PACIFIC GAS AND ELECTRIC COMPANY
ENERGY EFFICIENCY PORTFOLIO
LOCAL PROGRAM IMPLEMENTATION PLAN
2013-2017 FINANCING PILOT PROGRAMS

ENERGY FINANCING LINE-ITEM CHARGE
PGE210932

NOVEMBER 2014

2013 – 2017 Energy Efficiency Programs
Statewide Finance Pilot Sub-Program
Program Implementation Plan

1) Sub-Program Name: Energy Financing Line-Item Charge
2) Sub-Program ID number:
   a. PG&E: PGE 210932
3) Type of Sub-Program:__ Core __Third Party __Partnership _X_ Pilot
4) Market sector or segment that this sub-program is designed to serve:

   a. _X_ Residential
      i. Including Low Income? _X_ Yes __ No
      ii. Including Moderate Income? _X_ Yes __ No
      iii. Including or specifically Multifamily buildings __ Yes _X_ No
      iv. Including or specifically Rental units? _X_ Yes __ No
   b. __ Commercial (List applicable NAIC codes: ________________)
   c. __ Industrial (List applicable NAIC codes: ___________________)
   d. __ Agricultural (List applicable NAIC codes: _________________)

5) Is this sub-program primarily a:

   a. Non-resource program __ Yes _X_ No
   b. Resource acquisition program _X_ Yes __ No
   c. Market Transformation Program __ Yes _X_ No

6) Indicate the primary intervention strategies:

   a. Upstream __ Yes _X_ No
   b. Midstream __ Yes _X_ No
   c. Downstream _X_ Yes __ No
   d. Direct Install __ Yes _X_ No
   e. Non Resource __ Yes _X_ No

7) Projected Sub-program Total Resource Cost (TRC) and Program Administrator Cost (PAC)

   TRC ___ PAC ___

   TRC and PAC analyses are subject to the development, submission, and final California Public Utilities Commission (CPUC) disposition of the work paper submitted pursuant to D.13-09-044. The work paper contains the methodology for claiming incremental energy savings for Finance Pilot Programs. The Pilot's TRC and PAC will be studied during the pilot period and assessed ex-post.

8) Projected Sub-Program Budget

Table 1. Projected Sub-Program Budget, by Calendar Year[1]

	Program Year					
EFLIC Sub-Program	2013	2014	2015	2016	2017	Total
Admin/General Overhead ($)	$5,000	$65,000	$30,000	TBD	TBD	$100,000
Direct Implementation ($)[2]	$45,000	$585,000	$270,000	TBD	TBD	$900,000
Credit Enhancements ($)	$0	$0	$0	TBD	TBD	$0
Marketing & Outreach ($)[3]	$0	$0	$0	TBD	TBD	$0
Total IOU Budget	$50,000	$650,000	$300,000			$1,000,000

9) Sub-Program Description, Objectives and Theory

a. Program Description

The Energy Financing Line-Item Charge (EFLIC) is a sub-pilot of the Single Family Loan Program (SFLP) pilot and will be operated only in PG&E service territory. The primary purpose of this sub-pilot is to test the attractiveness of an on-bill repayment option and its impact on loan performance of Residential SFLP loans. The EFLIC pilot will be offered only by PG&E during the 2013 –2017 pilot program period. Pursuant to the Assigned Commissioner's Ruling issued August 25, 2014, the EFLIC pilot will operate for a minimum of 24 months and continue to support the underlying financial transactions made under the program for the duration of the loan or lease terms. Additionally, a mid-point review public workshop will be facilitated after the first 12 months of program operation.

The goal of offering EFLIC is to evaluate whether an IOU can offer a mechanism for financial institutions to charge residential customers for energy efficiency loans

[1] Pursuant to the Decision, $1 million was allocated to Pacific Gas & Electric Company (PG&E) to implement the EFLIC. Once the Master Servicer is fully functional, the $25 million available for credit enhancement funds under the Single Family Loan Program will be available to cover the costs of implementing EFLIC for SFLP customers.

[2] Per the Energy Efficiency Policy Manual version 5.0, "Direct implementation costs are defined as 'costs associated with activities that are a direct interface with the customer or program participant or recipient (e.g., contractor receiving training).'"

[3] See Section 10h for further information regarding the Marketing & Outreach category, in particular with respect to coordination with Statewide ME&O. Due to the nature of EFLIC linking with SFLP, ME&O EFLIC efforts should be integrated.

on their utility bills in a manner that does not expose the IOU to unmanageable consumer lending regulation. EFLIC will test the following:

- Does EFLIC offer improved security to financial institutions (FIs) to the extent that customers pay their utility bill on a regular basis?
- Does EFLIC provide new ways to integrate expanded access to capital to energy efficiency (EE) financing programs?
- Does EFLIC help drive demand for energy improvements, to the extent that aligning loan repayment with energy savings overcomes consumer reluctance to invest in energy improvements?

EFLIC differs from non-residential On-Bill Repayment (OBR) in a number of key ways. EFLIC does not include a provision for shut-off in the event of non-payment. EFLIC is also not designed to encourage transferability of the loan to subsequent building occupants.

EFLIC will be governed by three main documents. The terms and conditions of EFLIC as described in in this EFLIC PIP, PG&E's gas and electric EFLIC Rate Schedule, and the program regulations enacted by the California Advanced Energy and Alternative Transportation Financing Agency (CAEATFA) acting as the California Hub for Energy Efficiency Finance (CHEEF). The Rate Schedule will focus on customer issues, while the CHEEF regulations will include the specific guidelines for financial institutions.

As an early release pilot, there will be two phases of EFLIC. PG&E proposed working with the California Homebuyer's Fund (CHF) to implement the first phase of the pilot. EFLIC will be transferred to the CHEEF once the Master Servicer is under contract.

Phase 1 Testing. In a controlled environment, PG&E will test the functionality of EFLIC to identify and resolve any billing process issues and determine business requirements to be communicated to lenders. This phase will include a small number of participants and will be designed to allow PG&E and the implementation partner to test the process. The experience gathered from this Phase will allow for the development of more comprehensive business requirements for the full scale pilot, as well as ensure that the underlying information technology (IT) systems functionality is operating appropriately.

Phase 1 EFLIC offering through CHF. A key component of EFLIC relies on having a Master Servicer in place through the CHEEF. PG&E plans to operate EFLIC as suggested with a pre-development pilot, working with CHF until the CHEEF and the Master Servicer are in place. PG&E proposed partnering with CHF because of its current role administering the loan loss reserve for PG&E under the American Reinvestment and Recovery Act (ARRA) Continuation Program (ARRA Program). CHF also provides other services to the ARRA Program lenders such as verifying that energy efficiency projects meet utility eligibility requirements. CHF's intermediary role between lenders and the utility provides a viable avenue for operating Phase 1 of EFLIC and could yield valuable lessons that can be applied to the CHEEF's future management of EFLIC.

Differences between the CHF and CHEEF EFLIC offering. The EFLIC offering through CHF is envisioned to mirror the larger offering through the CHEEF, such that all lenders will have access to "similar terms and conditions" as specified by Decision 13-09-044 (p. 37).

There are however, some differences between the CHF and CHEEF EFLIC offerings. First, the CHEEF EFLIC offering must be linked to the Single Family Loan Program (SFLP). Since the SFLP is not anticipated to launch until the first quarter of 2014, the CHF EFLIC would be suited for using the existing ARRA Program loan loss reserve. PG&E will work with CHF and CAEATFA to ensure that the programs are as similar as possible. Details on the existing ARRA Continuation program can be found in the Pacific Gas and Electric Company 2013-2014 Energy Efficiency Portfolio Statewide Program Implementation Plan PGE2109 – Finance Program, dated April 23, 2013.

Phase 2 CHEEF EFLIC offering. The second phase of EFLIC is full implementation by CAEATFA as the acting CHEEF entity and its designated Master Servicer. At this time, the EFLIC will be linked to the SFLP. Financial Institutions wishing to participate in EFLIC must be participants of the SFLP and sign up for the program through the CHEEF.

Transition of the program from CHF to CHEEF. As required by Decision 13-09-044, EFLIC must be transferred to CAEATFA (p. 37). In order to execute on this requirement, PG&E will work with all involved parties, CHF, any lender(s) that CHF signs up, and the CHEEF to define and administer the transfer.

It should be noted that this complex program would involve commercial and contractual relationships. As such, any launch of an early phase to the pilot is sensitive to timing with respect to when agreements can be reached, when and how the program will be transferred, and the willingness of participants, particularly lenders, to invest in administrative costs in negotiating and setting up these pilots.

Availability of the EFLIC sub-pilot could be limited by availability of the specified implementation funds. The cost to process loans on the customer utility bill is currently unknown and better visibility will be obtained as the sub-pilot progresses. In order to avoid a situation where the funds are exhausted and the sub-pilot exceeds it budget, participation will be tracked and reported quarterly as noted in the Decision (p. 91).

Table 2. Projected Sub-Program Net Energy and Demand Impacts, by Calendar Year[4]

	Program Years			
	2013	2014	2015	Total
Sub-program Name				
GWh	N/A	TBD	TBD	TBD
Peak MW	N/A	TBD	TBD	TBD
Therms (millions)	N/A	TBD	TBD	TBD

* N/A = “not applicable.” TBD = “to be determined.” Savings for 2013 - 2015 will be subject to the disposition of the work paper submitted to the Commission for review.

b) Program Non-Energy Objectives:

- EFLIC will test the convenience of repayment through the utility bill, potentially provide useful data on residential utility bill loan repayment as alternative underwriting criteria, and advance the Commission’s goals of leveraging private capital with ratepayer funds to expand access to EE financing in the Single Family residential sector.
- EFLIC could increase knowledge on business requirements on the compatibility of consumer lending with established utility billing practices.
- Improve customer satisfaction driven by an increase in capital for energy efficiency projects helping customers overcome the "first cost" key barrier.
- Improve the credibility of energy efficiency investments and provide economic benefits to the state via increased loan volume through a financing program supported by both Financial Institutions as well as the IOUs.

c) Cost Effectiveness/Market Need:

Since the finance pilots have energy and demand objectives, the methods contained in the Standard Practice Manual will be used to determine cost effectiveness.

[4] Individual utility specific information to be provided in this table

d) Measure Savings/Work Papers:

Table 3: Work paper Status

#	Work paper Number/Measure Name	Approved	Pending Approval	Submitted but Awaiting Review
1	PGECOALL110			X

The IOUs submitted a work paper according to the process directed in D.13-09-044 containing a proposed methodology for claiming energy savings for financing pilot programs. Energy savings and demand impacts will be evaluated during the pilot period and assessed ex-post.

10) Program Implementation Details

a) Timelines:

Table 4: Sub-Program Milestones and Timeline[5]

Test Phase

Milestone	Dates
Run live test phase	Jan 2014 – June 2014
PG&E shares knowledge of processes and operations with CHEEF/Master Servicer and IOUs	May 2014-July 2014
End test phase	June 2014

CHF EFLIC Phase

Milestone	Dates
Finalize EFLIC and Customer agreements	Nov 2013 – Jan 2014
PG&E Internal IT setup and Call Center planning	Nov 2013 – Jan 2014
Begin outreach and recruitment of FIs – interdependency with testing phase as there would be no sign up of FIs prior to any major issues being resolved	Feb 2014
Outreach to potential customers, including low/moderate income component	Mar 2014
Customer billing	Mar 2014
Launch Call Center Support	Mar 2014
PG&E transfers program to CHEEF	May 2014

[5] These timelines will be adjusted based on the actual pilot launch date, following Commission approval of this program implementation plan.

CHEEF EFLIC Phase

Milestone	Dates
Finalize EFLIC and Customer agreements	Jan 2014 – June 2014
PG&E Internal IT setup and Call Center planning	March 2014 – June 2014
Outreach and recruitment of FIs	On-going
Rulemaking process to revise Single Family Loan Program regulations to incorporate EFLIC	May / June 2014
Master Servicer becomes operational (IOU IT changes complete)	July 2014
Transfer CHF pilot to Master Servicer / CHEEF program. SFLP with EFLIC option launches	July 2014
Outreach to potential customers, including low/moderate income component – in conjunction with SFLP ME&O	June/July 2014
Customer billing	June/July 2014
Launch Call Center Support	June/July 2014
Mid-Term CPUC Pilot Review	January / February 2015

b) Geographic Scope:

EFLIC is a sub-pilot of the SFLP pilot. The SFLP will operate in CEC Climate Zones 1, 2, 3, 4, 5, 11, 12, 13, 16. In general, EFLIC is available in PG&E service territory subject to lender availability.

Table 5: Geographic Regions Where the Program Will Operate

Geographic Region	PG&E
CEC Climate Zone 1	X
CEC Climate Zone 2	X
CEC Climate Zone 3	X
CEC Climate Zone 4	X
CEC Climate Zone 5	X
CEC Climate Zone 6	
CEC Climate Zone 7	
CEC Climate Zone 8	
CEC Climate Zone 9	
CEC Climate Zone 10	
CEC Climate Zone 11	X
CEC Climate Zone 12	X
CEC Climate Zone 13	X
CEC Climate Zone 14	
CEC Climate Zone 15	
CEC Climate Zone 16	X

c) Program Administration

The CHEEF will assume program administration when the Master Servicer is in place

As CHEEF, CAEATFA will develop regulations to provide specific details on the credit enhancement structure and other requirements for program participation. CAEATFA will also subcontract with a Trustee bank to facilitate the transfer of credit enhancement funds to Financial Institutions participating in the pilot.

In coordination with CAEATFA, PG&E will train and educate the contractors, and local governments to help promote and explain the pilot offerings to potential customers.

Table 6: Program Administration of Program Components

Program Name	Program Component	Implemented by IOU Staff? (X = Yes)	Implemented by contractors to be selected by competitive bid process	Implemented by contractors NOT selected by competitive bid process (list prime contractor and sub-contractor names)	Implemented by other entity [CAEATFA] (X = Yes)
EFLIC	Program Application Process		X (Master Servicer)	X	CAEATFA
EFLIC	IOU Incentive Program Participant	X			CAEATFA
EFLIC	IOU Incentive Program Non-Participants				
EFLIC	Credit Review			X (participating financial institutions - enrolled through CAEATFA regulations)	
EFLIC	Loan Origination			X (participating financial institutions - enrolled through CAEATFA regulations)	
EFLIC	Loan Payments	X	X (Master Servicer)	X (participating financial institutions - enrolled through CAEATFA regulations)	

Program Name	Program Component	Implemented by IOU Staff? (X = Yes)	Implemented by contractors to be selected by competitive bid process	Implemented by contractors NOT selected by competitive bid process (list prime contractor and sub-contractor names)	Implemented by other entity [CAEATFA] (X = Yes)
EFLIC	Credit Enhancements[6]	n/a	n/a	n/a	n/a
EFLIC	Marketing, Education, & Outreach (ME&O)	X		X (contractors and participating financial institutions - enrolled through CAEATFA regulations, CCSE)	X (CAEATFA to coordinate outreach efforts for contractors and financial institutions)
EFLIC	Evaluation, Measurement, & Verification (EM&V)	X			

ME&O will be done in coordination with the Energy Upgrade California statewide marketing campaign.

d) Program Eligibility Requirements:

EFLIC is a sub-pilot of the SFLP pilot program. In order to be eligible for the EFLIC billing option, the loan must be a qualifying loan under the SFLP program. Refer to the 2013 –2017 Energy Efficiency Programs Statewide Finance Pilot Sub-Program Program Implementation Plan, Section 10.d. (including Tables 7, 8 and 9) for SFLP loan requirements.

Customer Incremental Requirements: Although EFLIC is a sub-pilot of the SFLP pilot program, there are incremental requirements due to the on-bill nature of the sub-pilot. Given that EFLIC allows a residential loan customer to repay his/her loan via the utility bill, the person(s) named on the loan obligation must also be the utility account holder(s). In order to participate in EFLIC, customers will be required to execute an agreement with PG&E and submit a copy of the agreement to the FI providing financing for the customer's project. The EFLIC Rate Schedule, which will be filed by advice letter and approved by the Commission, will provide additional details on customer requirements and interaction.

[6] Once the pilot is transferred to the Master Servicer, EFLIC customers will have access to credit enhancements provided through the SFLP. For information on the administration of the SFLP, see the SFLP PIP.

Financial Institution Requirements: Refer to the 2013 –2017 Energy Efficiency Programs Statewide Finance Pilot Sub-Program Program Implementation Plan for the SFLP. There are requirements to participate in the SFLP. A financial institution participating in SFLP may also elect to participate in EFLIC. Additional eligibility requirements for FIs participating in EFLIC will be included in the EFLIC lender agreement, which will be finalized through CAEATFA's public process for developing program regulations.

Minimum qualifications for FIs are they: a) possess all required state and federal licenses, b) be in good standing with regulators, and c) have capability of interfacing with the Master Servicer to transmit data required for the EFLIC Pilot and d) be willing to execute an EFLIC agreement that conforms to pilot program requirements, CE protocols, and data collection and sharing requirements.

Given that the EFLIC program is additive to the SFLP program, there are three possible scenarios under which a financial institution participates in the SFLP and EFLIC pilots:

- SFLP only lender
- SFLP + EFLIC lender, with option for a consumer to participate in EFLIC. In this situation, a lender may want to provide an SFLP offering with EFLIC as an added option for a customer taking a loan. This option may be selected to give borrowers flexibility, where EFLIC could be seen as a convenience to the borrower.
- SFLP + EFLIC lender, whereby the loan offering also requires EFLIC. This option may be selected by lenders to simplify administration. By offering a SFLP offering tied to the EFLIC, the lender may potentially avoid administrative and other costs associated with managing two options.

e) Program Partners:

a. Program coordination partners:

Refer to the 2013 – 2017 Energy Efficiency Programs Statewide Finance Pilot Sub-Program Program Implementation Plan, Section 10.e. (including Table 10) for the Single Family Loan Program for a description of program coordination partners.

f) Measures and incentive levels:

Refer to the 2013 – 2017 Energy Efficiency Programs Statewide Finance Pilot Sub-Program Program Implementation Plan, Section 10.f. (including Table 11) for the Single Family Loan Program for a description of eligible measures and incentive levels.

g) Additional Services:

The Pilot will include a series of additional services. These additional services, where related to marketing and outreach, will be coordinated with Statewide ME&O.

As an on bill sub-pilot, EFLIC contains unique features that may require incremental education and training beyond the SFLP education and training.

- Consumer education and training: When signing up for the EFLIC option, a customer will sign an EFLIC agreement, giving consent to place a 3rd party charge on his/her utility bill. The agreement will provide details on program participation to the customer. Additional educational materials will also be developed as needed.

- Contractor education and training: Contractor education may include assisting contractors in understanding the EFLIC option and how it could benefit customers.

- Lender education and training: Lender education will include assisting lenders in understanding the EFLIC option. The EFLIC option is likely a departure from normal collection practices for most lenders. Any lenders participating in the EFLIC sub-pilot must receive education and training on how to interface with the Master Servicer, who is the entity that will interface with PG&E.

- Call center support: Call center support will be available for customers that call the utility about loan charges on their bill related to the program.

h) Sub-Program Specific Marketing and Outreach:

Marketing, education, and outreach efforts for SFLP will incorporate EFLIC. Additionally, specific ME&O efforts will highlight the benefits of the EFLIC program including the ability for customers to repay loans on their utility bills.

Finance marketing and outreach activities will be coordinated with the Statewide ME&O in order to maximize customer engagement and opportunity.

Ordering Paragraph 1.a.vi. of D.13-09-044 states the following:

"Up to $10 million from EE funds allocated as necessary costs are documented and invoiced to fund marketing, education, and outreach (ME&O) plans customized for the authorized EE finance pilots, as follows: (1) up to $8 million to be expended in coordination with the statewide ME&O plans under consideration in Application 12-08-007, et al., and (2) up to $2 million to the CHEEF to perform non-duplicative ME&O for contractors and financial institutions"

ME&O targets/objectives for this program include:

- Consumer
  - Target: Customers interested in EE projects or who have high bills
  - Objective: Educate and encourage customers to act on EE projects because financing is now available

  - Target: Low- to Mid-income customer
  - Objective: Educate and encourage customers on the benefits of financing and the long term benefits of EE projects (i.e., home comfort, utility bill savings, home value)

- Contractor/Retailer
  - Objective: Train, educate, and offer marketing support for contractors on the benefits of financing, the options available and how to integrate the product into sales process

- Lender
  - Objective: Train, educate, and offer marketing support for financial institutions and lenders on EFLIC and associated customer benefits.

- Real Estate Professionals:
  - Objective: Train and educate real estate professionals on the Pilot and how it can benefit customers. With respect to pilots with an on bill feature, education should carefully inform stakeholders on the differences between pilots in features such as transferability, shut-off for nonpayment, and bill neutrality

- Internal Operations (Call center and utility employees support)
  - Objective: Provide internal support for general external questions/concerns that arise surrounding the program.

In order to maximize customer engagement and gain participation we plan to use the following tactics.

- High Level Strategy- Awareness messaging, through a variety of channels, which drives targets to appropriate utility websites to learn specifics of the program.
  - Coordinate with statewide partners to integrate the benefit-oriented financial assistance messaging through appropriate marketing and outreach
    - Benefit-oriented financial assistance messaging
      - Energy bill discounts (CARE/FERA)
      - Energy-efficient upgrades (Energy Savings Assistance Program (“ESA”), Middle Income Direct Install Program (“MIDI”), Energy Upgrade California- Home Upgrade)
      - Ways to Finance (Financing Pilot)

High Level Tactics

- Coordination with CCSE for Energy Upgrade California to ensure coordination with the statewide ME&O effort.

- Collaboration with California Department of Community Services and Development to ensure low income customers that are eligible for the Weatherization Assistance Program (WAP) are made aware of the program prior to exploring the financing option. WAP provides additional home improvements at no cost.

- Mid-Level Strategy- Region specific messaging and integration, within appropriate channels, marketing and partners that leverage the financing program to increase target participation.
  - Apply IOU customer segmentation to understand the motivations, demographics and psychographics in order to develop and integrate customized messaging/creative
  - Create material using customer segmentation to reach out and target low and moderate income customers
  - Collaborate with regional retailers to integrate messaging into existing (or new) customer facing marketing
  - Coordinate with current appropriate multicultural marketing efforts to incorporate messaging to assist in targeting the hard-to-reach residential customers
  - Find opportunities to partner with existing regional solar providers and regional water authority partners to leverage financing messaging and maximize benefits of EE improvements
  - Synchronize media and community relations colleagues to integrate, where possible, and find new avenues to “spread the word”
  - Review and segment, with intent to act, on current and past customer information which could include, but is not limited to:
    - CARE high usage customers
    - Past ESA Program participants and identify any measures they could benefit from but were not available through the ESA program
    - Past EUC (EUC-home upgrade) program decliners
    - High usage customers (non-CARE)
    - High bill or bill payment assistance call center contacts
    - Participants in the MIDI pilot program

Mid Level Tactics

- Direct mail piece targeted towards customer segmentation of those with highest propensity to be in the market for a new appliance and thereby maximize program collaboration between Appliance Recycling, Home Energy Efficiency Rebates and the financing program
- Bill insert targeted towards CARE customers
- Coordination with CCSE for messaging in regards to Energy Upgrade California to ensure coordination with the statewide ME&O effort
- Development of customized marketing piece(s) towards those targeted customers mentioned above:
  - CARE high usage customers
  - Past Energy Savings Assistance Program participants and the measures they might not have received

- Past EUC (EUC-home upgrade) program decliners
- High usage customers overall
- Calls to the call center regarding high bills or bill payment help

- Local interaction Strategy - In order to create a personalized discussion, with the customer, about the financing program, capitalize on training and educating in existing partner/outreach relationships and exploring new partnerships as needed.
  - Identify and target appropriate existing CBO's and local governmental partners with education and training related to program eligibility, terms and conditions etc., for SFLP
  - Coordinate SFLP materials with other available financing programs (i.e., Multi-family, Small Business) information to ensure that customers understand the different financing offerings and program requirements. Collaborators will be able to explain the full suite of financing options available to different customers.
  - Select appropriate events in order to convey and educate customers on available options
  - Coordinate, with CAEATFA, the training/education for third party vendors, such as FIs and contractors (both assessment and installation).
  - Create opportunities to educate and train existing partners such as regional solar collaborators, the water authority, city and county authorities and retailers on the basics and benefits of the program

Local Customer Interaction Tactics

- To target the low/mid-income customer, via the ESA Program & Middle Income Direct Install Program, we will collaborate with CAEATFA to train and educate outreach and assessment contractors on the program as well as provide them with materials to educate the customer
- Coordination with CCSE for messaging in regards to Energy Upgrade California to ensure coordination with the statewide ME&O effort
- Leverage relationships with existing EUC-home upgrade contractors to develop training and education in order to educate the customer on the benefits of financing a portion of the EE upgrade instead of just refusing to have the work done because of the cost or paying for just half
- Integrate messaging into existing workshops/trainings for contractors
- Leverage retail opportunities such as Home Energy Efficiency Rebate program to integrate messaging into materials,
- Coordinate internal training to educate employees on the financing program
- Collaborate with FI's and CAEATFA to understand the needs to help them "market" the program to potential customers

Timing

In order to meet the program launch target of end of 1st Quarter in 2014, marketing pieces must be developed, coordinated from a statewide level, and ready to give the customer the best experience possible. Marketing will be conducted according to the following schedule[7] if other milestones are met according to the targeted timeline:

- SFLP with Credit Enhancement (CE)

Development and collaboration of messaging, target facing marketing and education/training materials	Dec '13/Jan '14
Coordinate on a strategic approach with SW ME&O through CCSE, the statewide ME&O implementer	Jan./Feb. 14
Development of Financing area within current IOU websites (encompassing the three programs	End of Jan/Feb
Upon completion of materials, Training and Education provided to partners, contractors, and government partners	Feb
Public Relations and Community relations launch	Late February
Customer Marketing, Education & Outreach Launch	March

i) Sub-Program Specific Training:

See Section 10.g. above for description of training including engaging FIs, contractors, and other market participants and borrowers.

j) Sub-Program Software and/or Additional Tools:

Refer to the 2013 – 2017 Energy Efficiency Programs Statewide Finance Pilot Sub-Program Program Implementation Plan for the Single Family Loan Program for software and tools related to the SFLP Loan.

Additional software or tools may be required if participating FIs need to implement changes to facilitate electronic exchange of data with the Master Servicer. There are existing solutions commercially available. PG&E currently uses a vendor for various exchanges with other partners.

- Lenders participating must have capability to interface with the Master Servicer to transmit data.
- The Master Servicer must have capability to interface with PG&E, using a vendor or other viable and cost conscious solutions.

Consumers will have the ability to compare the energy savings from their Energy Efficiency projects to their loan repayments. Existing tools such as MyEnergy could potentially be utilized by customers to facilitate this review.

For instances where projects do not take the rebate / incentive but participates in the financing pilot, the utility will apply any necessary data collection requirements

[7] To be adjusted based on the actual launch date of the pilot, following Commission approval of this program implementation plan.

and/or perform the equivalent post-installation activities as required by the Commission. These may support the determination of energy savings associated with utility program(s).

Table 7: Program Related Audits

Levels at Which Program Related Audits Are Rebated or Funded	Who Receives the Rebate/Funding (Customer or Contractor)
N/A – Residential programs do not provide rebates for audits	N/A

k) Sub-Program Quality Assurance Provisions:

The Financing Pilots are being offered concurrently with existing EE incentive programs. Therefore, Quality Assurance of all projects participating in the Financing Pilots will be driven by the relevant rebate/incentive program requirements. CAEATFA will address quality assurance requirements for projects not participating in a CPUC-approved incentive program during its rulemaking process. Pursuant to D.13-09-044 (p. 79), the borrower or financial institution is responsible for the QA/QC of non-energy measures.

Table 8: Quality Assurance Provisions

QA Requirements	QA Sampling Rate (Indicate Pre/Post Sample)	QA Personnel Certification Requirements
QA requirements are dependent on the associated IOU incentive program, and/or regulations that may be developed by CAEATFA.	Dependent on program / measure.	Dependent on program / measure.

l) Sub-program Delivery Method and Measure Installation /Marketing or Training:

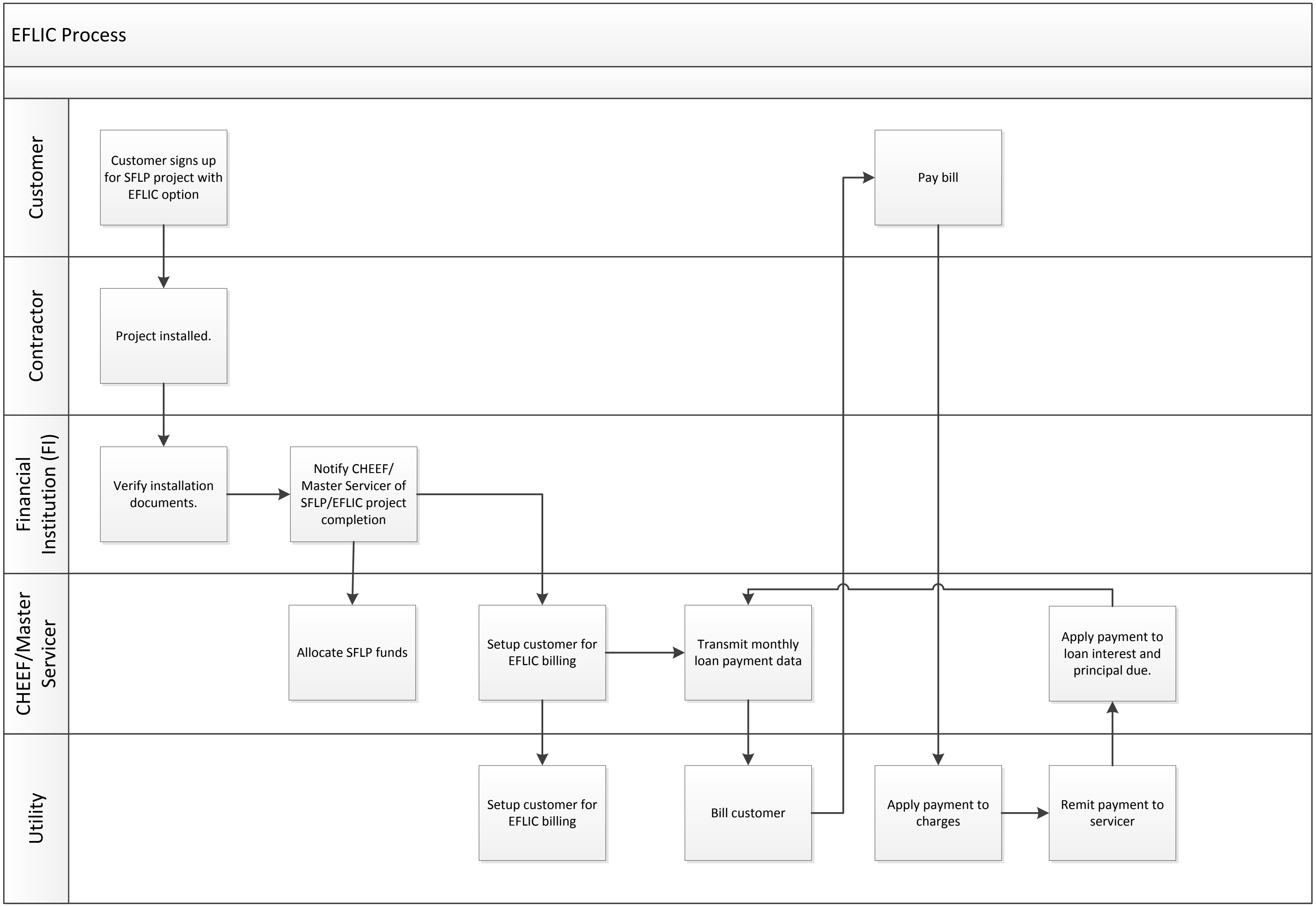
The following sequence illustrates how this program will be delivered to customers.

1. Financial institutions participating in SFLP will determine if it will offer customers the EFLIC option.
2. Customer elects EFLIC when signing up for a loan with a SFLP. Customer agreement form is provided to customer by bank with other loan documentation
3. Contractor installs project and notifies lender.
4. Lender verifies project installation.
5. In addition to notifying CHEEF to allocate SFLP funds, Lender informs servicer of customer election to participate in EFLIC.

6. Servicer sets up customer in its systems for EFLIC and transmits enrollment to PG&E
7. Servicer transmits monthly data to PG&E systems
8. PG&E sends customer monthly bill for collection process

m) Sub-program Process Flow Chart:

The flowchart below illustrates the process flow for how the loan pilot is expected to operate. Specific details of how the program will operate will vary in actual implementation. Note that the process flow is designed to be as easy as possible from the perspective of the customer, the contractor and the FI. The priority is to develop programs that function with sufficient oversight to be able to assure compliance with Commission decision orders while also keeping the program as simple as possible, in order to stimulate maximum participation.


EFLIC Process
Customer
Contractor
Financial Institution (FI)
CHEEF/Master Servicer
Utility
Customer signs up for SFLP project with EFLIC option
Pay bill
Project installed.
Verify installation documents.
Notify CHEEF/ Master Servicer of SFLP/EFLIC project completion
Allocate SFLP funds
Setup customer for EFLIC billing
Transmit monthly loan payment data
Apply payment to loan interest and principal due.
Setup customer for EFLIC billing
Bill customer
Apply payment to charges
Remit payment to servicer

n) Cross-cutting Sub-program and Non-IOU Partner Coordination:

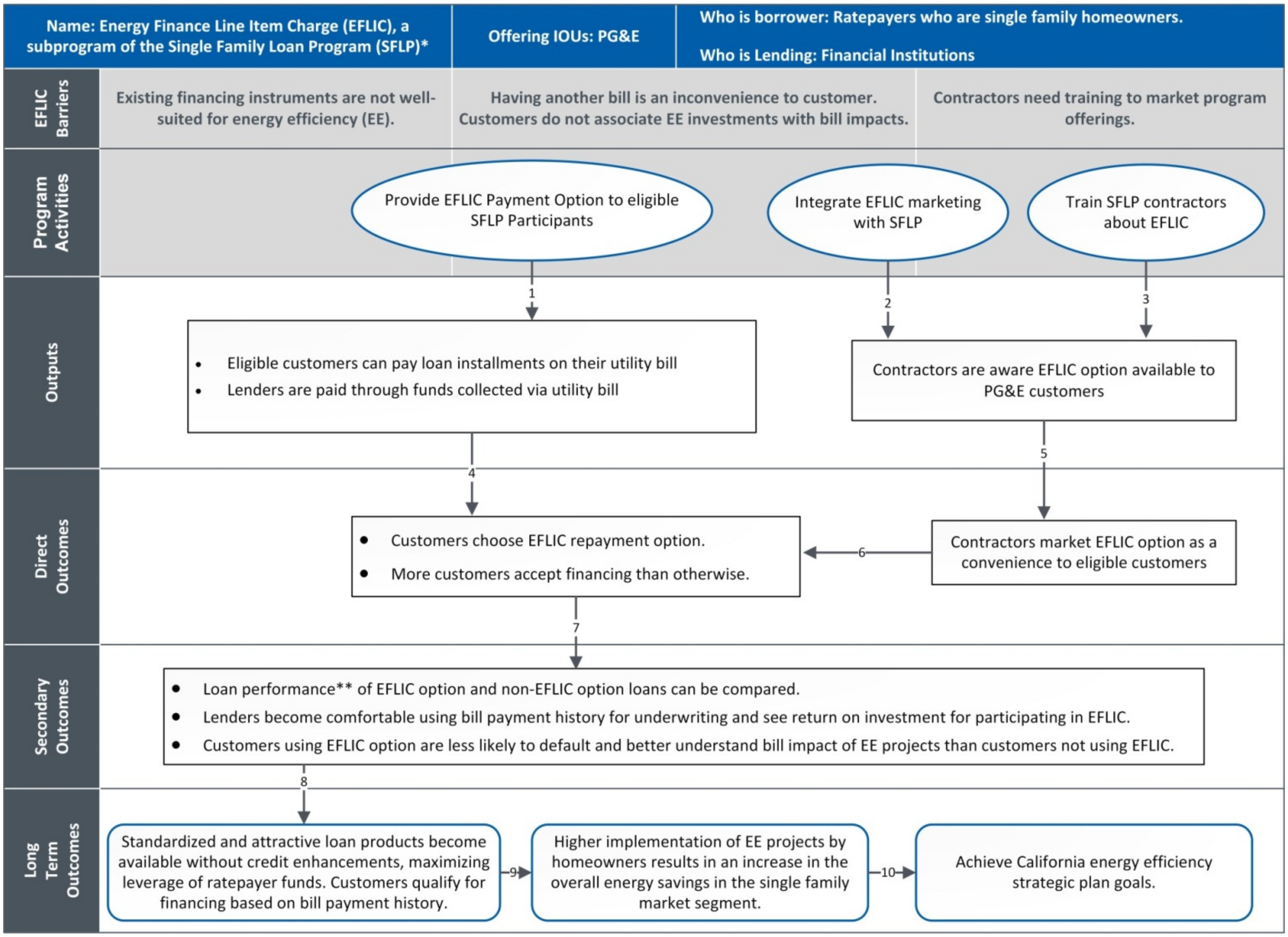
The Single Family Loan Program with EFLIC will coordinate with all residential rebate/incentive programs, as well as the Statewide ME&O Program.

Table 9: Cross-cutting Sub-program and Non-IOU Partner Coordination

EFLIC		
Other IOU Sub-program Name	Coordination Mechanism	Expected Frequency
Statewide Residential Programs	Meetings	As needed
Coordination Partners Outside CPUC		
Contractors	Finance Pilot ME&O	Quarterly
CAEATFA	Finance Pilot ME&O	Quarterly
Financial Institutions	Finance Pilot ME&O	Quarterly

Note: "Mechanisms" refers to communication methods (i.e. quarterly meetings; internal list serves; monthly calls, etc.) and/or any cross-program review methods (i.e., feedback on program plans; sign off on policies, etc.) or harmonization techniques (i.e. consistent certification requirements across programs, program participant required cross trainings, etc.)

o) Logic Model:



SFLP = Single Family Loan Pilot EE = Energy Efficiency *See separate SFLP logic model.
** Collecting EE financing performance data is an important function of the California Hub for Energy Efficiency Financing (CHEEF)

11) Additional Sub-Program Information

a) Advancing Strategic Plan Goals and Objectives:

As underscored by the California Long Term Energy Efficiency Strategic Plan (the "Strategic Plan"), innovative financing is a major EE strategy for California's single family sector. A key strategy in the Strategic Plan's Residential and Low Income section is "**5. Financing**: Work with the financial community to develop innovative and affordable financing options for [EE] buildings and retrofits" (p. 2-12), a goal that is directly advanced by this sub-program. Furthermore, this sub-program makes important contributions to the Strategic Plan's call to:

- Identify “needed tools, instruments, and information necessary to attract greater participation of capital markets in funding efficiency transactions” (p. 2-16),
- “[D]evelop financial products and programs…to encourage demand for energy efficiency building products, home systems and appliances” (strategy #2-4, p. 2-21),
- “Investigate the feasibility of [EE] lending products”(p. 2-21), and
- Use EE financing to meet closely related goals, namely HVAC and lighting efficiency.

b) Integration

i. Integrated/coordinated Demand Side Management:

- See Sub-Program Specific Marketing and Outreach

Table 16: Non-EE Sub-Program Information

N/A

ii. Integration across resource types

Table 10: Non-EE Sub-Program Information

Sub-Program Name		
Non-EE Sub-Program	Budget	Rationale and General Approach for Integrating Across Resource Types
N/A		

c) Leveraging of Resources:

- See Sub-Program Specific Marketing and Outreach

d) Knowledge Transfer:

Best practices will be identified and shared through frequent communication between the statewide IOUs, CAEATFA, and other stakeholders. Additionally, the statewide IOUs and the consultants engaged to help with the financing pilot programs will monitor developments in other EE Financing programs nation-wide and outside of the U.S. PG&E will also work with industry experts on a quarterly basis to ensure that program partners provide feedback concerning best practices and lessons learned.

Commission Decision (D.)13-09-044 also requires CAEATFA, with assistance from the Southern California Gas Company, to submit quarterly reports on the pilot program uptake. These quarterly reports will aid in evaluating the pilots to determine any necessary program or budgetary changes.

12) Additional information as required by Commission decision or ruling or as needed:

Decision 09-09-047, pp. 48 – 49 provides instruction regarding information to be submitted for pilot programs. The following addresses the 10 criteria required for pilot programs.

a. A specific statement of the concern, gap, or problem that the pilot seeks to address and the likelihood that the issue can be addressed cost-effectively through utility programs.

The pilot seeks to test the attractiveness of on-bill repayment and its impact on residential loan performance.

The areas of concern for the pilot are:

- *Financial institutions may not participate in large numbers.*

To mitigate this concern, the IOUs reached out to financial institutions at the very early developmental stages of the program to build a program that will be attractive to them.

- *Customers may not use the pilot offering.*

This pilot includes a marketing and outreach campaign that is integrated with existing rebate/incentive programs and contractor networks.

- *Consumer lending is heavily regulated and poses operating risks.*

This pilot will ensure that operational excellence is assured prior to offering this program more broadly.

b. Whether and how the pilot will address a Strategic Plan goal or strategy and market transformation.

The EFLIC is associated with the SFLP, which significantly addresses numerous Strategic Plan goals and strategies. As detailed above in Section 11 A., EE financing is a very important pillar of the Strategic Plan's approach, specifically including the Single Family residential sector.

Additionally, the Strategic Plan describes five "policy tools" for Market Transformation, the first of which explains that "*Customer Incentives* including…innovative or discounted financing…are the 'carrots' that help *pull* consumers into choosing the efficient option." (p. 1-5).

c. Specific goals, objectives and end points for the project.

The EFLIC seeks to test if:

- There is improved security to financial institutions to the extent that customers pay their utility bill on a regular basis;
- New ways to integrate expanded access to capital to EE financing programs;
- If demand for energy improvements increases, to the extent that aligning loan
- Repayment with energy savings overcomes consumer reluctance to invest in energy improvements.

d. New and innovative design, partnerships, concepts or measure mixes that have not yet been tested or employed.

The pilot relies on utilizing the utility bill as a conduit for residential loan repayment for third party loans.

e. A clear budget and timeframe to complete the project and obtain results within a portfolio cycle - pilot projects should not be continuations of programs from previous portfolios.

See Table 1

f. Information on relevant baselines metrics or a plan to develop baseline information against which the project outcomes can be measured.

The Statewide Research Roadmap specifies the mechanism for which energy and demand savings will be determined for the Finance Pilots. In addition, the IOUs are conducting research to develop various requirements of the Pilots including logic models, Program Performance Metrics and related design parameters.

g. Program performance metrics.

Table 11. EFLIC Program Performance Metrics

Short-term Program PPMs:	Measurement Approach	Data Source
PPM 1: Lender participation in EFLIC • Number of SFLP Lenders • Number of SFLP Lenders who support EFLIC as an option • Number of SFLP Lenders who require EFLIC	The SFLP's lender tracking should also flag each lender's EFLIC status: • EFLIC optional • EFLIC required • EFLIC not supported From this information, the program manager can report on this PPM.	PG&E and CHEEF
PPM 2: Customer participation in EFLIC • Number of customers who borrow from lenders who support EFLIC as an option • Number of customers who elect to use the EFLIC payment option	The EFLIC participant database should include the lender providing the loan. Combining this information with the lender tracking information, the program manager can determine how many customers who were given the choice to use EFLIC decided to use it.	PG&E and CHEEF

h. Methodologies to test the cost-effectiveness of the project.

Since the finance pilots have energy and demand objectives, the methods contained in the Standard Practice Manual will be used to determine cost effectiveness. The EM&V studies will provide major inputs for final cost effectiveness calculations.

i. A proposed EM&V plan.

The Statewide Research Roadmap specifies the mechanism for which energy and demand savings will be determined for the Finance Pilots. The Research Roadmap is a detailed plan which describes each of the studies being conducted on the financing pilots by each of the IOUs. Included in the plan are allocated budgets, key research questions and information needs of the program managers and other stakeholders. In addition, the IOUs are conducting research to develop various requirements of the Pilots including logic models, Program Performance Metrics and related design parameters.

j. A concrete strategy to identify and disseminate best practices and lessons learned from the pilot to all California utilities and to transfer those practices to resource programs, as well as a schedule and plan to expand the pilot to utility and hopefully statewide usage.

See Section 11.d.

Decision 13-09-044, Fast-Track / OBR PIPs

- The single credit enhancement pool for each pilot program made available to all Financial Institutions is to draw down from on a first-come-first-served basis (pp. 23 – 24).

  This requirement will apply to the Single Family Loan Program Pilot and will be further addressed in CAEATFA's regulations.

- Up to $10 million from EE funds allocated as necessary costs are documented and invoiced to fund marketing, education, and outreach (ME&O) plans customized for the authorized EE finance pilots, as follows: (1) up to $8 million to be expended in coordination with the statewide ME&O plans under consideration in Application 12-08-007, et al., and (2) up to $2 million to the CHEEF to perform non-duplicative ME&O for contractors and financial institutions (Ordering Paragraph 1.vi.).

  See Table 1.

- CPUC requires an estimate of bill impacts of the EE project to be financed be presented by the contractor to the customer at the time they are making the commitment to the project to insure an informed decision (p. 81).

  See Section 10.d.ii. for the contractor requirements for this pilot program.

- ME&O plans shall include training for all pilot programs, including engaging FIs, contractors, and other market participants and borrowers (p. 84).

  See Section 10.h. for the ME&O plan for this pilot program.

- The PIP should establish appropriate program reporting by FIs and marketing steps, particularly with experienced community-based organizations, designed to achieve this goal (p. 33).

  See Section 10.h. for marketing steps.

- CAEATFA/SoCalGas reference the data protocols (from the final report) in the pilot PIPs since the data fields could differ by pilot (D.13-09-044, Appendix D).

  Pursuant to D.13-09-044, the data protocols subject to the data Working Group (WG) report are to be submitted to the Commission. This PIP incorporates by reference the data protocols associated with residential pilots from the current report. The report is available at the following website: CalEEFinance.com. Please also refer to the regulations established by CAEATFA regarding data collection and reporting to implement the WG report. Contractors and FIs should refer to the CHEEF, the selected Master Servicer, and / or the Data Manager regarding any related requirements

Decision 13-09-044, EFLIC PIP (Only)

- The EFLIC differs from non-residential OBR in significant ways. The primary differences are that it does not result in utility disconnection for failure to pay the debt charges, nor does it involve an allocation of partial customer payments between utility energy bills and energy improvement finance charges. The loan obligation does not transfer to subsequent owners or occupants. (p. 35-36).

  This is addressed in the EFLIC Rate Schedule.

- Therefore, the Commission finds it reasonable to authorize the EFLIC subpilot program for implementation as an early release pilot by PG&E. Once the Master Servicer is online, the program shall be transferred to CAEATFA and borrowers will have access to CEs through the SFLP. (p. 37)

  This is addressed in Section 9a.

- The EFLIC program, in both stages, shall include a component for outreach to low and moderate income homeowners. (p. 38)

  This is addressed in Section 10h.

- Transition to CAEATFA, including opening the program to other FIs under similar terms and conditions, and linkage to the SFLP shall be addressed in the 90-day PIP. (p. 38)

  This is addressed in Section 9a.

ATTACHMENT 1

Program Non-Energy Objectives

For New or Substantially changed programs and sub-programs, provide the following information for Program Non-Energy Objectives and follow the format used for the previous cycle Program Performance Metrics found in Resolution E-4385.

i. **List the primary SMART[8] non-energy objectives of the program.** These should correspond to key methods identified above to overcome the market barriers, areas of concern or gaps, and to the outputs and short, mid- and long-term non-energy outcomes identified in the logic model requested below.

   The SFLP will evaluate its influence on the market actors that support single family loans. This includes examining the number of educated and trained contractors that are participating in the program, in addition to FIs and other market actors. This pilot will also evaluate processing time for receiving a loan (from start to finish) as well as loan values based on EE work. The pilot participation results will offer useful perspectives on the effectiveness of these pilot approaches, best practices, and lessons learned, and expected benefits of expanding the pilot to become a full-scale program.

   This pilot introduces a mechanism to test and compare two types of single family financing products: indirect financing and direct loans. Training will be conducted to educate both FI's and contractors on overcoming financing barriers.

ii. **For each SMART objective, identify the quantitative targets, direction or percent of change that you hope to achieve during the program cycle.**[9]

   The IOUs will work to determine the baseline for existing participation within the statewide financing programs. This will allow for the IOUs to measure incremental single family loan participation. The IOU's will analyze the data collected during the 2013-2017 pilot period to better assess future projections for non-energy objectives if the pilots are converted into "mainstream" programs. As such, the IOUs do not establish targets at this time.

iii. **For each proposed SMART objective, describe any relevant baseline data on current market conditions that you have assembled or plan to assemble and the sources.**

   The utilities will develop meaningful baseline and market transformation concepts and metrics for programs that do not currently have them, and then propose to

[8] A SMART objective is one that is **S**pecific (i.e. quantitative and quantifiable generally, in terms of the results to be achieved**), M**easurable, **A**mbitious, **R**ealistic, and **T**ime-bound.
[9] Please also add any new program objectives and quantitative targets for statewide programs to the portfolio PPM/MTI reporting template.

design and administer studies to gather and track consistent, reliable and valid baseline and market effects data.

Each IOU will look at past program participation rates of other similar programs, current market conditions, current economic conditions, available work-paper/studies, baseline data, and customer mix and penetration.

iv. Quantitative program targets (PPMs): If not already provided above, indicate estimates of the number of measure units, buildings, etc. projected to be treated by the sub-program.

On June 3, 2013, the IOUs filed Advice Letter (AL) 3389-G/4234-E which advised the Commission that the IOUs are working to assess financing utilization in the EE portfolio and developing PPM recommendations. The pilot metrics shown above were designed to meet criteria defined by the CPUC as fulfilling the EE Strategic Plan, portfolio development, and program specific evaluation efforts. The IOUs will analyze the data collected during the 2013-2017 pilot period to better assess future projections for these PPMs as pilots are converted into statewide programs.