BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Investigate and Design Clean Energy Financing Options for Electricity and Natural Gas Customers.	FILED PUBLIC UTILITIES COMMISSION AUGUST 27, 2020 SAN FRANCISCO, CALIFORNIA RULEMAKING 20-08-022

ORDER INSTITUTING RULEMAKING
TO INVESTIGATE AND DESIGN CLEAN ENERGY FINANCING OPTIONS
FOR ELECTRICITY AND NATURAL GAS CUSTOMERS.

Opening Comments and Reply

Briefing for
Orange Button Collaboration Group

K. Dixon Wright
Chairman
Surety Resource Connection

Supported by
Alfred R. Berkeley III, Princeton Capital
Larry Clopp, President, Surety Resource Connection
Matthew Cox, Senior Vice President – Risk Management Leader, USI Insurance
Gary Donofrio, Senior Vice President, USI Insurance Services
Patrick McGinty, President, Surewave
Don McQuade, Vice President, Surety Resource Connection
Jonathan Previtali, Director of Technology & Technical Services, Wells Fargo Renewable Energy & Environmental Finance
Jan Rippingale, CEO, Blu Banyan
Tom Tansy, Chairman SunSpec Alliance
Nathan Wood, Executive Director, Construction Progress Coalition

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Documents Filed

348078137	Mitsubishi Electric US	Opening Comments
348038411	Environmental Defense Fund	Opening Comments
348081669	Clean Coalition	Opening Comments
348035878	National Consumer Law Center	Opening Comments
348387655	Carbon Free Palo Alto	Opening Comments
348078175	Green For All,The Greenlining Institute	Opening Comments
348078474	Natural Resources Defense Council	Opening Comments
348081690	Enovity, Inc.	Opening Comments
348070888	VEIC	Opening Comments
348078034	Cal Advocates/HOOK/CPUC	Opening Comments
348078033	California Low Income Consumer Coalition	Opening Comments
348035913	Southern California Gas Company	Opening Comments
348077744	Recurve Analytics, Inc.	Opening Comments
348070860	East Bay Community Energy	Opening Comments
348038412	Protect Our Communities Foundation	Opening Comments
348078421	The Energy Coalition	Opening Comments
348077711	SDG&E,SC	Opening Comments
348078003	The Utility Reform Network	Opening Comments
348070836	OhmConnect, Inc.	Opening Comments
348035880	FuelCell Energy, Inc.	Opening Comments
348078129	OhmConnect, Inc.	Opening Comments
348078418	California Energy Storage Alliance	Opening Comments
348077707	Local Government Sustainable Energy Coalition	Opening Comments
348081649	Utility Consumers' Action Network	Opening Comments
348081646	Southern California Regional Energy Network	Opening Comments
348077706	Pacific Gas and Electric Company	Opening Comments
348078416	National Fuel Cell Research Center	Opening Comments
348814718	The Utility Reform Network	Reply Comments
348880584	Southern California Gas Company	Reply Comments
348881185	SAN DIEGO GAS & ELECTRIC COMPANY	Reply Comments
348814722	Southern California Edison Company	Reply Comments
348814723	Protect Our Communities Foundation	Reply Comments
348880583	East Bay Community Energy	Reply Comments
348815530	Environmental Defense Fund	Reply Comments

Execute Summary

The objective of the DOE Orange Button collaboration group is outreach, education and engagement for developing data interoperability for the ecosystem between the capital and financial markets, regulatory bodies, utilities, contractors and all energy related entities including their supply chain.

The California Public Utility Commission initiated an Order Instituting Rulemaking to Investigate and Design Clean Energy Financing Options for Electricity and Natural Gas Customers and sought comments and then replies to the comments submitted.

The Orange Button Collaboration Group submitted a reply comment with a Group Statement, limited commentary and the specific recommendation to allow utilities to offer third party financing through the existing On Bill Repayment structure.

> Orange Button Collaboration Group Statement
>
> Building the Smart Grid better, faster, cheaper requires unleashing the power of standardized data. The transition to digital communications, smart contracts and electronic transactions will enable data analytics and next generation products and services. Federal and State agencies, Capital and Financial Markets and the Construction industry should implement standardized frameworks that support ecosystem data interoperability based on machine readable data standards for common data exchange.
>
> Summary
>
> Our recommendation is for CPUC to authorize utilities to offer On Bill Repayment for clean energy projects up to $5,000,000 as outlined in the CHEEF flyer data January 31, 2020, leaving it to third party lenders to administer their underwriting and risk management independent from utility or ratepayer support.

Proposed structure is for the utility to offer On Bill Repayment and administer third party loans for clean energy projects. As part of the loan administration accept utility payment surety bonds to enable consumers to qualify for unrestricted competitive financing, and participate in third party programs that provide risk management resources as part of the value proposition.

Comments and replies were submitted by a wide range of stakeholders and there was consistent support for expanding financing options that aligned with the advocacy advanced by the Orange Button Collaboration Group. Each of the responses provided commentary to support the positions advocated, many reiterating common themes.

Where relevant to the Orange Button and On Bill Repayment the text from various submissions was extracted for this brief, and commentary added to highlight synergy with the Orange Button Collaboration Group Statement and Summary Recommendations.

Common Themes

- Traditionally financing programs are targeted and narrowly focused on specific and limited activities. Several stakeholders supported the OIR statement that financing be more holistic and allow a wide range of activities and energy sources, such as solar and storage with energy efficiency as well.

- Several stakeholders raised concerns about financial offerings creating situations with customers where they could not afford the work being financed and being incentivized into loans that was beyond their ability to pay.

- While the concern for the credit challenged was regularly cited, there was little if any comments on providing financing for the credit qualified, or for helping the credit qualified from the risk associated with the activity being financed.

- Helping the credit challenged consumer with rate payer funding and at rate payer risk was regularly supported and understood to have regulatory restrictions.

- Helping the non-credit challenged consumer without the need for rate payer funding or at rate payer risk was not addressed.

- Leveraging existing programs was cited often, as was the admonition against starting new programs, or adding complexity to accessing existing programs.

- Several stakeholders acknowledged and supported the aggressive goals for clean energy, but not acknowledging how the increased demand for services will create risk. On the positive side this demand will create opportunities for new startups and new jobs in clean energy. On the negative side the demand for contractors in excess of supply will cause many new and some existing companies to take on more work than they are capable of handling. Unqualified or overextended contractors create a risk to consumers that is not being addressed.

- Given Covid-19 and its impact on the economy many stakeholders urged solutions be allowed to proceed quickly, particularly if its benefits could be realized soon.

- Concern was cited by many stakeholders that Covid-19 would stall momentum toward clean energy goals.

- Climate change was cited often, but more pressing was the need for resiliency provided by distributed energy resources. The more commercial and residential consumers had installed energy generation and backup the more resilient communities were.

Synergy with Orange Button and On Bill Repayment

On Bill Repayment financing:

- Is already offered by third parties and does not create a new program, has a history of success, along with areas that have been identified as problematic that can be avoided.

- Can cover a loan for anything, and subject only to the financing company willingness to lend and the customers' ability to pay.

- Enables third party lenders and sureties to leverage the loan administration provided by the utility, and the lower loan default risk being associated with the monthly utility bill.

- Surety bonds guaranteeing utility payments are already accepted by utility companies and can be relied upon by lenders, with no risk to rate payers or utility.

On Bill Repayment financing leveraging Orange Button Data Interoperability:

- Enables data analytics for innovative products and services that third-party lenders can leverage to better manage risk during construction, such as surety bonds and insurance products.

- Provides credit worthy customers with third-party lenders that may have developed various data analytics approaches to providing financing, including project scoping, contractor selection and protection against contractor default.

- Provides credit challenged consumers with third-party lenders that have developed various approaches to providing financing that might include the SBA, federal or state programs and utility programs, including project scoping, contractor selection and protection against contractor default.

We encourage all stakeholders across the ecosystem to contribute to the public requests for review and commentary either directly, or through engagement with the collaboration group collective response.

The list of comments is provided on the initials page of this brief, and the link to all comments and replies submitted is provided on the CPCU website.

The extracted text includes the link to the submission along with the contact information for anyone that wants to follow up directly.

California Energy Storage Alliance

https://www.storagealliance.org/
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K078/348078418.PDF

CESA supports the Commission's issuance of this OIR to develop a cohesive and comprehensive strategy for helping customers finance energy improvements, not only in a siloed technology-specific approach but also in efficiently integrating multiple distributed energy resources ("DERs"). (Page 1, Paragraph 2)

> On Bill Repayment Can cover a loan for anything, and subject only to the financing company willingness to lend and the customers' ability to pay.
>
> Orange Button data interoperability enables any lender, contractor, surety or insurance company to offer products and services. No silo.

Alex J. Morris, Executive Director
Jin Noh, Senior Policy Manager
California Energy Storage Alliance
2150 Allston Way, Suite 400
Berkeley, California 94704
Telephone: (510) 665-7811
Email: cesa_regulatory@storagealliance.org

Clean Coalition

www.clean-coalition.org
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K081/348081669.PDF

It is worth noting that while much of the focus of electrification is on decarbonization and updating infrastructure, an equally important consideration must be the renewable resources replacing older inefficient and polluting sources of energy. Incentivizing electrification inherently requires the promotion of renewable resources, primarily solar + storage assets, that can be deployed on built environments: rooftops, parking lots, and parking structures. Thus, electrification has the added benefit of providing an extra layer of local resilience by increasing the penetration of renewable resources while reducing societal reliance on natural gas pipelines. (Page 2, Paragraph 2)

Clean Coalition opening comments will focus on the importance of resilience as a mechanism to promote the deployment of Distributed Energy Resources ("DER"). Properly valuing resilience provides consumers with an extra value stream, creating an opportunity to make residences and commercial interests more energy efficient. In addition to personal benefits, DER also increases the amount of community resilience, a facet that is especially important at a point in California history where Public Safety Power Shutoffs ("PSPS") and the possibility of rolling blackouts make outages an ever present reality and the COVID-19 pandemic means people are spending the majority of time at home. (Page 2, Paragraph 3)

The Clean Coalition differentiates three tiers of loads: critical (life-sustaining) loads that must be kept on all of the time, priority loads that can be kept on most of the time, and discretionary loads that would ideally be energized, but are not essential. Since many facilities are willing to pay a premium for resilience, especially to sustain critical loads, there is an opportunity for financing mechanisms that improve the economics of renewable resources deployed for resilience. (Page 5, Paragraph 1)

> The more commercial and residential consumers had installed energy generation and backup the more resilient communities were.
>
> Competitive and risk managed financing promotes credit worthy commercial and residential consumers to install without delay.
>
> Providing credit challenged consumers with tailored approaches and risk managed financing enables almost any commercial and residential consumer to install within their resources and capability to pay.

Ben Schwartz
Policy Associate
Clean Coalition
1800 Garden Street
Santa Barbara, CA 93101
Phone: 626-232-7573
ben@clean-coalition.org

East Bay Community Energy

www.ebce.org
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K070/348070860.PDF

Logically, financing programs have the highest opportunity to be successful when integrated into program offerings. As CCAs expand their programs to include energy efficiency, transportation electrification, battery energy storage, and load management, they are in a strong position to also offer financing for these programs. (Page 8, Paragraph 2)

> CCA's provide a unique structure to portfolio management On Bill Repayment for a group of consumers.

Samantha Weaver
East Bay Community Energy
1999 Harrison St, Suite 800
Oakland, CA 94612
Tel. (510) 650-7577
Email: sweaver@ebce.org

Environmental Defense Fund

www.edf.org
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K038/348038411.PDF

In addition on-bill repayment and the intervention of outside lenders means credit checks may prevent many of these same categories of potential customers from being able to participate; it may therefore be prudent to ensure there are solutions in place for certain categories of customers in order to create a more equitable distribution of these financing solutions. Finally, to the extent feasible, EDF suggests that the processes put in place to effect these financing mechanisms be simplified to the extent possible – each element of the on-bill repayment for energy efficiency involved at least 5 actors, had multiple steps, and altogether presented a daunting process for all but the most savvy of customers. Ensuring the most inclusive distribution of financing solutions necessarily means that utilities must take steps to provide support and streamline the process to the extent possible. (Page 9, Paragraph 1)

Orange Button data interoperability will enable streamlined processing and administration

The DOE NREL SolarApp utilizing Orange Button data elements will add to the efficiency, and all stakeholders can efficiently exchange common data elements.

Michael Colvin
Director, California Energy
Environmental Defense Fund
123 Mission Street, 28th Floor
San Francisco, CA 94105
Phone: (415) 293-6122
Email: mcolvin@edf.org

FuelCell Energy, Inc.

www.fce.com
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K035/348035880.PDF

Given the breadth of programs, policies, and technologies that this rulemaking will be considering, it is curious that the Commission did not refer to biogas, biomethane, or hydrogen. All three of these energy resources play a significant role in decarbonizing California's electric grid and will continue to have an important role in California's energy future. Hydrogen especially must play a key role in this discussion given its applications in transportation, energy storage, and pipeline decarbonization. It is only prudent in a proceeding examining all available options for financing green energy infrastructure that the Commission include all available sources of renewable and zero carbon energy. (Page 2, Paragraph 2)

On Bill Repayment could cover a wide range of energy sources and uses.

Brady Borcherding
Director of Government Affairs, West Coast
FuelCell Energy, Inc.
3 Great Pasture Road
Danbury, CT 06810
(415) 710-7167
bborcherding@fce.com

OhmConnect

www.ohmconnect.com

OhmConnect urges the Commission to consider as part of this OIR a) expanding the technologies eligible for incentives to be more inclusive of all DR enabling technology, b) increasing the financing options beyond a ratepayer-funded rebate process, and c) determining how to standardize and streamline the financing process to facilitate consumer uptake of enabling technology. (Page 5, Paragraph 3)

> Orange Button data interoperability enables streamlined processing and administration by standardizing the financing process.

Recent events make clear that the grid would benefit substantially from hundreds of thousands of additional customers adopting enabling devices and participating in energy efficiency and demand response programs. The power outages in mid-August due, in part, to a lack of available capacity could have been avoided with more dispatchable load. In addition, the recent Decision 19-11-016 that directs Load Serving Entities to procure a cumulative and incremental 3,300 Megawatts of capacity highlights California's growing and immediate reliability challenges. Finally, the prevalence of Public Safety Power Shutoff (PSPS) events underscores the need for responsive load distributed across California. For all of these reasons, there is an urgent necessity to expand the available financing options for customers to install enabling devices for DR and EE participation. To respond to this urgent need, OhmConnect proposes an accelerated timeline that will expand the financing options available to customers in advance of the Summer of 2021. (Page 6, Paragraph 3)

> On Bill Repayment can be implemented now.

John Anderson
Director of Energy Markets
OhmConnect, Inc.
616 16th Street, Suite M20
Oakland, CA 94612
Telephone: (415) 697-1271
Email:john@ohmconnect.com

Pacific Gas and Electric Company

www.pge.com
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K077/348077706.PDF

PG&E has long been a proponent of expanding clean energy financing and believes financing has the potential to be a smart, cost-effective tool to meet customers' diverse energy needs and the state's ambitious clean energy goals. Financing can offer significant benefits compared to traditional incentive approaches, such as expanding customer access to upfront capital, easing participation, promoting high customer satisfaction, and lowering free-ridership To these ends, PG&E looks forward to exploring appropriate financing mechanisms to help spur additional customer investment in clean energy technologies. (Page 1, Paragraph 3)

These comments are intended to help the Commission shape and scope this proceeding to maximize benefits of clean energy for our customers. PG&E's comments focus on the following five areas: (Page 2)

1. Ensuring that clean energy financing mechanisms support customers' investments in holistic clean energy solutions by minimizing program silos, encouraging flexibility, and considering the multitude of customer value streams;

   On Bill Repayment utilizing Orange Button data interoperability breaks down the silo approach to encourage maximum flexibility for a wide range of financing options.

2. Leveraging existing financial mechanisms and incorporating lessons learned to achieve scale;

   On Bill Repayment is an existing program, and lenders providing construction loans is standard practice.

   Sureties providing utility payment guarantees surety bonds is standard practice, as is accepted surety bonds by utilities.

3. Incorporating specific consumer protections (e.g., energy project performance) to mitigate unnecessary risk for customers, particularly for vulnerable and low income customers and disadvantaged communities;

   On Bill Repayment loans provided to bonded borrowers protects all rate payers against the default of borrowers.

   The surety for the borrower will impose underwriting requirements to prevent unqualified borrowers for getting loans they are not prepared for, and assistance with processes to secure qualified contractors.

   The surety working under programs tailored for vulnerable consumers will have special resources to help, plus impose underwriting requirements and assistance with processes to secure qualified contractors.

4. Allowing Program Administrators to pursue expansion of existing financial mechanisms in a way that aligns with current program structures and existing proceedings; and
   On Bill Repayment is an existing program

5. Addressing cost-effectiveness of financing programs in a way that appropriately addresses existing program goals.
   Orange Button data interoperability enables cost effective administration of the existing On Bill Repayment structure.

PG&E wants to make it as easy as possible for our customers to invest in holistic clean energy upgrades regardless of their motivations (e.g., resiliency, bill savings, energy conservation), while also limiting the impact on non-participating customers and ensuring appropriate consumer protections are in place. (Page 2, Paragraph 4)

On Bill Repayment can cover a wide range of activities, and bonded borrowers present zero risk to non-participating customers or the utility.

The surety working under programs tailored for vulnerable consumers will have protections in place as part of the underwriting and claims process.

To support these goals, a concerted effort should be made to break down silos among the various ratepayer-funded clean energy programs (e.g., energy efficiency, demand response, electric vehicles and emerging microgrid areas.). (Page 3, Paragraph 2)

Orange Button data interoperability beaks down the silo's.

Additionally, the Commission may need to consider different ways to assess the value of financing mechanisms to customers as adoption of comprehensive clean energy investments increases. For example, the EE on-bill financing (OBF) program is designed to offer customers bill neutrality, which is also used to determine the approved loan amount. When combining different types of technologies designed to meet various energy needs (e.g., storage to meet backup power needs, heat pump water heater (HPWH) to support environmental objectives), it may not be feasible to sustain bill neutrality. (Page 3, Paragraph 3)

On Bill Repayment does not require bill neutrality, but instead is focused on the borrower and their ability to pay.

New mechanisms may lack the flexibility required to succeed. Leveraging existing financial mechanisms will also promote the effort to scale-up more quickly and attract more participation from private capital. This would help to move away from solely relying on ratepayer funding, which should be an important goal of this OIR. (Page 4, Paragraph 1)

On Bill Repayment exists and can be scaled up

In this regard, investor interest in clean energy opportunities is at unprecedented highs. Nonetheless, PG&E's experience from the On-Bill Repayment (OBR) proceeding demonstrates that new regulatory-driven open market systems are often uninviting for prospective financial institutions because the financing mechanism is unproven and demand is unknown. Ultimately,

PG&E believes that expanding successful financing mechanisms – rather than creating new untested regulatory mechanisms – is a more prudent path for this rulemaking. (Page 4, Paragraph 2)

On Bill Repayment does not need to be regulatory-driven, but driven by third party lenders free from regulatory constraint.

PG&E recommends that the Commission modify the scope of the OIR to include developing guidelines on energy project performance that contractors and developers would be expected to meet. This issue is particularly germane for low-income customers and disadvantaged communities. A focus on project performance may also mitigate risks that lenders experience by facilitating high-quality project installations with predictable results, and thus building a strong market in California for financing energy projects. PG&E recommends that the Commission create overarching financing guidelines (i.e., an investment framework) that would apply to any type of ratepayer-funded financing mechanism. The guidelines would delineate expectations on project performance, eligible technologies, equipment maintenance, and data collection requirements, to name a few. (Page 6, Paragraph 3)……. This would make it easier for customers, contractors and financial institutions to invest. (Page 5, Paragraph 3)

The Orange Button initiative is specifically designed for monitoring performance of contractors and monitoring completed system performance.

While PG&E supports the scope and objectives of this rulemaking, PG&E recommends that the Commission allow Program Administrators to continue to pursue expansion and/or modifications to existing financial mechanisms within current program structures. PG&E also recommends expedited approval for these changes in order to minimize delays in offering customers critical clean energy financing options. (Page 6, Paragraph 3)

On Bill Repayment currently exists and for clean energy projects up to $5,000,000 as outlined in the CHEEF flyer data January 31, 2020

STEVEN W. FRANK
Attorney for
Pacific Gas and Electric Company
77 Beale Street, B30A
San Francisco, CA 94105
Telephone: (415) 973-6976
Facsimile: (415) 973-5520
Email: steven.frank@pge.com

Protect Our Communities Foundation

https://protectourcommunities.org

Specifically the scope should be expanded to investigate the GEM$ OBF and OBR programs, which available to owners and renters. Forty-three percent of customers in Hawaii are renters,

underscoring the importance of the inclusion of renters in a program intended to reach all ratepayers. (Page 2, Paragraph 3)

The GEM$ program includes the following attributes: (Page 3, Paragraph 1)

- Participating homeowners, renters, small businesses and nonprofits pay back the cost to install rooftop solar panels, solar water heaters, heat pump water heaters and other energy-efficient equipment via a line-item charge on their monthly electric utility bill.

- Program participants pay no upfront costs — the loan is offered at a fixed interest rate of 5.5 percent with terms lasting up to 20 years.

  Third party lenders can provide significantly more competitive terms if the borrower is bonded for the payment of the monthly utility bill and the contractor is bonded.

Hawaii funds its GEM$ program with $150 million in state bonds. Both OBF and OBR are included in the scope of the GEM$ program. The GEM$ program leverages its bond funding with private capital, with a typical project consisting of a roughly 50/50 split between GEM$ funding and private capital. As the Commission recognizes in the OIR, private capital should serve as the major funding source for the OBF and OBR programs. (Page 3, Paragraph 2)

Bill Powers, P.E.
Technical Advisor
Protect Our Communities Foundation
4452 Park Boulevard, #202
San Diego, CA 92116
(619) 917-2941
bpowers@powersengineering.com

Local Government Sustainable Energy Coalition

http://www.lgsec.org/
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K077/348077707.PDF

LGSEC represents 14 cities and 23 counties, jurisdictions that govern almost three- quarters of the state's population, close to two-thirds of California's electricity demands. What's more, LGSEC members serve as designers and lead implementors of a host of energy efficiency, demand response, building decarbonization, and other energy management programs. (Page 2, Paragraph 2)

In the context of chronic forced and unintentional electricity outages and the extreme fiscal fallout from the ongoing public health crises, California cannot afford to wait for the 'market' to harvest energy efficiency gains that have been deemed code. Likewise, the CPUC will not achieve the state's necessary and ambitious decarbonization goals without energetic engagement by local

governments (LGs). As noted in the OIR, LGs are key to the success of multiple attractive financing options, including Green Banks and Property Assessed Green Energy. LGs, particularly Community Choice Aggregators (CCAs) and Regional Energy Networks (RENs), frequently serve as program administrators for equity-focused energy efficiency programs and will need to assume similar roles to successfully deploy microgrids and as part of transportation electrification. (Page 2, Paragraph 3)

Local governments can provide a unique structure to portfolio management On Bill Repayment for a group of consumers.

Steven Moss
Partner, M.Cubed
296 Liberty Street
San Francisco, California 94114
415.643.9578; steven@moss.net

National Fuel Cell Research Center

http://www.nfcrc.uci.edu/
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K078/348078416.PDF

The NFCRC notes the lack of references to biogas, fuel cells and hydrogen in the clean energy options addressed in the OIR and requests that the scope of the proceeding explicitly include these options to pursue the goal of statewide decarbonization by 2045. (Page 4, Paragraph 3)

Ensuring that financing options are available to all clean energy technologies, including fuel cells, renewable gas and hydrogen is critical to developing the carbon reduction pathways that can only be achieved with their inclusion. We cannot achieve our zero emissions policy goals without renewable fuels. (Page 6, Paragraph 2)

The NFCRC thanks the Commission and other parties for the opportunity to participate in this proceeding and offer comments. We emphasize the importance of developing different clean energy financing tools to allow customers to choose the technology options that meet their needs. (Page 7, Paragraph 1)

On Bill Repayment could cover a wide range of energy sources and uses.

Jack Brouwer
Director
National Fuel Cell Research Center
University of California Irvine
Irvine, CA 92697-3550
Tel: 949-824-1999 Ext. 11221
E-mail: jb@nfcrc.uci.edu

Small Business Utility Advocates

https://utilityadvocates.org/
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M347/K810/347810965.PDF

Small businesses may be particularly challenged to access financing for energy equipment. One study found that only "4% of California small businesses used external financing to upgrade energy equipment." Generally small businesses are resistant to taking on debt. Even if they are willing to assume the risk and hassle of applying for financing, without business expertise in costing out energy projects, they may find it difficult to convince a loan officer to finance their project. (Page 3, Paragraph 3)

> The surety working under programs tailored for vulnerable consumers will have special resources to help, plus impose underwriting requirements and assistance with processes to secure qualified contractors.

Jennifer L. Weberski
Litigation Supervisor
Small Business Utility Advocates
548 Market St., Suite 11200
San Francisco, CA 94104
T: (703) 489-2924
Email: jennifer@utilityadvocates.org

San Diego Gas & Electric Company / Southern California Edison Company

https://www.sdge.com / https://www.sce.com/
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K077/348077711.PDF

c) The OIR states, *"The most successful long-term strategies are likely to involve the use of a small amount of ratepayer support, coupled with a much larger amount of private capital provided by financial institutions."* The Joint IOUs agree that the Commission should adopt affordable options for customers by, whenever possible, prioritizing financing with private capital over investments from other customers. That is the case because the customers who bear the predominant share of the cost burden of subsidy programs are typically lower income and middle-class customers. (Page 6, Paragraph 3)

> On Bill Repayment where borrowers are not part of rate payer guarantees present zero risk to non-participating customers or the utility.

d) The Commission should ensure that the IOUs' shareholders face no financial risk associated with financing these investments. (Page 7, Paragraph 2)

> On Bill Repayment where borrowers are not part of rate payer guarantees present zero risk to non-participating customers or the utility.

Minimize Risk (Page 9, Paragraph 2)
The fourth guiding principle is to minimize risk for the IOUs and all their customers, meaning those who are participating in the financing program and those who are not. To mitigate risk, the Commission should:

a) Assess the legality of options to ensure the utilities are not exposed to unreasonable risk of legal challenges, or be subject to California consumer lending laws, the costs of which are borne by customers.

> Given rate payer funds are not uses and the ratepayer is not at risk there should be no legal challenges.
>
> On Bill Repayment third party lenders and insurance companies are regulated independently from the utility.

b) Avoid programs that require utilities to carry substantial risks of the investments, such as programs that require the IOU to be responsible for the purchase, ownership, and maintenance of the equipment installed on customer homes or businesses.

> On Bill Repayment third party lenders and insurance companies bear the investment risk and would have self-interest in maintenance of equipment.

c) Assess and mitigate the risks to the IOUs' balance sheets and tax consequences of any financing option(s).

> There is no risk to IOU balance sheet or tax planning. On Bill Repayment third party lenders and insurance companies bear all risk, and the transaction is arms length.

d) Eliminate perverse incentives and adopt safeguards that prevent the use of predatory lending practices by third parties, by identifying and coordinating with the correct regulatory agencies for oversight of third-party lending. The oversight must be handled by the appropriate regulatory agencies, not by the utilities. One way the Commission can protect customers is to exclude Property Assessed Clean Energy (PACE) program financing, or any financing that lack sufficient consumer protections, from the Commission's program. Some jurisdictions in California have ended all participation in PACE programs because they lack consumer protections, are rife with potential fraud, and have been deemed abusive because of the liens the loans impose on customers' properties, causing some people to lose their homes.

> Third party lenders and insurance companies are regulated by their respective agencies which provide oversight.
>
> The utility would have no role in regulating third party lenders where their loans did not involve ratepayer funds, or the balance sheet of the utility.
>
> The PACE program is separate and distinct from On Bill Repayment

e) Discourage programs that saddle customers who would not otherwise qualify for financing with high interest rate debt. Such customers should only qualify for a financing program if the overall financial savings is expected to equal or exceed the costs of the principle and interest. This goal will also support the affordability principle.

On Bill Repayment contemplates that borrowers would be credit worthy for the loan they secure.

PAUL A. SZYMANSKI
San Diego Gas & Electric Company
8330 Century Park Court, CP32D
San Diego, CA 92123
Telephone: (858) 654-1732
Facsimile: (858) 699-5027
Email: pszymanski@sdge.com

REBECCA MEIERS-DEPASTINO
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, CA 91770
Telephone: (626) 302-6016
Email: Rebecca.Meiers.DePastino@sce.com

Southern California Gas Company

https://www.socalgas.com/
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K035/348035913.PDF

SoCalGas serves as the statewide lead partnering with the other Investor Owned Utilities ("IOUs") and the California Alternative Energy and Transportation Financing Authority ("CAEATFA") piloting new financing mechanisms utilizing private capital, credit enhancements, and on-bill repayment ("OBR"). (Page 2, Paragraph 2)

The Commission should leverage and utilize OBR as a financing mechanism for clean energy technologies. SoCalGas and the other IOUs have extensively invested in OBR infrastructure that allows for customers to make monthly loan payments, funded by private financial institutions, through their utility bills. Today, loans made through the new energy efficiency financing pilots, which include OBR, are funded by private financial institutions that are credit enhanced by ratepayer funds to provide better loan terms to customers. Additionally, utilizing a program design like the financing pilots will also address the Commission's concerns about accessibility to customers in disadvantaged communities. Specifically, the OIR acknowledged that the "[Residential Energy Efficiency Loan Program] [was] successful [in] reaching underserved communities." This was possible due to credit enhancements which allow lenders to approve loans to less credit-worthy customers. As such, expansion of the existing infrastructure and financing

pilots to other clean energy technologies would be quicker to implement and would be a worthwhile endeavor to meet California's climate goals. (Page 7, Paragraph 2)

> Providing credit challenged consumers with tailored approaches and risk managed financing enables almost any commercial and residential consumer to install within their resources and capability to pay.
>
> Providing credit worthy commercial and residential consumers with financing options does not take away for programs tailored to credit challenged consumers.

Ismael Bautista, Jr.
Attorney for:
Southern California Gas Company
555 West 5th Street, GT14G1
Los Angeles, CA 90013-1034
Telephone: (213) 231-5978
Facsimile: (213) 629-9620
Email: IBautista@SoCalGas.com

Southern California Regional Energy Network

https://socalren.com/
https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M348/K081/348081646.PDF

SoCalREN supports the Commission's efforts to advance financing programs and integrate energy investments across multiple clean energy resources, including energy efficiency, distributed generation, electric vehicle infrastructure and energy storage at customer sites. In most cases, existing financing programs are restricted to a single clean energy resource. SoCalREN believes that local government and residential customers will greatly benefit from the consolidation of financing programs to enable investments across multiple clean energy resource projects to meet their specific energy needs. (Page 1, Paragraph 2)

> On Bill Repayment can cover a wide range of activities.

Also, the use of comprehensive financial options will provide incentive for contractors to serve traditionally HTR segments, including rural areas, as it is typically not cost-effective for contractors to travel and develop complex clean energy projects in such areas. Providing a comprehensive, yet simple financing solution will attract more contractors to potentially implement multiple advanced clean energy technologies benefitting HTR and DAC areas. (Page 2, Paragraph 1)

> The Orange Button initiative is designed to harmonize data interoperability between the financial markets and the software utilized by the construction community to reduce soft costs.

Software systems can provide remote project development and proposals that will benefit HTR and DAC communities.

With the increase of destructive wildfires in California and resulting Public Safety Power Shutoff (PSPS) events, there is a greater importance on properly managing the electric and natural gas resources during deenergizing events to minimize the subsequent negative economic and community impacts. The Commission should explore developing targeted strategies and mechanisms for customers who are more susceptible to power and gas shut off events. The implementation of clean energy technologies, such as microgrids and resiliency strategies, will help minimize detrimental community impact during shutoff events. Providing additive motivation, such as additional funding or reduced eligibility requirements, for specific customers will increase the amount of clean energy installations and further promote widespread community benefits. (Page 2, Paragraph 2)

On Bill Repayment can provide funding for projects that have resiliency because multiple activities can be financed as a total project, such as solar+storage or any combination that meets the needs of the consumer and their ability to pay.

Grants and other incentives that reduce the amount required to be financed will make it easier for consumers to have the ability to pay for system that meets their needs.

Minh Le
General Manager,
Energy and Environmental Services
County of Los Angeles
1100 North Eastern Avenue
Los Angeles, CA 90063-3200
(323) 267-2006
MSLe@isd.lacounty.gov
For: The Southern California Regional Energy Network