

Energy Efficient Equity's Comments on Proposed Rulemaking: Implementation of AB 1284

Energy Efficient Equity (E3) supports the goals and objectives of Assembly Bill 1284. We look forward to working with the DBO in the rulemaking process and beyond. The following pages contain E3's response to DBO's Invitation for Comments on Proposed Rulemaking: Implementation of AB 1284.

Annual Report Data

If the DBO plans on collecting environmental savings data, E3 recommends proffering a standardized method of calculating environmental savings for all administrators to use.

Advertising Standards

E3 does not advertise or market directly to consumers. Contractors initiate most advertising, so E3 suggests that the DBO work with the CSLB to protect against misleading advertising. E3 maintains that the CSLB should provide the oversight for contractor marketing practices, not PACE providers. PACE is a very small portion of the Home Improvement market. For PACE providers that do market directly to consumers, which E3 may do in the future, E3 supports DBO developing standards similar to standards in place for other financial products.

Solicitor Monitoring Standards

In general, DBO regulations should not disadvantage PACE financing compared to other forms of financing. Regulations regarding monitoring should mirror monitoring standards already developed for other forms of financing where the solicitor works with multiple financing providers (i.e., not under direct supervision of the financing provider).

Cancelling Enrollment and Notifying the Department

E3 suggests that each PACE administrator be required to report solicitors that have been removed from the program due to fraudulent activity to the CSLB.

Education Program

E3 supports the concept of training solicitors. However, the legislation implies Solicitors must undergo training by each administrator. Solicitors usually offer more than one PACE program to their clients and it would be inefficient to require training from each program. Instead, a single training should qualify for all PACE programs. E3 supports the idea of having a third party service train PACE solicitors so training topics and materials are complete and standardized.

Underwriting

E3 hopes to receive further clarity on underwriting and the consideration of monthly debt obligations. Is the only requirement to have a positive cash flow to meet this requirement?

What are the required documents to verify income and assets. How will this be managed, tracked, and/or reported with all of the PACE players?

SB 242

Please provide more clarification on what constitutes “a thing of material value” in Subsection 5923. For example, solicitors are requesting that E3 provide them with qualified “leads” - i.e., homeowners that are interested in PACE financing. Would “leads” fall under this category? Are other types of “co-marketing” prohibited - spending not tied to a particular homeowner or project.

Exemptions from Enrollment

E3 does not believe it necessary for solicitors of only commercial assessments to be required to register as a solicitors.

CAEATFA PACE Loss Reserve Program and Rulemaking

E3 would like to know what relationship the DBO will have with CAEATFA and the PACE Loss Reserve Program. Will DBO make any changes to this program to bring it in line with legislation? E3 suggests that the CAEATFA program regulations be amended to:

- 1) Change the definition of residential property from a property with three units or fewer to a property of four units or fewer.
- 2) Include seismic projects as eligible improvements to be covered by the reserve program.

The way the CAEATFA regulations are currently written, PACE administrators who wish to participate in the reserve program may not finance seismic retrofits on residential projects of 3 units or fewer, hampering the industry’s ability to help make California earthquake-ready.

Thank you

Thank you for the opportunity to comment on the rulemaking process for the implementation of AB 1284. E3 asks that, in order to be able to comply with the new regulations and licensing requirements, we have access to the application in a timely fashion. We hope to be able to process the application well in advance of the implementation date for license enforcement. We appreciate early access to the specific requirements as well as the form/requirements for ongoing reporting.