



Accelerating Large Scale Distributed Energy and Storage for Clean Energy, Reliability and Resiliency

California Climate Catalyst Revolving Loan Fund Orange Button Collaboration Group – April 16, 2021

Executive Summary

The existing On Bill Repayment structure can leverage the efficiency of the DOE Orange Button enabled digital ecosystem to improve both underwriting information and risk management capabilities, reducing the cost of clean energy and providing resiliency for hundreds of thousands of individual utility customers with DER's added to and complementing large utility scale projects.

Recommendation is for the California Infrastructure and Economic Development Bank "Climate Catalyst Revolving Loan Fund" participate in and fund an On Bill Finance pilot with PG&E and the Orange Button collaboration for \$6 million and establish a digital ecosystem and \$250 million initial loan fund to finance utility administered On Bill Repayment programs with a wholesale rate of 1% available to all utility customers, utilizing the digital ecosystem.

Under the Surety Based Risk Management large portfolio program each On Bill Repayment loan would be conditioned on the borrower providing a digital utility payment surety bond, and each contractor providing a digital performance and payment bond. Providing protection to both the consumer, the utility and the Climate Catalyst Revolving Loan Fund, promote innovation and competition, and provide a platform to help small business.

The experienced surety market and extensive surety brokerage community, utilizing the expanded DOE Orange Button XBRL taxonomy for Financial Data Exchange and digital ecosystem, will efficiently offer surety products and services with a combined cost that is competitive to market rate traditional lending. Incentivized by the low finance cost provided by the DOE program coupled with the professional risk management structure will provide the confidence for consumers to undertake the construction risk and promote more DER's contributing to the grid.

Once the experience and success of the open standards based digital ecosystem is demonstrated private capital and financial markets will replace the Climate Catalyst Revolving Loan Fund with competitive rates given the surety guarantees and successful track record demonstrated by the loan program.



Accelerating Large Scale Distributed Energy and Storage for Clean Energy, Reliability and Resiliency

California Climate Catalyst Revolving Loan Fund Orange Button Collaboration Group – April 16, 2021

Funding Request - Grant

Establish Digital Construction Ecosystem

Program Set-Up and Initial Administration	\$400,000
Expanding the XBRL Taxonomy for Financial Data Exchange	\$500,000
Education Grant to Participating High Schools	\$100,000
PG&E On Bill Pilot Demonstration Project Participating School District	<u>\$5,000,000</u>
	\$6,000,000

On Bill Repayment Fund with Guaranteed Repayment

Establish On Bill Financing Loan Fund	\$250,000,000
---------------------------------------	---------------

Leveraging the existing On Bill Repayment structure will deliver key objectives -

1. Make the DOE Loan program available to hundreds of thousands of consumers for solar/storage DER projects.
2. Enable energy equity for both borrowers and contractors in partnership with existing state and local surety guarantee programs, including support services and job training to expand the pool of qualified contractors.
3. Provides the existing ITC credit direct to consumers as additional incentive.
4. Utilizes the existing utility On Bill structure for portfolio loan administration.
5. Utilizes the utility for distribution of the loan program to consumers.
6. Utilizes existing surety qualification and claims handling capabilities for both borrowers and contractors.
7. Provide consumers with a simple ownership option that are more cost effective than PPA's or other expensive "no upfront cost" financing options.
8. Attract private capital and financial markets to clean energy projects.

Ready to Implement.

On Bill extensively researched and documented

- [Department of Energy - On-Bill Financing and Repayment Programs](#)
- [American Council for an Energy-Efficient Economy \(ACEEE\) - On-Bill Energy Efficiency](#)
- [Environmental Protection Agency - Clean Energy Finance: On-bill Programs](#)
- [National Conference of State Legislatures - On-Bill Financing: Cost-free Energy Efficiency Improvements](#)
- [National Association of State Energy Officials - On-Bill Financing/On-Bill Repayment](#)
- The [DOE Orange Button initiative](#) has already expanded the [XBRL taxonomy](#) with over 4,000 data elements required by various stakeholders throughout the digital ecosystem.



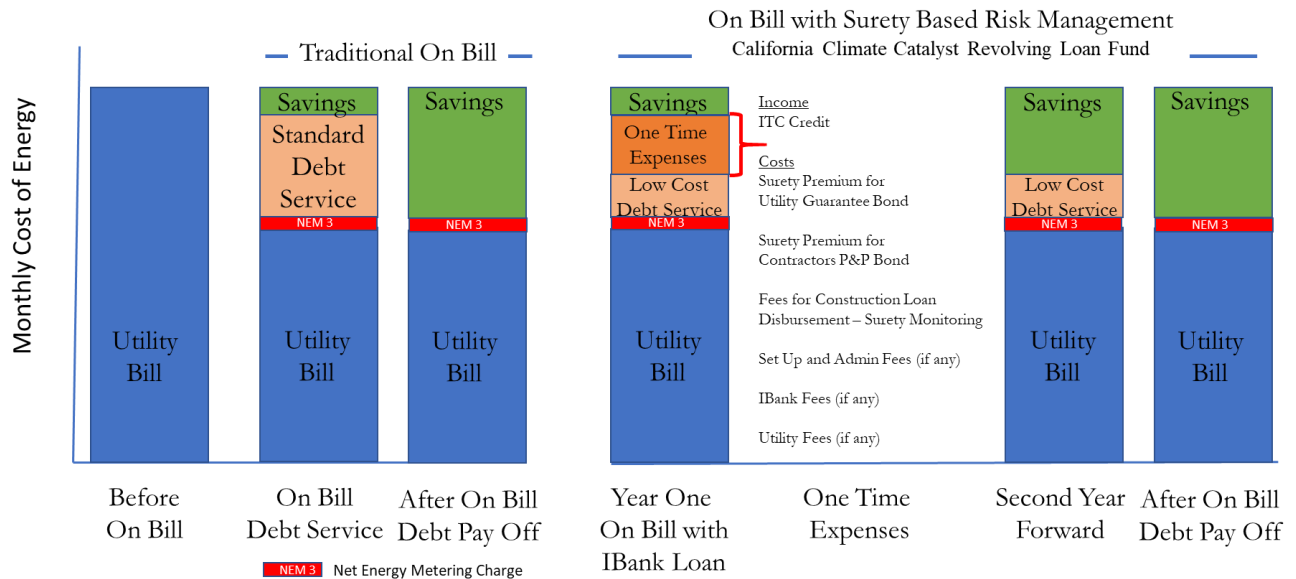
Accelerating Large Scale Distributed Energy and Storage for Clean Energy, Reliability and Resiliency

California Climate Catalyst Revolving Loan Fund Orange Button Collaboration Group – April 16, 2021

Traditional On Bill Repayment with market rate lending compared to combined incentivized IBank lending rate and one-time first year costs for surety bonds as financial guarantees to IBank loan fund and consumer.

On Bill Repayment

California Climate Catalyst Revolving Loan Fund



Flow chart for On Bill utilizing existing surety markets and surety brokerage community for qualifying borrowers and contractors, and assuming all financial risks association with the project and its loan payback.

