

MINUTES

**California Alternative Energy and Advanced
Transportation Financing Authority
901 P Street, Room 102
Sacramento, California**

April 16, 2024

1. CALL TO ORDER AND ROLL CALL

Khaim Morton, Deputy Treasurer, called the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or the “Authority”) meeting to order at 10:33 a.m.

Members Present: Khaim Morton for Fiona Ma, CPA, State Treasurer (Chair)
David Oppenheim for Malia M. Cohen, State Controller
Michele Perrault for Joe Stephenshaw, Director, Department of Finance
Ken Rider for David Hochschild, Chair, California Energy Commission
Khalil Johnson for Alice Reynolds, President, Public Utilities Commission (via teleconference)

Staff Present: Claudia Quezada, Ed.D., Executive Director

Quorum: The Chair declared a quorum.

2. MINUTES

Mr. Morton asked if there were any questions or comments from the Board concerning the March 19, 2024, meeting minutes. There were none.

Mr. Oppenheim moved for approval of the minutes, and there was a second by Ms. Perrault.

Mr. Morton stated there was a motion and a second and asked if there were any questions or comments from the public. There were none. Mr. Morton called for a vote.

The item was approved by the following vote:

Khaim Morton for the State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Michele Perrault for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Dr. Quezada gave a report on CAEATFA activity since the April 16, 2024, board meeting.

For program updates, Dr. Quezada reported the following:

- The 2023 CAEATFA Annual Report to the California State Legislature is now complete and due to be posted online shortly.
- Under the Sales and Use Tax Exclusion Program, analysts continue with review of applications for projects under the 2024 award allocation.
 - CAEATFA staff (“Staff”) anticipates being oversubscribed in some application award pools, but there will be at least one more application round after consideration of the competitive applications. The remaining 2024 application round(s) are anticipated for July 1 through July 19 and September 23 through October 11.
- Dr. Quezada asked for help in welcoming Jeff Tochterman, who was brought on as the new GoGreen Financing Staff Services Manager II (“SSM II”) on March 28. Mr. Tochterman holds a Bachelor of Arts in History from UC Berkeley and a Juris Doctorate from the McGeorge School of Law. Staff is excited to have him as part of the team.
 - Dr. Quezada wished to thank the State Treasurer’s Office Personnel Department’s Larissa Brennan and Michael Lawrence for their invaluable support, assistance, and patience throughout the process of advertising the position and onboarding Mr. Tochterman.
 - Dr. Quezada also wished to take a moment to thank everyone who supported the Authority’s smooth operations while the GoGreen Financing SSM II position was vacant. She thanked Deputy Treasurer Morton, CAEATFA Core Programs and Operations Senior Manager Jennifer Gill, the CAEATFA administrative team, and the GoGreen Financing team members.
- At today’s meeting, there will be two presentations by CAEATFA staff:
 - Jonathan Verhoef, GoGreen Business Specialist, will present a request to approve modifications to the GoGreen Business and Multifamily Program Regulations.
 - Chor Vue, Compliance, Data, and Contracts Analyst, will present an amendment of the California Hub for Energy Efficiency Financing’s (“CHEEF”) Master Servicer Contract to reflect the Contractor’s name and entity change.

Dr. Quezada reported no items had been approved under her delegated authority since the last CAEATFA board meeting.

Dr. Quezada then concluded her report. Mr. Morton asked if there were any comments or questions from the Board or public. There were none.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE MODIFICATIONS TO THE GOGREEN BUSINESS PROGRAM (ARTICLE 6 (COMMENCING WITH SECTION 10092.1) OF DIVISION 13 OF TITLE 4 OF THE CALIFORNIA CODE OF REGULATIONS) UNDER THE EMERGENCY REGULATION PROCESS

Presented by Jonathan Verhoef, Program Specialist

Mr. Verhoef reported that Staff is seeking approval to proceed with the emergency regulatory process to modify the GoGreen Business Energy Financing Program (“GoGreen Business” or the “Program”) regulations (“Regulations”). GoGreen Business is a financing program that provides a loss reserve for participating lenders to mitigate risk and allow them to offer attractive financing for energy efficiency improvements in commercial and multifamily properties.

Since the launch of GoGreen Business in 2019, the Program has consistently received inquiries from customers, contractors, and lenders regarding financing for clean energy installations such as solar generation and electric vehicle (EV) charging, with 65 of the Program’s 182 participating contractors listing solar panel installation among their services. With the California Public Utilities Commission’s (“CPUC”) 2023 Decision approving Staff’s proposal to expand financing to clean energy measures, Staff expects to see increased program uptake in this area. This regulations package is necessitated primarily because of the inclusion of these new items into the Program’s portfolio of eligible measures and the impacts that this will have on the Program going forward.

There are five significant amendments to the Regulations up for consideration at today’s meeting:

- 1) CAEATFA is proposing to add several new clean energy items to the Program’s list of eligible energy measures (EEMs) for qualification in the Program.

Staff conducted a thorough analysis with its technical advisors using a nine-point benefits test which was approved by CPUC Decision, placing a particular emphasis on reducing greenhouse gas emissions. These measures were discussed at a public workshop in March.

Measures being proposed for inclusion in the list of pre-qualified eligible measures include solar panels combined with battery storage as well as packaged systems such as streetlights and agricultural pumps which include solar and battery storage. The combination of solar and storage is significant in reducing greenhouse gas emissions by reducing demand during peak periods. Stand-alone battery storage is also proposed for properties with existing solar generation, or for load shifting to reduce demand during peak hours. Staff is also adding smart electric vehicle chargers that can interact with the grid and utility demand response programs.

Additional clean energy measures proposed to be added to the pre-qualified list include wind turbines, microgrid components, and anaerobic digesters for biogas production. The list of eligible measures is limited to financing up to \$350,000, meaning that these types of

installations are unlikely to qualify via this method, but the list also serves as a public indication of the types of clean energy that can be financed through the Program.

The GoGreen Business Program also includes a method of eligibility which allows a professional engineer or a certified energy manager to qualify larger, more customized clean energy installations. Staff is proposing an expansion of this method to allow several new types of clean energy to qualify. Distributed generation may qualify so long as the installation reduces greenhouse gas emissions compared to existing conditions. Battery storage may be installed for the purposes of promoting grid stability as part of a virtual power plant. Hydrogen production through electrolysis may qualify so long as the electricity is produced from a renewable source. Through these proposed changes, the GoGreen Business Program can meet the needs of an evolving clean energy landscape in California while protecting the goals of the Program to reduce emissions driving climate change.

- 2) An increased loss reserve contribution for projects installed in affordable multifamily properties. CAEATFA had previously launched the GoGreen Multifamily Program, per CPUC direction, to target deed-restricted low-income multifamily properties. Staff is proposing to combine the approach of GoGreen Multifamily into the GoGreen Business Program by offering a similar loss reserve contribution for deed-restricted properties. The advantage of combining the two approaches is that a single loss reserve will cover a lender for all of their affordable multifamily, market-rate multifamily, and commercial customers, with the goal of increased approvals and borrower benefits with this greater protection.
 - Staff also received stakeholder input from finance companies and multifamily program administrators that financing projects above \$200,000 would be desirable in the affordable multifamily sector, so these proposed changes include a loss reserve for financed amounts up to \$1 million, similar to the existing contributions for small and medium businesses.
- 3) An extension of the period of eligibility for claims against the loss reserve to 15 years, or to 20 years for projects including solar photovoltaic (“solar PV”). The GoGreen Business Program currently allows for participating lenders to make claims against loss reserve funds in the event of a customer default up to 10 years from the date of enrollment.
 - Multiple stakeholders have asked that this limit be extended as many energy efficiency and clean energy measures have an expected useful life significantly longer than 10 years, especially solar PV.
 - The proposed modifications will extend the period of claim eligibility to 15 years, or 20 years for projects including solar PV and battery storage. The period of eligibility to participate in On-Bill Repayment will also be extended to 20 years for solar PV projects.
- 4) A provision allowing GoGreen Business to utilize non-Investor-Owned Utilities (IOU) ratepayer sources of funding for credit enhancements in order to set up more consistent

project eligibility across utility jurisdictions. This change would reduce complexity for program participants including lenders who are not accustomed to qualifying financing based on California's utility territories.

- 5) Adding the ability to channel funds from external sources to Participating Lenders in the form of an Interest Rate Buydown ("IRBD"). This approach has already been successful and generated a significant increase in activity in the GoGreen Business Program through a limited promotion using marketing funds. These modifications would allow additional sources of funding to drive program participation.

In addition to these amendments, this regulation package also contains a number of smaller items including adding additional energy efficiency measures, and clarification of the withdrawal and removal process for Contractors.

Upon Board approval, Staff will proceed with the rulemaking process and submit the adoption of emergency Regulations to the Office of Administrative Law ("OAL"). The Regulations will be effective for 180 days until mid-November. During the re-adopts of these emergency Regulations, Staff will consider additional input from stakeholders to further improve the Program's approach to clean energy financing.

Staff recommended the adoption of a resolution to authorize the Chair and Executive Director to adopt the emergency Regulations for the GoGreen Business Program.

Mr. Rider moved for approval, and there was a second by Ms. Perrault.

Mr. Morton stated there was a motion and a second and asked if there were any questions or comments from the public.

Mr. Oppenheim stated that he agrees the Interest Rate Buydown is a strong factor that will move the Program forward and asked about the IRBD being contingent on funding availability, and whether there is currently funding available, or if Staff anticipates additional funds to become available. Mr. Verhoef replied that it does not seem that Greenhouse Gas Reduction Funds are likely to be used for this purpose, because there is a desire for a revolving fund, whereas the IRBD funds would not be replenished. So, Staff is looking at other funding sources—one funding source Staff has been pursuing is US Department of Energy funds, though there are certain requirements for the use of those funds that might make them incompatible with the Program. He stated that Staff is continuing to seek out additional sources of funding.

Ms. Perrault gave accolades to Staff on the thoroughness of this item and stated that she is glad that Staff is looking at ways to increase the public's engagement with the Program. She stated that the Program is important to the State's priorities, so it is heartening to see its expansion.

Mr. Rider stated that the California Energy Commission ("CEC") has funds set aside for residential programs which would help with the State's clean energy and climate goals and is therefore interested in providing funds for the Multifamily portion of the Program, as well as the GoGreen Home Financing Program. He continued that the funding can be used for single

family as well as multifamily homes, so in the context that this regulations package changes the rules for the GoGreen Multifamily Program, the CEC may be able to provide an additional funding source.

There were no further comments and Mr. Morton called for a vote.

The item was passed by the following vote:

Khaim Morton for the State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Michele Perrault for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

B. AMENDMENT OF CONTRACT TO REFLECT CONTRACTOR NAME AND ENTITY CHANGE FROM CONCORD SERVICING CORPORATION TO CONCORD SERVICING LLC AS MASTER SERVICER FOR THE CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING (CHEEF)

Presented by Chor Vue, Compliance, Data, and Contracts Analyst

Ms. Vue reported that Concord Servicing LLC (“Concord” or the “Contractor”) entered into a contract (the “Contract”) with CAEATFA under the name and business structure of Concord Servicing Corporation on August 1, 2020. On January 26, 2022, Concord converted to a limited liability company (LLC). The Contract is being amended to strictly reflect Concord’s updated name and business structure from Concord Servicing Corporation to Concord Servicing LLC. There is no fiscal impact, the Contractor’s Federal Employer Identification Number (FEIN) remains the same, and no changes will be made to the term or amount of the Contract.

Staff recommended adoption of a resolution authorizing the amendment of Contract No. CAEATFA01-20 with Concord as Master Servicer for the California Hub for Energy Efficiency Financing (CHEEF) to reflect Concord’s updated name and business structure, Concord Servicing LLC. The amendment will allow for continuity of services and CAEATFA’s ability to pay for those services.

Mr. Oppenheim moved for approval, and there was a second by Ms. Perrault.

Mr. Morton stated there was a motion and a second and asked if there were any questions or comments from the public. There were no comments and Mr. Morton called for a vote.

The item was passed by the following vote:

Khaim Morton for the State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Michele Perrault for the Director of Finance	Aye
Ken Rider for the California Energy Commission	Aye
Khalil Johnson for the Public Utilities Commission	Aye

5. PUBLIC COMMENT

Mr. Morton asked if there were any comments or questions from the public. There were none.

6. ADJOURNMENT

There being no further business, public comment, or concerns, the meeting was adjourned at 10:52 a.m.

Respectfully submitted,

Claudia Quezada, Ed.D.
Executive Director