**January 8, 2015**

CAEATFA is actively seeking input from energy efficiency lease market participants as we continue to develop our Small Business Lease pilot program. Here are some questions from the presentation that we would appreciate receiving feedback on. Please answer these questions to the best of your ability and return them to [cheef@treasurer.ca.gov](mailto:cheef@treasurer.ca.gov).

General

1. Are the proposed requirements for lease providers reasonable and appropriate? Should we include others?
2. In your current business process, who are your partners? Are there business structures/relationships that should be considered in the pilot/RFP process?
3. We are currently considering supporting two types of leases – capital and operating leases.  Are there other lease types we should support?
4. What does your current lease financing volume look like in California? In other states?
5. Do you keep your leases or sell them to third parties? If you sell them, how frequently (volume) and to how many entities?
6. What type of quality control and management systems do lease providers currently administer to evaluate and monitor the overall quality of leases or financing-related activities?

Qualified Measures

1. How do the qualified measures align with your existing business model/measures?
2. Aside from actual measure costs, what other costs are typically included in your lease structure? Do your leases include financing for other improvements, and if so, what might those include?
3. To verify the 70/30 EEEMs, and “Other Improvements” requirement, we propose that contractors will prepare itemized invoices. Does this requirement pose a barrier?
4. What is the likelihood of leveraging IOU rebate/incentive processes? Do your current customers participate in IOU rebate/incentive programs?
5. What percentage of your current (or anticipated) financings are for single measure vs. comprehensive projects?

Contractor Requirements and Management

1. What vendors/contractors do you currently work with in California?
2. Do you have any contractor requirements and/or relationships with contractors?
3. Please describe any quality assurance and/or quality control processes that you use to maintain high quality installations.
4. What do you currently do to manage the contractors with whom you work?
5. Would it be helpful to have access to a separate contractor management system operated by CAEATFA? If so, what would the scope of that system ideally include?

Credit Enhancement/Loss Reserve

1. Is the standard loss reserve structure the most effective for lease providers? Would another type of risk-mitigation/credit enhancement be more effective?
2. How will the credit enhancement (CE) provide lower cost and broader access for leases for small businesses?
3. What is the best way to measure the impact of the CE on your lease product?
4. How do we calculate the benefit to the borrower/business?
5. Does the functionality of On-Bill Repayment and the option of 1) shut off for lack of payment, and 2) transferability to a new tenant further enhance the lease product?
6. Do you have any concerns with loss reserve contributions being transferred on a monthly basis rather than lease-by-lease?
7. Would loss reserve reservations or project pre-approval be useful to you? If so, how long should a reservation last (project time from start/commitment to finish)?
8. What type of documentation could you submit as proof of a viable lease when requesting a reservation?
9. What is your standard delinquency and collections process like? Is the process for the claim/draw on the reserve reasonable and effective?