which take time to reconcile in the conversion from a construction loan to a permanent loan.
- **Proposed Change** – Staff are proposing to change submission and funding of multifamily projects to 12 months from completion of installation

Refinancing Clarification



- **Current Regulations** – Program regulations are designed to prevent use of enhanced financing for refinancing of existing projects.
- **Motive** – The current regulations could seemingly prohibit the ability of a Multifamily project from moving from a construction loan to permanent financing.
- **Proposed Change** – Staff are adding clarifying language to make clear that conversion from a construction loan to a permanent loan is not considered refinancing under program rules.

Security Against Real Property



- **Current Regulations** – Existing regulations only allow security through a UCC filing against equipment.
- **Motive** – Multifamily lenders expressed that security against real property is common in this sector, and that this security allows more protection during the risk of the construction lending phase.
- **Proposed Change** – Staff are adding an exemption for multifamily lending to allow for security against real property.

Simplified Measure Eligibility



- **Current Regulations** – Existing regulations allow for measure eligibility through a pre-qualified measure list, and require that a non-lighting project of more than \$350,000 must be certified by a Professional Engineer or a Certified Energy Manager, or qualify via an IOU custom program, rather than qualify through the pre-qualified list. This is intended to provide greater rigor in determining energy savings for large projects.
- **Motive** – A simplified measure eligibility reduces the cost related to energy audits which would be burdensome for affordable multifamily.
- **Proposed Change** – An exemption to this requirement for multifamily installations will allow the pre-qualified list to be used to establish measure eligibility for any financed amount.

Accelerated Loss Reserve Funding for Affordable Multifamily



- **Current Regulations** – Existing regulations specify loss reserve contributions for affordable multifamily of 30% of the first \$200,000 and 5% of the next \$800,000 *for the first two projects enrolled*. After this, the initial contribution drops to 15%. This calculation was intended to promote AMF lending but also is based on an assumption of volume.
- **Motive** – AMF lenders have asked for the larger loss reserve calculation to be applied to all projects, not just the first two. A larger loss reserve funded at a faster pace, would incentivize more and larger project approvals resulting in more energy retrofits and achieving greater borrower benefits.
- **Proposed Change** – Staff are proposing a contribution of 10% up to \$1MM of claim-eligible financing per project.

Example GGMF Loss Reserve Contributions (Affordable Properties Only)

| Current Calculation | | |
|----------------------|-------------------------|----------------------------------|
| Amount of loan | Contribution rate | Amount deposited into LR Account |
| \$1,000,000 | 30%/5% | \$100,000 |
| \$1,000,000 | Subsequent: 15%/5% | \$70,000 |
| Proposed Calculation | | |
| \$1,000,000 | 10% for all enrollments | \$100,000 |

We Want Your Feedback

Q1: 2.2(c)(6)(D) Is 12 months after completion of installation needed to finalize the release of funding for the permanent loan?

Q2: 2.5(b)(6) What are the risks to allowing security against real property? for both AMF and Market-rate/NOAH?

Q3: 2.5(b)(6) What is the need for a loss reserve if there is security against real property?

Q4: 2.5(b)(6) Is there a risk that a lender will prefer the loss reserve if it's easier and faster than making themselves whole through security against the property?

We Want Your Feedback

Q5: 2.5(b)(2) Refinancing agreements are acceptable only if both the original and refinancing agreements are for the same Project and the Eligible Financing Agreement is submitted for enrollment in the Program within 90 calendar days of the Scope of Work Completion Date pursuant to Section 10092.8(a)(2). For the purposes of this Section, conversion from a construction loan to a permanent loan is not refinancing. Is this language clear and accurate?

Q6: 2.7(a)(4) Is the assumption that MF projects will have consistent energy savings without energy professional review reasonable?

We Want Your Feedback

Any other questions or comments?

Later comments?

Please provide comments by
September 1, 2025 at 5pm PDT.

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Please reach out if you'd like to schedule a call.

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