STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

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TO PARTIES OF RECORD IN APPLICATION 12-07-001 ET AL.:

This is the proposed decision of Administrative Law Judge Edmister. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's June 11, 2015 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

/s/ KAREN V. CLOPTON
Karen V. Clopton, Chief
Administrative Law Judge

KVC:ar9

Attachment

Decision **PROPOSED DECISION OF ALJ EDMISTER** (Mailed 5/12/2015)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of 2013-2014 Energy Efficiency Programs and Budget (U39M)	Application 12-07-001 (Filed July 2, 2012)
And Related Matters.	Application 12-07-002 Application 12-07-003 Application 12-07-004

DECISION PARTIALLY MODIFYING DECISION 13-09-044 AND RESOLUTION E-4680 IMPLEMENTING ENERGY EFFICIENCY FINANCING PILOT PROGRAMS

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DECISION PARTIALLY MODIFYING DECISION 13-09-044 AND RESOLUTION E-4680 IMPLEMENTING ENERGY EFFICIENCY FINANCING PILOT PROGRAMS

Summary

In Decision (D.) 13-09-044[1] the Commission allocated $65.9 million to run pilots of energy efficiency finance programs (finance pilots). These finance pilots are to test whether incentives attract private capital to fund energy efficiency activities. In D.13-09-044, we designated the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) as the "hub" for the finance pilots.

On March 9, 2015, CAEATFA asked for a variety of changes to D.13-09-044 and to Resolution E-4680.[2] This decision modifies D.13-09-044 in response to CAEATFA's letter, which we have treated as a petition for modification. Specifically, this decision:

1. Extends the finance pilots' terms beyond 2015 so that each pilot is funded for a full 24 months of operation, clarifies when the 24-month pilot terms begin, and acknowledges that loans issued during the pilot terms will have ongoing administrative expenses beyond the pilot terms;

2. Grants flexibility to partially enroll loans, except for loans using the on-bill repayment feature;

3. Clarifies that government entities are eligible borrowers in the non-residential on-bill repayment pilot; and

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1 Decision 13-09-044 was mailed on September 20, 2013.

2 On Bill Repayment Tariffs.

4. Modifies the process for revising the on-bill repayment tariffs, and for filing Information Technology Advice Letters.

The remainder of CAEATFA's requested modifications will be addressed later in this proceeding.

1. Introduction

California's Energy Action Plan (EAP) established a hierarchy of energy resources, with preferred resources such as conservation and energy efficiency at the top of the list.[3] Before we buy more energy, goes the thinking, the best thing for both the environment and our wallets is to use less. Our direction of roughly $1 billion per year to conservation and energy efficiency programs reflects our commitment to energy efficiency as a preferred resource.

To reach the State's energy savings goals, we need to reduce barriers to participation in energy efficiency programs. This is particularly true in hard-to-reach market segments such as building retrofits. One promising avenue that we have recently explored is leveraging ratepayer funds. In Decision (D.) 13-09-044 we approved a suite of energy efficiency financing pilot programs (finance pilots). These programs use ratepayer funds to incentivize financial institutions to lend money for efficiency investments.

This decision reflects the California Public Utilities Commission's (Commission) continued commitment to energy efficiency and to financing programs as a way to spur energy efficiency investment.

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[3] *See also* Cal. Pub. Util. Code § 454.5(b)(9)(C), requiring electrical corporations to "first meet [] unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible."

2. Factual Background

As part of the implementation of the financing pilots, D.13-09-044 established an "administrative hub", the California Hub for Energy Efficiency Financing (CHEEF).[4] The CHEEF's role is to coordinate among various market participants, manage funds and data, and "increase the flow of private capital to energy efficiency projects" by offering a standardized open market.[5]

In D.13-09-044, we asked the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) to be the CHEEF. CAEATFA was willing to take on that role.

While the Commission approved the decision setting the pilot design and budget allocation in September of 2013, CAEATFA only obtained Legislative budget authority to act as CHEEF in July 2014. The investor owned-utilities (IOUs), that were ordered in D.13-09-044 to fund CHEEF operations, could not provide CAEATFA with funds until the following September, when the IOUs executed contracts with CAEATFA. Only then was CAEATFA able to begin hiring staff, and contracting with a master servicer and a trustee bank.

In January 2015, CAEATFA's board approved contracts with:

- U.S. Bank Global Trustee Services (as trustee bank for the CHEEF);[6] and
- Concord Servicing Corp. (as master servicer for the CHEEF).

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[4] D.13-09-044 at 65.

[5] D.13-09-044 at 3.

[6] This contract requires approval by another state agency. Approval is pending.

In addition, CAEATFA's board approved emergency regulations for the Residential Energy Efficiency Loan (REEL) Assistance Program (single family loan loss reserve pilot)[7] on February 17, 2015. The Office of Administrative Law (OAL) notified CAEATFA on March 9, 2015 that OAL had approved the emergency regulations.

On March 9, 2015, CAEATFA sent a letter to the Commission's Energy Division Director. In its letter, CAEATFA asks for a variety of "modifications to [D.13-09-044] that would help support the success of the [finance pilots]." Specifically, CAEATFA proposed the following modifications, which it listed in order of priority:

I. Extension of the Pilot Term.

II. Flexibility to Partially Enroll Loans.

III. Broadened Scope of Eligible Energy Efficiency Measures.

IV. Removal of Requirement to Competitively Select Lease Providers for Small Business Pilots.

V. Clarification Regarding the Inclusion of Government Entities as Eligible Borrowers in the Non-Residential OBR Pilot.

VI. Expansion of Eligible Financial Products and Credit Enhancement Support Structures.

[7] CAEATFA held several public meetings to gather stakeholder input on program design. In October 2014, CAEATFA held three regional lender and contractor roundtables to discuss the preliminary structure of the REEL Assistance Program. In December 2014, after incorporating public input, CAEATFA held a workshop on the proposed emergency regulations for the REEL Assistance program. CAEATFA released a second draft of the proposed regulations for additional public comment on January 20, 2015.
http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M148/K824/148824390.PDF

VII. Modifications to Process for Revising the On-Bill Repayment Tariffs.

On March 25, 2015 the assigned Commissioner and Administrative Law Judge (ALJ) issued a ruling (ACR)[8] stating that: (1) the March 9 letter will be treated as a Petition for Modification, (2) responses to the March 9 letter must be filed by Friday April 3, 2015, and (3) CAEATFA may reply to responses by Friday, April 10, 2015. Southern California Gas Company and San Diego Gas and Electric Company (collectively, Joint Utilities), Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), The Natural Resources Defense Council (NRDC), Office of Ratepayer Advocates (ORA), Center for Sustainable Energy (CSE) were timely filed. The California Housing Partnership Corporation (CHPC) filed a late response on April 10, 2015. CAEATFA filed Reply Comments April 10, 2015.

As the ACR observed, ordinarily the vehicle by which one would seek to modify a Commission Decision is a Petition for Modification (PFM) pursuant to Commission Rule of Practice and Procedure 16.4. With respect to sister agencies such as CAEATFA, however, we have accepted alternative methods of requesting modifications.[9] The ACR concluded, and we agree, that since the

[8] *Ibid.*

[9] *See, e.g.,* D.04-10-020 at 5: "On April 17, 2003, DWR submitted a memorandum requesting that the Commission consider two modifications to D.03-04-029 and the Operating Agreements. Procedurally, DWR's April 17, 2003, memorandum will be treated as a Petition for Modification of D.03-04-029."

March 9 letter largely[10] conformed to Rule 16.4, it was appropriate to treat CAEATFA's March 9 letter as a Petition for Modification.

3. Commission Expectations Regarding the Finance Pilots

The finance pilots are to develop "scalable and leveraged financing products to stimulate deeper energy efficiency projects than previously achieved through traditional program approaches."[11] The primary objective of the finance pilots is to attract and leverage private capital to advance energy efficiency projects and savings. Accordingly, we want to assure financial institutions of the Commission's commitment to the finance pilots, so that they in turn will have the confidence to develop and introduce new products, procedures, and market-facing business activities.

We expect the $65.9 million authorized in D.13-09-044[12] will fund the finance pilots for the full two years of operation, and as necessary to support extant loans for their full term if/when the finance pilots end. However, the Commission also recognized in D.13-09-044 that many variables may affect the rollout of the finance pilots, and that we may need to adjust program budgets. For this reason, the Commission directed Commission Staff to hold a mid-pilot public workshop to review pilot performance and, in conjunction with

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[10] The one caveat is that the March 9 letter does not contain "specific wording to carry out all requested modifications to the decision," (*emphasis added*) as required by Rule 16.4. In their comments, the Joint Utilities ask that CAEATFA to provide "to the service list . . . their requested wording changes to the decision." We have sufficient clarity on the CAEATFA-requested changes to act as we have on the limited issues that we address in this decision. We may request more specific wording from CAEATFA on the remaining issues when we take them up.

[11] D.13-09-044 at 3.

[12] *Id*.

CAEATFA and the IOUs, to discuss allocation of the $9.3 reserve remaining from the original $75.2 million authorized in D.12-11-015[13] approving 2013-2014 Energy Efficiency Programs and Budgets.

4. Issues before the Commission

CAEATFA's March 9 letter identified several components of D.13-09-044 and also of Resolution E-4680 that "present challenges to program development and implementation."[14] We appreciate that CAEATFA has identified the need for resolution on at least some of these issues in time for the current 2015-2016 fiscal year Legislative budget process.[15] Thus we address only the following time-critical/or uncontroversial issues now:

1) Extension of the Pilot Term.
    a) Further clarification on the commencement of the 24-month term of the finance pilot programs; funding extension beyond 2015; and
    b) Formal acknowledgement of the finance pilot programs' need for continued administrative support beyond the end of the 24-month pilot term.
2) Flexibility to "partially enroll" loans.
3) Clarification regarding the inclusion of Government Entities as eligible borrowers in the non-residential on-bill repayment (OBR) Pilot.
4) Modifications to the process for revising the OBR Tariffs.

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[13] D.13-09-044 at 91.

[14] CAEATFA March 9, 2015 letter at 1.

[15] CAEATFA April 10, 2015 Reply Comments.

We will take up CAEATFA's remaining issues (e.g., eligible Energy Efficiency (EE) measures, competitive selection of lease providers for small business pilots) later in this proceeding. We note that CAEATFA has stated that it does not intend to delay its implementation processes during the Commission's deliberations. CAEATFA will continue to move forward as authorized in D.13-09-044 so as to not further delay the launch of the finance pilots.

5. Discussion and Analysis

5.1. Extension of Pilot Term

5.1.1. Clarification on the commencement of the 24-month term of the finance pilot programs; funding extension beyond 2015

In its letter, CAEATFA recommended that the 24-month clock for the all pilot programs begin with the enrollment of the *first* loan in the *last* pilot to launch. Parties generally concurred with CAEATFA's recommendation with the exception of SCE. SCE requested that we qualify the permissible time for the finance pilots by providing that each pilot will run for 24 months from the time of the first enrolled loan in the last finance pilot to launch, but not exceed a total running time of 30 months for any single pilot.[16]

D.13-09-044 contemplated that the finance pilots would operate for a minimum of 24 months and longer if they prove successful. However, D.13-09-044 funded the finance pilots only through 2015.[17] The assigned Commissioner's

[16] SCE Response to PFM at 3.

[17] D.13-09-044 at 19-20 ("the Commission finds it reasonable to authorize the pilot programs to operate from the date of the decision until the end of 2015. We anticipate that the Commission

Footnote continued on next page

Ruling[18] dated August 25, 2014, stated that "[e]ach finance pilot shall operate for a minimum of 24 months, beginning at the point that each pilot program begins operation, and shall provide for support of loans made under the program for the duration of the loan terms even if/when a pilot ends."

As stated above, CAEATFA only obtained Legislative budget authority to act as CHEEF as of July 2014. Consequently, the IOUs could not provide CAEATFA with funds for CHEEF until September 2014, when the IOUs executed contracts with CAEATFA. Only then was CAEATFA able to begin hiring staff, contracting with a master servicer and trustee bank to create CHEEF. One practical impact of this slippage from the schedule set out in D.13-09-044 is that some finance pilots will hit the end of their funding period before they have been operating for two years (or, for some of the finance pilots, before operating at all).

D.13-09-044 approved three residential EE financing pilot programs. One program supports lending to the single family market sector, complemented by a sub-pilot in PG&E territory which allows the loan payment to appear as an itemized charge on the utility bill. A third pilot program targets a segment of the multifamily market: master-metered multifamily buildings that house primarily low and moderate income households. D.13-09-044 also authorized three non-residential EE financing pilot programs, two for small businesses, and expand on-bill utility collection of the monthly finance payments.

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will undertake an evaluation of these programs, including whether to modify, extend, or defund them, in conjunction with the next Commission proceeding to consider EE programs and budgets for 2016 and beyond.").

[18] http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M103/K390/103390632.PDF

Discussion/Analysis

As for how we calculate the running of the 24 months, we decline to adopt CAEATFA's recommendation that the 24- month clock for all finance pilot programs begin with the enrollment of the first loan in the last finance pilot to launch. When that approach is combined with staggered rollouts of the various finance pilots, the net effect is authorization for the first finance pilot lasting longer–potentially much longer-than two years. We want to avoid this scenario and maintain a more definitive end date to the finance pilots until they demonstrate any benefits.

Given the number of interdependencies impacting the launch of the programs and subsequent collection of participant data, we conclude that the 24-month term of *each* finance pilot should align with the enrollment of the first loan in *each* finance pilot launch. That is, *each* finance pilot will have an independent 24-month schedule initiated by the enrollment of the first loan in that particular finance pilot. Funding will follow accordingly. We believe this approach addresses SCE's concerns since each finance pilot's 24 month minimum operation will be independent of the unexpected delays of individual finance pilots. Our approach has the additional advantage of being able to accommodate staggered rollout of the finance pilots over more than six months without further modification.

We modify D.13-09-044 to provide 24 months of funding for each pilot. We eliminate the December 2015 "sunset" date for the finance pilots adopted in D.13-09-044.

5.1.2. Administrative Support for the Duration of Supported Loans

CAEATFA, in its letter, asked the Commission to formally acknowledge that the pilot programs would have continued administrative needs for up to 15 years after the end of the 24-month pilot term. CAEATFA points out that loan servicing obligations may last the life of program loans, regardless of whether the finance pilots end after two years. CAEATFA seeks this acknowledgement in connection with the State budget cycle for the 2015 -2016 fiscal year.

Parties either concurred in this or did not object to this request. The Joint Utilities requested that the approach to ensuring budgets provide administrative support to all parties be addressed during the mid-point review.[19] ORA recommended that the Commission approve CAEATFA's request and require that CAEATFA file a Tier 2 Advice Letter (AL) mid-way through pilot implementation.[20]

The Commission appreciates of the legislature's oversight of CAEATFA's authority to conduct these finance pilots. The Commission supports CAEATFA's efforts to secure resources commensurate with the longevity of the loans issued under the pilot programs.

5.2. Partial Enrollment

CAEATFA defines "partial enrollment" as "allow[ing] projects to include the installation of other home improvements and distributed generation technologies as part of the non-enrolled (not credit-enhanced) portion of a

[19] Joint Utilities Comments to PFM at 3.

[20] ORA Comments to PFM at 8.

loan/lease."[21] CAEATFA contends that allowing for the partial enrollment of loans in the off-bill pilot programs will "support increased transaction volume and overall impact and effectiveness of the finance pilots. Partial enrollments would enable lenders to offer loans for broader project scopes, while continuing to target and limit ratepayer-funded credit enhancements solely to eligible improvements as defined in the pilot program regulations."[22] CAEATFA recommends that we do not place limits on partial enrollment since "credit enhancements only apply to the enrolled portion of the loan, ratepayer funds would not be supporting the non-enrolled portion of the loan."[23]

A simple example illustrates how partial enrollment could work. Suppose a homeowner takes out a single loan for $50,000. Of that amount, the owner puts $25,000 towards eligible energy efficiency measures (EEEMs). The balance of the loan goes to other home improvements. Partial enrollment would permit CAEATFA to provide credit support for the $25,000 going to EEEMs. As to the remaining $25,000, the lender would be on its own.

In their comments, SCE[24] does not support CAEATFA's recommendation that no limitation be placed on partial enrollment and that the Commission allow projects to include the installation of other home improvements and distributed generation technologies as part of the non-enrolled (not credit-enhanced) portion of a loan/lease. However, SCE agrees with CAEATFA that, if the Commission does allow flexibility for partial enrollments, such flexibility should not extend to

[21] March 9, 2015 letter at 3.

[22] *Id.*

[23] *Id.*

[24] SCE Response to PFM at 4.

finance pilots with the on-bill repayment feature.[25] The Joint Utilities[26] support CAEATFA's proposal with the condition that the allowance of flexibility for partial enrollments should not extend to finance pilots with the on-bill repayment feature. PG&E supports CAEATFA's suggestion to allow participating lenders and financial institutions to partially enroll loans for the two off-bill financing pilots. PG&E further suggests that lenders participating in the OBR finance pilots should also be able to partially enroll loans for distributed generation measures.[27] CSE strongly supports CAEATFA's recommendation.[28]

In D.13-09-044, we allowed the use of credit enhancements *even for portions of loans not spent on EE measures*.[29] We did not address non-enrolled portion of a loan.

We are willing to allow borrowers to use the portion of loans that are not credit enhanced to go towards non-EE activity. Consistent with D.13-09-044[30] "Lowering the barriers to energy efficiency retrofits and financing, particularly in under-served market sectors is also critical to reaching the state's goals and reduced energy consumption." Partial enrollment of loans will enable lenders to offer loans for broader project scopes thereby encouraging a borrower to take on retrofits that help achieve greater energy savings. However, partial enrollment is only appropriate for the off-bill finance pilots. We do not want jurisdictional

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[25] Comments of SCE to PFM at 4.

[26] Comments of Joint Utilities to PFM at 5.

[27] PG&E Response to PFM at 3.

[28] CES Response to PFM at 3.

[29] Subject to a limit of 30% of loan value. D.13-09-044 at 31.

[30] SCE Response to PFM, April 3, 2015 at 2.

utilities, in effect servicing loans that are not sufficiently tied to energy efficiency to be fully credit enhanced.

5.3. Government Entity Eligibility to Borrow in the Non-Residential OBR Pilot

CAEATFA asks the Commission to clarify that government buildings are eligible for the Nonresidential On-Bill Repayment without Credit Enhancement Pilot (Nonresidential OBR Pilot). CAEATFA states that there is interest from stakeholders in allowing government buildings to participate in the nonresidential OBR pilot.

There were no objections from parties. SCE agreed with CAEATFA and added that SCE does not interpret D.13-09-044 to prohibit the IOUs from offering OBR to government customers.[31] PG&E made similar comments as SCE.[32]

D.13-09-044 states that non-residential OBR pilot should "be made available to all sizes of non-residential utility customers."[33] Because these customers could include government entities, such government entities are eligible borrowers under the nonresidential OBR pilot.

5.4. Modifications to the Process for Revising IOU On-Bill Repayment Tariffs

Ordering Paragraph 5 of Resolution E-4680, which further effectuated D.13-09-044, requires:

> The Joint Utilities shall refile these approved [OBR] tariffs within 30 days after CAEATFA hires the master servicer, making revisions directed by Commission staff, if

[31] SCE Response to PFM at 7.

[32] PG&E Comments to PFM at 4.

[33] D.13-09-044 at 64.

Commission staff in consultation with CAEATFA determines it is necessary to make revisions.

CAEATFA asks the Commission to modify the process for the OBR tariff refiling. CAEATFA proposes that within the first 30 days of contracting with the Master Servicer, the Commission and CAEATFA staff will consider whether changes to the OBR tariffs are necessary and communicate any requested changes to the IOUs. Instead of tying the OBR tariff re-filings to the initial 30-day period, the trigger date could be within 15 - 30 days of receiving requested amendments to the tariffs from the Commission staff and CAEATFA. CAEATFA further requested clarification on the process by which future modifications to the OBR tariffs could be made.[34]

The Joint Utilities generally support this proposal as described, but ask that the Commission also make a corresponding modification to the timing for filing the Information Technology (IT) AL. This AL is to contain an updated estimate of IT costs as required by D.13-09-044. According to the Joint Utilities, the IT activities/costs would be potentially impacted by any amendment to the current tariff.[35] PG&E supports CAEATFA's proposed changes to the deadline for any re-filing of the OBR Tariffs and suggests that Ordering Paragraph 17 of D.13-09-044 be modified to require the IOUs to submit a Tier 1 AL for the IT changes necessary to implement OBR, along with updated cost estimates and

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[34] CAETFA March 9 Letter at 7.

[35] D.13-09-044, Ordering Paragraph 17.

integration with other projects.[36] SCE also supports CAEATFA's recommendation regarding the re-filing OBR dates.[37]

We conclude that changes to the requirements of D.13-09-044 re: the IT AL, and to Resolution E-4680, re: OBR tariff re-filing dates are in order. The Commission and CAEATFA staff will tell the IOUs within 30 days of this decision whether or not the IOU's need to re-file their OBR tariff. The OBR tariff re-filing AL (if needed) and the IT AL will be due within 30 days after staff notification. Future amendments to the OBR Tariffs can only be effectuated through formal submissions to the Commission through the AL process.

Therefore, Ordering Paragraph (OP) 5 of Resolution E-4680 will be modified to read as follows:

> Within 30 days of this decision, Commission staff in consultation with CAEATFA will determine whether revisions to on-bill repayment tariffs (OBR Tariffs), are needed or not, and will notify Pacific Gas and Electric Company, San Diego Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company (IOUs) of whether or not the IOUs need to re-file their OBR Tariffs. Within 30 days of Commission staff directing them whether or not to revise the OBR Tariffs, the IOUs shall file Tier 2 advice letters containing (1) information technology cost information as described in OP 17 of D.13-09-044 and (2) if previously directed by staff, revised OBR Tariffs.

Ordering Paragraph 17 of D.13-09-044 is modified to read as follows:

> a. Within thirty (30) days of the date of this decision, the California Alternative Energy and Advanced

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[36] PG&E Comments on PFM at 4.

[37] SCE Comments on PFM at 8.

Transportation Financing Authority (CAEATFA) and Commission staff will tell Pacific Gas and Electric Company, San Diego Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company (IOUs) whether or not to revise the OBR Tariffs. The IOUs shall each file a Tier 2 Advice Letter (AL) within 30 days after staff notification. The IOUs shall each file a Tier 2 AL supporting an updated estimate of the Information Technology (IT) changes necessary to implement On-Bill Repayment and other features of the authorized finance pilots (IT advice letters), and serve the IT AL on the service list for this proceeding. The IT AL shall include information about economies achieved by integrating these upgrades with previously funded and scheduled IT capital projects.

b. Total allocations approved as a result of the IT advice letters shall be limited to IT-related costs in whole, or part, applicable to administration of the EE Finance pilots and related data collection. If an IOU requests funds in excess of the allocations set forth in Section 12 for Information Technology (Line 6b), then the amounts must be supported by sufficient documentation and explanation so as to be determined reasonable.

5.5. Timing of Mid-Cycle Review

While CAEATFA did not mention the timing of the mid-cycle review, we clarify now that this mid-point review should occur after the first pilot's first year of operation, and that as part of the mid-point review we will take up funding for marketing, education, and outreach associated with the finance pilots. We recognize that if there is a staggered launch of the finance pilots we may lack data on some finance pilots at the time of the review. If this is so, we will cover what we can and set another review for later.

CSE requested clarification regarding the timing of the mid-pilot review that D.13-09-044 directed.[38] The Joint Utilities requested that the approach to ensuring budgets provide administrate support to all parties be addressed during the mid-point review.[39] ORA recommended that the Commission approve CAEATFA's request and require CAEATFA file a Tier 2 AL mid-way through pilot implementation.[40] We decline to adopt more prescriptive approaches to the mid-cycle review now.

6. Categorization and Need for Hearing

We reaffirm the categorization of the proceeding as ratesetting, and the determination that hearings are not necessary.

7. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on ________________, and reply comments were filed on______________ by ______________.

8. Assignment of Proceeding

Carla J. Peterman is the assigned Commissioner and Todd O. Edmister is the assigned ALJ in this proceeding.

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38 CSE Response to PFM at 3.

39 Joint Utilities Comments to PFM at 3.

40 ORA Comments to PFM at 8.

Findings of Fact

1. On March 9, 2015, CAEATFA issued a letter to the Commission's Energy Division Director Edward Randolph proposing modifications to D.13-09-044 Implementing the Energy Efficiency Financing Pilot Programs.
2. Ordinarily the vehicle by which a party would seek to modify a Commission Decision is a Petition for Modification pursuant to Commission Rule of Practice and Procedure 16.4.
3. With respect to sister agencies such as CAEATFA, we have accepted alternative methods of requesting modifications.
4. The March 9 letter largely conforms to Rule 16.4's requirements.
5. The March 25, 2015 Revised ACR ruled that the March 9 letter will be treated as a Petition for Modification.
6. CAEATFA does not intend to delay its implementation processes during the Commission's deliberations. CAEATFA will continue to develop the programs in alignment with the structures authorized in D.13-09-044 so as not to further delay the launch of the Pilot Programs.
7. Partial enrollment of loans would enable lenders to offer loans for broader project scopes thereby encouraging a borrower to take on retrofits that help achieve greater energy savings.
8. The allowance of flexibility for partial enrollments should not extend to finance pilots with the on-bill repayment feature.
9. Flexibility for partial enrollments only applies to the off-bill finance pilots.
10. D.13-09-044 states that nonresidential OBR pilot "be made available to all sizes of nonresidential utility customers."

Conclusions of Law

1. The 24-month term of each pilot should align with the enrollment of the first loan in each pilot launch to allow each pilot to have an independent 24-month schedule initiated by the enrollment of the first loan.

2. The Commission should eliminate the December 2015 "sunset" date for the finance pilots adopted in D.13-09-044.

3. The allowance of flexibility for partial enrollments should not extend to finance pilots with the OBR, and flexibility for partial enrollments only applies to the off-bill finance pilots.

4. Government entities are eligible borrowers under the nonresidential OBR pilot.

5. Ordering Paragraph 5 of Resolution E-4680 should be modified to read as follows:

> Within 30 days of this decision, Commission staff in consultation with CAEATFA will determine whether revisions to on-bill repayment tariffs (OBR Tariffs), are needed or not, and will notify Pacific Gas and Electric Company, San Diego Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company (IOUs) of whether or not the IOUs need to re-file their OBR Tariffs. Within 30 days of Commission staff directing them to revise (or not) revise the OBR Tariffs, the IOUs shall file Tier 2 advice letters containing: (1) information technology cost information as described in OP 17 of D.13-09-044, and (2) if previously directed by staff, revised OBR Tariffs.

6. Ordering Paragraph 17 of D.13-09-044 should be modified to read as follows:

> a. Within thirty (30) days of the date of this decision, the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) and

Commission staff will tell Pacific Gas and Electric Company, San Diego Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company (IOUs) whether or not to revise the OBR Tariffs. The IOUs shall each file a Tier 2 Advice Letter (AL) within 30 days after staff notification. The IOUs shall each file a Tier 2 AL supporting an updated estimate of the Information Technology (IT) changes necessary to implement On-Bill Repayment and other features of the authorized finance pilots (IT advice letters), and serve the IT AL on the service list for this proceeding. The IT AL shall include information about economies achieved by integrating these upgrades with previously funded and scheduled IT capital projects.

b. Total allocations approved as a result of the IT advice letters shall be limited to IT-related costs in whole, or part, applicable to administration of the EE Finance pilots and related data collection. If an IOU requests funds in excess of the allocations set forth in Section 12 for Information Technology (Line 6b), then the amounts must be supported by sufficient documentation and explanation so as to be determined reasonable.

7. Future amendments to the OBR Tariffs can only be effectuated through formal submissions to the Commission through the AL process, described in detail in Commission GO 98-B, which allows for public notification and review, and approvals from Commission Staff that form that basis for authority of programmatic features.

O R D E R

IT IS ORDERED that:

1. California Alternative Energy and Advanced Transportation Financing Authority's Proposed Modification to Decision 13-09-044 (Energy Efficiency Financing Pilots) is partially approved with modifications.

2. Southern California Edison Company, Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company (collectively IOUs) energy efficiency finance pilots shall each operate for a minimum of 24 months, beginning at the point that each pilot program enrolls its first loan, and shall provide for support of loans made under each pilot for the duration of loan terms even if/when a pilot ends.

3. The Commission shall eliminate the December 2015 "sunset" date for the finance pilots adopted in D.13-09-044.

4. California Alternative Energy and Advanced Transportation Financing Authority may need to secure resources that impact the longevity and appropriate oversight of the energy efficiency finance pilot programs.

5. Therefore, Ordering Paragraph (OP) 5 of Resolution E-4680 will be modified to read as follows:

> Within 30 days of this decision, Commission staff in consultation with CAEATFA will determine whether revisions to on-bill repayment tariffs (OBR Tariffs), are needed or not, and will notify Pacific Gas and Electric Company, San Diego Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company (IOUs) of whether or not the IOUs need to re-file their OBR Tariffs. Within 30 days of Commission staff directing them whether or not to revise the OBR Tariffs, the IOUs shall file Tier 2 advice letters containing (1) information technology cost information as described in OP 17 of D.13-09-044 and (2) if previously directed by staff, revised OBR Tariffs.

6. Ordering Paragraph 17 of D.13-09-044 is modified to read as follows:

    a. Within thirty (30) days of the date of this decision, the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) and Commission staff will tell Pacific Gas and Electric Company, San Diego Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company (IOUs)whether or not to revise the OBR Tariffs. The IOUs shall each file a Tier 2 Advice Letter (AL) within 30 days after staff notification. The IOUs shall each file a Tier 2 AL supporting an updated estimate of the Information Technology (IT) changes necessary to implement On-Bill Repayment and other features of the authorized finance pilots (IT AL), and serve the IT AL on the service list for this proceeding. The IT ALs shall include information about economies achieved by integrating these upgrades with previously funded and scheduled IT capital projects.

    b. Total allocations approved as a result of the IT AL shall be limited to IT-related costs in whole, or part, applicable to administration of the EE Finance pilots and related data collection. If an IOU requests funds in excess of the allocations set forth in Section 12 for Information Technology (Line 6b), then the amounts must be supported by sufficient documentation and explanation so as to be determined reasonable.

7. Government entities are eligible borrowers for energy efficiency finance pilots under the nonresidential on-bill repayment without credit enhancement pilot.

8. Southern California Edison Company, Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company's (collectively IOUs) future amendments to the OBR Tariffs shall only be effectuated through formal submissions to the California Public Utilities Commission through the Advice Letter process.

9. Application 12-07-001 remains open.

This order is effective today.

Dated ____________________________, at San Francisco, California.