



CHEEF CALIFORNIA HUB FOR ENERGY EFFICIENCY FINANCING

gogreen
FINANCING™

Clean Energy Financing Technology Expansion

CPUC Clean Energy Financing Proceeding Track 2 Proposal Workshop
March 25, 2022

“Any further delay in concerted global action will miss a brief and rapidly closing window to secure a livable future.”

-IPCC Working Group II Co-Chair Hans-Ott Portner, February 2022

Reaching carbon neutrality by 2045 will require **hundreds of billions in investment dollars** to electrify existing structures

We are only 8 years away from the State’s 2030 goal to **reduce GHG emissions by 40%** from 1990 levels

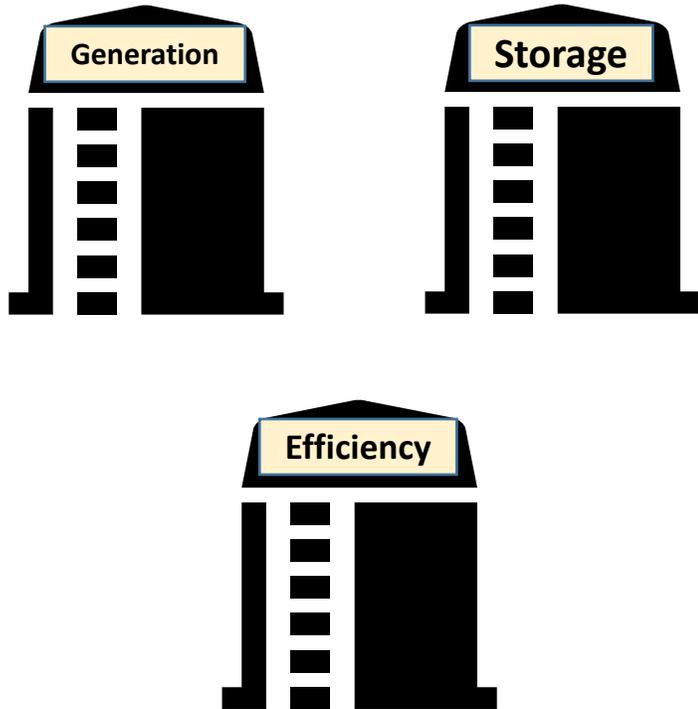
California will burn this summer:
93% of state is under severe drought → longer fire season with higher burn intensity

We need Efficiency. And GHG Reduction. And Decarbonization.

And Peak Demand Reduction. And Grid Resilience.

We need to make our existing efficiency programs work in service of all these goals.

“It is time for the Commission to consider options for financing more holistically and comprehensively” - CPUC Order Instituting Rulemaking



The time for silos is over.

“It is clear that customers do not approach investments in the same resource-specific manner that the Commission uses to make funding decisions.” – Order Instituting Rulemaking, p. 30

“The purpose of this proceeding is to provide a venue for investigating and designing mechanisms that can help customers finance **all of the energy investments they might wish to make on their properties, without artificial barriers, such as those caused by regulatory rules related to funding source.**” – Order Instituting Rulemaking, p. 30

“New financing opportunities should expand the current IOU ratepayer-funded programs’ focus **beyond energy efficiency... to more broadly address California’s economy-wide decarbonization and greenhouse gas reduction goals, resiliency...**” – Track 2 Scoping Memo, p. 3

Proposal: Leverage more private capital toward more of the State's goals

Expand the CHEEF/GoGreen Financing Programs to support financing of **comprehensive clean energy technology**

- Move beyond the silos of Energy Efficiency and Demand Response to also support state goals of decarbonization, GHG reduction and resiliency



Re-authorize CAEATFA to develop the **Nonresidential/ Large Commercial Program**

- Allow on-bill repayment without a credit enhancement for large commercial and public buildings

Hundreds of millions of \$ in private capital potential

Balance sheet capacity and investor commitments of GoGreen Financing lenders could be **immediately** unlocked and channeled toward GHG reduction, resilience, peak demand reduction and decarbonization



Updates: GoGreen Financing programs make strides

\$33.5 million in private capital leveraged to date for energy efficiency with \$4.8 million of credit enhancement

- First incorporation of non-PPP funds: Financing for heat pumps now available to any IOU gas customer

TECH
Partnership



- GoGreen Business customers can now repay private capital financing as part of their utility bill in Edison, SoCalGas and SDG&E territory

On-Bill
Repayment



- Interest rates as low as 0% available to eliminate financing barriers for affordable multifamily projects

Multifamily
Interest Rate
Buy-Down



- SoCalGas customers can access GoGreen Financing through their utility marketplace for efficient purchases

Point of sale
financing for
appliances



Coming next:

- Residential marketplace microloan launch in SoCal Edison territory
- Launch of On-Bill Repayment in PG&E territory
- Launch of On-Bill microloan \$500-\$5,000 for small businesses in SDG&E territory with Accessity
- New lenders to join GoGreen Home and offer dealer financing model for contractors

Objectives of Proposal 1: Comprehensive clean energy technology expansion



1. **Immediately unlock tens of millions of dollars** in private capital toward state goals of GHG reduction, & decarbonization



2. Enable the GoGreen Financing Programs to serve as a “**one-stop shop**”



3. **Expand debt-based options for moderate income customers** who have the cash flow to repay loans



4. **Complement** expanded OBF and new Tariffed On-Bill (TOB) Financing proposals

Comprehensive clean energy expansion overview

How it would work

- **Existing lenders** offer same products for more comprehensive projects + new lenders join
- **Existing contractor network** is utilized + new contractors join
- **Existing infrastructure**, like GoGreen Financing website, is leveraged

What it would take

- **Regulatory modification** to add additional technology to the eligible measure list: approximately 6-12 months
- **1 additional staff person** for operations and coordination
- Contracting costs would be absorbed under existing budget

What it would look like

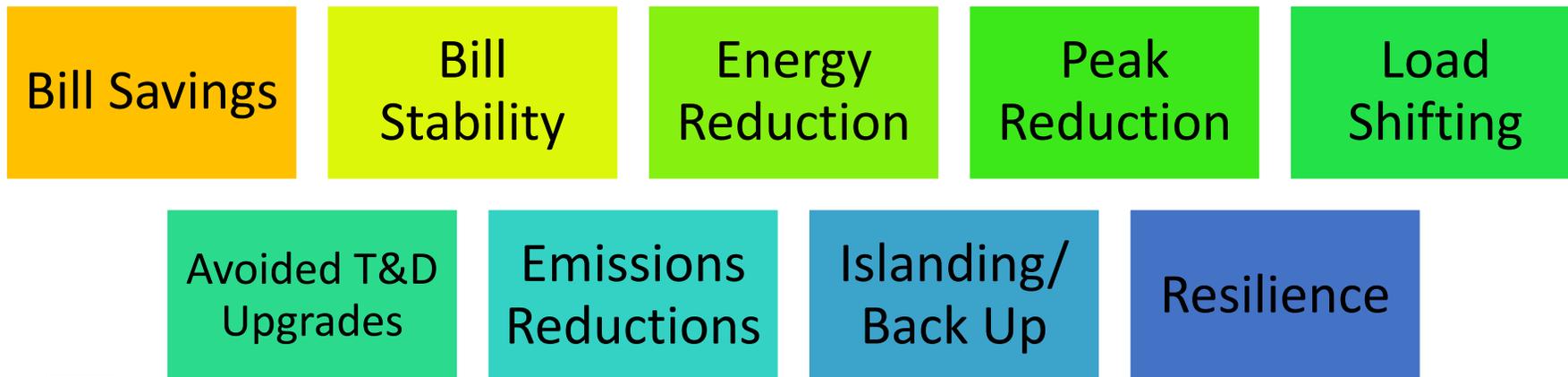
- GoGreen Home customers might finance **solar PV + battery storage + EV charging**
- GoGreen Business customers might finance **solar PV + heat pumps**
- Or **combined heat and power**

Eligible technology would need to provide benefits to 1) customers, 2) utility and 3) society

Proposed technology eligibility decision process:



Examples of benefits provided:



Objectives of Proposal 2: Re-Authorization of Non-Res Program



1. **Expand access** to the already-developed OBR infrastructure



2. **Preserve credit enhancement** dollars for qualified small businesses



3. **Leverage tens of millions of dollars** in GoGreen private capital financing options



4. **Leverage** the CHEEF's **existing infrastructure** to yield significant GHG reduction with little additional expense

Re-authorization of NonRes Program Overview

How it would work

- **CPUC re-authorizes program**
- **GoGreen Business lenders** offer financing for large projects (\$500k-\$5 or \$10 million)
- **Existing OBR infrastructure** is utilized
- **Same expanded technology list** and screening criteria as proposed above.

What it would take

- **Regulatory modification** to add OBR without credit enhancement: approximately 6-12 months
- **1 additional staff person** for operations and coordination

What it would look like

- Large public buildings might finance energy efficiency + combined heat and power – repaid on the bill
- Energy savings and GHG reduction without use of credit enhancement
- Additional lenders who serve MUSH market and are interested in OBR may join

All financing solutions are needed to reach State goals

Expanded GoGreen Financing fills gaps and works with other proposed solutions:

Complementing expanded OBF

- Reach customers whose **projects don't qualify for OBF** due to lack of bill pay history, measures without rebates/incentives, and size above OBF maximum
- **Preserve 0% subsidy loans for customers that truly need them**; utilize private capital for large commercial/public buildings that require large investment amounts

Complementing TOB

- Reach customers who can pay for upgrades and **help preserve subsidy capital** for income-qualified customers
- **Blend private capital loans with TOB when market segments overlap**: TOB can be used for some measures while private capital loans can be used for others

How to pay for it: new ratepayer funds not needed

Option 1 Recommended

- Allow CAEATFA to seek external non-IOU ratepayer, non-Public Purpose Program (PPP) surcharge funds

As was done with geographic expansion to non-IOU customers via D.21-08-006

Option 2 Recommended

- Determine that the up to \$75.2 million authorized to support the CHEEF through D.21-08-006 can also be used to support clean energy technologies beyond Energy Efficiency and Demand Response.

GoGreen Financing is outside of the Energy Efficiency Portfolios

Option 3 Not Recommended

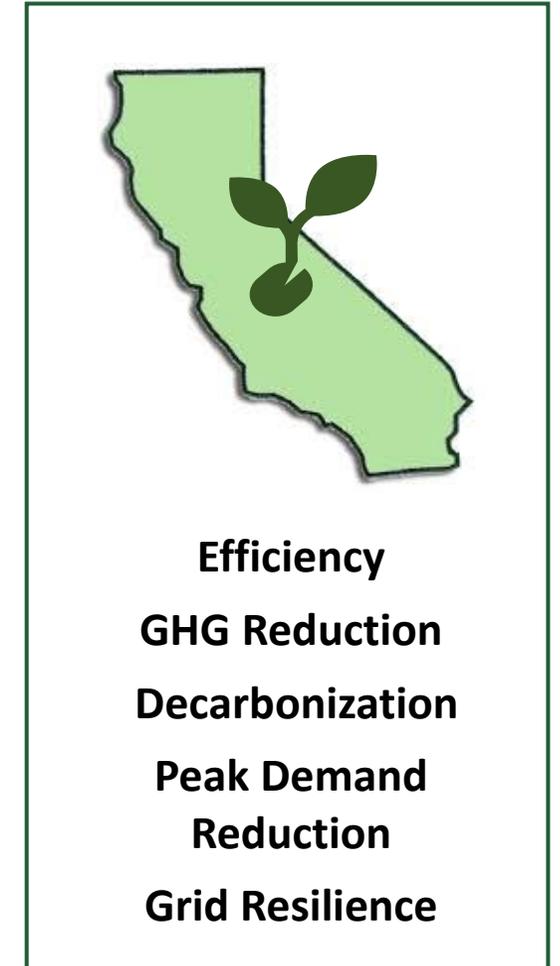
- Authorize new ratepayer funds to support this expansion.

Anticipating Stakeholder Concerns

1. The CPUC has already approved up to \$75.2MM for the GoGreen Programs for the next 5 years – will allowing these funds to be used toward comprehensive clean energy technology dilute the amount available for EE?
 - The Energy Efficiency aspects of our Program, especially for GoGreen Home, are well established
 - Faster utilization of the funds is means we are achieving GHG reductions, energy efficiency, resilience and peak demand reduction for the State **sooner**
 - Customer uptake of specific measures is easy to monitor
2. Can the CPUC procedurally allow the approved CHEEF budget (which is paid by funds from the PPP surcharge) to support credit enhancements clean energy technology?
 - One stated goal of this Proceeding is to remove "artificial regulatory barriers" to clean energy financing – CPUC should consider whether through a Decision, it has the ability to authorize these funds be utilized in service of additional goals

The GoGreen Financing Programs could be ready to deploy millions of private capital \$ toward State goals in 6-12 months

- ✓ 15 private finance companies with excess lending capacity and more lenders on the way
- ✓ Demand from large commercial and public buildings
- ✓ Network of 600+ enrolled contractors
- ✓ Regulations and regulatory frameworks
- ✓ Clean energy technology consultant under contract
- ✓ Customer-facing website and platform
- ✓ On-bill repayment infrastructure
- ✓ Incorporated first source of non-PPP funding and are exploring other funding options
- ✓ No new funding needed; only expanded authorization





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Thank You

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