2013-2014 Energy Efficiency Programs
Statewide Finance Program
Program Implementation Plan

1. **Program Name:** Statewide Finance Program
   Program ID: SCG3735 – On-Bill Financing (OBF)
   SCG3736 – ARRA-Originated Financing
   SCG3737 – New Financing Offerings

   Program Type: Statewide Core Program

2. **Program Description (general)**
   The Statewide Finance Program is designed to support the Commission's goals to help achieve the following potential major benefits:
   - Encouraging customers to invest in projects that will achieve deeper energy savings.
   - Overcoming the "first cost" barrier of energy efficiency upgrades;
   - Leveraging ratepayer funds by bringing in private capital;
   - Increasing sales of energy efficient products and services; and
   - Reaching a broader set of customers and market segments.

   The Statewide Finance Program consists of a portfolio of financing options to be implemented consistently on a statewide basis, including continuation of the On-Bill Financing (OBF) program, continuation of the American Recovery and Reinvestment Act (ARRA)-originated financing programs, and a set of new financing programs for single-family and multi-family residential customers as well as for small business and broader non-residential customers.

   These financing offerings are intended to eventually support all types of demand-side investments, including energy efficiency, demand response, distributed generation, and storage.

   In order to expedite and coordinate the development and expansion of the Statewide Finance program, the Commission directed SoCalGas and SDG&E, on behalf of all utilities, to hire an expert financing consultant, in an effort that will be co-funded by all of the utilities and will come from unspent 2012 program funds and/or 2013-2014 funding.

   The expert financing consultant convened a set of working groups that addressed:
   - Program design issues for new financing programs.
   - Energy project and loan performance data collection and dissemination issues.

   The expert financing consultant has recommended financing pilot programs in 2012 to be launched in 2013 and scaled up in 2014. The utilities and the expert financing consultant have consulted with the local governments and their partners on financing program development experience gained in the past few years through PACE and ARRA funded programs and have recommended programs to continue to receive funding.

   The new financing programs recommended are based on the following principles as directed by the Commission:

- Each financing product will be uniform across the state
- "Keep it simple and fast", avoid overly-complex design or paperwork and allow contractors and other marketing agents to present finance information to the borrower/energy-user to drive transactions.
- For the non-residential on-bill repayment program, a single servicing agent will be considered to relay simple finance payment information to the utility bill.
- The single servicing agent will be responsible for all special adjustments, the originator will be responsible for consumer inquiries, and there will be a separate program dispute resolution process for issues with contractors.

The expert financing consultant will identify and define these elements in more detail in 2012 for launching pilots in 2013. The 2013 and 2014 pilot programs will be explicitly designed to gain program experience and data, particularly with respect to debt repayments and estimated project energy savings, with the intent of attracting additional capital resources from interested financial institutions and other businesses. The expert financing consultant provided an overview of recommended EE Finance Pilot Program design at a Public Workshop on October 2, 2012 and presented a written report to the CPUC on October 19, 2012,

In consultation with the expert financing consultant and a working group convened by the consultant, the utilities will develop for California (or perhaps in collaboration with a national effort), a database of financing-related project performance and repayment data. This database will protect individual customer privacy, be shared publically, and will contain, at a minimum:

- Customer type,
- Host site characteristics,
- Customer payment history to the utility,
- Customer/borrower credit scores and energy project repayment histories,
- Energy project performance data (by building or customer, not only by measure),
- Billing impacts comparing pre- and post-installation utility bills.

3. Total Projected Program Budget and Savings

The statewide portfolio of financing programs will be funded at a level of at least $200 million statewide over 2013-2014.

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Table 1: Total Projected Program Budget by Subprogram

Program #	Main/Sub Program Name	Administrative Amount	Marketing Amount	Direct Implementation Amount	Incentive Amount	Total Program Budget Amount
	SW Finance Program					
3735	SW-FIN-On-Bill Financing	$110,667	$73,193	$1,043,518	$500,000	$1,727,378
3736	SW-FIN-ARRA-Originated Financing	$0	$0	$3,200,000	$0	$3,200,000
3737	SW-FIN-New Financing Offerings	$0	$0	$10,267,622	$0	$10,267,622
	TOTAL:	**$110,667**	**$73,193**	**$14,511,140**	**$500,000**	**$15,195,000**

SoCalGas requested revolving loan funds for financing outside of energy efficiency funds. Thus, the On-Bill Financing Sub-Program budget does not include a total of $2 million in revolving loan funds.

Table 2: Total Projected Program Savings

Program #	Main/Sub Program Name	2013-2014 Gross kW Savings	2013-2014 Gross kWh Savings	2013-2014 Gross Therm Savings
	SW Finance Program			
3735	SW-FIN-On-Bill Financing	0	0	750,001
3736	SW-FIN-ARRA-Originated Financing	0	0	0
3737	SW-FIN-New Financing Offerings	0	0	0
	TOTAL:	**0**	**0**	**750,001**

4. Short description of each subprogram

On-Bill Financing (OBF)
The OBF subprogram is a continuation of and improvement on the existing utility on-bill financing programs for non-residential customers. OBF offers interest-free, utility ratepayer financed, unsecured energy efficiency loans to qualified non-residential customers with qualified projects. OBF allows customers to achieve energy savings through the purchase and installation of efficient equipment. Customer loans are repaid through a fixed monthly installment on their utility bills.

American Recovery and Reinvestment Act (ARRA) Originated Financing Programs
Several financing programs were funded through ARRA and that funding will expire during 2012. The IOUs will continue to fund selected ARRA-originated programs which have been, and will continue to be, implemented by 3rd parties, local governments, and/or via the California Energy Commission. Successful ARRA-originated programs have been selected based on the following criteria:

- Potential for scalability to larger markets;
- Ability to leverage ratepayer funds with private capital
- Ability to test unique/new program design and delivery
- Ability to serve previously un-served or under-served markets
- Ability to offer low interest rates to consumers
- Effective utilization of total combined ratepayer funding support from all sources.

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The utilities have provided ARRA Finance Continuation funding in 2012 per the May Guidance decision. SoCalGas will provide continued funding and administrative support for selected ARRA Finance programs in 2013-2014. Some of these programs will be funded with ratepayer dollars as part of contract agreements with the Regional Energy Networks (RENs) with the remainder funded under the ARRA origination Sub-Program.

<u>New Financing Offerings</u>
These are new, scalable, and leveraged statewide financing products to be designed in 2012 to help customers produce deeper energy savings. As described above, they will also be designed to gain program experience and data on debt repayment and project energy savings. Specifically the new offerings will include:

- A credit enhancement strategy for the single-family residential market;
- A multi-family residential market strategy that includes both credit enhancement and an on-bill repayment option that may require legislative change to fully implement;
- A credit enhancement strategy for the small business market; and
- An on-bill repayment strategy for all non-residential customers.

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Sub-Program

Program Implementation Plan Template

1. **Sub-Program Name:** On-Bill Financing (OBF)
2. **Sub-Program ID number:** SCG 3735
3. **Type of Sub-Program:** X Core __Third Party __Partnership
4. **Market sector or segment that this sub-program is designed to serve:**

   a) __ Residential
      i. Including Low Income? __ Yes X No;
      ii. Including Moderate Income? __ Yes X No.
      iii. Including or specifically Multifamily buildings __ Yes X No.
      iv. Including or specifically Rental units? __ Yes X No.

   b) X Commercial (List applicable NAIC codes: All Commercial NAICS Codes)
   c) X Industrial (List applicable NAIC codes: All Industrial NAICS Codes)
   d) X Agricultural (List applicable NAIC codes: All Agricultural NAICS 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

   Loan checks may be payable to OBF contractors if customers so designate. However, in this situation, the loan proceeds represent payment from customer for work completed and not an incentive from the Utility.

7. **Projected Sub-program Total Resource Cost (TRC) and Program Administrator Cost (PAC) (Rough Estimate, If Possible)** TRC ___ PAC ___

   TBD: TRC and PAC analysis is subject to final CPUC guidance regarding the methodology for claiming energy savings within Finance Sub Programs.

8. **Projected Sub-Program Budget**

Table 1. Projected Sub-Program Budget, by Calendar Year (Rough Estimate, If Possible – Components may need to be modified for financing) [1]

	Program Year		
On-Bill Financing*	**2013**	**2014**	**Total**
Admin ($)	$ 26,110.32	$ 26,110.32	$ 52,220.64
General Overhead ($)	$ 29,223.29	$ 29,223.29	$ 58,446.58
Loan Funding Implementation($)	$513,109.01	$513,109.01	$ 1,026,218.02
Marketing & Outreach ($)	$ 36,596.38	$ 36,596.38	$ 73,192.76
Education & Training ($)	$ 8,650.00	$ 8,650.00	$ 17,300.00
Incentives ($)	$ 250,000.00	$ 250,000.00	$500,000.00
Total Budget ($)	$863,689.00	$863,689.00	$1,727,378.00

Additionally, $2 million in revolving loan funds are not reflected in this table as funds for the loan pool are requested outside of energy efficiency funds.

9. Sub-Program Description, Objectives and Theory

a) Sub-Program Description and Theory:

Statewide On-Bill Financing offers interest-free, unsecured energy efficiency loans to qualified non-residential customers with qualified projects. OBF will build on the success of the past program cycle to allow customers to achieve energy savings through the purchase and installation of efficient equipment. Customer loans will be repaid through a fixed monthly installment on their utility bills. There is no prepayment penalty. Loans are not transferable. Partial or non-payment of loan could result in shut-off of utility service and turned over for collection. OBF funding for 2013 and 2014 was approved at $1.7 million for SoCalGas.

The primary market barrier that the OBF subprogram is intended to overcome is the lack of up-front capital for customers to invest in real and sustainable long-term energy cost reductions.

The 2010-2012 On-Bill Financing Process Evaluation and Market Assessment (http://www.energydataweb.com/cpucFiles/pdaDocs/846/OBF%20Final%20Report,%20May%202012.pdf) concludes that utilities should continue to offer OBF into 2013-14 while maintaining the key features that have driven participation:

- **Reduce or eliminate customer first-cost hurdles** - by enabling qualified customers to complete energy-efficiency projects with no up-front costs, OBF eliminates one of the major barriers to participation in energy efficiency.

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

- **Interest-free loans -** reduces customer cost
- **Estimated Bill-neutrality** – this program design feature has proven to be an effective tool for vendors, distributors, utility account executives, and other marketing agents to encourage customers to finance necessary upgrades while reducing customer bill-impacts (average monthly energy cost savings generally are greater than monthly debt service costs).

The Statewide OBF Team has worked closely to align program features and requirements so OBF will be consistently structured and delivered across all IOUs' service territories.

- **Eligible customers -** Non-residential customers (including institutional customers) and owners of multifamily units who do not reside on the premises.
- **Credit approval** – Based on customers' account history. By reviewing the individual customers' bill payment record, utility administrators have the ability to approve loans without the added time, cost, and subjective review of a third-party credit check. The IOUs have adopted this best practice due to the historically low OBF loan defaults to date.
- **Loan term** – Loan terms are up to 10 years and up to 5 years for taxpayer-funded institutional and non-institutional customers, respectively. Utilities will structure loan requirements to tailor loan terms to specific types of projects under specific guidelines, allowing longer maximum loan terms for more comprehensive or deeper energy savings projects and shorter maximum loan terms for projects with shorter payback periods (e.g. lighting and low cost equipment). Specific details shall be adjusted pending the final ruling on the Statewide Finance Program.
- **Loan minimum per meter-** $5,000
- **Loan maximum per meter -** $100,000 for non-institutional customers; $250,000 for taxpayer-funded institutional customers; eligible State of California accounts may qualify up to $1,000,000
- **Relationship to rebate/incentive** – The utilities plan to treat 2013 as a transition year for IOUs to analyze possible program design options and determine which are most likely to succeed. Based on the IOUs' assessment, piloting the appropriate balance between rebates/incentives and financing for the same measure will begin in 2014. During 2013-2014, incremental energy savings associated with OBF projects will be counted toward the existing rebate/incentive programs, thus avoiding double counting. To show the impact of financing program offerings, the utilities will manage tracking and reporting systems to identify all finance projects and report associated energy savings via a "below-the-line" report.
- **Financed equipment –** All measures in an OBF project must qualify for another utility rebate/incentive program (i.e. must be CPUC approved energy efficiency measures).
- **Signing of loan agreement:** Prior to project installation
- **Loan payee –** The loan payee can be either customer or contractor, as authorized by the end use customer.

- **Site bundling –** Allowed for taxpayer-funded institutional customers only. Site bundling is defined as combining projects from multiple meters at multiple premises into one loan.
- **Multi-program participation -** A single project cannot receive funds from more than one loan program supported by ratepayer dollars. For example, a small business customer receiving credit enhancement offered through the utility for a specific project will not be eligible to receive an OBF loan for the same project.
- **Co-funding loans with another utility –** Utilities with bordering/overlapping service territories will work together to co-fund qualified projects to common customers that will optimize gas and electric cost savings.
- **Vendor support** –The utilities have adopted vendor support guidelines and standard participation agreements to monitor performance, manage customer expectations, and set clear roles and responsibilities for all parties . **SoCalGas does not currently have a vendor support network for its OBF Program; however, if it does incorporate a vendor support network, SoCalGas will adopt the same support guidelines and standard participation agreements as the other utilities.**

b) **Sub-Program Energy and Demand Objectives**- If this sub-program has energy and demand objective, please complete Table 2.

Table 2. Projected Sub-Program Net Energy and Demand Impacts, by Calendar Year (Rough Estimate, If Possible)[2]

Program #	Main/Sub Program Name	2013-2014 Gross kW Savings	2013-2014 Gross kWh Savings	2013-2014 Gross Therm Savings
	SW Finance Program			
3735	SW-FIN-On-Bill Financing	0	0	750,001

c) **Program Non-Energy Objectives**:
Track OBF project and loan performance data to contribute to the financing-related project performance and repayment database.

d) **Cost Effectiveness/Market Need**: What methods will be or have been used to determine whether this program is cost-effective?[3] If this is a non-resource program, describe the literature, market assessments or other sources that indicate a need for this program.

Methods contained in the Standard Practice Manual will be used.

e) **Measure Savings/ Work Papers (Rough Estimate, If Possible)** :

a. Indicate data source for savings estimates for program measures (DEER, custom measures, etc).

[2] Individual utility specific information to be provided in this table
[3] If the program has energy and demand objectives, simply state that the methods contained in the Standard Practice Manual will be used. If the program does not have energy and demand objective, propose an approach to assess cost-effectiveness.

CPUC approved customized and DEER measures.

b. Indicate work paper status for program measures:

Table 4 – Work paper Status

See the Work paper Status table in the Statewide Industrial Program, the Statewide Commercial Program, and the Statewide Agricultural Program.

10. Program Implementation Details

- **Timelines:** List the key program milestones and dates. An example is included below.

Table 5: Sub-Program Milestones and Timeline

Table 5: Sub-Program Milestones and Timeline

Milestone	Date
Statewide Coordination Meeting	Oct-12
Statewide Vendor Participation Guidelines Completed	Nov-12
Vendor training module completed	Nov-12
Marketing materials completed	90 days after a Decision on Finance Programs
SW OBF Finance Manual Draft 1 Completed	Mar-13
Loans funded	Ongoing

- **Geographic Scope**: List the geographic regions (e.g., CEC weather zones) where the program will operate

Table 6: Geographic Regions Where the Program Will Operate

Geographic Region	Statewide Financing - SCG
CEC Climate Zone 1	
CEC Climate Zone 2	
CEC Climate Zone 3	
CEC Climate Zone 4	x
CEC Climate Zone 5	x
CEC Climate Zone 6	x
CEC Climate Zone 7	x
CEC Climate Zone 8	x
CEC Climate Zone 9	x
CEC Climate Zone 10	x
CEC Climate Zone 11	

CEC Climate Zone 12	
CEC Climate Zone 13	x
CEC Climate Zone 14	x
CEC Climate Zone 15	x
CEC Climate Zone 16	x

Table 7: Program Administration of Program Components (Rough Estimate, If Possible)

Program Name	Program Component	Implemented by IOU Staff? (X = Yes)	Implemented by contractors to be selected by competitive bid process (if Yes then enter type of contractor/other maket actor possibly used)	Implemented by contractors NOT selected by competitive bid process (list prime contractor and sub-contractor names)	Implemented by local government or other entity (X = Yes)
On-Bill Financing	Program Application Process	X			
On-Bill Financing	Inspections	X			
On-Bill Financing	Project Engineering Review	X			
On-Bill Financing	Loan Funding	X			
On-Bill Financing	Loan Repayment Process	X			
On-Bill Financing	Marketing/Outreach	X			X

- **Program Eligibility Requirements**

   i. **Customers:** List any customer eligibility requirements (e.g., annual energy use, peak kW demand)

   SoCalGas' customer eligibility requirements include, but are not limited to the following:

   - Non-residential customers (including institutional customers) and owners of multifamily units who do not reside on the premises.
   - Customer must have continuous utility service with SoCalGas for at least 24 of the immediately preceding months in the same business and with a minimum of 12 months of energy usage history at the current meter.

- Customer must be in good credit standing as determined by the Utility.
- Project must meet terms and conditions of one or more energy efficiency programs offered through the Utility.

Table 8: Customer Eligibility Requirements (Joint Utility Table)

For On Bill Financing subprogram:

Customer Eligibity Requirement (list of requirements)	**PGE**	**SCE**	**SDGE**	**SCG**
Non-residential customers (including institutional customers)	x	x	x	x
Owners of multifamily units who do not reside on the premises	x	x	x	x

Contractors/Participants: List any contractor (and/or developer, manufacturer, retailer or other "participant") eligibility requirements (e.g. specific IOU required trainings; specific contractor accreditations; and/or, specific technician certifications required).

Refer to customer eligibility requirements as stipulated in Subsection i. above.

Table 9: Contractor/Participant Eligibility Requirements (Joint Utility Table)

This table is not applicable. SoCalGas' OBF Program does not have a contractor network.

Program Partners

Manufacturer/Retailer/Distributor partners: For upstream or midstream incentive and/or buy down programs indicate[4]: The OBF program does not explicitly link to upstream and/or midstream programs.

Table 10: Manufacturer/Retailer/Distributor Partners

This table is not applicable. The OBF Program does not directly link to upstream and/or midstream programs. See statewide calculated and deemed program implementation plans for details on manufacturer/retailer/distributor partners.

Other key program partners: Indicate any research or other key program partners.

Key partners include:

- Industry contractors/vendors
- Business Improvement Districts
- Chambers of Commerce
- Statewide and Local Government Utility Partners

[4] Provide in a consistent format for all IOUs. Indicate program partners across all IOU territories in one table or spreadsheet. Append to end of PIP.

- Program Advisory Group and subcommittees
- Process Evaluation Stakeholders and other participants
- Loan administrators
- Financial Institutions[5]

- **Measures and incentive levels**: E3 calculators will provide the list of measures and incentive levels to be provided via the program. In this section the utilities should provide a summary table of measures and incentive levels. **(Rough Estimate, If Possible)**

Table 11: Summary Table of Measures, Incentive Levels and Verification Rates (Rough Estimate, If Possible)

See the Summary Table of Measures, Incentive Levels and Verification Rates in the Statewide Industrial Program, the Statewide Commercial Program, and the Statewide Agricultural Program. As noted above, the utilities plan to treat 2013 as a transition year for IOUs to analyze possible program design options related to incentives and rebates and determine which are most likely to succeed. Based on the IOUs' assessment, piloting the appropriate balance between rebates/incentives and financing for the same measure will begin in 2014.

(Rough Estimate, If Possible)

a. Use a single excel spreadsheet to indicate the eligible measures for the program across all IOUs. Indicate the expected incentive level by measure or measure grouping for each IOU, making clear where these vary. **(Rough Estimate, If Possible)**

   As noted above, the utilities plan to treat 2013 as a transition year for IOUs to analyze possible program design options related to incentives and rebates and determine which are most likely to succeed. Based on the IOUs' assessment, piloting the appropriate balance between rebates/incentives and financing for the same measure will begin in 2014.

b. For each incented or rebated measure, indicate the market actor to whom this will be provided. **(Rough Estimate, If Possible).**

[5] Financial Institutions may be interested in purchasing OBF loans from IOUs

Incentive proceeds are payable to the end use customer or a customer designated payee. OBF loan proceeds are payable to the end use customer or a customer designated customer authorized agent.

- **Additional Services:** List additional services that the sub-program will provide, to which market actors.

  This subprogram coordinates with commercial, industrial, and agricultural calculated sub programs that offer energy audits, site surveys, energy savings assessments, and information on other utility programs to program participants.

  a. For each service provided, indicate any expected charges to market actors of the services, and/or the level at which any such services will be incented or funded.

     These additional services are generally offered to program participants free of charge.

  Table 12: Additional Services

  This table is not applicable.

- **Sub-Program Specific Marketing and Outreach:** Please describe, providing timelines (suggested word limit: 300 words)

  OBF marketing and outreach is performed through various channels including vendors, account executives, workforce education & training, IOU web-site outreach, CPUC web-site outreach, and utility energy efficiency marketing & outreach groups. As the utilities move towards a more uniform approach to OBF, and CPUC guidance around EE finance is finalized, a general marketing plan will be developed within 90 days of the issuance of the Finance Program ruling to collaborate on a consistent strategy, message, and tactics that will serve the key stakeholders in each of the IOU service territories.

  Utilities with bordering/overlapping service territories will work together to develop and provide joint marketing approaches targeting integrated electric and gas savings opportunities. A key challenge will be coordination and integration (as relevant) with the ARRA-originated financing programs and the non-residential pilots.

- **Sub-Program Specific Training:** Please describe, providing timelines (suggested word limit: 300 words)

  IOUs will adopt best practices and recommendations on an ongoing basis throughout the program cycle for to provide quarterly training for key market actors for OBF as well as additional program-appropriate modules. The training may include customer forums, Technology Center classroom trainings, Contractor forums, and Webinars. Training content will include:

- Program overview and requirements
- Customer & project eligibility
- Calculation of project scope
- Program application steps and requirements
- Application process and communications
- Vendor Participation Agreement guidelines
- OBF best practices and case studies
- Other Demand Side Management and Self-Generation program offerings – e.g. Direct Install, Rebates, Incentives, Demand Response, and California Solar Initiative programs.
-

- **Sub-Program Software and/or Additional Tools:**

a. List all eligible software or similar tools required for sub-program participation. **(Rough Estimate, If Possible**). Project applications may be submitted using SCE's integrated on-line incentive application tools and the associated OBF Application.

b. Indicate if pre and/or post implementation audits will be required for the sub-program. ___ Yes ___ No **See below**
Pre-implementation audit required _X_ Yes _ __ No
Post-implementation audit required __ Yes _X_ No

All OBF Projects require pre and post inspections; however, post-installation audits may be required based on the nature of the project.

c. As applicable, indicate levels at which such audits shall be rebated or funded, and to whom such rebates/funding will be provided (i.e. to customer or contractor). **(Rough Estimate, If Possible).**

Not Applicable.

Table 13: Post-implementation Audits (Rough Estimate, If Possible)

(Rough Estimate, If Possible)

This table is not applicable. Post-implementation audits are not required for the OBF Program.

- **Sub-Program Quality Assurance Provisions:** Please list quality assurance, quality control, including accreditations/certification or other credentials **(TBD)**

  Table 14: Quality Assurance Provisions (TBD)

  This table is not applicable.

- **Sub-program Delivery Method and Measure Installation/Marketing or Training:** Briefly describe any additional sub-program delivery and measure installation and/or marketing & outreach, training and/or other services provided, if not yet described above.

  Measure installation will be performed by a licensed contractor of the customers' choosing. OBF is delivered through contractors/vendors as well as utility account executives. Contractors/vendors who are paid through OBF loan funds will be required to attend training and sign a Vendor Participation Agreement. IOUs are exploring the development of a uniform statewide Vendor Participation Agreement to align all programs for vendors who participate throughout the State. **SoCalGas markets its gas-only OBF program primarily through its Account Executives and does not have a formal OBF Vendor Participation program due to lack of interest from natural gas equipment vendors. SoCalGas will offer training to interested natural gas equipment vendors and provide a Vendor Participation Agreement to sign so they could work directly with potential OBF customers, however, does not require customer-selected vendors to sign the Vendor Participation Agreement or attend training since all program-related paper work is handled by utility Account Executives on behalf of their customers.**

- **Sub-program Process Flow Chart:** Provide a sub-program process flow chart that describes the administrative and procedural components of the sub-program. For example, the flow chart might describe a customer's submittal of an application, the screening of the application, the approval/disapproval of an application, verification of purchase or installation, the processing and payment of incentives, and any quality control activities.

  Process flow charts were submitted as part of the response to Question 55 of the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge submitted September 5, 2012. [6]

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[6] Joint Response of San Diego Gas &Electric and Southern California Company to Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, Attachment B, at p. 64.

SoCalGas does not require customer-selected vendors to sign the Vendor Participation Agreement or attend training since all program-related paper work is handled by utility Account Executives on behalf of their customers.

- **Cross-cutting Sub-program and Non-IOU Partner Coordination:** Indicate other IOU EE, DR or DG sub-programs with which this sub-program will regularly coordinate. Indicate also key non-IOU coordination partners. Indicate expected coordination mechanisms[7] and frequency[8]:

Table 15: Cross-cutting Sub-program and Non-IOU Partner Coordination

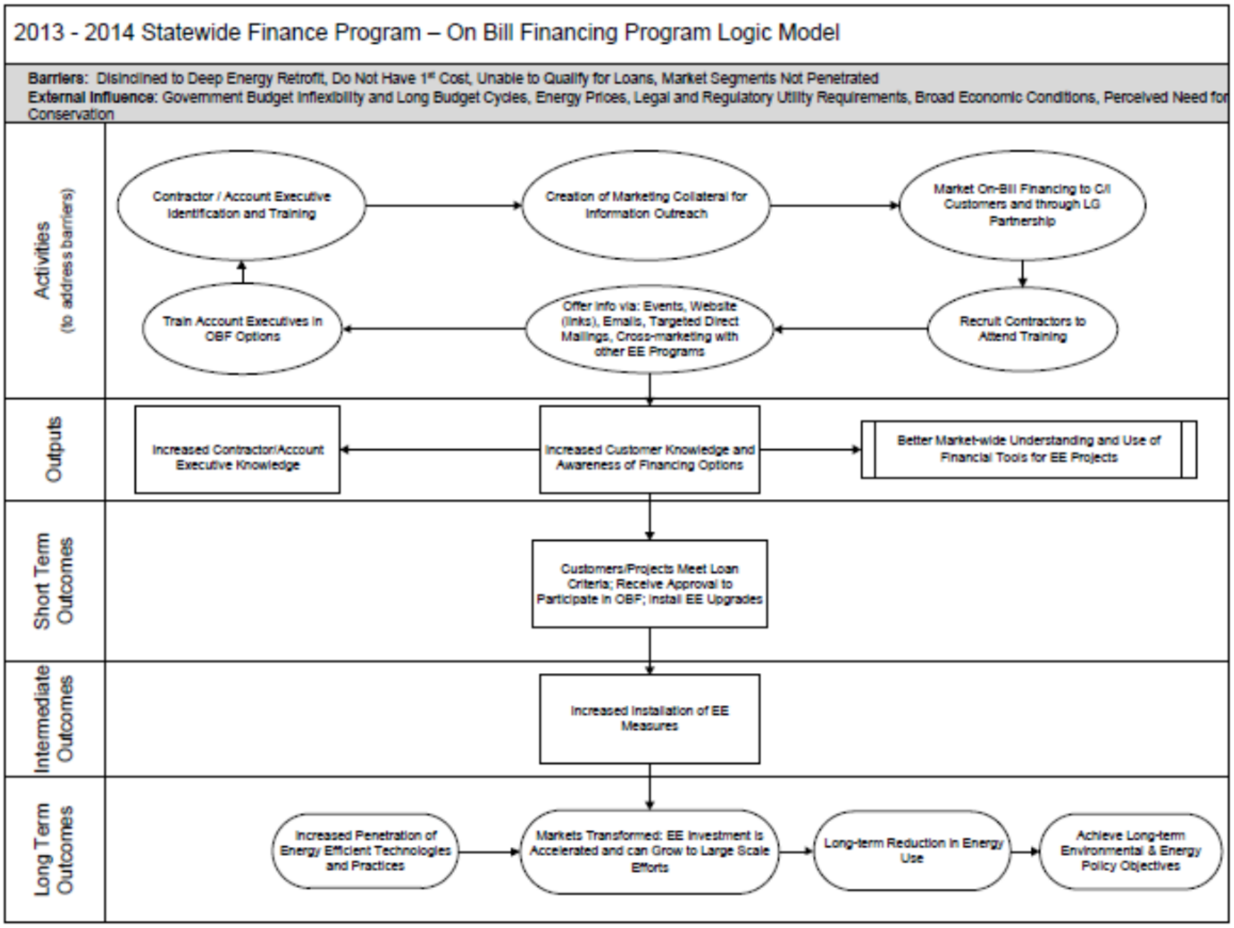
Sub-Program Name		
Other IOU Sub-program Name	**Coordination Mechanism**	**Expected Frequency**
Local Government Partnerships	Meetings/Emails/Calls	Monthly/As-Needed
Institutional Partnerships	Meetings/Emails/Calls	Monthly/As-Needed
Third Party Programs	Meetings/Emails/Calls	Monthly/As-Needed
Emerging Technology	Meetings/Emails/Calls	Monthly/As-Needed
Statewide Commercial, Industrial, and Agriculture Programs	Meetings/Emails/Calls	Monthly/As-Needed

- **Logic Model:** Please append the logic model for this sub-program to the end of this PIP. Describe here any additional underlying theory supporting the sub-program intervention approach, referring as needed to the relevant literature (e.g., past evaluations, best practices documents, journal articles, books, etc.).

  Logic Models were submitted as part of the response to Question 55 of the Scoping Memo and Ruling of AssignedCommissioner and Administrative Law Judge submitted September 5, 2012. [9]

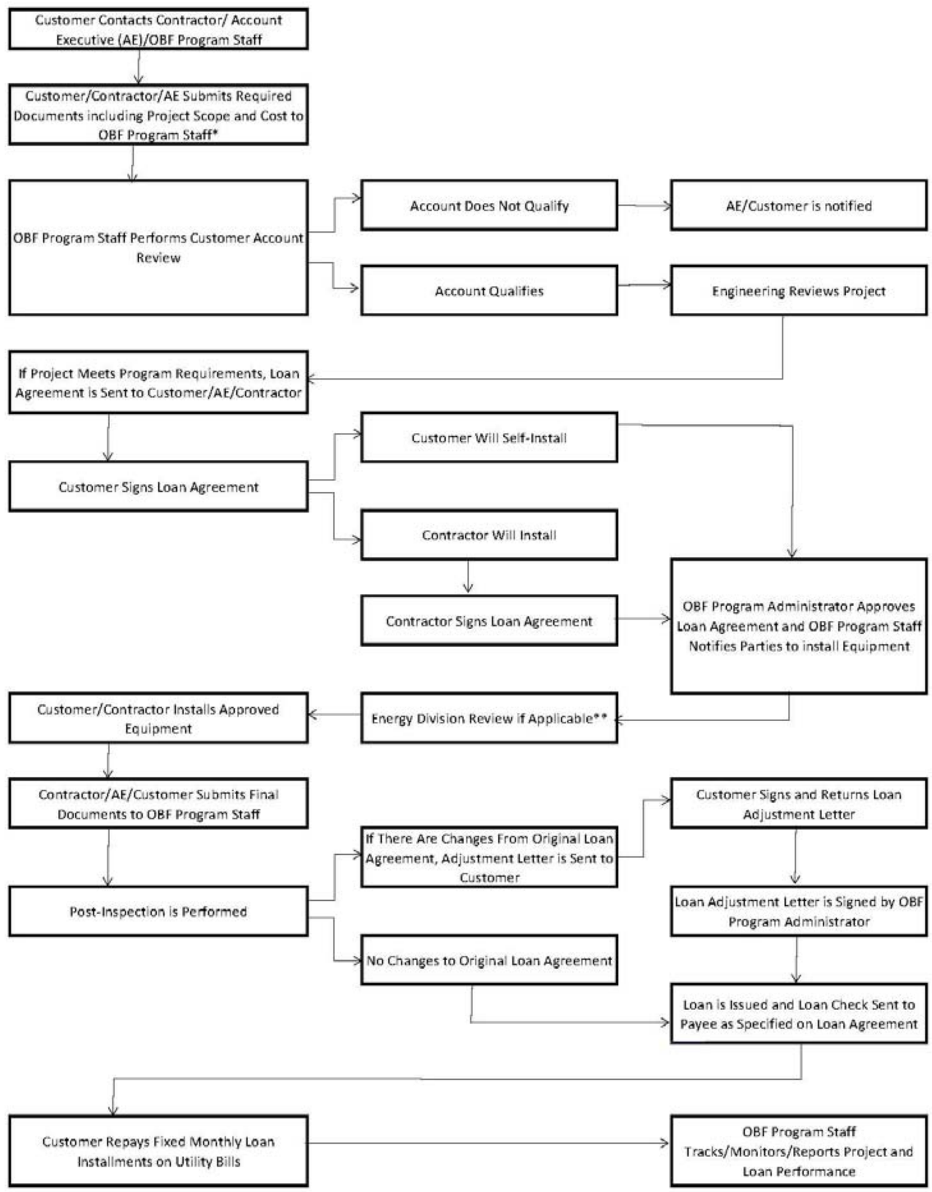
OBF Program Logic Model

[7] "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).
[8] This does not mean there would be mutual understanding of the on the mechanism or a known frequency of coordination; rather, just provide enough information to give a general sense of the coordinate efforts.
[9] Joint Response of San Diego Gas &Electric and Southern California Company to Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, Attachment B, at p. 64.



OBF Program Flow Chart

2013 - 2014 Statewide Finance Program
On-Bill Financing Program Flow Chart



* If rebates/incentives are also offered thru OBF, the required documents will include customer-signed rebate/incentive application and supporting documentation. The OBF-offered rebate/incentive qualification, processing, and issuance will closely follow the procedures for regular rebate/incentive programs.

** Please see D11-07-030 Attachment B, Chart A for details. Timing and sequence of this step may differ among IOUs depending on each utility's specifc custom process.

11. Additional Sub-Program Information

a) **Advancing Strategic Plan Goals and Objectives**: Describe how sub-program advances the goals, strategies and objectives of the California Long Term Energy Efficiency Strategic Plan (word limit: 150 words)

On-Bill Financing is designed to facilitate the adoption of energy efficiency by removing one of the major barriers to participation – up-front costs. By allowing customers to finance upgrades, OBF advances the objectives of the California Long Term Strategic Plan; specifically, the commercial programmatic goal of zero net energy by 2030.

Additionally, OBF enables customers to take a holistic approach to projects and acts as a catalyst to implement improvements regardless of capital improvement budgets or schedules constraints. This holistic approach supports the 3rd of the Big Bold Strategies by funding HVAC measures in order to facilitate market transformation so that its energy performance is optimal for California.

b) Integration

i. **Integrated/coordinated Demand Side Management**: As applicable, describe how sub-program will promote customer education and sub-program participation across all DSM options. Provide budget information of non-EE sub-programs where applicable.
CPUC guidance explicitly precludes the use of ratepayer funding for non EE measures under the OBF program. OBF marketing and outreach plans, strategy, and implementation will, however, be coordinated with IDSM strategies to assure relevant and allowable leveraging of OBF project development with IDSM initiatives.

Table 16: Non-EE Sub-Program Information

This table is not applicable. OBF is only available for eligible energy efficiency measures.

ii. **Integration across resource types** (energy, water, air quality, etc): If sub-program aims to integrate across resources types, please provide rationale and general approach.

CPUC guidance explicitly precludes the use of ratepayer funding for non EE measures under the OBF program. OBF marketing and outreach plans, strategy, and implementation will, however, be coordinated with IDSM strategies to assure relevant and allowable leveraging of OBF project development with IDSM initiatives.

This table is not applicable

c) **Leveraging of Resources**: Please describe if the subprogram will leverage additional investments by market actors or other state, local or federal agencies.

The recent passage of SB 758 and Proposition 39 creates opportunities for synergies and integration with the OBF subprogram. The utilities support the notion that funds generated through SB 758 and Prop 39 may serve to augment and/or substitute for ratepayer OBF funding and will seek out opportunities to work with the IOU's and CPUC to leverage these funds to the maximum extent possible to assure the most cost-effective and prudent application of ratepayer funding to OBF programs.

d) **Trials/ Pilots:** Please describe any trials or pilot projects planned for this sub-program.

None**.**

e) **Knowledge Transfer:** Describe the strategy that will be used to identify and disseminate best practices and lessons learned from this sub-program The utilities will continue to work closely with the CPUC, as has been done over the 2010-2012 to maximize insights developed from current IOU administration of OBF programs to improve this sub-program and other EE Finance programs. Examples where continued knowledge transfer may focus upon include, but are not limited to market segment participation, rebate/incentive interaction with OBF, project end-use analysis, service delivery channel analysis, credit default/write-off rates, optimum loan terms, rebate/incentive interdependency, and other areas of interest.

12. Market Transformation Information: For programs identified as market transformation programs, include the following (suggested page limit- five pages)

i. A summary of the market transformation objectives of the program.
ii. A description of the market, including identification of the relevant market actors and the relationships among them;
iii. A market characterization and assessment of the relationships/dynamics among market actors, including identification of the key barriers and opportunities to advance demand side management technologies and strategies;
iv. A description of the proposed intervention(s) and its/their intended results, and specify which barriers the intervention is intended to address;

v. A coherent program, or "market," logic model that ensures a solid causal relationship between the proposed intervention(s) and its/their intended results[10];

vi. Appropriate evaluation plans and corresponding Market Transformation indicators and Program Performance Metrics based on the program logic model.

Not applicable, this program has not been identified as a market transformation program.

13. Additional information as required by Commission decision or ruling or as needed:
Include here additional information as required by Commission decision or ruling (As applicable. Indicate decision or ruling and page numbers):

SoCalGas and SCE will carefully coordinate statewide energy efficiency financing OBF joint projects and have developed the following step-by-step plan to coordinate joint projects:

1. **Identify projects to fund jointly. Ideal candidates are those measures with both gas and electric energy savings (dual-fuel measures). We have started recruiting potential projects, initially through Local Government and Institutional Partnerships. As the process is tested and properly established, the next step will be to encourage Account Executives and vendors to identify potential candidates beyond partnership projects.**

2. **Qualify customers' credits. Customer needs to pass credit screening by both utilities**

3. **Gather project information, including estimated energy savings, gas and electric incentives, total installed project costs, and average past-12 months delivered cost of energy for the site.**

4. **Calculate project payback and loan terms. Divide the loan amount into the gas loan and electric loan portions based on relative monetary value of gas versus electric savings. This methodology will result in bill neutrality being maintained at the meter level for both gas and electric meters.**

[10] If this logic model is the same as that requested in #10.(O), only provide once. As needed, provide a more detailed logic model emphasizing the market transformation elements of the program and/or how such elements integrate with resource acquisition elements.

2013-2014 Energy Efficiency Programs
Statewide Finance Program
Program Implementation Plan

2013-2014 Energy Efficiency Programs
Statewide Finance Program
Program Implementation Plan

ON-BILL FINANCING - 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[11] 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. **(Rough Estimate, If Possible)**

   TBD. Shall be updated to reflect the Commission's pending EM&V plan and approval.
   .

ii. For each SMART objective, identify the quantitative targets, direction or percent of change that you hope to achieve during the program cycle.[12] **(Rough Estimate, If Possible)**

   TBD. Shall be updated to reflect the Commission's pending EM&V plan and approval.

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. **(Rough Estimate, If Possible)**

   TBD. Shall be updated to reflect the Commission's pending EM&V plan and approval.

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[11] 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. For example, for a vender training component of an innovative commercial program, two SMART mid-term objectives and one long-term objective might be:

a) During the period 2013-2014, the number of HVAC installers in the SCE service territory who are able to perform quality installations of energy efficient packaged air conditioners will increase by 20%.
b) During the period 2013-2014, the number of installations of energy efficient packaged air conditions in the SCE service territory that are considered quality installations will increase by 25%.
c) By 2020, installations of energy efficient packaged air conditions in the SCE service territory that are considered quality installations will increase by 75%.

[12] Please also add any new program objectives and quantitative targets for statewide programs to the portfolio PPM/MTI reporting template.

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

Table 3. Quantitative Program Targets (PPMs)

Smart objectives, PPMs, and other parameters will be developed in the 2013-2014 cycle by the Energy Division and the IOUs for the 2013-2014 Finance Program.

2013-2014 Energy Efficiency Programs
Statewide Finance Program
Program Implementation Plan

Sub-Program

1. **Sub-Program Name:** American Recovery and Reinvestment Act (ARRA) Originated Financing Programs
2. **Sub-Program ID number:** SCG3736
3. **Type of Sub-Program:** _X_ Core __Third Party __Partnership
4. **Market sector or segment that this sub-program is designed to serve[13]:**

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

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) (Rough Estimate, If Possible)** TRC ___ PAC ___

   TBD. TRC and PAC analysis is subject to final CPUC guidance regarding the methodology for claiming energy savings within Finance Sub Programs.

8. **Projected Sub-Program Budget**

   Table 3. Projected Sub-Program Budget, by Calendar Year (Rough Estimate, If Possible – Components may need to be modified for financing) [14]

---

[13] Check all that apply
[14] Individual utility specific information to be provided in this table

The details provided below may be updated at a later time since negotiations are still underway. Accordingly, final budgets are not yet available for all the ARRA Orignated Financing Programs.

SoCalGas will make any modifications to the various budget tables via the PIP addendum process, as applicable.

ARRA Originated Financing	**2013**	**2014**	**Total**
Total Administrative Cost			
Total Marketing & Outreach			
Total Direct Implementation	$ 1,600,000	$ 1,600,000	$ 3,200,000
Total Compliance Budget	**$ 1,600,000**	**$ 1,600,000**	**$ 3,200,000**

ARRA Originated Financing Program	Administrative	Marketing & Outreach	Direct Implementation	**Total**
emPowerSBC program	TBD	TBD	TBD	TBD
LACBPP	TBD	TBD	TBD	$669,694
CHF MIST II	TBD	TBD	TBD	TBD
Total ARRA Programs	TBD	TBD	TBD	**$ 3,200,000**

9. Sub-Program Description, Objectives and Theory

a) **Sub-Program Description and Theory:** Clearly describe the goals of the sub-program and the sub-program theory. As part of this, describe the market barriers, specific areas of concern and/or gaps that the sub-program is designed to address. Then describe the way the sub-program will seek to address each barrier, area of concern or gap[15] (suggested work limit: 600 words per subprogram).

The utilities will provide fundingfor continuing and augmenting previously ARRA-funded programs that can help establish California energy project and loan performance records.

[15] Through marketing, delivery mechanisms, information, incentives, etc. If barriers vary by market sub-sector, provide this information. As part of this, succinctly describe the role of any market actors upstream from the customer such as installers, venders, architects, etc.; indicate if and why the program approach constitutes "best practice," is "innovative" or reflects "lessons learned" in market strategies, program design and/or implementation techniques.

Selected programs were evaluated against success criteria, as set forth in Section 5.3.2 (p.112 and 113) of the D.12-05-015 and the following IOU developed criteria:

1. Administrative funding (target<10%) versus Finance Product funding
2. Coordination with and enhancement of utility Whole House programs to increase customer participation
3. Demonstrated ability to serve eligible IOU customers
4. Minimal duplication of same or similar finance products within the same geographic area

The IOUs identified different needs among current ARRA Finance Program participants. For example:

1. Some wish to continue existing programs,
2. Some wish to modify existing programs, or
3. Some wish to apply remaining or available resources to enhanced or proposed programs.

In many cases, ARRA Finance Program recipients have not exhausted initial ARRA funding, but sought additional funding to leverage or enhance current ARRA-funded programs. The IOUs considered all requests for ARRA Finance Program continuation and evaluated these against CPUC success criteria and IOU criteria.

The primary goal of this subprogram is to continue developing loan and project performance data and experience to share with larger capital market players to ensure their confidence in both debt repayment behavior and the cash flow profile of energy savings associated with the projects.

In Decision 12-11-015, Conclusions of Law Paragraph 52, the Commission indicates that pilot financing programs originally funded under ARRA have shown promise and should be allowed to continue with energy efficiency program funding for two years. Per the Commission’s expectation on p. 63 of Decision 12-11-015 for the utilities to indicate the exact programs to be funded by ARRA, SoCalGas hereby submits a list of the ARRA continuation finance programs that have been selected to receive energy efficiency funding in 2013-2014:

I. County of Santa Barbara (with PG&E and SCE):
   a. The emPowerSBC program
      emPowerSBC is a residential financing program, which includes complementary services (e.g. administrative, contractor engagement, and marketing activities) and EUC support/promotion in Santa Barbara County. With EE funding from the IOUs, it is planned that the program will be expanded geographically into Ventura and San Luis Obispo County as well new markets (e.g. multifamily and small businesses), subject to all appropriate approvals. The details provided below may be updated at a later time since during this filing, negotiations with Santa Barbara County were still underway. Accordingly, final budgets are not yet available. This portion of the PIP will be updated to include a emPpower Santa Barbara

County Program budget table (including administrative costs, marketing costs, financing funds, and definition of incentive funds),

SoCalGas will make any modifications to the program design elements and budgets via the PIP addendum process as applicable.

Program Design Elements[16]

1. Customers eligible or targeted, including FICO score range, etc., renters, owners, etc.;
    - Targeted to Residential single-family homeowners in support of the Energy Upgrade California (EUC)Program, and other measures deemed eligible by the CPUC.
    - Currently in Santa Barbara County, with plans to expand to San Luis Obispo and Ventura Counties (”Tri-County”).
    - All SoCalGas, SCE, and PG&E customers are eligible.
    - Current version of program uses a debt-to-income (DTI) ratio of 45% or lower and a minimum FICO score of 590; this requirement issubject to change.
    - Customers must be a member of the credit union (or become one)
2. Source of private capital. Identify lenders;

   Lenders currently include:
    - CoastHills Federal Credit Union
    - Ventura County Credit Union
3. Credit enhancement. Who will hold these funds, what percent are they of loans, etc.;
    - The credit enhancement is a loan-loss reserve that leverages at 20:1.
    - Initially, funds are held in a “holding” checking account by the credit union.
    - Once a loan is funded, the credit enhancement funding is held in a “reserve” checking account by the credit union for the life of the loan.
    - If the reserve account exceeds a 5% reserve (as a percentage of total outstanding loans), any additional funding is held in a “reflow” checking account, which can be repurposed into the program during the program period as needed at SB County’s discretion.

[16] Requested through a memo Re: PIP Compliance Supplements for All IOUs from Jean Lamming/ Energy Division dated March 26, 2013.

- All accounts are interest bearing; all unused funds, including earned interest, will be returned to the IOUs at the end of the program.
- Program covers 90% loss on a per loan basis, up to 5% of the total loan portfolio.

4. Relationship to Hub, if any:

    - There is no current relationship to the Hub (as it doesn't yet exist).
    - As data becomes available, SBC will be providing such data (which may be managed by the Hub).

5. Loan terms – length, interest rate (does it vary by lender or customer?), fees, etc.;
    1. Maximum 15 year, fix rate loan
    2. Rates start as low as 5.90%
    3. Maximum loan $25,000; min loan is $1,000.
    4. No fees.
    5. Loan Terms (Length, Rate, Eligibility, etc.) may vary by financial institution.
    6.
6. Any securitization of loan;
    - All loans are unsecured.

7. Financeable measures? Which IOU or other retrofit programs are involved? Can retrofits be done outside of IOU programs? If solar, DG, water energy measures are included (CHF) explain how they are funded through EE support;

    - Program is targeted at EUC Program improvements.
    - Other measures allowed, but the ratepayer LLR will not be used (other LLRs funds may be, such as ARRA). No solar-only loans.
    - There will be a segregation of accounts to ensure EE funds are not mixed with non-EE funds.

8. Contractor eligibility and any QA;

    - Contractors must meet Energy Upgrade California Program requirements and. must also sign a participation agreement with SBC.

9. Any project QC, audits before or after, by what percent sample, etc.;

- Projects must follow EUC Program test-in/ test-out procedures.

10. Credit checks: based on what? Explain "meets responsible lending criteria.''

    - Credit worthiness is determined by the financial institution and is based on the criteria listed above, such as credit scores, DTIs, etc.
    - Financial Institutions are heavily regulated and they are required to provide responsible lending as dictated by law.

11. Explain process of how loan transaction begins. Is it contractor or bank driven? What role does the contractor play versus the bank or other lender? How do funds flow: where does capital come from? How is it collected? How is lender paid back? What is the process in case of default or partial payment?

    The emPowerSBC program is largely driven by the contractors. EmPowerSBC provides local marketing through its financial institutions and contractor training efforts. Process is expected to include the following:

    - Contractors meet with customer.
    - Customer/Contractor submits credit application to applicable credit union (based on geography).
    - Credit Union verifies eligibility in detail.
    - Contractor performs work and provides emPowerSBC project completion documents.
    - emPower SBC approves project completion and informs financial institution
    - institution funds loan.
    - Financial institution services loans and handles defaults and partial payments based on industry standards.

12. Targets of number of loans, size of loans, dollars loaned, type of customer reached, etc.;

    - Maximum loan is $25, 000; average loan: approximately$20,000.
    - Ratepayer funded loan-loss reserve: $1 million
    - Loan Portfolio: estimated $20 million (based on the current 20:1 leverage ratio)
    - Target number of loans: 1,300

13. Milestones in roll out of program through 2014;

    - Expand throughout the tri-county area.
    - Increase loan generation.

- Incorporate new “basic” path product.

14. Identify where finance pilots overlap in geographical territory if they serve the same customers; and

    - N/A

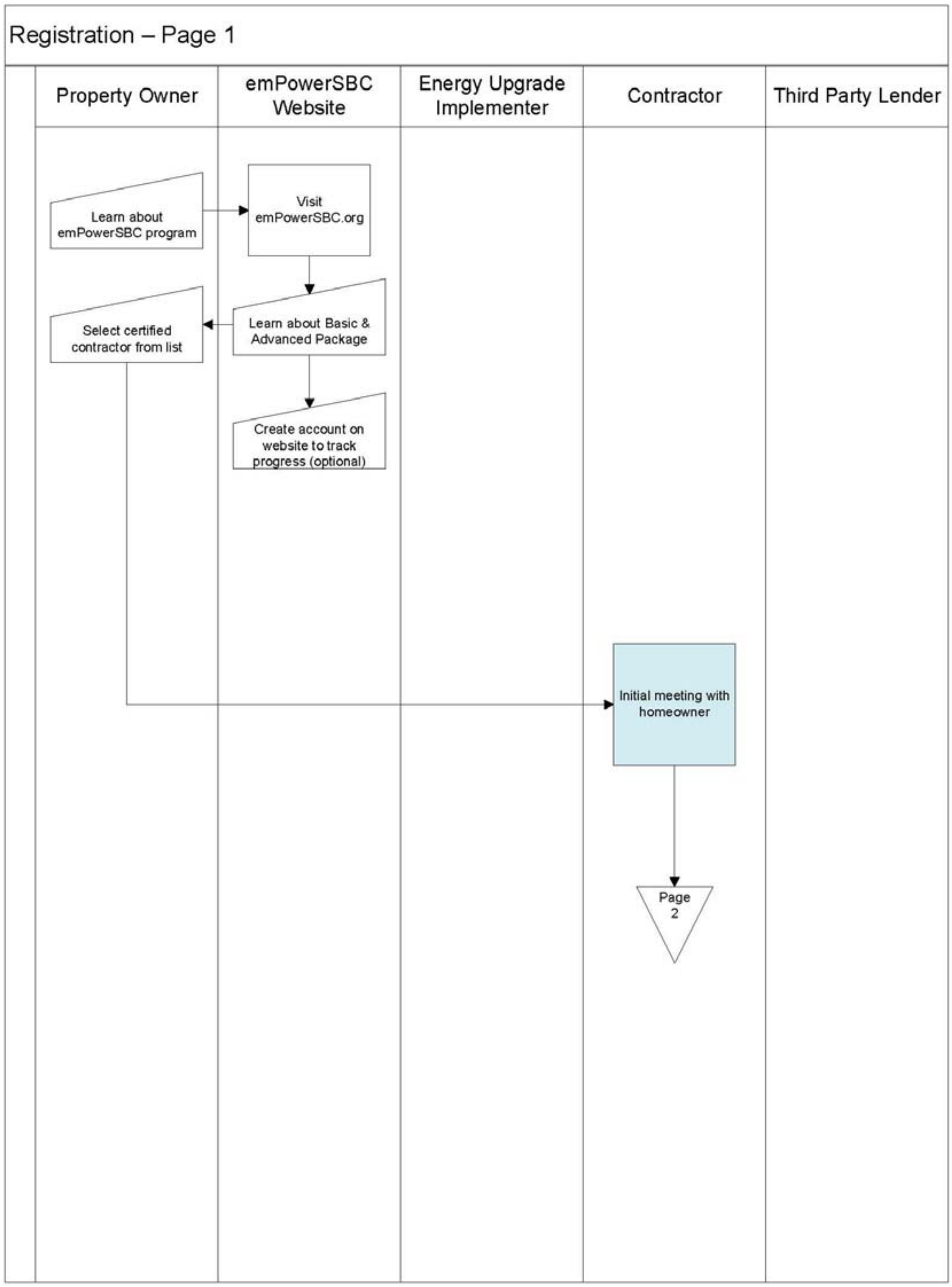
15. Highlight and explain any other aspects of the pilot design that characterize it or distinguish it.

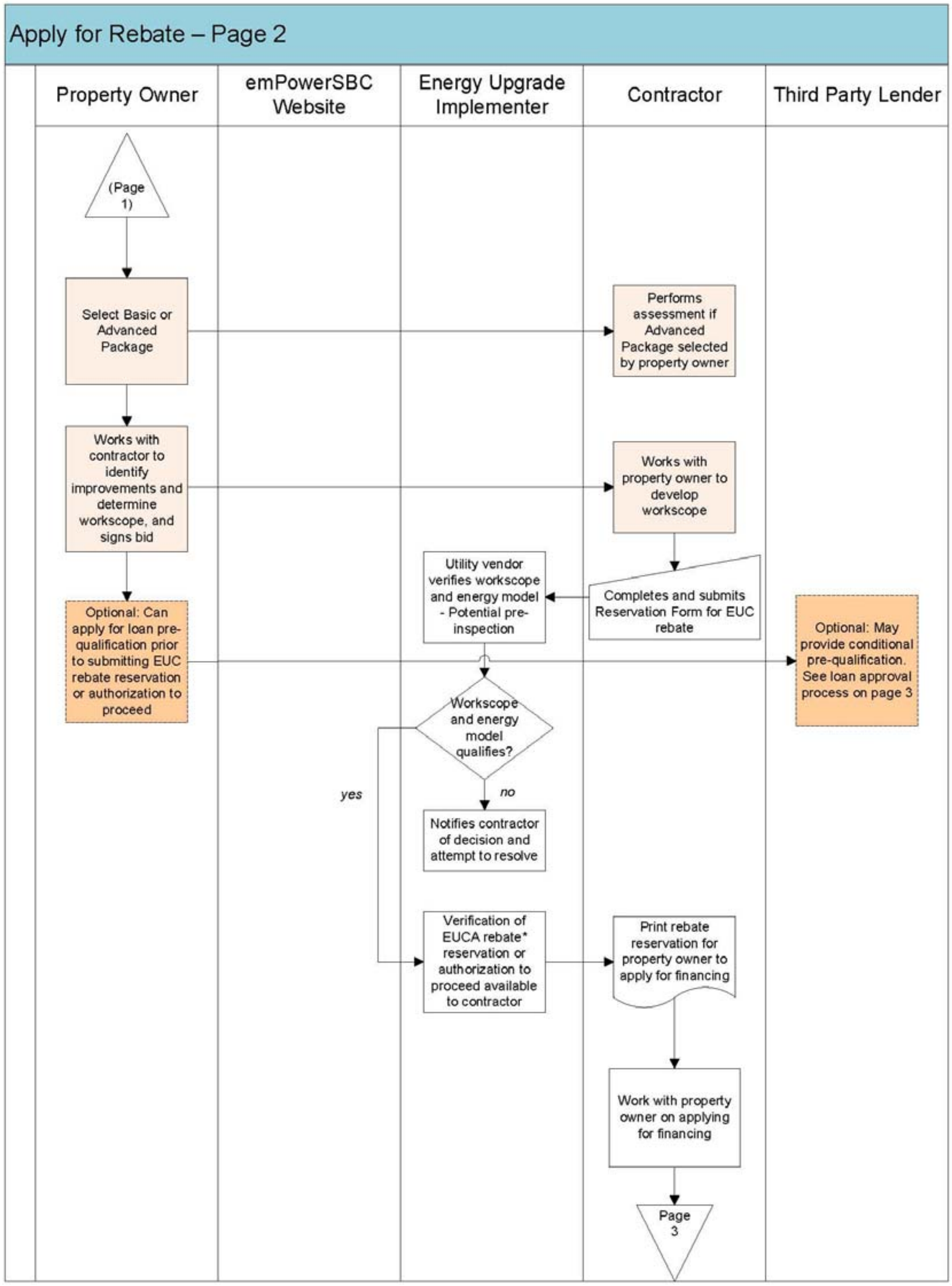
    - emPowerSBC is currently operational.
    - First and only program offering energy efficiency loan products in the coastal region.
    - May be able to leverage existing ARRA funds from the CEC to expand the program beyond IOU customers, and/or incorporate renewable projects.

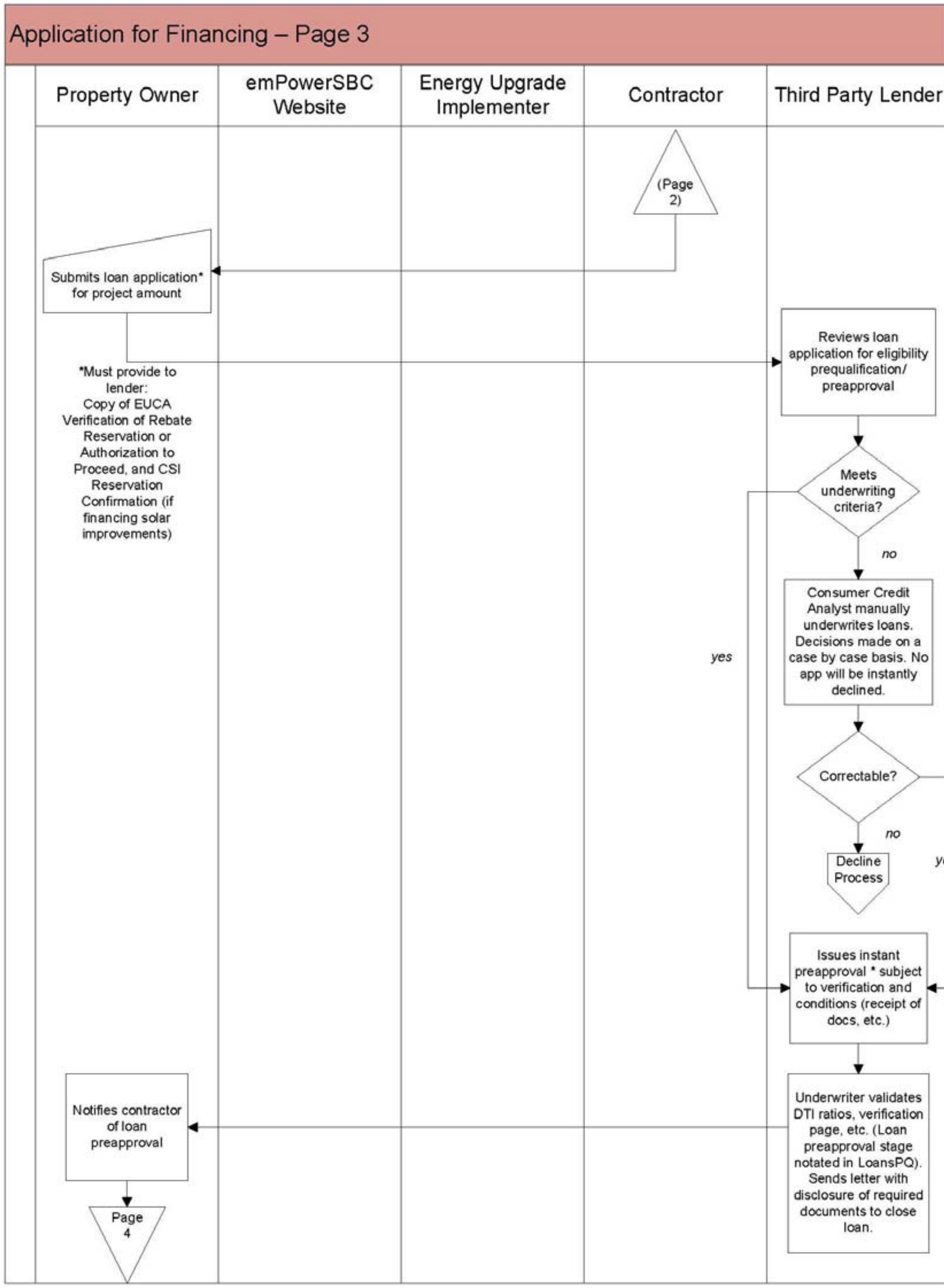
emPower SBC Program Logic Model

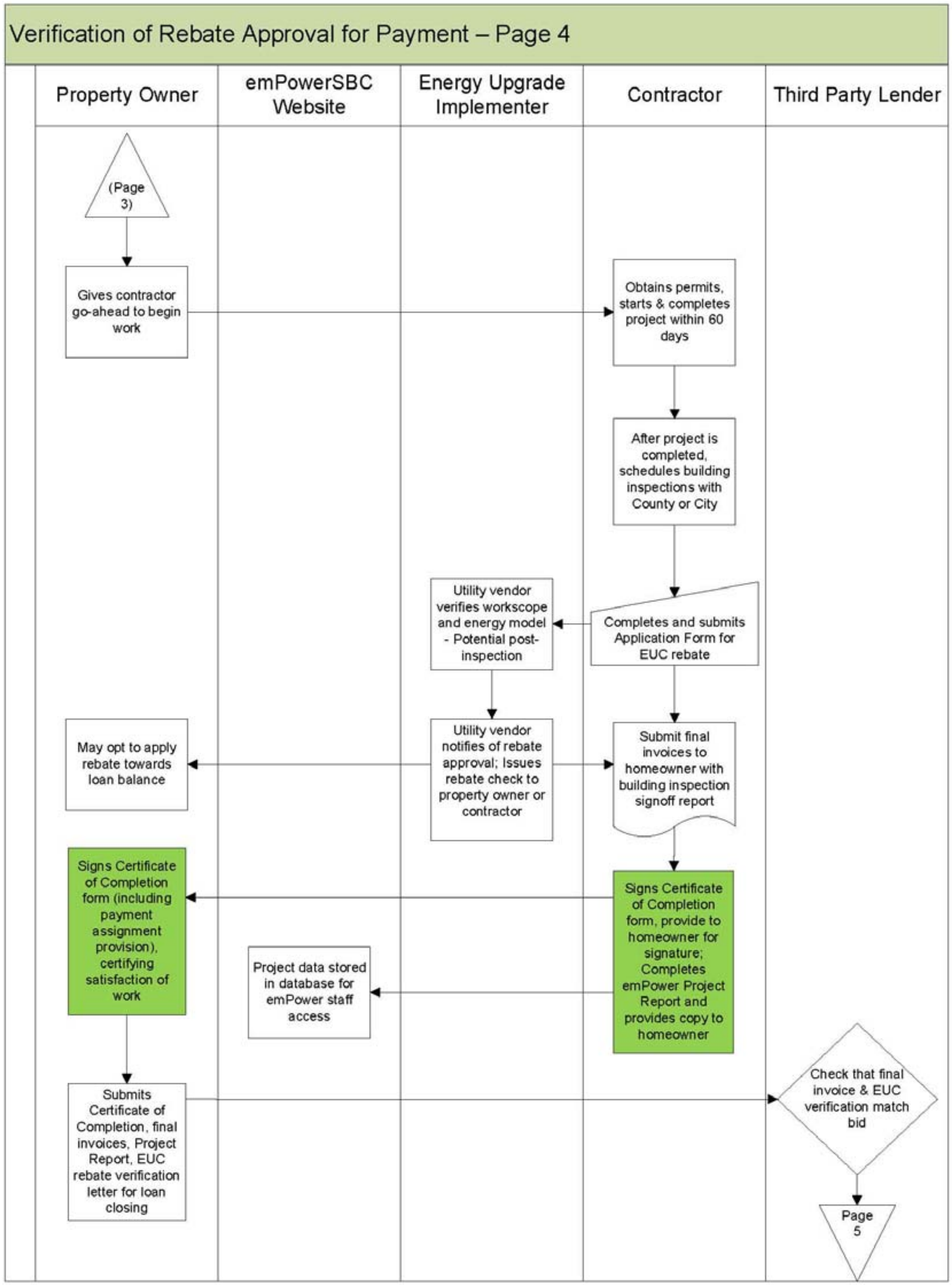
See Attachment 2 of this PIP for the emPower SBC Program Logic Model and Performance Measures. The logic model was appended to the PIP in order to maximize clarity.

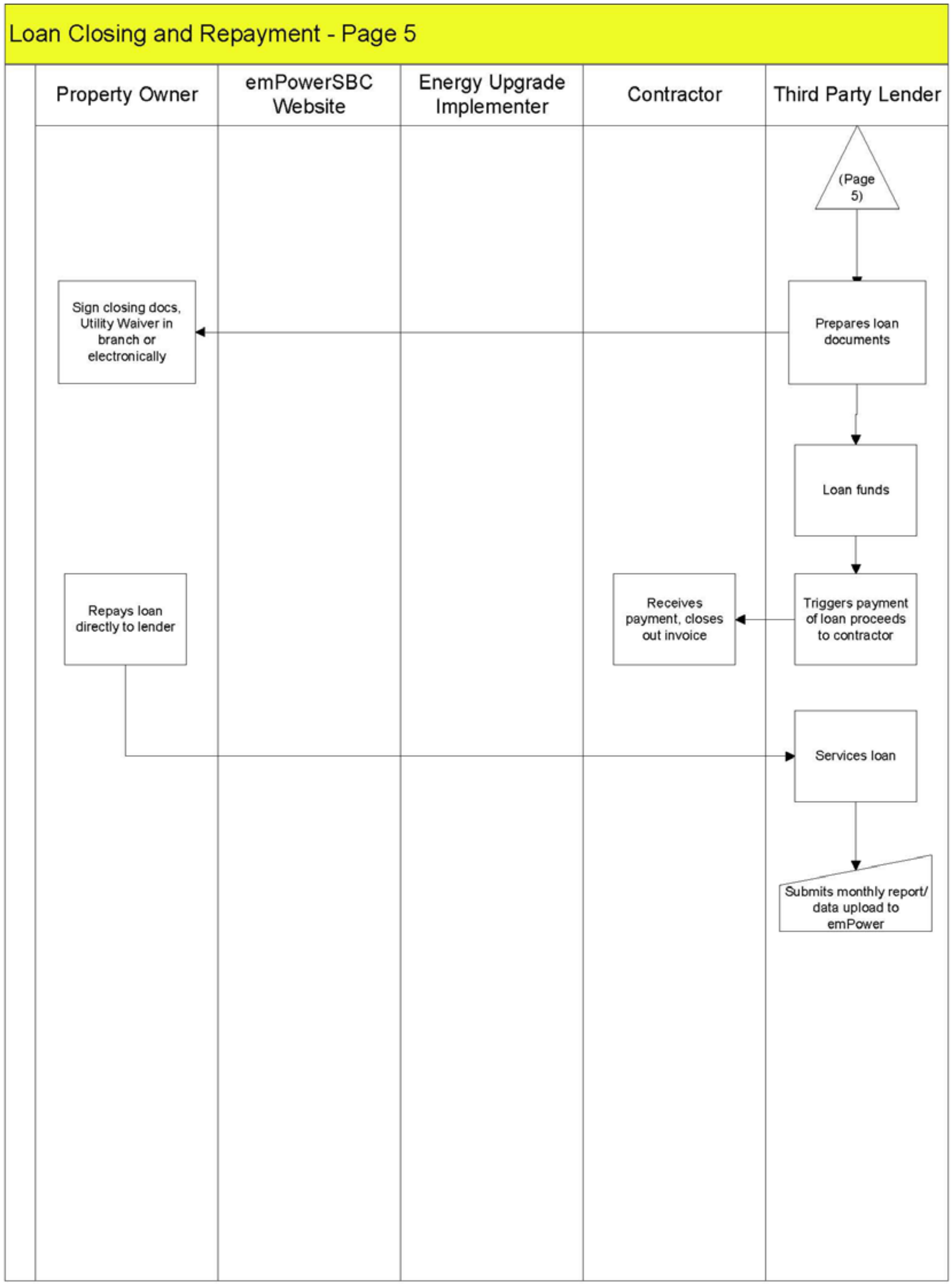
emPower SBC Program Workflow

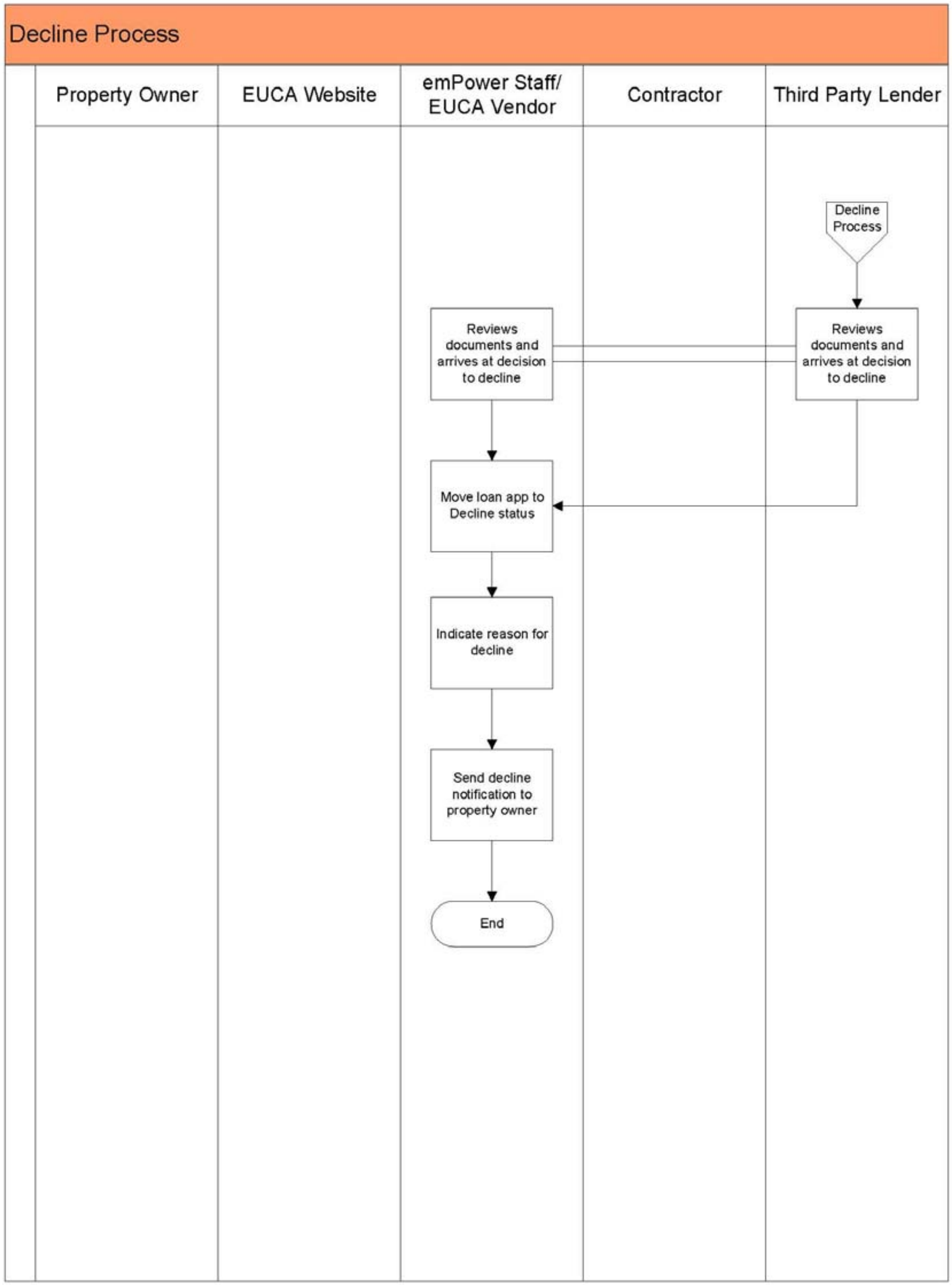



Apply for Rebate – Page 2
Property Owner
emPowerSBC Website
Energy Upgrade Implementer
Contractor
Third Party Lender
(Page 1)
Select Basic or Advanced Package
Performs assessment if Advanced Package selected by property owner
Works with contractor to identify improvements and determine workscope, and signs bid
Works with property owner to develop workscope
Utility vendor verifies workscope and energy model - Potential pre-inspection
Completes and submits Reservation Form for EUC rebate
Optional: Can apply for loan pre-qualification prior to submitting EUC rebate reservation or authorization to proceed
Optional: May provide conditional pre-qualification. See loan approval process on page 3
Workscope and energy model qualifies?
yes
no
Notifies contractor of decision and attempt to resolve
Verification of EUCA rebate* reservation or authorization to proceed available to contractor
Print rebate reservation for property owner to apply for financing
Work with property owner on applying for financing
Page 3


Application for Financing – Page 3
Property Owner
emPowerSBC Website
Energy Upgrade Implementer
Contractor
Third Party Lender
(Page 2)
Submits loan application* for project amount
*Must provide to lender: Copy of EUCA Verification of Rebate Reservation or Authorization to Proceed, and CSI Reservation Confirmation (if financing solar improvements)
Reviews loan application for eligibility prequalification/ preapproval
Meets underwriting criteria?
no
yes
Consumer Credit Analyst manually underwrites loans. Decisions made on a case by case basis. No app will be instantly declined.
Correctable?
no
yes
Decline Process
Issues instant preapproval * subject to verification and conditions (receipt of docs, etc.)
Underwriter validates DTI ratios, verification page, etc. (Loan preapproval stage notated in LoansPQ). Sends letter with disclosure of required documents to close loan.
Notifies contractor of loan preapproval
Page 4


Verification of Rebate Approval for Payment – Page 4
Property Owner
emPowerSBC Website
Energy Upgrade Implementer
Contractor
Third Party Lender
(Page 3)
Gives contractor go-ahead to begin work
Obtains permits, starts & completes project within 60 days
After project is completed, schedules building inspections with County or City
Completes and submits Application Form for EUC rebate
Utility vendor verifies workscope and energy model - Potential post-inspection
Utility vendor notifies of rebate approval; Issues rebate check to property owner or contractor
May opt to apply rebate towards loan balance
Submit final invoices to homeowner with building inspection signoff report
Signs Certificate of Completion form (including payment assignment provision), certifying satisfaction of work
Signs Certificate of Completion form, provide to homeowner for signature; Completes emPower Project Report and provides copy to homeowner
Project data stored in database for emPower staff access
Submits Certificate of Completion, final invoices, Project Report, EUC rebate verification letter for loan closing
Check that final invoice & EUC verification match bid
Page 5


Loan Closing and Repayment - Page 5
Property Owner
emPowerSBC Website
Energy Upgrade Implementer
Contractor
Third Party Lender
(Page 5)
Sign closing docs, Utility Waiver in branch or electronically
Prepares loan documents
Loan funds
Repays loan directly to lender
Receives payment, closes out invoice
Triggers payment of loan proceeds to contractor
Services loan
Submits monthly report/ data upload to emPower



II. City of Los Angeles

The LA Commercial Building Performance Partnership (LACBPP)

The LACBPP was designed to promote deeper investment in energy efficiency, water efficiency and on-site renewable in commercial buildings by offering a range of services and resources, including educational campaigns, no-cost energy audits, as well as creation of directories of qualified contractors and capital providers. In addition, LACBPP introduces PACE and other project funding options to help move audited projects into implementations.

ARRA Originated Financing Program	2013	2014	Total
LACBPP	$334,847	$334,847	$669,694

1. Customers eligible or targeted, including FICO score range, etc., renters, owners, etc.;

    - The program effort support Commercial PACE (in conjunction with the County of Los Angeles PACE effort), as well as other financing models such as Energy Service Agreements and other structured products.
    - Original program was named the "Los Angeles Commercial Building Performance Partnership" (LACBPP), and is now being implemented jointly with Los Angeles Department of Water and Power (LADWP) as the Energy Efficiency Technical Assistance Program (EETAP), part of the LA Better Buildings Challenge (LABBC).
    - Targeted to Non-Residential property owners.
    - All SoCalGas and LADWP commercial customers are eligible.
    - All loans are done with the customers own financial institution, then placed on the property tax bill or other repayment mechanism. SoCalGas is not providing credit enhancements.
    - Property owner must be current on property taxes and have existing mortgage lender consent

2. Source of private capital. Identify lenders;

    - Each property owner uses their own lender/investor.
    - Effort includes outreach to financial institutions, including support for the required lender consent to take a PACE assessment or other 3rd party financing.

3. Credit enhancement. Who will hold these funds, what percent are they of loans, etc.;

    - There is an ARRA-funded Debt Service Reserve Fund available for PACE projects within the City of LA, which is being held by the LA

County Treasurer. The maximum reserve amount available for a given project will be 3 years' principal and interest, roughly 10 - 15% of a 20 year financing. SoCalGas is not funding this credit enhancement.

4. Relationship to Hub if any:

- There is no current relationship to the Hub (as it does not yet exist).
- As data becomes available, the City will be providing such data (which may be managed by the Hub).

5. Loan terms – length, interest rate (does it vary by lender or customer?), fees, etc.;
   - Loan Terms (length, rate, eligibility, etc.) vary per financial institution.
6. Any securitization of loan;

   - All loans are secured by the placement on the property tax bill.

7. Financeable measures? Which IOU or other retrofit programs are involved? Can retrofits be done outside of IOU programs? If solar, DG, water energy measures are included (CHF) explain how they are funded through EE support;

   - Program is targeted to achieve more comprehensive building retrofits, but all energy efficiency and renewable measures are included.
   - Retrofits can be done outside of IOU programs, but since there are no credit enhancements being funded by SoCalGas, the only issue to manage is to ensure the other program elements are targeted to EE (the source of the funds).

8. Contractor eligibility and any QA;
   - No direct requirements, but tied to otherwise applicable program.
9. Any project QC, audits before or after, by what percent sample, etc.;

   - The program leverages existing utility pre/post-inspections that are done as part of the rebate verification process, since nearly all measures implemented will be rebated at some level.

10. Credit checks: based on what? Explain "meets responsible lending criteria.''
    - Credit worthiness is determined by the Financial Institution.
    - Financial Institutions are heavily regulated and they are required to provide responsible lending as dictated by law.

11.Explain process of how loan transaction begins. Is it contractor or bank driven? What role does the contractor play versus the bank or other lender? How do funds flow: where does capital come from? How is it collected? How is lender paid back? What is the process in case of default or partial payment? Etc.;

- The loan transaction process here varies, as it's based on the individual building owners own financial institution's needs. EETAP targets building owners with audits and information on energy savings, and also markets to lenders to show then the value of PACE. When needed, building owners are connected to potential lenders. While contractors have an obvious role, the program itself does not target them.
- When a PACE loan is funded, it is placed on Property Tax bill (by the County). Customer pays County, who pays the applicable Financial Institution. Financial institution services loans and handles defaults and partial payments based on industry standards.
- Under an Energy Services Agreement, the repayment is secured through a contractual agreement, with capital coming from a mix of equity investors and debt providers.

12. Targets of number of loans, size of loans, dollars loaned, type of customer reached, etc.;

- By end of 2013, fund 4 PACE loans; end of 2014 10 total PACE loans.

13. Milestones in roll out of program through 2014;

- Obtain 5 additional Financial Institutions.
- Receive 12 loan applications for 2013; 25 for the cycle.

14. Identify where finance pilots overlap in geographical territory if they serve the same customers

- Program effort is coordinated with the County of LA PACE effort.

15. Highlight and explain any other aspects of the pilot design that characterize it or distinguish it.

- Program is connected to the DOE Better Buildings Challenge, a national leadership initiative sponsored by the White House and the USDOE.
- The LACBPP was designed to promote deeper investment in energy efficiency, water efficiency and on-site renewable in commercial buildings by offering a range of services and resources, including educational campaigns, no-cost energy audits, as well as creation of directories of qualified contractors and capital providers. In addition,

LACBPP introduces PACE and other project funding options to help move audited projects into implementations. EETAP will continue under this structure, and will offer additional project development support beyond the energy audits.

LACBPP Program Logic Model

See Attachment 3 of this PIP for the LACBPP Program Logic Model. The logic model was appended to the PIP in order to maximize clarity.

III. CHF's MIST II (all IOUS)

CRHMFA Homebuyers Fund (CHF) will utilize EE funding from the IOUs to leverage private financing to provide a residential energy retrofit program. The private financing source will issue loans to utility customers to implement energy efficiency projects, and CHF will administer the Loan Loss Reserve with funds from the IOUs.

The details provided below may be updated at a later time since during this filing, negotiations with CHF are still underway. Accordingly, final budgets are not yet available. This portion of the PIP will be updated to include a CHF Program budget table (including administrative costs, marketing costs, financing funds, and definition of incentive funds),

SoCalGas will make any modifications to the program design elements and budgets via the PIP addendum process as applicable.

Program Design Elements will include: [17]

1. Customers eligible or targeted, including FICO score range, etc., renters, owners, etc.;

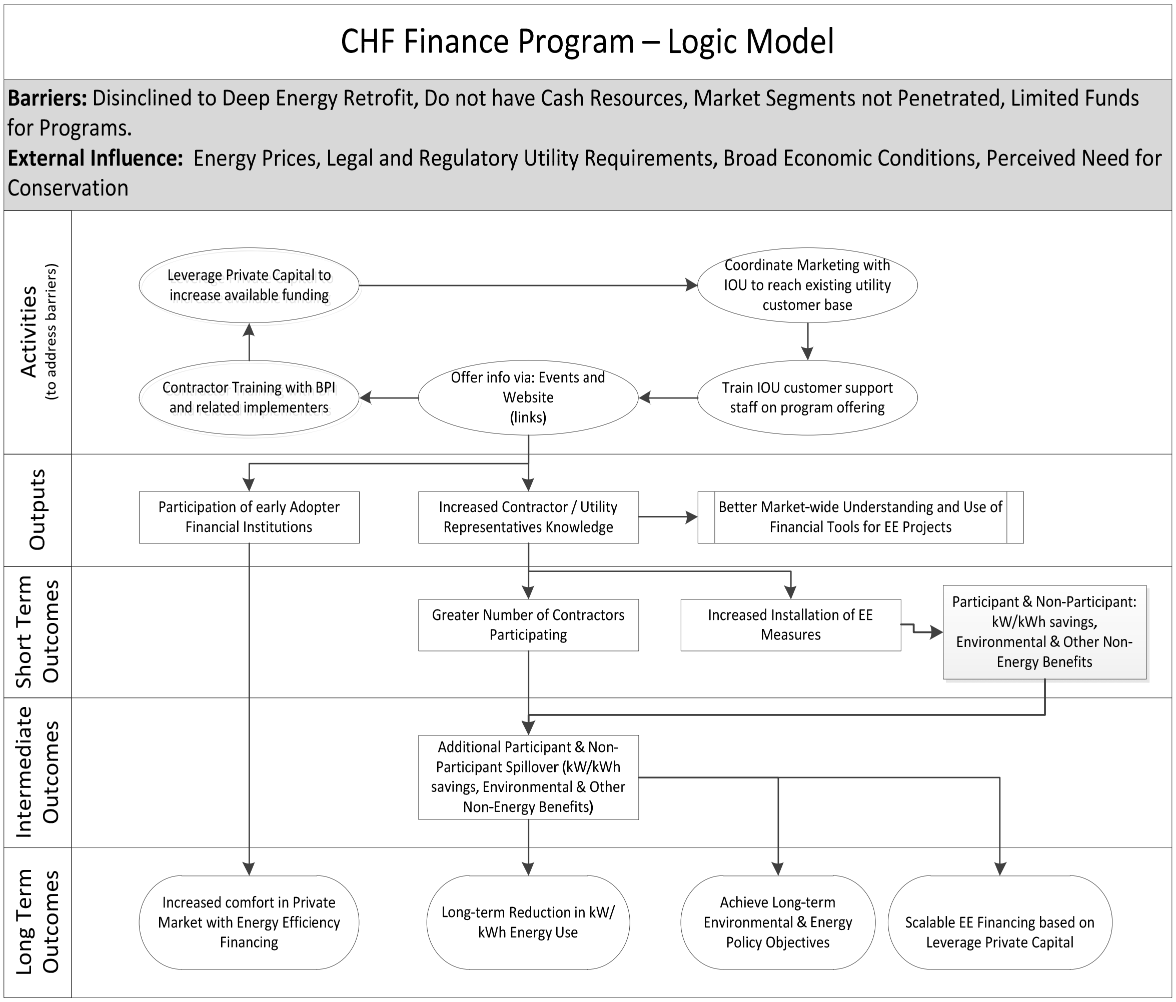
2. Source of private capital. Identify lenders;

3. Credit enhancement. Who will hold these funds, what percent are they of loans, etc.;
4. Relationship to Hub if any;
5. Loan terms – length, interest rate (does it vary by lender or customer?), fees, etc.;
6. Any securitization of loan

[17] Requested through a memo Re: PIP Compliance Supplements for All IOUs from Jean Lamming/ Energy Division dated March 26, 2013.

7. Financeable measures? Which IOU or other retrofit programs are involved? Can retrofits be done outside of IOU programs? If solar, DG, water energy measures are included (CHF) explain how they are funded through EE support;
8. Contractor eligibility and any QA;
9. Any project QC, audits before or after, by what percent sample, etc.;
10. Credit checks: based on what? Explain "meets responsible lending criteria.''
11. Explain process of how loan transaction begins. Is it contractor or bank driven? What role does the contractor play versus the bank or other lender? How do funds flow: where does capital come from? How is it collected? How is lender paid back? What is the process in case of default or partial payment? Etc.;
12. Targets of number of loans, size of loans, dollars loaned, type of customer reached, etc.;
13. Milestones in roll out of program through 2014;
14. Identify where finance pilots overlap in geographical territory if they serve the same customers; and
15. Highlight and explain any other aspects of the pilot design that characterize it or distinguish it.

Program Logic Model



b) **Sub-Program Energy and Demand Objectives-** If this sub-program has energy and demand objective, please complete Table 2.

Table 4. Projected Sub-Program Net Energy and Demand Impacts, by Calendar Year **(Rough Estimate, If Possible)** [18]

Program #	Main/Sub Program Name	Administrative Amount	Marketing Amount	Direct Implementation Amount	Incentive Amount	Total Program Budget Amount
3736	SW-FIN-ARRA-Originated Financing	$0	$0	$3,200,000	$0	$3,200,000

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

It is not feasible to develop energy savings for these programs as IOUs have no experience with these program elements. Additionally, it is not feasible at this time to estimate the Net Energy and Demand Impacts until the eligible measures for the ARRA Finance programs are finalized.

c) **Program Non-Energy Objectives**:

Continue developing loan and project performance data and experience to share with larger capital market players to ensure their confidence in both debt repayment behavior and the cash flow profile of energy savings associated with the projects.

d) **Cost Effectiveness/Market Need**: What methods will be or have been used to determine whether this program is cost-effective?[19] If this is a non-resource program, describe the literature, market assessments or other sources that indicate a need for this program.

The methods contained in the Standard Practice Manual will be used.

e) **Measure Savings/ Work Papers (Rough Estimate, If Possible)**: Measure level impacts to be developed upon completion of ARRA program selection and finalization of energy savings estimation evaluation criteria for Finance Programs.

a. Indicate data source for savings estimates for program measures (DEER, custom measures, etc).

   CPUC approved measures as set forth in DEER, and CPUC approved customized and deemed measures, and other eligible measures, as designated by the CPUC.

b. Indicate work paper status for program measures:

Table 4 – Work paper Status

See Table 4 in Attachment 2.

16. Program Implementation Details

a) **Timelines:** List the key program milestones and dates. An example is included below.

[19] If the program has energy and demand objectives, simply state that the methods contained in the Standard Practice Manual will be used. If the program does not have energy and demand objective, propose an approach to assess cost-effectiveness.

Table 5: Sub-Program Milestones and Timeline (example)

Milestone	Date
Commitment of $5-$10 Million to Selected ARRA Finance Programs	August 2012
Research and Evaluation of ARRA Program Funding Continuation for 2013 and 2014	June-July 2012
Selection of Specific ARRA Program Funding Continuation and Amounts for 2013-2014	August-Sept 2012
Funding of ARRA-Originated Finance Programs	Funding will begin upon final execution of ARRA contracts -December 2014

Table 5: Sub-Program Milestones and Timeline (example)

b) **Geographic Scope**: List the geographic regions (e.g., CEC weather zones) where the program will operate

To be determined based upon final negotiations with selected ARRA Program Administrators.

Table 6: Geographic Regions Where the Program Will Operate

c) **Program Administration**

Table 7: Program Administration of Program Components (Rough Estimate, If Possible)

Not available. Subject to final negotations with ARRA Finance Program Administrators. SoCalGas will file supplemental information, as applicable, via the PIP Addendum Process once contract negotiations are final.

d) **Program Eligibility Requirements :**

i. Customers: List any customer eligibility requirements (e.g., annual energy use, peak kW demand):

Table 8: Customer Eligibility Requirements (Joint Utility Table)

SoCalGas' customer eligibility requirements include, but are not limited to the following:

- Non-residential customers (including institutional customers) and owners of multifamily units who do not reside on the premises.
- Customer must have continuous utility service with SoCalGas for at least 24 of the immediately preceding months in the same business and with a minimum of 12 months of energy usage history at the current meter.

- Customer must be in good credit standing as determined by the Utility.
- Project must meet terms and conditions of one or more energy efficiency programs offered through the Utility.

Not available. Subject to final negotations with ARRA Finance Program Administrators. SoCalGas will file supplemental information, as applicable, via the PIP Addendum Process once contract negotiations are final.

ii. **Contractors/Participants:** List any contractor (and/or developer, manufacturer, retailer or other "participant") eligibility requirements (e.g. specific IOU required trainings; specific contractor accreditations; and/or, specific technician certifications required).

Refer to customer eligibility requirements as stipulated in Subsection i. above.

Table 9: Contractor/Participant Eligibility Requirements (Joint Utility Table)

Not available. Contractor/participant eligibility requirements, trainings, accreditations, and certifications will be specific to the ARRA Administrator Program requirements, subject to compliance with CPUC guidelines, and more fully developed upon final contract negotiations with ARRA program implementers.

e) Program Partners :

Program partners include local government,s, non-government organizations (NGO's), ARRA program administrators, financial institutions, contractors, vendors, and trade associations.

a. **Manufacturer/Retailer/Distributor partners:** For upstream or midstream incentive and/or buy down programs indicate[20]:

TBD. Subject to final negotiations with ARRA Program Administrators; however, it is not anticipated that there is an overlap between upstream and/or midstream incentive and/or buy down programs and the selected ARRA Finance Continuation programs.

[20] Provide in a consistent format for all IOUs. Indicate program partners across all IOU territories in one table or spreadsheet. Append to end of PIP.

Table 10: Manufacturer/Retailer/Distributor Partners (N/A)

Not applicable. Not available. Subject to final negotations with ARRA Finance Program Administrators. SoCalGas will file supplemental information, as applicable, via the PIP Addendum Process once contract negotiations are final.

b. **Other key program partners**: Indicate any research or other key program partners:

Key program partners includeExpert Finance Consultant team, CPUC EMV staff, CPUC EMV consultants, IOU EMV staff, IOU EMV consultants.

f) **Measures and incentive levels**: E3 calculators will provide the list of measures and incentive levels to be provided via the program. In this section the utilities should provide a summary table of measures and incentive levels. **(Rough Estimate, If Possible)**

Energy and Demand Impacts and underlying measure estimates to be developed upon completion of ARRA program selection and finalization of energy savings estimation evaluation criteria for Finance Programs.

Table 11: Summary Table of Measures, Incentive Levels and Verification Rates (Rough Estimate, If Possible)

Not available. Subject to final negotations with ARRA Finance Program Administrators. SoCalGas will file supplemental information, as applicable, via the PIP Addendum Process once contract negotiations are final.

a. Use a single excel spreadsheet to indicate the eligible measures for the program across all IOUs. Indicate the expected incentive level by measure or measure grouping for each IOU, making clear where these vary. **(Rough Estimate, If Possible)**

   Energy impacts and underlying measure estimates to be developed upon completion of ARRA program selection and finalization of energy savings estimation evaluation criteria for Finance Programs.

b. For each incented or rebated measure, indicate the market actor to whom this will be provided. **(Rough Estimate, If Possible)**

   A project for which ARRA Finance funds are available are payable to the end use customer or a customer designated payee.

g) **Additional Services:** List additional services that the sub-program will provide, to which market actors.

a. For each service provided, indicate any expected charges to market actors of the services, and/or the level at which any such services will be incented or funded.

   To be determined based upon final ARRA program negotations, although it is not anticipated that there will be material out of pocket fees in addition to standard residential mortgage finance fees.

Table 12: Additional Services

Not available. Subject to final negotations with ARRA Finance Program Administrators. SoCalGas will file supplemental information, as applicable, via the PIP Addendum Process once contract negotiations are final.

h) **Sub-Program Specific Marketing and Outreach:** Please describe, providing timelines (suggested word limit: 300 words)

To be determined based upon finalization of ARRA Program negotiations and to be performed by ARRA Program Administrator.

i) **Sub-Program Specific Training:** Please describe, providing timelines (suggested word limit: 300 words)

To be determined based upon finalization of ARRA Program negotiations and to be performed by ARRA Program Administrator.

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

To be determined based finalization of ARRA Program negotiations and to leverage ARRA Program Administrator software and database tools. Targeted timeline for more detailed information Q2 2013.

a. List all eligible software or similar tools required for sub-program participation. **(Rough Estimate, If Possible)**

   Indicate if pre and/or post implementation audits will be required for the sub-program. _X__ Yes ___ No

a. Pre-implementation audit required ___ Yes ___ No
   Post-implementation audit required ___ Yes ___ No

b. As applicable, indicate levels at which such audits shall be rebated or funded, and to whom such rebates/funding will be provided (i.e. to customer or contractor). **(Rough Estimate, If Possible)**

Not anticipated to be applicable; however, it is subject to final negotiations with ARRA Program Administrators.

Table 13: Post-implementation Audits (Rough Estimate, If Possible)

Not applicable.

k) Sub-Program Quality Assurance Provisions: Please list quality assurance, quality control, including accreditations/certification or other credentials

Not applicable.

Table 14: Quality Assurance Provisions

Not applicable.

l) Sub-program Delivery Method and Measure Installation /Marketing or Training: Briefly describe any additional sub-program delivery and measure installation and/or marketing & outreach, training and/or other services provided, if not yet described above.

No additional services anticipated at this time, but subject to finalization of ARRA Finance negotiations.

m) Sub-program Process Flow Chart: Provide a sub-program process flow chart that describes the administrative and procedural components of the sub-program. For example, the flow chart might describe a customer's submittal of an application, the screening of the application, the approval/disapproval of an application, verification of purchase or installation, the processing and payment of incentives, and any quality control activities.

Process flow charts were submitted as part of the response to Question 55 of the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge submitted September 5, 2012. [21]

As requested by the Energy Division through a memo Re: PIP Compliance Supplements for All IOUs dated March 26, 2013, additional program design elements including process flow charts have been included in Section 9, *Sub-Program Description, Objectives and Theory* above along with the respective program description.

n) **Cross-cutting Sub-program and Non-IOU Partner Coordination:** Indicate other IOU EE, DR or DG sub-programs with which this sub-program will regularly coordinate. Indicate also key non-IOU coordination partners. Indicate expected coordination mechanisms[22] and frequency[23]: **(Rough Estimate, If Possible)**

Table 15: Cross-cutting Sub-program and Non-IOU Partner Coordination (TBD)

Not applicable. Subject to final negotations with ARRA Finance Program Administrators. SoCalGas will file supplemental information, as applicable, via the PIP Addendum Process once contract negotiations are final.

o) **Logic Model:** Please append the logic model for this sub-program to the end of this PIP. Describe here any additional underlying theory supporting the sub-program intervention approach, referring as needed to the relevant literature (e.g., past evaluations, best practices documents, journal articles, books, etc.).

Logic Models were submitted as part of the response to Question 55 of the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge submitted September 5, 2012. [24]

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[21] Joint Response of San Diego Gas &Electric and Southern California Company to Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, Attachment B, at p. 64.

[22] "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).

[23] This does not mean there would be mutual understanding of the on the mechanism or a known frequency of coordination; rather, just provide enough information to give a general sense of the coordinate efforts.

[24] Joint Response of San Diego Gas &Electric and Southern California Company to Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, Attachment B, at p. 64.

As requested by the Energy Division through a memo Re: PIP Compliance Supplements for All IOUs dated March 26, 2013, additional program design elements and logic models have been included in Section 9, *Sub-Program Description, Objectives and Theory* above.

17. Additional Sub-Program Information

a) **Advancing Strategic Plan Goals and Objectives**: Describe how sub-program advances the goals, strategies and objectives of the California Long Term Energy Efficiency Strategic Plan (word limit: 150 words)

b) Integration

Integrated/coordinated Demand Side Management: As applicable, describe how sub-program will promote customer education and sub-program participation across all DSM options. Provide budget information of non-EE sub-programs where applicable. **(TBD)**

Subject to final negotations with ARRA Finance Program Administrators.

Table 16: Non-EE Sub-Program Information (TBD)

Not applicable. Subject to final negotations with ARRA Finance Program Administrators. SoCalGas will file supplemental information, as applicable, via the PIP Addendum Process once contract negotiations are final.

i. **Integration across resource types** (energy, water, air quality, etc): If sub-program aims to integrate across resources types, please provide rationale and general approach.

Not applicable. Subject to final negotations with ARRA Finance Program Administrators. SoCalGas will file supplemental information, as applicable, via the PIP Addendum Process once contract negotiations are final.

c) **Leveraging of Resources**: Please describe if the subprogram will leverage additional investments by market actors or other state, local or federal agencies.

The recent passage of SB 758 and Proposition 39 creates opportunities for synergies and integration with the OBF subprogram. The utilities supports the notion that funds generated through SB 758 and Prop 39 may serve to augment and/or substitute for ratepayer OBF funding and will seek out opportunities to work with the IOU's and CPUC to leverage these funds to the maximum extent possible to assure the most cost-effective and prudent application of ratepayer funding to OBF programs.

d) **Trials/ Pilots:** Please describe any trials or pilot projects planned for this sub-program

None.

f) **Knowledge Transfer:** Describe the strategy that will be used to identify and disseminate best practices and lessons learned from this sub-program**.**

The utilities will continue to work closely with the CPUC, as has been done over the 2010-2012 to maximize insights developed from current IOU administration of OBF programs to improve this sub-program and other EE Finance programs. Examples where continued knowledge transfer may focus upon include, but are not limited to market segment participation, project end-use analysis, service delivery channel analysis, credit default/write-off rates, optimum loan terms, rebate/incentive interdependency, and other areas of interest.

18. **Market Transformation Information**: For programs identified as market transformation programs, include the following (suggested page limit- five pages):

i. A summary of the market transformation objectives of the program.
ii. A description of the market, including identification of the relevant market actors and the relationships among them;
iii. A market characterization and assessment of the relationships/dynamics among market actors, including identification of the key barriers and opportunities to advance demand side management technologies and strategies;
iv. A description of the proposed intervention(s) and its/their intended results, and specify which barriers the intervention is intended to address;
v. A coherent program, or "market," logic model that ensures a solid causal relationship between the proposed intervention(s) and its/their intended results[25];
vi. Appropriate evaluation plans and corresponding Market Transformation indicators and Program Performance Metrics based on the program logic model.

Not applicable, this program has not been identified as a market transformation program.

19. **Additional information as required by Commission decision or ruling or as needed:** Include here additional information as required by Commission decision or ruling (As applicable. Indicate decision or ruling and page numbers):

[25] If this logic model is the same as that requested in #10.(O), only provide once. As needed, provide a more detailed logic model emphasizing the market transformation elements of the program and/or how such elements integrate with resource acquisition elements.

2013-2014 Energy Efficiency Programs
Statewide Finance Program
Program Implementation Plan

As requested by the Energy Division through a memo Re: PIP Compliance Supplements for All IOUs dated March 26, 2013, additional program design elements and logic models have been included in Section 9, *Sub-Program Description, Objectives and Theory* above.

ARRA-ORIGINATED FINANCING - 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[26] 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. **(Rough Estimate, If Possible)**

TBD

ii. For each SMART objective, identify the quantitative targets, direction or percent of change that you hope to achieve during the program cycle.[27] **(Rough Estimate, If Possible)**

TBD

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. **(Rough Estimate, If Possible)**

TBD

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

Table 3. Quantitative Program Targets (PPMs)

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[26] 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. For example, for a vender training component of an innovative commercial program, two SMART mid-term objectives and one long-term objective might be:

d) During the period 2013-2014, the number of HVAC installers in the SCE service territory who are able to perform quality installations of energy efficient packaged air conditioners will increase by 20%.

e) During the period 2013-2014, the number of installations of energy efficient packaged air conditions in the SCE service territory that are considered quality installations will increase by 25%.

f) By 2020, installations of energy efficient packaged air conditions in the SCE service territory that are considered quality installations will increase by 75%.

[27] Please also add any new program objectives and quantitative targets for statewide programs to the portfolio PPM/MTI reporting template.

2013-2014 Energy Efficiency Programs
Statewide Finance Program
Program Implementation Plan

Smart objectives, PPMs, and other parameters will be developed in the 2013-2014 cycle by the Energy Division and the IOUs for the 2013-2014 Finance Program

emPowerSBC 2013-2014
Program Logic Model & Performance Measures

Mission: emPowerSBC is a Santa Barbara County program established to help the community transform its buildings, environment and economy through resource efficient improvements to existing homes and businesses. By leveraging public and private resources, emPowerSBC develops innovative, voluntary solutions to support a sustainable building performance market.

What do we do?			*How well do we do it?*	*What community impact does it produce?*	
Objectives	**Inputs (Resources)**	**Activities (Key Tasks)**	**Outputs (Productivity)**	**Outcomes (End result)**	**Performance Measures**
I. Make Energy Upgrades Affordable A. Improve access to attractive financing products and processes B. Streamline access to rebates C. Lower project costs	DOE BBP ARRA (exp 8/ 2013) CPUC 2012 via SCG (pending) CPUC 2013-2014 (pending) CEC ARRA (pending)	A) Develop, operate and promote the following low cost financing products with credit union partners: –Single Family Unsecured Home Upgrade Loan (Launched 11/2012) -Single Family Secured Home Upgrade Loan (pending) -Multi-family Home Upgrade Loan (pending) -Multi-family secured Home Upgrade Loan (pending) -Small Business Upgrade Loan (pending) ** Products may operate throughout Tri-County, pending fund availability* B) - Financing qualification and QA streamlined with EUC or other utility rebate projects C) - Promote discounts offered by participating contractors - Connect contractors with bulk retail deals - Increase contractor participation to facilitate competition and drive down costs	A) - # of energy upgrades financed - $ private capital applied to projects - # products developed or sectors addressed B) - # or % of financed energy upgrades completed using Energy Upgrade or other rebate C) –$ Average project cost with special offer - $ Average project cost without special offer - $ saved	1. Increase customer knowledge and awareness of financing option 2. Increase number of property owners that can afford to undergo energy upgrades to: - Save energy and avoid associated environmental impacts - Create local jobs 3. Keep investment local to induce regional economic stimulus	1. # of loan applications 2. # of energy upgrades completed, % energy saved, # GHG emissions avoided, # jobs created (direct/indirect) 3. $ credit union partner capital loaned
II. Drive Demand for Energy Upgrades A. Increase awareness of building performance, energy efficiency, and incentives B. Ease navigation through energy efficiency program processes (convenience)		A) – Refine customized messaging/branding based on local motivations – Conduct educational workshops and tours - Develop and distribute educational collateral - Develop media campaigns - Coordinate earned media opportunities - Maintain website and links to resources - Conduct educational outreach by providing presentations and exhibiting at community events - Partner with wide network of community groups to distribute energy efficiency messaging - Create and promote customer testimonials B) - Provide personalized local customer service and guidance through program processes: - Staff consultation - Check in calls - Comprehensive technical and process assistance via free Energy Coach service - Connect leads with participating contractors - Continually improve website user experience - Work with localities to streamline permitting	A) – # workshops - # of community events - # ads run - # of pieces of collateral distributed - # of earned media spots - # of customer testimonials promoted - # of customer contacts (phone, web sign up, email) B) - % of leads converted to completed upgrades - # of customer interactions (phone, web sign up, email) - # customers served by Energy Coach - # of leads contact participating contractor - # minutes spent per website visit	1. Increase customer knowledge and awareness of building performance 2 Increase number of property owners that successfully complete energy upgrades to: - Save energy and avoid associated environmental impacts - Create local jobs	1. % of survey respondents aware of basic building performance concepts, % of survey respondents intending to complete building improvements 2. # of energy upgrades completed, % energy saved, # GHG emissions avoided, # jobs created (direct/indirect)
III. Prepare Local Workforce to Meet Demand A. Increase building performance skills and certifications in local building trades B. Attract contractor participation in utility and financing programs C. Increase contractor business capacity		A) – Offer discounted technical trainings - Coordinate/promote local utility trainings - Conduct contractor networking and input sessions - Provide local technical advice and mentoring via free Energy Coach service B) – Recruit local contractors through personalized outreach - Work with local trade organizations to identify and target strong candidates for participation C) – Coordinate sales, finance, marketing and business model trainings	A) – # of trainings coordinated - # of local building professionals trained - # of local building professionals who attain BPI or other certification - # of contractor contacts to Energy Coach B) - # contractors participating in EUC and emPowerSBC - % increase in participation over time C) # of trainings coordinated - # of local building professionals trained	1. Grow local building performance businesses and create jobs 2. Create sustainable local building performance market	1. # of new employees hired at participating firms, # of layoffs avoided 2. # of local contracting companies that offer building performance services
IV. Inform Future Financing Programs/Products to Enable Lasting Market Transformation A. Increase EE loan and project dataset to assist private sector, State and national strategies B. Improve general understanding of effective program design through lessons learned		A) – Increase volume of projects financed to produce greater sample size - Gather and analyze all emPower loan performance from credit unions and project data from contractors B) - Monitor and evaluate program activities to inform program improvements (i.e. marketing, application process, contractor management, etc.) - Produce and share information on best practices and challenges.	A) - % building energy saved - # energy upgrades financed - % loan defaults - % applicants declined - aggregated applicant underwriting statistics B) - # people registering for events via different marketing strategies - # people contacting contractors via different marketing strategies - output metrics listed in section II and III	1. Determine whether EE loans perform well enough to be considered a separate asset class (beyond scope of program) 2. Improve program design and effectiveness 3. Inform others who wish to replicate program 4. Help other programs avoid pitfalls	1. New asset class (Y/N) 2. % increase in emPowerSBC loans over time 3. # programs developed using program model 4. % increase in loans over time in like programs

Attachment 3- ARRA Originated Financing

Better Buildings CHALLENGE
U.S. DEPARTMENT OF ENERGY
LOS ANGELES

Sustento Group

Logic Model

Situation: The energy efficiency market is at a potential tipping point. The top end of the market has been proactive on EE, and has largely harvested the low-hanging fruit - only major projects remain. The broad middle of the market is fragmented and largely has not invested in EE. No publicly available data set on EE project performance exists, data is largely kept private. Utility consumption data is not publicly available, nor is information on relative performance of buildings. The engineering and contracting community is fragmented, with no clear standards of performance outside of narrowly focused utility rebate programs. Technology is advancing rapidly, but speed of innovation causes "analysis paralysis." Property owners are inundated with calls and emails from vendors -- they just shut down. 3rd party financing is new, but gaining traction. There is an opportunity to further develop and synthesize emerging standards, and to motivate property owners to action by providing technical, financial and other support in key areas based on their specific needs.

Inputs

- Financial and technical resources from utilities and other sources
- Network of partners that can be leveraged for purposes such as outreach, education, data gathering and academic research, and technology procurement
- Robust program infrastructure to ensure proper budgetary controls, tracking and reporting.
- Program team with expertise and relationships to lead and manage the effort

Outputs

Activities

- Outreach to property owners through prominent real estate and business organizations, target high level contacts to build top-down support
- Offer subsidized energy audits and project development support to spur demand, with clear standards for energy auditing methodology, methods of analysis, and deliverables
- Offer follow-on project development support to convert a higher % of audits to projects
- Offer unbiased 3rd party consulting services to introduce financing options and make the case for deeper projects

Participation

- Leaders step forward to be recognized, share data to prove project effectiveness and gain/maintain competitive advanatge
- Property owners receive consistent reports that help sell projects internally
- A fraction of property owners elect to finance projects with 3rd party $.

Outcomes

Short

- Case studies and publicity draw attention to the program, encrouage other property owners to participate
- Standardized report motivates action by property owner, a greater number of holistic projects are implemented
- Data on program conversion rate and projjected energy savings are collected, and used to bolster the business case for EE nationally
- Case studies on economic and accounting benefits are created, market begins to see viability of 3rd party financing

Medium

- A greater proportion of 2nd tier property owners participate, "brown" buildings begin to be penalized in the market, tenants gravitate to high performance buildings
- Data set becomes statistically significant and global, national and local investors begin making EE part of their standard due diligence, reporting and decision making
- Owners who were in "wait-and-see" mode become comfortable with the idea of 3rd party financing, a higher % of projects are financed with 3rd party $.

Long

- High-performance buildings are the "new normal" in a transparent marketplace; engineering/contractor community coalesce around standards; data and standards are in place so that financial decision-makers see value of investments in EE/DG; capital flows to the EE/DG space are sustainable, more projects are financed with 3rd party $.

Assumptions Market is nascent, with only the top-tier property owners paying anyy attention to EE, but capital budgets are limited/inadequate and projects compete with investments in core business activities; investors have short hold periods relative to EE project payback; publicly available data is lacking, both on energy consumption in individual buildings and on project / loan performance; owners and tenants in the Class B and C market are not aware of EE and do not have capacity to participate in current rebate/incentive programs.

External Factors Global, national, and local economic conidtions; behavioral economics, consumer confidence; utility, state and federal rebate and incentive programs; availability of whole-building utility data; utility prices; social awareness of environmental issues and climate change; political decisions around energy exploration and investment in new technologies; first-movers' ablity to influence the "rest" of the market; emergence of standards in areas of energy auditing, reporting, property valuation.

2013-2014 Energy Efficiency Programs
Statewide Finance Program
Program Implementation Plan

Sub-Program

1) **Sub-Program Name:** New Financing Offerings
2) **Sub-Program ID number:** SCG3737
3) **Type of Sub-Program:** _X_ Core __Third Party __Partnership
4) **Market sector or segment that this sub-program is designed to serve[28]:**

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

   - Upstream ___ Yes _X_ No
   - Midstream ___Yes _X_ No
   - Downstream _X_ Yes ___ No
   - Direct Install ___ Yes _X_ No
   - Non Resource ___ Yes _X_ No

7) **Projected Sub-program Total Resource Cost (TRC) and Program Administrator Cost (PAC) (Rough Estimate, If Possible)** TRC ___ PAC ___

   TBD. TRC and PAC analysis is subject to final CPUC guidance regarding the methodology for claiming energy savings within Finance Sub Programs.

8) **Projected Sub-Program Budget**

   Table 5. Projected Sub-Program Budget, by Calendar Year (Rough Estimate, If Possible Components may need to be modified for financing) [29]

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[28] Check all that apply
[29] Individual utility specific information to be provided in this table

	Program Year		
New Financing Offerings	**2013**	**2014**	**Total**
Admin ($)	TBD	TBD	TBD
General Overhead ($)	TBD	TBD	TBD
Loan Funding Implementation ($)	TBD	TBD	TBD
Marketing & Outreach ($)	TBD	TBD	TBD
Education & Training ($)	TBD	TBD	TBD
Total Budget ($)	$5,133,811	$5,133,811	$10,267,622

Further budget details shall be determined and updated upon the Commission's final Ruling or Decision on the Statewide Finance Program.

9) Sub-Program Description, Objectives and Theory

a) **Sub-Program Description and Theory:** Clearly describe the goals of the sub-program and the sub-program theory. As part of this, describe the market barriers, specific areas of concern and/or gaps that the sub-program is designed to address. Then describe the way the sub-program will seek to address each barrier, area of concern or gap[30] (suggested work limit: 600 words per subprogram).

The new financing program offerings to be designed and developed in 2012 by the expert financing consultant; piloted in 2013; and scaled up in 2014 include:

1. A credit enhancement strategy for the single-family residential market. Utilities will look into selecting a single entity that can be utilized by both local and statewide lenders to administer credit enhancements. A single entity can offer consistency across the State and gain economies of scale of its operations. Entities such as CAEATFA or other organizations with similar capabilities and experiences will be considered for this role. Unlike for multifamily and non residential customer segments, an On-Bill Repayment (OBR) strategy will not be developed for all residential customers at this point per Commission's guidance.

2. A financing program strategy designed specifically for the multifamily residential market that includes both credit enhancement and an on-bill repayment

[30] Through marketing, delivery mechanisms, information, incentives, etc. If barriers vary by market sub-sector, provide this information. As part of this, succinctly describe the role of any market actors upstream from the customer such as installers, venders, architects, etc.; indicate if and why the program approach constitutes "best practice," is "innovative" or reflects "lessons learned" in market strategies, program design and/or implementation techniques.

option where the customer could pay back an energy efficiency project loan from a third party through their energy bill. This strategy may require legislative change to fully implement. The program' structure or terms may vary in order to attract customers and building owners from both a) low-moderate income and b) moderate-high income multifamily residential market segments. Per Commission's guidance, the utilities along with the expert finance consultant will explore the following program design features:

- Start with a bill neutrality objective, at least for credit challenged or lower-income populations.
- Consider an additional cushion beyond bill neutrality to minimize potential negative impact on consumers.
- Seek to structure loans and eligible measures to give the owner at least an 11% return.
- Start with placing the loan obligations on common meters.
- Identify specific waivers and/or clearance required from the California Department of Corporations for lending to this market segment.
- Consider possible tariffed service utilizing private capital.
- Seek to marry the energy efficiency loan opportunity with solving another problem (such as equipment malfunction, safety, health).
- Seek to pair the energy efficiency measure with a home equity loan.
- For multifamily market-rate rental housing, credit enhancement may be necessary to drive participation.
- Offer (and test) with a variety of multifamily types, including high rises and low rises, condos and rentals, and different physical configurations (central vs. individual building systems).

3. A credit enhancement strategy for the small business market. Similar to the single family residential market, credit enhancement for small business market segment may be provided or aggregated by a third-party such as CAEATFA or a similar type of entity.

4. An on-bill repayment strategy for all non-residential customers. Bill neutrality will not be required, however, an estimate of the bill impacts of the energy efficiency project to be financed will be presented to the customer at the time they are making the commitment to the project, thus ensures an informed decision by the customer without a strict requirement for bill neutrality. Partial payments will be allocated between utility bill obligations and loan repayment on a pro rata basis.

In addition, utilities, the expert financing consultant, and a working group convened by the consultant, will develop or contribute to a larger-scale database or databases of financing related data and information that can be shared publicly after appropriately masking individual customer confidential information.

The IOUs will update this PIP with additional details after the Commission issues a final Ruling or Decision on the EE Finance Pilots.

b) **Sub-Program Energy and Demand Objectives**- If this sub-program has energy and demand objective, please complete Table 2.

Table 6. Projected Sub-Program Net Energy and Demand Impacts, by Calendar Year (Rough Estimate, If Possible) [31]

Program #	Main/Sub Program Name	Administrative Amount	Marketing Amount	Direct Implementation Amount	Incentive Amount	Total Program Budget Amount
3737	SW-FIN-New Financing Offerings	$0	$0	$10,267,622	$0	$10,267,622

It is not feasible to develop energy savings for these programs as IOUs have no experience with these program elements. Additionally, it is assumed that a number of the measures to be installed may not be eligible for a rebate/incentive and therefore will need to be treated as "custom measures."

c) **Program Non-Energy Objectives**:

TBD

d) **Cost Effectiveness/Market Need**: What methods will be or have been used to determine whether this program is cost-effective?[32] If this is a non-resource program, describe the literature, market assessments or other sources that indicate a need for this program.

The methods contained in the Standard Practice Manual will be used.

e) **Measure Savings/Work Papers (Rough Estimate, If Possible)**:

a. Indicate data source for savings estimates for program measures (DEER, custom measures, etc).

b. Indicate work paper status for program measures:

Table 4 – Work paper Status

TBD, will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

[31] Individual utility specific information to be provided in this table
[32] If the program has energy and demand objectives, simply state that the methods contained in the Standard Practice Manual will be used. If the program does not have energy and demand objective, propose an approach to assess cost-effectiveness.

10) Program Implementation Details

a) Timelines: List the key program milestones and dates. An example is included below.

Table 5:. Sub-Program Milestones and Timeline (example)

TBD. Shall be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

b) Geographic Scope: List the geographic regions (e.g., CEC weather zones) where the program will operate

Table 6: Geographic Regions Where the Program Will Operate –

Geographic Region	Statewide Financing - SCG
CEC Climate Zone 1	
CEC Climate Zone 2	
CEC Climate Zone 3	
CEC Climate Zone 4	x
CEC Climate Zone 5	x
CEC Climate Zone 6	x
CEC Climate Zone 7	x
CEC Climate Zone 8	x
CEC Climate Zone 9	x
CEC Climate Zone 10	x
CEC Climate Zone 11	
CEC Climate Zone 12	
CEC Climate Zone 13	x
CEC Climate Zone 14	x
CEC Climate Zone 15	x
CEC Climate Zone 16	x

c) Program Administration

Table 7: Program Administration of Program Components (Rough Estimate, If Possible)

TBD, will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

d) Program Eligibility Requirements:

i. **Customers:** List any customer eligibility requirements (e.g., annual energy use, peak kW demand)

TBD. This table is currently unavailable but will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

Table 8: Customer Eligibility Requirements (Joint Utility Table) (TBD)

This table is currently unavailable but will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

ii. **Contractors/Participants:** List any contractor (and/or developer, manufacturer, retailer or other "participant") eligibility requirements (e.g. specific IOU required trainings; specific contractor accreditations; and/or, specific technician certifications required). **(TBD)**

Table 9: Contractor/Participant Eligibility Requirements (Joint Utility Table) (TBD)

This table is currently unavailable but will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

e) **Program Partners (TBD):**

a. Manufacturer/Retailer/Distributor partners: For upstream or midstream incentive and/or buy down programs indicate[33]: (TBD)

Table 10: Manufacturer/Retailer/Distributor Partners (N/A)

This table is currently unavailable but will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

b. Other key program partners: Indicate any research or other key program partners:

f) **Measures and incentive levels**: E3 calculators will provide the list of measures and incentive levels to be provided via the program. In this section the utilities should provide a summary table of measures and incentive levels. **(Rough Estimate, If Possible)**

[33] Provide in a consistent format for all IOUs. Indicate program partners across all IOU territories in one table or spreadsheet. Append to end of PIP.

Table 11: Summary Table of Measures, Incentive Levels and Verification Rates (Rough Estimate, If Possible)

This table is currently unavailable but will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

b) Use a single excel spreadsheet to indicate the eligible measures for the program across all IOUs. Indicate the expected incentive level by measure or measure grouping for each IOU, making clear where these vary. **(Rough Estimate, If Possible)**
c) For each incented or rebated measure, indicate the market actor to whom this will be provided. **(Rough Estimate, If Possible)**

g) Additional Services: List additional services that the sub-program will provide, to which market actors.

For each service provided, indicate any expected charges to market actors of the services, and/or the level at which any such services will be incented or funded.

Table 12: Additional Services

This table is currently unavailable but will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

h) Sub-Program Specific Marketing and Outreach: Please describe, providing timelines (suggested word limit: 300 words)

TBD. Shall be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

i) Sub-Program Specific Training: Please describe, providing timelines (suggested word limit: 300 words)

TBD. Shall be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

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

a) List all eligible software or similar tools required for sub-program participation. **(Rough Estimate, If Possible)** TBD
b)
c) Indicate if pre and/or post implementation audits will be required for the sub-program. ___ Yes ___ No TBD

i. Pre-implementation audit required ___ Yes ___ NoTBD

ii. Post-implementation audit required ___ Yes ___ No_ TBD

As applicable, indicate levels at which such audits shall be rebated or funded, and to whom such rebates/funding will be provided (i.e. to customer or contractor). **(Rough Estimate, If Possible)** TBD

Table 13: Post-implementation Audits (Rough Estimate, If Possible)

TBD

This table is currently unavailable but will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

k) Sub-Program Quality Assurance Provisions:

Please list quality assurance, quality control, including accreditations/certification or other credentials **(TBD)**

Table 14: Quality Assurance Provisions (TBD)

TBD.

This table is currently unavailable but will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

l) Sub-program Delivery Method and Measure Installation/Marketing or Training: Briefly describe any additional sub-program delivery and measure installation and/or marketing & outreach, training and/or other services provided, if not yet described above.

TBD. Shall be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

m) Sub-program Process Flow Chart: Provide a sub-program process flow chart that describes the administrative and procedural components of the sub-program. For example, the flow chart might describe a customer's submittal of an application, the screening of the application, the approval/disapproval of an application, verification of purchase or installation, the processing and payment of incentives, and any quality control activities.

TBD. Shall be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

n) Cross-cutting Sub-program and Non-IOU Partner Coordination: Indicate other IOU EE, DR or DG sub-programs with which this sub-program will regularly coordinate. Indicate also key non-IOU coordination partners. Indicate expected coordination mechanisms[34] and frequency[35]: **(Rough Estimate, If Possible)**

Table 15: Cross-cutting Sub-program and Non-IOU Partner Coordination (TBD)

This table is currently unavailable but will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

o) Logic Model: Please append the logic model for this sub-program to the end of this PIP. Describe here any additional underlying theory supporting the sub-program intervention approach, referring as needed to the relevant literature (e.g., past evaluations, best practices documents, journal articles, books, etc.).

TBD. Logic models are currently unavailable but will be determined and updated upon the Commission's final Ruling or Decision on the Statewide Finance Program.

11) Additional Sub-Program Information

2) **Advancing Strategic Plan Goals and Objectives**: Describe how sub-program advances the goals, strategies and objectives of the California Long Term Energy Efficiency Strategic Plan (word limit: 150 words)

3) Integration

i. **Integrated/coordinated Demand Side Management**: As applicable, describe how sub-program will promote customer education and sub-program participation across all DSM options. Provide budget information of non-EE sub-programs where applicable. **(TBD)**

Table 16: Non-EE Sub-Program Information (TBD)

TBD - This table is currently unavailable but will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.

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[34] "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).

[35] This does not mean there would be mutual understanding of the on the mechanism or a known frequency of coordination; rather, just provide enough information to give a general sense of the coordinate efforts.

ii. **Integration across resource types** (energy, water, air quality, etc): If sub-program aims to integrate across resources types, please provide rationale and general approach. **(TBD)**

TBD –This table is currently unavailable but will be determined upon the Commission's final Ruling or Decision on the Statewide Finance Program.
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4) **Leveraging of Resources**: Please describe if the subprogram will leverage additional investments by market actors or other state, local or federal agencies. **(TBD)**

5) **Trials/ Pilots:** Please describe any trials or pilot projects planned for this sub-program **(TBD)**

6) **Knowledge Transfer:** Describe the strategy that will be used to identify and disseminate best practices and lessons learned from this sub-program **(TBD)**

12) Market Transformation Information: For programs identified as market transformation programs, include the following (suggested page limit- five pages):

i. A summary of the market transformation objectives of the program.
ii. A description of the market, including identification of the relevant market actors and the relationships among them;
iii. A market characterization and assessment of the relationships/dynamics among market actors, including identification of the key barriers and opportunities to advance demand side management technologies and strategies;
iv. A description of the proposed intervention(s) and its/their intended results, and specify which barriers the intervention is intended to address;
v. A coherent program, or "market," logic model that ensures a solid causal relationship between the proposed intervention(s) and its/their intended results[36];
vi. Appropriate evaluation plans and corresponding Market Transformation indicators and Program Performance Metrics based on the program logic model.

Not applicable, this program has not been identified as a market transformation program.

[36] If this logic model is the same as that requested in #10.(O), only provide once. As needed, provide a more detailed logic model emphasizing the market transformation elements of the program and/or how such elements integrate with resource acquisition elements.

13) Additional information as required by Commission decision or ruling or as needed: Include here additional information as required by Commission decision or ruling (As applicable. Indicate decision or ruling and page numbers):

Decision 12-05-015

- The utilities are requested to propose for the credit enhancement product in their 2013-2014 portfolio applications with discussion of the preferred options and rationale". (p.119)

  The loan loss reserve is the preferred credit enhancement option proposed by the utilities. With the loan loss reserve, funds are required only to cover actual loan defaults and therefore a more effective use of ratepayer funding (as opposed to interest rate buy-downs which require funding to offset every loan). However, if there is no interest in the product, the utilities will explore other alternatives.

- The question of multiple program participation should be addressed in the utility 2013-2014 applications (p.130)

  A single project cannot receive funds from more than one loan program supported by ratepayer dollars. A clear and understandable menu of financing choices available to utility customers through the Statewide Finance Program should be developed to help interested customers select the option best suited for their projects. The utilities will train the contractors/account executives on these financing options in order to assist customers seeking financing for their investment in demand-side technologies (energy efficiency, demand response, distributed generation, and storage).

- In their 2013-2014 program portfolio applications, the utilities should also provide details on the billing system upgrades and/or other information technology costs that may be associated with an on-bill repayment offering for the non-residential market (P. 133)

  The preliminary cost estimate for upgrading **SoCalGas'** billing system to support Non Residential OBR is about **$700,000**. As the design for the new finance programs are completed, there may be refinement to this cost estimate.

- Utilities should propose a fee mechanism to negotiate with participating lenders or other financial entities that allows utilities to cover the costs of any ongoing billing expenses and infrastructure upgrades to provide the on-bill repayment service. (p.133)

  The utilities propose an OBR fee mechanism similar to that for the utility's Line Item Billing Program. The preliminary fee structure will likely include:

  - Fixed monthly billing fee per customer for providing the billing and remittance processing services, and associated reports and customer service.

- Upfront payment to cover start up costs (system changes, project management) to support lender processes.
- Reimbursement for costs associated with incremental Customer Service Support.

- The utilities should include in their applications a discussion of the relationship of the on-bill repayment offering with existing utility programs and their associated rebates or other financial incentives (p.133)

  The IOUs will update their on-bill repayment offerings pending the assigned Commisioner's ruling approving the final program designs.

- Utilities should propose in their 2013-2014 program applications an approach for counting incremental energy savings achieved by financing program offerings while avoiding double counting with savings from other programs (p.136)

  The utilities propose that during 2013-2014, incremental energy savings associated with financing program offerings be reported through existing utility rebate/incentive programs, thus avoiding double counting of energy savings. To show the impact of financing program offerings, the utilities will develop reporting to indicate the total dollars loaned, total energy savings from projects that participate in financing, and/or other useful metrics to demonstrate program success.

- **As directed by the Commission in Ordering Paragraph 10 items G though K, SoCalGas' contract with the County of LA on behalf of the SoCalREN will fund the following programs: Public Building Loan Loss Reserve, Single Family Loan Loss Reserve, Multi-Family Loan Loss Reserve, Non-Residential Property Assessed Clean Energy and the Public Agency Revolving Loan. These programs have been included in Section 13 as part of the ARRA continuation finance programs.**

- In accordance to Conclusions of Law Paragraph 53, the utilities will carefully coordinate statewide energy efficiency financing pilot activities with the REN financing activities. Per Ordering Paragraph 22 of Decision 12-11-015, the IOUs will proceed with activities related to the statewide energy efficiency financing pilot programs. The IOUs will update program designs according to the assigned Commisioner's ruling approving the final program designs.

NEW FINANCING OFFERINGS -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.

- List the primary SMART[37] 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. **(Rough Estimate, If Possible)**

  TBD. Shall be upldated to reflect the Commission's pending EM&V plan and approval.

- For each SMART objective, identify the quantitative targets, direction or percent of change that you hope to achieve during the program cycle.[38] **(Rough Estimate, If Possible)**

  TBD. Shall be upldated to reflect the Commission's pending EM&V plan and approval.

- 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. **(Rough Estimate, If Possible)**

  TBD. Shall be upldated to reflect the Commission's pending EM&V plan and approval.

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

[37] 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. For example, for a vender training component of an innovative commercial program, two SMART mid-term objectives and one long-term objective might be:

g) During the period 2013-2014, the number of HVAC installers in the SCE service territory who are able to perform quality installations of energy efficient packaged air conditioners will increase by 20%.

h) During the period 2013-2014, the number of installations of energy efficient packaged air conditions in the SCE service territory that are considered quality installations will increase by 25%.

i) By 2020, installations of energy efficient packaged air conditions in the SCE service territory that are considered quality installations will increase by 75%.

[38] Please also add any new program objectives and quantitative targets for statewide programs to the portfolio PPM/MTI reporting template.

See Table 3. Quantitative Program Targets (PPMs)

Smart objectives, PPMs, and other parameters will be developed in the 2013-2014 cycle by the Energy Division and the IOUs for the 2013-2014 Finance Program