



California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA)

MINUTES

901 P Street, Room 102
Sacramento, California

July 16, 2024

Public Participation Call-In Number: (877) 853-5257
Meeting ID: 987 6693 6958 **Passcode:** 560284

1. Call to Order & Roll Call

Khaim Morton, Deputy Treasurer, called the California Alternative Energy and Advanced Transportation Financing Authority (“CAEATFA” or the “Authority”) meeting to order at 10:32 a.m.

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

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

Quorum: The Chairperson declared a quorum

2. Minutes (Action Item)

Deputy Treasurer Morton asked the Board members if there were any questions or comments concerning the meeting minutes from the May 21, 2024, board meeting. There were none.

Mr. Morton asked if there were any public comments. There were none.
Mr. Oppenheim moved approval of the minutes; Mr. Rider provided the second.
The minutes were approved.

The item was passed by the following vote:

Khaim Morton for the State Treasurer	Aye
David Oppenheim for the State Controller	Aye
Erica Gonzales 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

Presented by Claudia Quezada, Ed.D., Executive Director

Dr. Quezada gave a report on CAEATFA activities since the May 21st, 2024, board meeting:

For program updates, Dr. Quezada reported the following:

- The Sales and Use Tax Exclusion Program is currently accepting applications from July 1st, 2024 to July 19th, 2024.
- Given that the STE Program’s small, general, and large pools are expected to be fully subscribed at the July 16th, 2024, board meeting, during the upcoming second application period the STE program will only be accepting applications for the \$15 million available in STE’s for lithium extraction.
- All eligible applications received in the second round will be considered during the September 17th board meeting.

GoGreen Financing (“GGF”) Updates:

- As of June 10, 2024, GoGreen Home has been offering solar and storage financing for single-family homes.
- By July 31, 2024, GoGreen Business will also offer solar and storage financing for small businesses and multi-family properties.
- By offering financing for bundled solar and storage systems (as well as battery storage for customers who already have solar) our GGF programs can help our stakeholders economize while making the Golden State’s energy supply more flexible and resilient.

Dr. Quezada explained that CAEATFA and CPCFA both visited the Mission Economic Development Agency (MEDA SF) in June of 2024. Staff expects that MEDA SF will be receiving up to \$11,000,000 in Clean Communities Investment Accelerator (“CCIA”) funds via the Justice Climate Fund (“JCF”) and that CAEATFA will continue to be a MEDA SF advocate.

Dr. Quezada stated that CAEATFA and CPCFA are both working with IBank and the

Coalition Green Capital (“CGC”) on a statewide project funding for solar and storage. As of July 16, 2024, staff are currently updating pipeline details which are required to be submitted 7/31/2024. In these pipeline details will be a requirement that CAEATFA is able to demonstrate their ability to deploy funds in the next 3 years.

Along with these items, Dr. Quezada welcomed new employees/promotions to the CAEATFA team. These new employees include Domanique Crawford, Office Assistant; Christopher Billings, Office Technician; Josh McCarty, GoGreen Program Manager; Joshua Moua, STE Programs Analyst; Justin Gustafson, STE Contracts Analyst; and Lynn Cach, Deputy Executive Director.

Dr. Quezada reported that since the last board meeting, no actions were taken under her delegated authority.

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.1 – A.19 & A.21 – A.27

Collection of STE Application Approvals Recommended by Staff

Mr. Rider moved for approval, and there was a second by David Oppenheim.

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 approved by the following vote:

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

A.20 BHE Renewables, LLC and its Subsidiaries, Magma Power Company and Morton Bay Geothermal LLC, Calipatria (Imperial), No. 24-SM003, Geothermal Brine and Steam Production – Alternative Source, \$236,966,824.64 of Qualified Property

Ms. Gonzales moved for approval, and there was a second by Mr. Johnson.

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 approved by the following vote:

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

4.B Request for Final Approval of Modifications to the GoGreen Home Program (Article 5 (Commencing with Section 10091.1) of Division 13 of Title 4 of the California Code of Regulations) Under the Regular Rulemaking Process

Presented by Geoff Fattig, GoGreen Analyst.

Staff requested approval to make permanent two sets of emergency regulations for the GoGreen Home Program that were initially approved in November 2023 and March 2024, then readopted May 2024. For background, GoGreen Home is a financing program that provides a loss reserve for participating lenders to mitigate risk and offer below-market financing for a variety of residential energy efficiency upgrades and improvements. Over the past year, the program has seen a doubling of loan volume, and recently surpassed \$100 million in total capital leveraged for home energy efficiency projects. The amendments to be made permanent include the following items:

- The addition of clean energy measures such as Solar PV + battery storage systems and electric vehicle chargers, along with a corresponding raise in maximum loan terms to 20 years and \$75,000 to account for the high cost of these items.
- Modifying the loss reserve contribution rate so that loss reserve funds can be deployed more effectively to leverage future financing.
- Enhanced consumer protection by introducing a pause mechanism for lenders if they breach a certain loss coverage ratio over three consecutive months.

Mr. Fattig stated that these changes have been made with the intent of supporting continued growth and expansion of the program. To take one example, modifying the Loss Reserve contribution rate has saved over \$1.2 million in 2024, which allows us to allocate those funds to finance additional projects. Given the average loss reserve contribution amount, the money saved can be used to fund roughly 550 new projects, or about 1/5 of the total loan volume in fiscal year 2023-24.

Mr. Fattig stated that in addition to the changes, this finalized Certificate of Compliance also amends the loss reserve contribution rates and triggers for microloans of under \$5,000 so that they align with all other loans issued through the program. This revision to the microloans is the only addition to the regulations as currently in force.

Following Board approval, Staff will submit the COC to the Office of Administrative Law so that the entire package of amendments is made permanent by the end of August.

Mr. Fattig thanked the Board for bearing with Staff through the extensive round of rulemaking.

Mr. Johnson moved for approval, and there was a second by Ms. Gonzales.

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
Erica Gonzales 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.

Jacob Rodriguez, responding remotely and representing Jobs to Move America (“JMA”), stated that regarding item 4.A.20 he would like to make a comment. Mr. Rodriguez stated he is a lifetime resident of Imperial County and an organizer with JMA. He stated that BHE Renewables, LLC’s (“BHE”) geothermal plants are part of the Lithium Valley vision but that they want to make sure it is done correctly for the community. Mr. Rodriguez states there is a concern in receiving clear commitments from BHE to train and hire workers locally, especially with attention to the disadvantaged communities and moving them to safe jobs with highroad careers and pathways.

Mr. Rodriguez stated that JMA would like a bona fide commitment for expansion of renewable projects like BHE’s to address environmental concerns around water quality, impacts to the salt and sea, and air quality. They want guidelines on how these issues will be mitigated and not exacerbated. Mr. Rodriguez and JMA have seen what can happen with projects that do not satisfactorily address legitimate community concerns and believe that it would be a waste for this tax abatement, on top of the multiple STEs that BHE has received in the past to become underutilized because of the risk of litigation or further project delays, and costs from not adequately addressing the communities’ concerns beforehand. We encourage BHE to meet and discuss these concerns with JMA and other labor organizations to come to an agreement for how they can work together to formalize partnerships like Community Benefits Agreements to meet these concerns.

Jared Neimark, a California organizer with Earthworks, a national non-profit organization that works to protect communities and the environment from the impact of

extractive industries while promoting sustainable solutions. Mr. Neimark stated that Earthworks has been working with frontline community organizations in Imperial County to better understand the environmental impacts of Lithium Valley developments and that Earthworks is not opposed to geothermal powerplants or direct lithium extraction from geothermal brine, but that more rigorous safeguards are needed to ensure a just transition that protects air, land, water, and public health. Earthworks is concerned that BHE's Morton Bay geothermal project may contribute to larger, cumulative impacts that have yet to be fully analyzed and mitigated within the Lithium Valley Area. For example the preliminary staff assessment for this project published by the California Energy Commission ("CEC"), according to Mr. Neimark, didn't include in its list of cumulative projects that Imperial Irrigation District water conservation project as well as the Lithium Valley specific plan, and as a result the public doesn't have the full picture of how freshwater demands for the geothermal and lithium industries may impact the cumulative water supply in Lithium Valley, which is already under strain from drought and negotiated Colorado river cuts.

Mr. Neimark stated that these decisions about water use matter immensely for the future of the receding Salton Sea and addressing the region's air quality and public health crisis is an important factor in making the correct choices. Mr. Neimark hopes that CAEATFA will act cautiously with this item in the future and do its due diligence when it comes to approving tax credits for projects in Lithium Valley that may pose a risk to the environment. Earthworks also hopes that BHE will take a proactive approach to engaging in local community organizations about these concerns.

Patrick Dexter, a representative from the United Auto Workers Union ("UAW"), commented that UAW is a union that has fully embraced the transition to a green economy and that they are excited to see many of the applications that were being considered by CAEATFA. Mr. Dexter specified that he is commenting to provide programmatic feedback on the requirements of the CAEATFA STE application. UAW's goal is that the program be improved to better achieve the State's goals regarding decarbonization and climate. UAW believes that a more serious consideration of the workforce and training elements of applicants who are applying for STEs is needed.

Mr. Dexter stated they are aware there is a current section in the application that addresses and scores workforce training and development, but it is not weighted very heavily such that applicants can still receive an STE while scoring zero points in the employment or training provisions. Mr. Dexter states UAW believes this is problematic because to build a cleaner and greener economy, there is also a need to build a more equal economy, and that cannot be done if the perspective and voices of workers who are going to be working every day with the new technologies that are being implemented via the STE program are not included. UAW asked the CAEATFA Board to consider weighting those portions of the application more heavily and to look at the CEC's Power Forward grant as a model for how the State can incorporate the needs of workers who are making important financial decisions such as this one.

Mr. Morton asked if there were any more public comments. There were none.

6. Adjournment

There being no further business, public comments, or concerns, the meeting adjourned at 10:58 a.m.

Respectfully submitted,

Claudia Quezada, Ed.D., Executive Director