



ENERGY EFFICIENCY FINANCING PILOT PROGRAMS

October 15, 2013



BACKGROUND

- On September 19, 2013, the California Public Utilities Commission (CPUC) approved a Decision to have the investor-owned utilities (IOUs) implement energy efficiency financing pilots for both residential and non-residential properties.
- The programs will be available to customers in IOU territories.
- Eligible projects will include energy efficiency measures and, in some instances, demand response and distributed generation projects.
- The initial pilot period provides funding through 2015.

PURPOSE

- **Overall:** Develop new financing products that leverage private capital and encourage consumers to take on deeper energy efficiency projects than those previously funded through traditional program approaches.
- **Credit enhancements:** Minimize risk of capital losses for third-party lenders, thereby resulting in increased consumer access to enhanced loan terms.
- **On-bill repayment (OBR):** Test the hypothesis that payment on the utility bill will increase debt service performance across market sectors.

RESIDENTIAL PILOTS

- **Single Family Loan Program**
 - Credit enhancement available (loan loss reserve)
 - Budget: \$25 million
 - 1/3 of funds for low- and moderate-income
 - Option for loan repayment through a line item charge on the customer's utility bill (Spring 2014)
- **Master-Metered Multi-Family Program**
 - Credit enhancement available (debt service reserve fund)
 - On-bill repayment
 - Budget: \$2.9 million
 - Targets multi-family properties that are “substantially master-metered”

NON-RESIDENTIAL PILOTS

Combined budget:
\$14 million

- **OBR for Small Business Sector**
 - Credit enhancement available
- **OBR for Small Business Lease Providers**
 - Credit enhancement available
- **Off-bill Repayment for Small Business Lease Providers**
 - Credit enhancement available
- **Non-residential OBR**
 - Targets medium and large businesses
 - No credit enhancement

CAEATFA'S ROLE

- CAEATFA will serve as the administrator
 - California Hub for Energy Efficiency Financing (CHEEF)
- As the CHEEF, CAEATFA will:
 - Establish and manage contracts with a trustee bank, a master servicer, a data manager, lease originators, and a technical consultant
 - Establish procedures, protocols, and functions for various CHEEF responsibilities, including the transfer and reconciliation of funds and data
 - Coordinate with stakeholders, including the CPUC, investor-owned utilities, financial institutions, lease providers, energy efficiency contractors, and end-users
- Budget: \$7 million for administrative, contracting, and education and outreach costs.

NEXT STEPS (OCT. 2013-MAR. 2014)

- Officially assuming CHEEF functions
 - Legislative budgetary authority
 - MOA with the CPUC
 - Contracts with the IOUs
- Requests for Proposals
 - Trustee
 - Master Servicer
 - Data Manager
 - Lease Originators
 - Technical Consultant