

NOTICE OF PROPOSED EMERGENCY ACTION

Government Code Section 11346.1(a)(2) requires that, at least five working days prior to submission of the proposed emergency action to the Office of Administrative Law, the adopting agency provide a notice of the proposed emergency action to every person who has filed a request for notice of regulatory action with the agency. After submission of the proposed emergency to the Office of Administrative Law, the Office of Administrative Law shall allow interested persons five calendar days to submit comments on the proposed emergency regulations as set forth in Government Code Section 11349.6.

If you have any questions or comments regarding this proposed emergency action, please contact Kelly Delaney at kelly.delaney@treasurer.ca.gov with the California Alternative Energy & Advanced Transportation Financing Authority.

FINDING OF EMERGENCY

CALIFORNIA ALTERNATIVE ENERGY AND ADVANCED TRANSPORTATION FINANCING AUTHORITY

Article 5 (commencing with Section 10091.1), Division 13, Title 4,

Finding of Emergency

Pursuant to Public Resources Code Section 26009, the regulations being re-adopted with modifications herewith by the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA”) as emergency regulations (“Emergency Regulations”) are expressly deemed in statute to be necessary for the immediate preservation of the public peace, health and safety, and general welfare.

Authority and Reference

Authority: Public Resources Code Sections 26006 and 26009. Section 26009 of the Public Resources Code authorizes CAEATFA to adopt emergency regulations necessary for the immediate preservation of the public peace, health, safety, or general welfare in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

Reference: Public Resources Code Sections 26002, 26002.5, 26003(a)(3)(A), 26003(a)(6), 26003(a)(7)(A), 26003(a)(8)(A), 26006, 26011, and 26040. CAEATFA’s purpose is to advance the State’s goals to reduce the levels of greenhouse gas emissions, increase the deployment of sustainable and renewable energy sources, implement measures that increase the efficiency of the use of energy, create high quality employment opportunities, and lessen the State’s dependence on fossil fuels. CAEATFA’s authorizing statutes enable it to provide financial assistance to various participating parties that carry out eligible projects.

Informative Digest

The California Alternative Energy and Advanced Transportation Financing Authority Act establishes the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA”) and requires CAEATFA to establish programs to provide financial assistance to participating parties for projects related to alternative energy sources and advanced transportation projects. Existing law authorizes CAEATFA to receive and utilize grants or loans from the federal government, a public agency, or any other source for carrying out the purposes of the Act.

Pursuant to this statutory authority, CAEATFA is the administrator of the California Hub for Energy Efficiency Financing (“CHEEF”) under a Memorandum of Agreement with the Public Utilities Commission (“CPUC”), authorized by the Decision Implementing 2013-14 Energy Efficiency Financing Pilot Programs, Decision 13-09-044. The GoGreen Home Energy Financing Program (“GoGreen Home”), previously referred to as the Residential Energy Efficiency Loan Assistance Program, is one of several energy efficiency financing programs as part of that Memorandum of Agreement.

GoGreen Home launched in 2016 as a pilot program and, throughout early development and implementation, CAEATFA advocated to the CPUC for specific changes to the CHEEF programs to broaden their relevance to the private market and streamline operations for participants. These efforts were necessary, from CAEATFA’s perspective, to facilitate more energy efficiency projects and allow the Program to assist more customers. In March 2017, the CPUC issued Decision 17-03-026, which granted CAEATFA some additional flexibility to amend GoGreen Home from previous CPUC guidance. Leveraging this flexibility, CAEATFA implemented amendments through an emergency rulemaking process that began in 2017 and ended with a certificate of compliance in September 2018.

In April 2020, the CPUC issued Resolution E-5072, which approved GoGreen Home’s transition from a pilot program to a full program and provided funding for CAEATFA to facilitate scaling, including streamlining operations for Lenders, making planned technology improvements, and continuing with education and outreach efforts. In 2021 CAEATFA initiated another emergency rulemaking to facilitate further streamlining and scaling, which ended with a certificate of compliance in 2022.

In the past two years, the GoGreen Home Program has seen significant growth, and in January 2024 surpassed \$100 million in private capital deployed to support energy efficiency upgrades. Nearly 40% of the total loan volume enrolled over all seven years of the Program was enrolled in Fiscal Year 2022/23. More recently, CPUC Decision 23-08-026 authorized additional expansion opportunities by allowing CAEATFA to use IOU ratepayer funds to credit enhance loans for comprehensive energy measures like solar photovoltaic generation, battery storage, and EV chargers. CAEATFA anticipates that the inclusion of these measures will also lead to increased volume.

The regulation modifications proposed in this readopt will enable CAEATFA to meet and increase this growth. This readopt action combines two separate emergency regulation packages,

which became effective on December 22, 2023 (2023-1212-02E) and April 15, 2024 (2024-0403-02E), to support Program scaling, efficiency, and expansion. The combination of these two regulation packages is made on advice from OAL attorneys. Examples include modifications to support efficient redeployment and rebalancing of Loss Reserve funding, to establish the capacity to channel external funds for Interest Rate Buy-Downs as a type of promotional incentive, to create the role of a Project Developer to better facilitate deeper and more targeted energy retrofits, and to incorporate new clean energy measures as a result of CPUC Decision 23-08-026. Additionally, other changes were made to enhance operational efficiency.

As part of the ongoing administration of GoGreen Home, CAEATFA staff regularly solicits feedback from participating Contractors and Lenders and carefully monitors enrollment data to understand GoGreen Home's impact and challenges. Through this rulemaking process, CAEATFA has engaged key stakeholders for feedback and conducted public workshops with five-day comment periods following each. For the December emergency regulations (2023-1212-02E), CAEATFA conducted a public workshop on October 23, 2023 and the CAEATFA Board approved the modified regulations on November 14, 2023. For the April emergency regulations (2024-0403-02E), CAEATFA held a public workshop on February 21, 2024 and CAEATFA Board approved the regulations on March 19, 2024.

The CAEATFA Board approved this re-adoption of the emergency regulations with no modifications on May 21, 2024.

CAEATFA is seeking to readopt the emergency regulations by June 18, 2024 in order to preserve the existing modifications which took effect in December 2023 and April 2024, and has begun steps toward completing the certificate of compliance which we expect to finalize in August 2024. No additional modifications are proposed as part of this readoption.

Summary of Proposed Modifications to be Readopted

- Restructure the way Loss Reserve Contributions are calculated to more accurately reflect Borrower risk while ensuring Participating Lenders receive adequate risk coverage.
- Establish a new methodology for rebalancing Loss Reserve Accounts to facilitate efficient Loss Reserve funding recapture and redeployment as loan principal is paid off.
- Set a framework to allow GoGreen Home to channel external funding for Interest Rate Buy Downs ("IRBDs").
- Raise the maximum loan amount from \$50,000 to \$75,000 if the project includes the new "solar photovoltaic + battery storage" bundled measure, in order to help credit-worthy Borrowers maximize their decarbonization potential.
- Raise the maximum loan term from 15 years to 20 years if the loan includes the solar photovoltaic + battery storage bundled measure, in order to align with solar financing industry standards; this will also keep monthly payments affordable for Borrowers.
- Clarify the withdrawal process for Participating Contractors and Lenders.
- Create a formal process by which Contractors can be removed from GoGreen Home's online, public-facing search tool, and eventually the Program, for lack of active participation over one to three years. This ensures that prospective Borrowers are only shown active participants when searching for Participating Contractors.

- Create a Project Developer role to assist Borrowers and Contractors in identifying a variety of home energy upgrades and providing various services, including energy audits, project coordination, rebate applications, and paperwork processing.
- Amend requirements for some measures’ “proof of fuel source” (e.g. a utility bill) for Microloans if the measure is a “Fuel Switch” measure so we can track energy usage for both gas and electricity utilities.
- Add a mechanism whereby the Program can pause a Lender’s participation when a threshold of “risk” to the Loss Reserve, in terms of delinquencies and defaults, is breached.

The benefits of this proposed regulatory action will be to owners and renters of residential homes, including single-family properties, condominiums, townhomes, and apartments. GoGreen Home mitigates the risk of default for Lenders by providing a credit enhancement for enrolled loans in the form of a Loss Reserve Contribution. This protection enables participating Lenders to offer more attractive financing terms, such as reduced interest rates, longer terms, and larger amounts to a broader group of Borrowers. The Program has seen significant growth in recent years and the modifications support CAEATFA’s intentions to facilitate more efficient deployment of credit enhancement funding and support further growth and scale.

CAEATFA has reviewed existing regulations on this topic and has concluded that the proposed regulations are not inconsistent or incompatible with existing state regulations.

The substantive amendments, and their objectives and rationales, for each section of the regulations are as follows:

Universal Changes in Multiple Sections

- Throughout the regulations, the acronym “EEEMs” was amended to “EEMs” to reflect the Programs expansion to energy improvements beyond energy efficiency. See the description of amendments made to defined terms in §10091.1(m) below for more information.

§10091.1: Definitions

This Section defines and describes the terms used throughout the GoGreen Home regulations.

§10091.1(b): “Bill Impact Estimate” was amended to clarify that an estimate of anticipated energy cost “impacts,” rather than energy cost “savings,” shall be provided to the Borrower. “Participating Project Developer” was also added to the list of participating entities who may be the source of the Bill Impact Estimate to the Borrower.

Emergency regulation package: 2024-0403-02E

Necessity: Some eligible energy measures don’t always result in savings; for example, adding an HVAC system to a house which previously lacked such a system will increase energy costs, even if it is a very efficient HVAC system. The same is true of some new measures added to the

Program through the clean energy expansion, such as smart electric vehicle chargers. Therefore, it is appropriate to refer to energy “impacts” rather than “savings”. The Participating Project Developer role was added to these regulations in this rulemaking (see the description of additions §10091.1(t) and (hh) below) and, along with the Participating Contractor or Lender, is one such entity who may alert the Borrower of the energy impacts.

§10091.1(i): “Credit-Challenged Borrower” was modified to expand the ceiling of high-risk credit scores from 640 to 700.

Emergency regulation package: 2023-1212-02E

Necessity: CAEATFA’s initial designation of a higher risk Credit-Challenged Borrower was a credit score of 640 and below. Lenders and industry data indicate that defaults start to occur at a statistically significant pace for Borrowers with credit scores 680 and below, not 640 and below. CAEATFA has long-established reporting buckets of 580-640 and 641-700, so to better account for the risks that Lenders face lending to Borrowers with a 680 score or below, while staying congruent with our existing reporting structure, CAEATFA found it reasonable to raise the credit risk categorization of a Credit-Challenged Borrower to 700.

§10091.1(j): “Credit-Challenged Program” was removed.

Emergency regulation package: 2023-1212-02E

Necessity: CAEATFA removed the Credit-Challenged Program for Lenders. The Credit-Challenged Program was an optional program that Lenders could choose to opt into. If they opted in, Lenders would receive a 20% Loss Reserve Contribution for loans made to Borrowers who qualify as a Credit-Challenged Borrower by specifically designating the loan as “Credit-Challenged” at loan enrollment. In order to reduce operational burdens for Lenders, CAEATFA has decided to automatically deploy a 20% Loss Reserve Contribution for loans to Borrowers meeting the definition of a Credit-Challenged Borrower, rather than make Lenders request it each time.

§10091.1(k): The term “Eligible Channel Partner” was amended to remove language that did not consider business models that assist Lenders with underwriting, origination, and servicing.

Emergency regulation package: 2024-0403-02E

Necessity: The Channel Partner role was originally created two years ago to support the entrance of business entities who directly facilitate loans, such as an online appliance marketplace offering financing at checkout. Since then, CAEATFA has become aware of other business models that assist Lenders with many different parts of the lending process, including underwriting and origination via a formal relationship with the Lender as their agent. Therefore, CAEATFA finds it appropriate to remove language which did not accommodate this kind of business partnership.

§10091.1(m): The term “Eligible Energy Efficiency Measures” and its acronym “EEEMs” was amended to “Eligible Energy Measures (EEMs)”.

Emergency regulation package: 2024-0403-02E

Necessity: The issuance of CPUC Decision 23-08-026 authorized CAEATFA to include distributed generation and renewable energy measures such as solar photovoltaic and battery storage systems as Eligible Improvements for GoGreen Home financing. Previously, these types of measures were explicitly excluded as the CPUC desired to focus on energy efficiency and demand response measures. This decision has opened up a new sector of the energy market for the Program. With that transition, it has become necessary to rename the suite of Eligible Improvements previously classified as Eligible Energy Efficiency Measures (EEEMs), and Eligible Energy Measures (EEMs) was deemed to be the most reasonable and appropriate term. It allows the Authority to better reflect the entire catalog of Eligible Improvements while also closely adhering to the original terminology and pronunciation with which that Lenders and Contractors have already become familiar. This change was made with the foremost goal of minimizing confusion during this transitory period for the Program. As mentioned above, CAEATFA has updated uses of "EEEMs" with "EEMs" throughout the regulations.

§10091.1(r)(2): “Eligible Improvements” was amended to remove language restricting the inclusion of distributed generation or renewable energy measures.

Emergency regulation package: 2024-0403-02E

Necessity: The issuance of CPUC Decision 23-08-026 authorized CAEATFA to include distributed generation and renewable energy measures such as solar photovoltaic and battery storage systems as Eligible Improvements for GoGreen Home financing. As a result, the language restricting these measures is now obsolete.

§10091.1(t) and (hh): “Eligible Project Developer” or “EPD” and “Participating Project Developer” or “PPD” roles were created to allow for the participation of entities that can assist both Borrowers and Participating Contractors with identifying Eligible Improvements and facilitating projects for Eligible Properties as part of the GoGreen Home Program.

Emergency regulation package: 2024-0403-02E

Necessity: These additions were necessary in order to expand the scale and scope of individual projects by allowing for participation of newly emerging entities in the residential energy upgrade marketplace. While more common in the commercial sector, Project Developer firms are now appearing in the residential sphere to help homeowners identify and undertake electrification projects and efficiency upgrades. This type of role is also becoming more commonplace in the rebate market through the wide variety of financial incentives that are now available for homeowners and Contractors who undertake these projects. For example, a Project Developer could be an entity that performs home energy audits, issues recommendations for efficiency measures, and/or enrolls homeowners in Demand Response programs. In addition, Participating Contractors may find it useful to work with these entities in order to handle paperwork or manage scheduling and coordination, particularly for larger projects involving multiple Participating Contractors.

§10091.1(u) “Eligible Property” was amended to clarify that Borrowers are eligible to receive loans for projects done at properties not directly owned or rented by the Borrower.

Emergency regulation package: 2024-0403-02E

Necessity: The original framing of these regulations implied Borrower eligibility was limited to either direct ownership or a formal rental relationship between a tenant and landlord.

CAEATFA has determined that Lenders should be allowed to exercise discretion in judging the relationship between a Borrower and the property for which a loan is taken out. For example, the Borrower may be seeking financing to upgrade a relative’s property which they themselves do not reside in.

§10091.1(w): “Interest Rate Buy-Down” or “IRBD” was added as a defined term.

Emergency regulation package: 2023-1212-02E

Necessity: CAEATFA added the capability to deploy funds for Interest Rate Buy-Downs (IRBDs) in a new section. This funding would be channeled through CAEATFA via external funders to buy down the interest rates of Eligible Loans to make financing more feasible and attractive to Borrowers. See the description of the addition of Section 10091.17 below for more information.

§10091.1(aa): “Low-to-Moderate Income” was modified as a defined term.

Emergency regulation package: 2023-1212-02E

Necessity: This subsection was modified to remove household income as a trigger for a Borrower contribution of 20%. The higher Loss Reserve Contribution percentage is meant to support Lenders making loans to Borrowers who they may perceive as riskier. However, program experience has shown that Lenders are rarely reporting “Low Household Income” as a reason for a higher Loss Reserve Contribution rate because it is difficult for a Lender to reliably ascertain; income data can only be requested of an individual. This adjustment thus aligns with typical Lender practices of Borrower assessment during underwriting. As low credit score is a very reliable indicator of Borrower risk that can be assessed solely on the Borrower and not the household, CAEATFA is targeting changes in other areas of the regulations to focus on credit score when defining areas of Lender risk worthy of a higher Loss Reserve Contribution.

CAEATFA is also clarifying the source of the definition of "area median income" to be more accurate.

§10091.2: Eligible Financial Institution and Eligible Finance Lender Applications to Participate.

This section outlines the processes by which an Eligible Financial Institution (“EFI”) or Eligible Finance Lender (“EFL”) applies to become a Participating Financial Institution (“PFI”) or Participating Finance Lender (“PFL”), describing the information it must provide in its application and responsibilities under GoGreen Home. This section has removed an enrollment attachment for EFI/EFL applicants as detailed below.

§10091.2(d)(6): This section was amended to remove the Credit-Challenged Program for Lenders to opt-in to as part of participation in GoGreen Home

Emergency regulation package: 2023-1212-02E

Necessity: With the removal of the Credit-Challenged Program (see the modification to §10091.1(j) in the Definitions section above) this is a necessary cleanup. Lenders will no longer need to apply for this program to receive the 20% Loss Reserve Contribution for Credit-Challenged Borrowers as the higher contribution will now be automated based on reported Borrower credit score for each enrolled loan.

§10091.2(f)(8)(a) This subsection was amended to change the term “energy efficiency improvements” to “energy improvements.”

Emergency regulation package: 2024-0403-02E

Necessity: As the GoGreen Home Program has expanded to include financing for the clean energy measures, this necessitated the conversion of language strictly relating to “energy efficiency.”

§10091.2(g)(4) This subsection was amended to change the term “energy savings” to “energy impacts.”

Emergency regulation package: 2024-0403-02E

Necessity: As the GoGreen Home Program has expanded to include financing for the clean energy measures, this necessitated the removal of language strictly relating to “energy efficiency.”

§10091.2(j) This subsection was amended to add a mechanism to pause Lender’s GoGreen Home loan programs when a threshold of “risk” to the Loss Reserve (loan defaults and delinquencies) is breached for three or more consecutive months.

Emergency regulation package: 2024-0403-02E

Necessity: This amendment gives CAEATFA the ability to suspend a Lender temporarily once patterns of defaults and payment delinquencies indicate an issue with, for example, underwriting or servicing processes, and then give the Lender an opportunity to propose changes to their loan program and practices. CAEATFA shall retain the option to “pause” the Lender’s ability to enroll more loans once a ratio of 25% (“defaulted” and “delinquent” loan principal over “current” and “paid off” loan principal) is breached consecutively for three or more months; the ratio indicates the amount of loan principal, and thus loss reserve dollars, at risk. The Lender and CAEATFA can then work together to modify the Lender’s GoGreen Home loan program to address underlying issues. The intention is to allow CAEATFA to intervene before significant losses occur, and ensure that the Lender is utilizing the risk sharing purpose of the loss reserve appropriately.

§10091.5. Loan Eligibility and Minimum Underwriting Criteria

This Section lays out the criteria a loan must meet to be eligible under the Program. It was designed to safeguard the use of ratepayer funds while maintaining the intent to allow Lenders the flexibility to broaden access to financing to a wider set of Borrowers while mitigating risk.

§10091.5(g): This subsection was amended to raise the maximum Claim-Eligible Principal Amount project amount from \$50,000 to \$75,000 only if the project includes the solar photovoltaic + battery storage bundled measure.

Emergency regulation package: 2024-0403-02E

Necessity: This change is intended to support credit-worthy Borrowers seeking financing for the high costs of projects that combine solar generation, battery storage and efficiency measures. The average cost of a residential combined solar and battery storage system can rise up to \$26,000. 754 (23%) loans enrolled since 2022 were for loans over \$25,000 and 202 projects cost \$40,000 - \$50,000. As electrification trends upwards, more Borrowers will seek to maximize the co-benefits of pairing fuel switching/electrification upgrades with onsite solar generation and batter storage. For some larger properties, these costs might breach \$50,000, especially if the project also includes expensive infrastructure improvements like panel or wiring upgrades.

§10091.5(h): This subsection was amended to clarify that Lenders have no more than 5 business days to adjust their systems or processes to match the maximum allowable rate based on quarterly updates of the 10-year Treasury bonds.

Emergency regulation package: 2023-1212-02E

Necessity: The maximum interest rate allowed to be charged by Lenders follows the interest rate on 10-year Treasury bonds and is updated quarterly based on the current rate of the bond. Lenders who run loan programs with more automation and technological and public-facing marketing components report needing a few days following every quarterly update to adjust the maximum rate across their system. This clarification specified a deadline by which all Lenders must adjust their processes and systems to reflect the new rate in their marketing materials and/or their underwriting/origination processes to prevent being out of compliance with GoGreen Home regulations.

§10091.5(i)(1): This subsection was amended to require that PFI/PFLs income verification for all Borrowers regardless of credit score if the Total Loan Principal Amount exceeds fifty thousand dollars (\$50,000).

Emergency regulation package: 2024-0403-02E

Necessity: Currently, Lenders are only required to verify Borrower income if the Borrower has a credit score between 580 and 640 and the Total Loan Principal Amount exceeds \$20,000. With the maximum allowable Total Loan Principal Amount being raised to \$75,000 (only for projects with solar generation and battery storage), it is important to ensure that adequate safeguards are put in place so that Borrowers are not taking out loans that are beyond their means. This

requirement will act as a consumer protection safeguard for all loans that exceed the traditional maximum amount of \$50,000.

§10091.6. Contractor Qualification and Management.

This section outlines the processes by which an Eligible Contractor applies to become a Participating Contractor, describing the information it must provide in its application and its responsibilities under GoGreen Home. The most significant changes proposed to this section center around managing Contractor participation in the Program.

§10091.6(a)(8): This subsection was amended to expand the personnel who are eligible to add authorized signatories for a Participating Contractor beyond the person who signed the Contractor's original application to join the Program.

Emergency regulation package: 2024-0403-02E

Necessity: This amendment is necessary to address difficulties for Contractors who need to add new individuals as signatories for the required documents to be submitted to the Authority. The current regulations state that only the signatory of the original application can add authorized signatories. This presents difficulties for the Contractors who need to add new signatories when the original application signatory is no longer with the Contractor company; this can cause delays and friction in the loan enrollment process. This modification allows any currently authorized signatory or the company contact designated in Section 10091.6(a)(2) to add other authorized signatories.

§10091.6(a)(19)(A)(i): This subsection was amended to change "energy efficiency improvements" to "energy improvements".

Emergency regulation package: 2024-0403-02E

Necessity: As the GoGreen Home Program has expanded to include financing for the clean energy measures, this necessitated the conversion of language strictly relating to "energy efficiency."

§10091.6(d): This subsection was amended to allow for the removal of Participating Contractors from the public-facing Contractor list on the GoGreen Financing website ("delisting") if they fail to enroll a project with the Program within a one (1) year period.

Emergency regulation package: 2024-0403-02E

Necessity: This amendment is necessary to allow CAEATFA to remove Contractors from the Program website for consistent disengagement with GoGreen Home. Occasionally Participating Contractors go out of business, or a significant amount of time goes by without them enrolling a project or responding to engagement attempts by the Authority. This change allows CAEATFA to delist non-participating Contractors from the Program's public-facing list on the GoGreen Financing website so that consumers have a more productive experience using the tool to find actively Participating Contractors. As described in the modifications CAEATFA will provide notice to the Contractor beforehand to alert them of the pending delisting and give them an opportunity to reaffirm their interest in continuing to be listed and visible to potential Borrowers.

§10091.6(g): This subsection was amended to allow for the disenrollment of Participating Contractors who fail to enroll a project with the Program within a three (3) year period.

Emergency regulation package: 2024-0403-02E

Necessity: This amendment is necessary to allow the Authority to remove Contractors from the Program for reasons other than non-compliance or fraud. Occasionally, Participating Contractors go out of business, or a significant amount of time goes by without them enrolling a project or responding to engagement attempts by the Authority. In an effort to target our resources effectively, CAEATFA finds it reasonable to keep our Contractor list clean and targeted towards Contractors who are actively participating or engaging in the Program. Unlike a one-year timeline for delisting, CAEATFA is establishing three years of inactivity for full Program removal to give the Participating Contractor as much time as possible to actively re-engage. Again, CAEATFA will provide notice to the Contractor ahead of removal.

§10091.6(h): This subsection was added to formalize the voluntary withdrawal process for Participating Contractors.

Emergency regulation package: 2024-0403-02E

Necessity: This amendment brings the GoGreen Home regulations into alignment with the GoGreen Business and GoGreen Multifamily Programs' regulations. This addition is necessary to document a formal method for Contractors to voluntarily withdraw from the Program which did not exist previously.

§10091.7 (new). Project Developer.

Emergency regulation package: 2024-0403-02E

This new section establishes the formal relationship between CAEATFA and Project Developers. It describes the processes by which an Eligible Project Developer applies to become a Participating Project Developer, lists the eligibility requirements, and outlines the information it must provide in its application. It includes a list of data points, certifications, and acknowledgments that the Eligible Project Developer is responsible for providing, as well as additional certifications that are required upon completion of an individual project. It also establishes the terms of participation and describes the process by which a Participating Project Developer can either be removed or voluntarily withdraw from the Program.

Necessity: This new section relates to the new definitions of an Eligible Project Developer and Participating Project Developer added in Section 10091.1(t) and 10091.1(hh). CAEATFA established the Project Developer role to expand the scale and scope of individual home improvement projects by allowing for participation of newly emerging entities in the residential energy marketplace. Project Developers are being actively utilized by the GoGreen Business Program to assist Borrowers in scoping projects, and CAEATFA determined that these entities could also have a role to play in advancing the GoGreen Home Program. As a result, it became necessary to establish a regulatory relationship with the Project Developer as the Project Developer may be involved in promoting or representing GoGreen Home to customers, actively

facilitating projects at Eligible Properties through coordination with both Borrowers and Participating Contractors, and/or submitting data to CAEATFA for loan enrollments or required reporting.

CAEATFA is establishing an application process requiring the Eligible Project Developer to provide contact information, describe their role and duties, demonstrate their qualifications and experience, and make certifications, acknowledgements, and agreements that the Eligible Project Developer will follow the rules and requirements laid out in the GoGreen Home regulations. As mentioned, this role was based off the Project Developer guidelines for GoGreen Business contained in Title 4 Business Regulations, Division 13 California Alternative Energy and Advanced Transportation Financing Authority, Article 6 Commercial Energy Efficiency Financing Programs, Section 4, which has proven to be a successful and effective protocol for vetting, enrolling and managing Project Developers. As such, many of the stipulations are the same, including release of liability, proof of insurance, the process once an application has been submitted, and conditions for removal or withdrawal from the Program. The eligibility requirements are also similar, with the exception being that an entity can qualify as a Participating Project Developer through the additional method of licensure/certification with a state, federal or commercial energy auditing program or current registration with the CPUC and/or an IOU as a Demand Response Provider/Aggregator. These additions take advantage of the existing vetting or training processes the CPUC, IOUs, and audit training programs utilize.

The addition of this section has resulted in re-numbering the Sections that follow.

§10091.8 (formerly .7). Establishment and Funding of Loss Reserve Accounts

This section outlines the process by which each Lender's Loss Reserve Account(s) is established and funded under GoGreen Home by the Trustee Bank. Each time a loan is enrolled, CAEATFA makes a Contribution to the Lender's Loss Reserve Account based on calculating a percentage of the loan principal that is eligible to be reimbursed to the Lender in the event of a claim (the "Claim-Eligible Principal Amount"). What percentage is used to calculate the Loss Reserve Contribution amount depends on several factors about the loan and the Borrower. Modifications to those percentages are proposed below.

§10091.8(b)(1)(A)(i) This subsection was amended to clarify that only Microloans shall receive a 20% Loss Reserve Contribution when made to LMI Borrowers, as defined (see changes to subsection §10091.1(aa) in the Definitions section above).

Emergency regulation package: 2023-1212-02E

Necessity: CAEATFA has seven years of loan performance data for loans that are not Microloans which indicates there is no direct correlation between loan performance and LMI Borrower status. Hence, we removed LMI Borrower status as a trigger for a 20% Loss Reserve Contribution for loans that are not Microloans.

Microloans, however, were only introduced in 2021 and have not yet been widely utilized by all GoGreen Home Lenders. Feedback from Lenders whose business model is centered on issuing

Microloans indicate more time is needed to analyze loan performance based on census tract. Microloans are any loan with a Claim-Eligible Principal Amount under \$5,000, and thus are a unique financial product for many Lenders to offer. Therefore, CAEATFA finds it reasonable to keep the 20% Loss Reserve Contribution trigger for LMI Borrowers receiving Microloans. CAEATFA will continue to monitor Microloan performance based on Borrower census tract.

§10091.8(b)(1)(A)(ii) This subsection was amended to clarify that Microloans to Borrowers who are not Credit-Challenged Borrowers or LMI Borrowers shall receive an 11% Loss Reserve contribution.

Emergency regulation package: 2023-1212-02E

Necessity: CAEATFA has seven years of loan performance data for loans that are not Microloans. The data indicates that for these loans a transition from an 11% to 5% Loss Reserve Contribution is appropriate for Borrowers who do not qualify as Credit-Challenged Borrowers. Hence, we propose to lower the contribution percentage for loans to non-Credit Challenged Borrowers or which are not Microloans to 5%. See the proposed modification discussed in §10091.8(b)(1)(D) below.

Microloans, however, were only introduced in 2021 and have not yet been widely utilized by all GoGreen Home Lenders. Feedback from Lenders whose business model is centered on issuing Microloans indicates that more time to analyze loan performance and loss reserve coverage is needed. Therefore, CAEATFA finds it is reasonable to keep the 11% Loss Reserve Contribution for Microloans made to not LMI Borrowers or who are not Credit-Challenged (those Borrowers shall receive a 20% contribution, as described above in §10091.7(b)(1)(A)(i)). CAEATFA will continue to monitor loan performance and Loss Reserve coverage needs for these loans.

§10091.8(b)(1)(B) This subsection was amended to remove Lender participation in the Credit-Challenged Program as the trigger for a 20% Loss Reserve Contribution for loans made to Credit-Challenged Borrowers.

Emergency regulation package: 2023-1212-02E

Necessity: With the removal of the optional Credit-Challenged Program (see changes to subsection §10091.1(j) in the Definitions section above), this is a necessary cleanup. All loans to Credit-Challenged Borrowers will now automatically receive a 20% LLR contribution, not just the loans from Lenders who are enrolled in the Program.

§10091.8(b)(1)(D): This subsection was amended to change the Loss Reserve Contribution percentage for loans made to non-Credit-Challenged Borrowers from 11% to 5%.

Emergency regulation package: 2023-1212-02E

Necessity: This change is necessary to allow CAEATFA to more efficiently and appropriately deploy Loss Reserve funds in support of more loans, with the goal of driving Program scalability. An 11% Contribution amount was established at the beginning of the GoGreen Home Program. After analysis of seven years of loan and claim data, CAEATFA has observed, and Lenders have confirmed, that 5% is an appropriate Loss Reserve Contribution amount for loans

to non-Credit-Challenged Borrowers and which are not Microloans, that will continue to provide adequate coverage for Lenders. This does not apply to Microloans, which shall continue to receive an 11% Contribution (see the proposed change described above in 10091.7(b)(1)(A)(ii)).

§10091.8(c): This subsection was amended to raise the maximum loan term from 15 years to 20 years only if the project includes the solar photovoltaic + battery storage bundled measure.

Emergency regulation package: 2024-0403-02E

Necessity: The current 15 year maximum has long been appropriate for large retrofits projects that focused on efficiency improvements, especially HVAC loans, as most of these types of equipment have a lifespan of about 15 years. With the addition of the bundled solar photovoltaic and battery storage measure, it is appropriate to raise the maximum loan term to 20 years for loans which include this measure. 20 years is a more common timeframe in solar and storage financing to reflect the longer lifespan of solar panels and battery equipment.

§10091.8(e)(1): This subsection was amended to preserve the existing Loss Reserve Account rebalancing method for loans enrolled prior to January 1, 2024. Sub-points have been subordinated for consistency.

Emergency regulation package: 2023-1212-02E

Necessity: CAEATFA introduced a new rebalancing method that will come into effect on January 1, 2024. Loans enrolled prior to the introduction of this new method must and will continue to be rebalanced according to the original method, and so that method must remain in the GoGreen Home regulations.

§10091.8(e)(2): This subsection was amended to establish January 1, 2024 as the start date for a new Loss Reserve rebalance method to come into effect. As is the nature of a revolving Loss Reserve credit enhancement structure, Loss Reserve Contributions which are no longer needed, because loans have been paid off, shall be recaptured during regular “rebalancing” to be redeployed for more loans. Under this new method, CAEATFA will annually rebalance Lenders’ Loss Reserve Accounts by first recalculating the Loss Reserve Contribution amount using the same formula used when calculating the original Contribution. CAEATFA shall use the current outstanding Claim-Eligible Principal Amount rather than the original Claim-Eligible Principal Amount in this calculation. The sum of these recalculated Loss Reserve Contribution amounts will be considered a ‘target’ coverage balance, or the ideal Loss Reserve balance that would provide an appropriate amount of coverage considering current outstanding principal as well as any Borrower defaults that a Lender may experience. If the current balance of the Lender’s Loss Reserve Account is higher than this target coverage balance, the rebalance amount shall be the difference between the current balance and the target coverage balance. If the current balance of the Loss Reserve Account is lower than the target coverage balance, for example because there have been enough claims against the Loss Reserve to bring the balance down, no funds will be rebalanced out of the Account. As some Loss Reserve Contribution amounts will be calculated and recalculated against the Borrower’s credit score, and a Borrower’s changing credit score

can reflect a change in their risk profile for the Lender, Lenders will also have the opportunity to provide updated Borrower credit scores.

Emergency regulation package: 2023-1212-02E

Necessity: This new rebalance methodology more accurately reflects actual risk to Lenders and the loss coverage they need and has been generated after much engagement with GoGreen Home Lenders and much forecasting and analysis of past defaults and loan performance over the seven years that GoGreen Home has been enrolling these loans and paying claims. This new method will ensure Lenders retain appropriate loss coverage while allowing CAEATFA to redeploy Loss Reserve Contributions more rapidly for more loans, as the entirety of the initial Loss Reserve Contribution will not be encumbered in the Loss Reserve Account for the entire term of the loan. Rather, as each loan's principal is paid off over the year, the corresponding Loss Reserve Contribution amount can be rebalanced and used to credit enhance other loans.

§10091.9 (formerly.8). Loan Enrollment

This Section describes all the documentation and data required for a loan to be enrolled into the Program in order to receive a Loss Reserve Contribution. The Section covers documentation provided by the Contractor, Borrower, and Lender, though Lenders are responsible for compiling and submitting the package.

§10091.9(c)(7): This subsection was amended to add "Other" as an option that Lenders can utilize when reporting a Borrower's relationship to an Eligible Property.

Emergency regulation package: 2024-0403-02E

Necessity: This amendment was necessary to align with the change to the definition of a Borrower in §10091.1(c), which determined that a Borrower's relationship to a property might be something other than an owner or tenant (for example, the Borrower could be a relative of the owner/occupant). The addition of "Other" provides Lenders an appropriate way to categorize such a Borrower besides the current options of "1) owner-occupier, 2) owner non-occupier, 3) renter or lessee."

§10091.9 (c)(9): This subsection was amended to clarify that the census tract of an Eligible Property is only required for submission if the loan is a Microloan and the Lender is reporting the Borrower as an LMI Borrower for the purposes of receiving a 20% Loss Reserve Contribution.

Emergency regulation package: 2023-1212-02E

Necessity: CAEATFA removed the Low Income Borrower via Census Tract designation as a trigger for a 20% Loss Reserve Contribution for all loans that are not Microloans. This amendment clarifies that Lenders only need to report the census tract of the Borrower's Eligible Property if the loan is a Microloan and the Lender is seeking a 20% Loss Reserve Contribution due to the Borrower residing in a Low Income Census Tract.

§10091.9(c)(10) and (11): These subsections were amended to clarify that both utility account numbers are required for Microloans if the measure is identified as a fuel switch measure in the Eligible Measures list in Section 10091.10(j).

Emergency regulation package: 2024-0403-02E

Necessity: Currently, when enrolling a Microloan, Lenders only need to submit the account number for the utility fuel a financed measure uses. However, for measures which commonly result in a fuel switch, CAEATFA has determined that both the gas and electric account numbers are needed in order to show the cost impacts on the fuel being saved as well as the new fuel being utilized. For example, most water heaters in California are gas-powered. When an electric water heater is enrolled, CAEATFA needs to show the gas company the reduction of their gas usage in addition to showing the impact on the electricity use to the electricity provider. CAEATFA added a new column to the EEMs table that identifies which EEMs qualify as fuel switch measures; please see the description of modifications to §10091.11(j) (formerly §10091.10(j)) below for more information.

§10091.9(c)(13) and (14): These subsections were amended to add Project Developer as an entity that can provide project information for points 13 and 14.

Emergency regulation package: 2024-0403-02E

Necessity: This amendment was necessary to account for the new role that a Project Developer will play in GoGreen Home. As a Project Developer may assist the Participating Contractor with paperwork during the course of a project, this amendment ensures that Project Developers will be able to provide this information to CAEATFA. This is also in alignment with how GoGreen Business delineates reporting responsibilities between Participating Contractors and Project Developers. For more information about the addition of the Project Developer role, please see the proposed additions to Sections 10091.1(t), 10091.1(hh), and 10091.7 above.

§10091.9(c)(25): - This subsection was amended to remove the requirement for Lenders to separately communicate inclusion of distributed generation measures.

Emergency regulation package: 2024-0403-02E

Necessity: With the addition of distributed generation measures such as solar photovoltaics due to CPUC Decision 23-08-026, Lenders will no longer need to separately specify the presence of distributed generation measures in a loan submittal. Previously, distributed generation measures could be financed by GoGreen Home Lenders, but the cost of these measures would not receive a Loss Reserve Contribution. Lenders therefore were requested to indicate separately if a loan included a distributed generation measure so that the Loss Reserve Contribution could be calculated accordingly.

§10091.9(c)(26): This subsection was amended to add “Evidence of Grid Interconnection” as a required data point for projects utilizing solar photovoltaic and storage measures.

Emergency regulation package: 2024-0403-02E

Necessity: Borrowers are required to show proof that Eligible Properties are or will be connected to an IOU grid for the installation of the new “battery storage expansion” or “solar photovoltaic + battery storage” EEMs. This can be done by providing a utility bill with the presence of an IOU Net-Metering program or IOU approval of a grid interconnection application, depending on the measure. Because documentation outputs in solar and storage interconnection may change over time, CAEATFA is opting to not rigidly specify exact document types in the regulations.

§10091.9(c)(27): - This subsection was amended to add “Evidence of on-site solar photovoltaic generation” as a required data point for projects utilizing the “Battery Storage Expansion” measure.

Emergency regulation package: 2024-0403-02E

Necessity: The “Battery Storage Expansion” requires that solar photovoltaic generation already exist or will otherwise exist to feed the battery storage system once the project is complete in order to be eligible for financing. For example, a Borrower might already have solar generation, or might only be financing the cost of the battery in a combined solar + storage project. This new loan submission requirement is to ensure that documentation providing the presence of solar generation is submitted to CAEATFA. This can be done, for example by providing a utility bill with the presence of an IOU Net-Metering program or IOU approval of the solar system’s approved grid interconnection application. Because documentation outputs in solar and storage interconnection may change over time, CAEATFA is opting to not rigidly specify exact document types in the regulations.

§10091.9(c)(41) This subsection was amended to clarify that Lenders need to indicate if a Microloan should receive a 20% Loss Reserve Contribution due to the Borrower qualifying as an LMI Borrower.

Emergency regulation package: 2023-1212-02E

Necessity: When there were three ways to qualify for a 20% Loss Reserve Contribution (Credit-Challenged Borrower, Low Income Borrower via Census Tract, or Low Income Borrower via Household Income), Lenders had to designate which option to enroll the loan under. Per the change described above to subsection §10091.8(b)(1)(A)(i), CAEATFA is limiting eligibility for a 20% Loss Reserve Contribution based on the Borrower qualifying as an LMI Borrower via Census Tract to Microloans, removing the Low Income via Household Income designation altogether, and automating the 20% Contribution based on Credit-Challenged Borrower status (see the changes described to subsection §10091.1(j) above). Therefore, this modification clarifies that only when the loan is a Microloan and the Borrower lives in a Low Income Census Tract do Lenders need to report that the Borrower qualifies as an LMI Borrower for the purpose of the 20% Loss Reserve Contribution.

§10091.9(d)(2)(A) and (B): This subsection was amended to clarify how and by whom some required data points are captured for submission to CAEATFA.

Emergency regulation package: 2024-0403-02E

Necessity: These subsections originally described project information being captured and submitted to CAEATFA on an invoice. A previous modification to Section 10091.9(b) of the regulations clarified that data may be captured and submitted in a number of formats “approved by the Authority”. This correction thus eliminates an implication that Eligible Improvements can only be captured on an invoice.

§10091.9(f): This subsection was amended to clarify that, for the submission of Microloan data, the amount of utility fuel evidence that must be provided depends on if the EEM is a fuel switch measure.

Emergency regulation package: 2024-0403-02E

Necessity: Currently, when enrolling a Microloan, Lenders only need to submit the account number for the utility fuel a financed measure uses. However, for measures which commonly result in a fuel switch, CAEATFA has determined that both the gas and electric account numbers are needed in order to show the cost impacts on the fuel being saved as well as the new fuel being utilized. For example, most water heaters in California are gas-powered. When an electric water heater is enrolled, CAEATFA needs to show the gas company the reduction of their gas usage, in addition to showing the impact on the electricity use to the electricity provider. CAEATFA added a new column to the EEMs table that identifies which EEMs qualify as fuel switch measures; please see the description of modifications to §10091.11(j) below for more information.

§10091.9(f)(4): This subsection was amended to clarify that Participating Lenders and Contractors have the option to provide certification of either points (A) or (B) in the relevant subsection.

Emergency regulation package: 2024-0403-02E

Necessity: This addition clarifies that only one of the two conditions needs to be met for a loan approval; the current wording is unclear and could be misinterpreted as meaning that both options are required.

§10091.11. Project Requirements

This section describes measure and project eligibility for GoGreen Home, installation and safety testing requirements, and CAEATFA’s field verifications and inspections of projects. New characterizations and a new category of clean energy measures are proposed.

§10091.11(f)(1): This subsection was amended to add the “duct sizing/optimization” measure as a CAS test trigger.

Emergency regulation package: 2024-0403-02E

Necessity: This modification brings the regulations into alignment with standard safety practices, as CAS testing is already required when air sealing or duct sealing measures are installed. Duct optimization or re-sizing may result in changes to airflow, even if the duct was already "sealed". Combustion Appliance Safety testing is necessary whenever a change to airflow as a result of

modifications to the building envelope or ventilation system occurs in a home which may have one or more gas appliances within the building envelope.

§10091.11(j): This subsection was amended to add “heat pump clothes dryer” as an EEM.

Emergency regulation package: 2024-0403-02E

Necessity: Heat pump clothes dryers are a developing market which utilizes a significantly different technology than current electric clothes dryers. Further, heat pump clothes dryers may result in a fuel switch. From a reporting perspective, it is useful for CAEATFA to track uptake of heat pump clothes dryers compared to regular electric resistance clothes dryers.

§10091.11(j): This subsection was amended to add an Energy Star rating requirement to the existing “induction cooktop” measure under the appliance category.

Emergency regulation package: 2024-0403-02E

Necessity: New Energy Star product specifications for induction cooktops became effective in September 2023. These certified versions have been shown to be 18% more efficient than standard models. Restricting this measure to Energy Star models follows what CAEATFA has done with other appliances, as it aligns with the efficiency goals of the Program.

§10091.11(j): This subsection was amended to add “clean energy” as a new EEM category.

Emergency regulation package: 2024-0403-02E

Necessity: The issuance of CPUC Decision 23-08-026 provided authorization for CAEATFA to include distributed generation and renewable energy measures as Eligible Improvements for GoGreen Home financing. These measures are to be collectively categorized as clean energy measures. Two specific items have been selected for inclusion as part of the new clean energy category: “solar photovoltaic + battery storage” and “battery storage expansion”.

In order to determine eligibility for inclusion on the EEM list, potential clean energy measures were evaluated for the benefits that they provide to customers, utilities, and society. Feedback was solicited during public workshops and comment periods and no objections to the addition of these two measures were raised.

§10091.11(j): This subsection was amended to add “solar photovoltaic + battery storage” as a new measure under the new Clean Energy category.

Emergency regulation package: 2024-0403-02E

Necessity: Pairing solar and storage systems together was found to produce the highest net benefit across all three sectors of our evaluation metrics. This new measure enables customers to store on-site solar-generated energy for use when electricity rates are comparatively higher and lessens the need for utilities to generate additional power during times of peak demand. This in turn leads to decreased generation costs for utilities and reduces the chance of blackouts across the state. Paired solar and storage systems also serve as an effective climate resilience measure by providing a backup supply of power for customers in the event of an outage or pre-emptive shutoff by a utility to mitigate the risk of wildfire.

§10091.11(j): This subsection was amended to add “battery storage expansion” as a new measure under the new Clean Energy category, with the condition that it be paired with an existing solar photovoltaic system.

Emergency regulation package: 2024-0403-02E

Necessity: As noted above, solar and storage measures offer a number of cross-sector benefits when paired together. While California currently leads the nation in installed residential solar capacity, and new home construction is now mandated to include solar photovoltaic systems under Title 24, less than 10% of these systems are paired with battery storage. This figure will likely decrease as new homes are constructed under the new mandate without a corresponding requirement for battery storage installation. On the other hand, new homes are built to readily allow for the connection of battery storage units. There is thus both a vast market and a clear need to encourage consumers who have existing solar generation systems to complement those with battery storage expansion.

§10091.11(j): This subsection was amended to add a new column titled “fuel switch” to the EEMs table, and to label several “HVAC” category measures (“heat pump”, “mini split”, and “mini split air conditioning system”) and several “water heating” category measures (“heat pump water heater”, “solar water heater”, and “tankless water heater (electric)”) as fuel switch measures.

Emergency regulation package: 2024-0403-02E

Necessity: CAEATFA identified that the installation fully electric HVAC and water heating measures commonly result in a fuel switch (gas to fully electric), due to the prevalence (around 90%) of gas heating and cooling in California. This has implications on the utility account numbers that CAEATFA needs to appropriately determine energy savings. For example, when an electric water heater is enrolled, CAEATFA needs to show the gas company the reduction of their gas usage, in addition to showing the impact on the electricity use to the electricity provider. Please see the changes proposed to §10091.9(c)(10) and (11) above for more information.

§10091.11(j): The “Other” measures, as a method of qualifying measures not already on this list through IOU, REN or CCA programs, was amended to revise “demand response program” to “demand-side energy program” as a requirement for “other measures qualifying through IOU/REN/CCA programs” in the “other” category.

Emergency regulation package: 2024-0403-02E

Necessity: This change was made after soliciting guidance from the utility companies with the intention of creating a more accurate description for these types of programs.

§10091.11(j): This subsection was amended to add “smart home energy management systems” as a new measure listed under the “Other” category on the EEMs list.

Emergency regulation package: 2024-0403-02E

Necessity: “Smart home energy management systems” are an emerging technology that allows users to reduce energy consumption through coordinated control of connected devices, such as

smart appliances or HVAC systems. This is done through the use of a single platform interface, for example an app on a phone. Similar to the existing “smart thermostat” EEM, these systems can be managed remotely to reduce home energy use. Thus, including it as a new EEM aligns with the efficiency goals of the Program.

§10091.11(j): This subsection was amended to add “electric vehicle charger” as a new measure listed under a new Transportation category on the EEMs list. This measure requires an Energy Star rating.

Emergency regulation package: 2024-0403-02E

Necessity: Electric vehicle chargers with an Energy Star certification and internet connectivity for grid connection are an emerging technology that will become more common as California shifts away from internal combustion engines and increases localized solar generation. These measures can currently be utilized to charge vehicles during off-peak periods and may, in the future, be utilized for grid resiliency through internet connectivity with utility demand-response systems, which is why CAEATFA is specifying internet connectivity capability.

§10091.11(j): This subsection was amended to add “solar water heater” as a new measure listed under the water heating category on the EEMs list. This measure requires an Energy Star rating.

Emergency regulation package: 2024-0403-02E

Necessity: Solar water heaters with an Energy Star qualification have been shown to cut a home’s annual hot water costs up to 50%. They are generally designed for use with an electric or gas back-up water heater, and so it is most appropriate to list them in the water heating category, rather than as a clean energy measure.

§10091.13 (formerly .12). Sale of Enrolled Loans

This section describes how Lenders may sell, transfer, or assign the associated repayments of an Eligible Loan, and how the Lender shall report these activities to CAEATFA.

§10091.13(c)(10)(D)(iii): This subsection was amended to change the term “energy savings” to “energy impacts.”

Emergency regulation package: 2024-0403-02E

Necessity: As the GoGreen Home Program has expanded to include financing for the clean energy measures which may not always generate savings, this necessitated the removal of language strictly relating to “energy savings.”

§10091.13(c)(10)(E)(i): This subsection was amended to change the term “energy efficiency improvements” to “energy improvements.”

Emergency regulation package: 2024-0403-02E

Necessity: As the GoGreen Home Program has expanded to include financing for the clean energy measures, this necessitated the conversion of language strictly relating to “energy

efficiency.”

§10091.13(e): This subsection was added to tie Successor Servicer participation to provisions outlined in Section 10091.2.

Emergency regulation package: 2024-0403-02E

Necessity: While adding a provision about Lender performance monitoring to Section 10091.2(j), it became necessary to clarify that Lenders participating as Successor Servicers are subject to the same monitoring.

§10091.14. (formerly .13) Termination and Withdrawal

This section describes the processes and requirements by which a Lender or Successor Servicer may withdraw or be terminated from GoGreen Home. This section was extensively reorganized to reduce confusion and improve readability, and additional clarity was added regarding reporting requirements for Enrolled Loans. The previous structure of this section incorrectly implied that withdrawn Lenders must fulfill the same commitment as terminated Lenders regarding continued reporting on their Enrolled Loans. The new structure of this section clarifies that regardless of termination or withdrawal, a Lender must decide if it wants to keep its Loss Reserve Accounts and if it does, it must commit to ongoing required reporting.

§10091.14(a)-(c): This subsection was amended to describe the reasons for and process by which Lenders may be terminated from the Program (originally described in subsections 10091.14(c)(1) – (6)) or may withdraw from the Program voluntarily. It also consolidates language revoking withdrawn or terminated Lenders’ authorization to enroll loans up from two separate subsections (10091.14(a)(2) and 10091.14(d)(7)).

Emergency regulation package: 2024-0403-02E

Necessity: This reorganization of existing language regarding how termination or withdrawal may occur makes the regulations easier to understand and sets up the requirements for decisions about post-withdrawal/termination Loss Reserve Account maintenance described in the following subsection to be more clearly conveyed.

§10091.14(d): This subsection was amended to describe reporting commitments and notifications to the Authority that Lenders must make after withdrawing or being terminated from the Program.

Emergency regulation package: 2024-0403-02E

Necessity: The previous structure of Section 1009.14 did not explicitly state that withdrawn Lenders must fulfill the same ongoing loan reporting requirements described in Section 10091.12 that terminated Lenders were required to perform (originally, subsection 10091.12(c)(7)(A)-(B)). This cleaned up subsection consolidates duplicative language regarding how Lenders must notify the Authority about the ongoing maintenance of their Loss Reserve Account, and codifies ongoing reporting requirements for both withdrawn and terminated Lenders. It also clarifies that, for both terminated and withdrawn Lenders, failure to comply with reporting requirements may result in the return of the Lender’s Loss Reserve funds to the appropriate Program Holding

Accounts’.

§10091.16 (formerly .15). California Hub for Energy Efficiency Financing Privacy Rights Disclosure

This section describes the CHEEF Privacy Disclosure that advises the Borrower of their privacy rights under the CHEEF, informing them that certain information may be shared with utility companies and other state or federal agencies.

§10091.16(a)(1): This subsection was amended to change “energy efficiency financing program” to “energy financing program”.

Emergency regulation package: 2024-0403-02E

Necessity: With the expansion to include clean energy measures, it is necessary to clarify to Borrowers that they are participating in a Program that finances many types of energy measures, not just energy efficiency.

§10091.16(b): This subsection was amended to add Project Developer as an entity that can provide Borrower information to CAEATFA.

Emergency regulation package: 2024-0403-02E

Necessity: This amendment was necessary to account for the new role that a Project Developer will play in GoGreen Home. As a Project Developer may handle Borrower information during the course of a project, this amendment ensures that Borrowers will know their information can also be provided to CAEATFA by the Project Developer.

§10091.16(d): This subsection was amended to change “energy efficiency project performance” to “energy project performance”.

Emergency regulation package: 2024-0403-02E

Necessity: With the expansion to include clean energy measures, it is necessary to clarify that all energy project performance information, not just energy efficiency project performance, will be made available to the public.

§10091.18. (Formerly .17) Interest Rate Buy Down (IRBD) Disbursement

This section was added to describe what CAEATFA will do if CAEATFA secures funding from an external source to administer an interest rate buy-down (“IRBD”), in the form of a payment provided by CAEATFA directly to a participating GoGreen Home Lender to reduce the interest rate of a GoGreen Home loan. IRBDs are a tool that financing programs can deploy to make financing offerings more attractive and increase uptake. IRBDs can deliver various benefits, such as incentivizing certain project types (e.g., whole building retrofits, or decarbonization/electrification projects), improving access for low- or moderate-income Borrower types, making projects more affordable for Borrowers, and driving Lender and Contractor participation in financing programs.

CAEATFA has identified a few potential sources of IRBDs for GoGreen Home, including federal, state, and local utility entities. Each funder has their own goals and requirements for eligibility; however an IRBD funder's requirements will never supersede or amend, and instead will only be layered on top of GoGreen Home's existing eligibility criteria and requirements. This potential variability makes it necessary to have a new section that specifies, generally, what will happen when CAEATFA secures IRBD funding and how GoGreen Home Lenders can participate, while establishing a standardized and consistent process.

§10091.18(a): This subsection is added to indicate that CAEATFA may from time to time gain access to funding for IRBDs, and how the IRBDs shall be calculated.

Emergency regulation package: 2023-1212-02E

Necessity: This provision is necessary to specify where IRBD funding may come from for public transparency. It is also necessary to clarify that the IRBD amount must be calculated against the Claim-Eligible Principal Amount, as the amount of the IRBD is affected by the loan amount. Sometimes Lenders may enroll only a portion (the "claim-eligible" amount, or the amount of the loan against which the Loss Reserve Contribution is calculated) of a total loan amount with GoGreen Home, and CAEATFA believes that only the amount that is deemed "claim-eligible" should be considered in the calculation of the IRBD.

§10091.18(b): This subsection is added to describe what CAEATFA will do in the event funding is secured from an external source to administer an IRBD in the form of a payment provided by CAEATFA directly to a participating GoGreen Home Lender. If CAEATFA is able to secure this external funding, it will work with the funding source to develop an overview of the IRBD campaign's terms and eligibility requirements (a "term sheet"), including information about (A) the amount of IRBD funding available, (B) target interest rates or rate reduction amounts, (C) any maximum amount of IRBD funding available per loan (if applicable), (D) eligibility criteria, and (E) the process by which Lenders may apply to participate in the IRBD campaign.

Emergency regulation package: 2023-1212-02E

Necessity: This provision is necessary to specify the information that will be developed and made publicly available about the IRBD campaign via a "term sheet". This information shall include information about the amount of IRBD funding available, target interest rates or rate reduction amounts, any maximum amount of IRBD funding available per loan (if applicable), eligibility criteria, and the process by which Lenders may apply to participate in the IRBD campaign. As mentioned, each source of funds may have dollar or timeline limits, geographic or measure restrictions, or other criteria for recipients and CAEATFA will need to explain the details and eligibility criteria of each IRBD campaign on a case-by-case basis. For example, an electric utility providing IRBD funding may decide that the IRBD should only be available for loans including gas-to-electric heat pump conversions. This provision also notes explicitly that the terms of the IRBD will never contradict existing requirements described in the regulations.

§10091.18(c): This subsection is added to describe how the Authority will adopt that term sheet via formal resolution of CAEATFA's Board, publish the terms on its website and notify interested parties, and accept applications from Lenders to participate in the IRBD campaign.

Emergency regulation package: 2023-1212-02E

Necessity: This provision is necessary to establish that CAEATFA will utilize the public process of a CAEATFA Board meeting to publish the terms of participating in an IRBD campaign and that the details of the IRBD will be made available to the public and interested parties. This ensures that the terms of each new or amended IRBD campaign term sheet is transparently discussed and affirmed through the public forum of CAEATFA's governing Board's meetings.

§10091.18(d): This subsection is added to describe how Lenders who wish to participate in an IRBD campaign shall apply to the Authority for access to this funding.

Emergency regulation package: 2023-1212-02E

Necessity: This provision is necessary to affirm that a GoGreen Home Lender must agree to the terms and processes outlined in the term sheet, and that their participation in an IRBD campaign is contingent upon their ability to meet the requirements of the funding.

Other Matters Prescribed by Statutes Applicable to the Specific State Agency or to any Specific Regulation or Class of Regulations

No other matters are prescribed by statute applicable to the Authority or any specific regulation or class of regulations pursuant to Section 11346.1(b) or 11346.5(a)(4) of the Government Code pertaining to the Emergency Regulation or to the Authority.

Mandate on Local Agencies or School Districts

The Executive Director of the Authority has determined that the Emergency Regulations do not impose a mandate on local agencies or school districts (pursuant to Government Code Section 11346.5(a)(5)).

Fiscal Impact

The Executive Director of the Authority has determined that the Emergency Regulations do not impose any additional mandated cost or savings requiring reimbursement under Section 17500 et. seq. of the Government Code, or any other non-discretionary cost or savings to any local agency or any cost or savings in federal funding to the State. Pursuant to the State Administrative Manual Sections 6601-6616, a Fiscal Impact Statement (Form 399) is submitted without the signature of a Project Budget Manager at the Department of Finance, as there are no fiscal impact disclosures required. There will be no cost or savings to any State Agency or effect on Federal funding to the State.

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