Finance Partner Outreach Strategy Study Report

Energy Division
California Public Utilities Commission

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Prepared by
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FINANCE PARTNER OUTREACH STRATEGY STUDY REPORT

Prepared under the direction of the **Energy Division** for the

California Public Utilities Commission

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Common Acronyms

EE	Energy Efficiency
IRB	Interest Rate Buy Down
LLR	Loan Loss Reserve
OBR	On-Bill Recovery
PA	Program Administrator
RLF	Revolving Loan Fund

1. Executive Summary

The California Public Utilities Commission directed the state's Investor-Owned Utilities (IOUs) to implement several pilot programs to finance energy efficiency (EE) projects in the residential and non-residential sectors. These Pilots—and many others across the U.S—have been working to attract both private lenders and contractors to participate.

This Study aims to understand strategies that have successfully enabled other Energy Efficiency Finance initiatives to attract private **lenders** and **contractors** as partners. To this end, interviews with a range of **residential** and **non-residential** program administrators (PAs) who have successfully began energy efficiency financing programs outside of CA (as well as select lenders and contractors) were conducted, along with supplemental secondary research on successful **solicitation**, **recruitment**, and **operations** practices. There is no one-size-fits-all approach to solicitation, recruitment, or operations: most PAs have adjusted course over time, often in the face of initial difficulties. Nevertheless, this research identified successful (and less successful) practices, along with areas of commonality (clear communication, multi-faceted value proposition, flexibility where possible).

Based on this research, we outlined a set of successful practices for consideration, as described in Table 1, below.

Table 1: Summary of Considerations for Energy Efficiency Finance Initiatives (Residential & Non-Residential)

AREA	CONSIDERATIONS
LENDERS	
Solicitation	• Explore an informal solicitation approach, via local financial institution associations, rather than an RFP. • As a start, focus on lenders with the right fit: these lenders tend to be mission-driven such as credit unions (residential) or those that specialize in streamlined underwriting processes (non-residential) • Build a multi-faceted value proposition beyond the credit enhancement: e.g. cross-selling opportunities, market differentiation, broader customer base with low delinquency rates • Leverage lender's existing products and services • Ensure PA teams include staff with financing experience and prepare clear documentation
Recruitment	• Identify a champion within the target lender • Ensure that the lender's role in the program is clear and well-articulated • Establish flexible contract conditions that can be adjusted to each lender's unique approach • Provide regular training on various topics, where needed
Operations	• Allow lenders final say in defining the underwriting criteria • Establish aspirational loan volume goals, not binding targets • Build data tracking to fit lender systems and program needs (e.g. EM&V), and monitor regularly • Identify laggards and provide them additional support
CONTRACTORS	
Solicitation	• Leverage existing ally networks, otherwise open solicitation with certification-based criteria • Build multi-faceted value proposition
Recruitment	• Offer in-person training, as well as one-on-one support where needed
Operations	• Conduct regular Quality Control (QC) for new contractors, can be reduced for experienced contractors • Support contractors with training and communication to help them use and market the financing • Work with contractors to resolve issues that may arise

2. Study Purpose and Context

In September 2013, the California Public Utilities Commission (CPUC) adopted Decision 13-09-044 to pave the way for the Statewide Finance Pilots. The CPUC directed the state's Investor-Owned Utilities[1] (IOUs) to implement several pilot programs to finance energy efficiency (EE) projects in the residential and non-residential sectors, and test market incentives for attracting private capital through investment of limited ratepayer funds. The Decision described two key goals for the Finance Pilots:

1. "Stimulate deeper EE projects than previously achieved through traditional program approaches (e.g., audits, rebates, information)"; and
2. "Provide incentives to lenders to extend or improve credit terms for EE projects[2]".

The CPUC requested that the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) serve as the central administrator of the Pilots. As such, CAEATFA acts as the Pilots' California Hub for Energy Efficiency Financing (CHEEF). In July 2014, CAEATFA received expenditure and reimbursement authority for the funds necessary to carry out the Pilots. The two goals outlined in the Decision indicate that the Pilots intend to have an impact on both the customer demand for and uptake of EE projects and the supply of attractive financing options to fund EE projects. In support of these goals, this study aims to understand strategies that have successfully enabled other similar—though not identical—EE Finance initiatives to attract critical program partners such as private lenders and contractors. The results of this study represent a summary of Best Practices, and may be useful for EE Finance pilots and programs in California and across North America.

2.1 California's Residential Financing Pilots

Decision 13-09-044 called on CAEATFA and the IOUs to implement two financing Pilots for the single-family residential market, and five Pilots for the non-residential market.

To this end, a statewide Pilot and a sub-pilot with limited geographical coverage are planned.[3]

- **The Residential Energy Efficiency Loan (REEL) Assistance Program:** The REEL Assistance Program offers a loan loss reserve (LLR) for enrolled lenders who offer loans of up to $50,000 to single-family residential customers (including residential buildings with 4 or less units, with a $50,000 loan per unit) to carry out EE upgrades. The LLR will cover 90% of capital losses resulting from Charge Offs on enrolled loans, which will help reduce lender risk and ideally lead to reduced capital costs for borrowers[4] and broader market coverage in the low- and moderate-income and low-FICO-score segments. At least 70% of the total loan for a given project must be used to pay for Eligible EE Measures (EEEMs) which correspond to the EEEM definitions used by IOU incentive/rebate programs in the corresponding service territory.

[1] The IOUs include the Pacific Gas & Electric Company (PG&E), Southern California Edison (SCE), the Southern California Gas Company (SCG), and San Diego Gas & Electric (SDG&E).

[2] CPUC Decision 13-09-044, September 19, 2013. Page 3.

[3] The Pilots were approved in 2013, but CAEATFA's funding to establish the CHEEF and prepare the Pilot regulations was only approved in July of 2014. At the time of writing, it is anticipated that the REEL Pilot will begin enrolling participants in Q4-2015.

[4] The REEL regulations state that interest rates on enrolled loans must not exceed 750 basis points over the US Government's 10-year treasury rate.

- **Energy Finance Line Item Charge (EFLIC) Program:** The EFLIC program is a sub-pilot of the REEL Assistance Program that will be implemented only in Pacific Gas & Electric Company's (PG&E) service area. It will allow loan payments to appear as an itemized charge on the utility bill and is designed to test whether including the loan payment as a line item charge has a positive effect on debt service performance.

The residential Pilots include energy efficiency requirements, as well as other features designed to provide financing to under-served market segments such as low-to-medium income (LMI) homeowners. This is supported through two REEL Assistance Program design features[5]:

- The LLR for LMI borrowers will be set at 20% of the loan value, while it is set at just 11% for other borrowers (to provide a stronger risk mitigation tool for the LMI market).
- Borrowers with FICO scores as low as 580 will be considered for loans under the Pilot. However, for applicants with FICO scores between 580 and 640 the lender must verify the borrower's income as part of the underwriting process.

The Pilots also include an important investment in contractor training and marketing outreach. Enrolled lenders are responsible for developing their own origination processes.

2.2 California's Non-Residential Financing Pilots

In addition to residential pilots, CAEATFA is developing five new financing pilots directed at the non-residential sector.

Table 2. Non-Residential Statewide Finance Pilots

Pilot Name	Description	On or Off Bill	Credit Enhancement
On-Bill Small Business Lease Pilot	Loan loss reserve (LLR) of up to 20% for up to $200,000 of individual loan value	On	Yes
Off-Bill Small Business Lease Pilot	LLR of up to 20% for up to $200,000 of individual loan value	Off	Yes
Small Business Loan Pilot	LLR of up to 20% for up to $200,000 of individual loan value	On	Yes
Non-Residential on-Bill Repayment Pilot	On bill repayment mechanism to attract private capital to fund Demand Side Management (DSM) investments	On	No
Master-Metered Multifamily Finance (MMMF) Pilot[6]	A debt service reserve fund (DSRF) will cover non- or partial payment of financing charges.	On	Yes

[6] The MMMF Pilot is organized under the non-residential Pilots because eligible buildings for the MMMF program will be classified as commercial properties. The contractor-customer interactions and retrofit financing treatment for multifamily buildings (with more than twenty residential units) are much more akin to those across the non-residential sector than the residential sector. For example, multifamily buildings are typically financed through commercial mortgages and contractors who perform work on larger multifamily buildings often carry commercial contractor designations.

2.3 Purpose of this Study

This study aims to understand strategies that have successfully enabled Energy Efficiency Finance initiatives (outside California) to attract critical program partners such as private lenders and contractors.

The key objectives and research questions are:

- Identify the successful strategies and approaches to solicit and select private lenders and contractors as potential partners in Energy Efficiency Finance Initiatives.
    - What are the methods that have been attempted to solicit and recruit partners?
    - What has worked to solicit[7] partners and why? What has not worked and why?
    - What has worked to recruit/onboard[8] partners and why? What has not worked and why?
    - What challenges were encountered and how were they overcome?
- Identify the criteria that have successfully enabled Energy Efficiency Financing Initiatives to recruit and onboard private lenders and contractors for program support.
    - What requirements do the initiatives have for partners to participate and why?
    - If and how have the requirements changed since inception and why?
    - What criteria were used to select partners and why?
    - If and how did the criteria for selection change since inception and why?
- Recommend recruitment and selection criteria for the Pilots moving forward
    - How can the Pilots best solicit interest from partners?
    - How can the Pilots best recruit partners to engage in the participation process?
    - What criteria should the Pilots use to select partners?

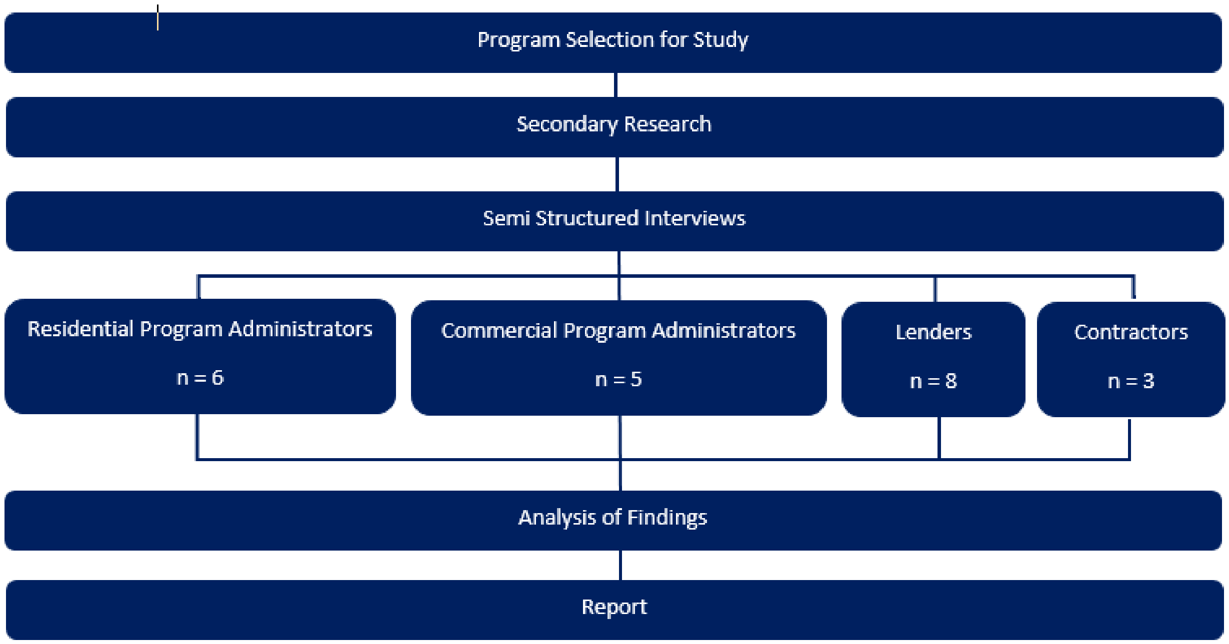
[7] **Solicitation** refers to the process of identifying, attracting and reaching out to potential partners. This step includes lead identification and selection, definition of the value proposition, outreach strategy, and other considerations.

[8] **Recruitment** refers to the process of onboarding and training partners into the financing program. This step includes achieving internal buy-in, contracting, training, and other considerations.

3. Methodology

The Study began by considering eleven residential and seven non-residential programs outside of CA to include in this study. The Evaluation Team conducted secondary research to identify the list of Financing Initiatives (or programs) that are similar to the Pilots across the United States and have successfully generated significant loan volumes.

Figure 1: Study Methodology



Residential Program Selection

The first task was to identify programs that are similar to the Pilots to ensure that findings are most actionable and relevant to the current structure of the Pilots. Eleven residential energy efficiency financing programs were assessed based on the following key criteria, listed in order of importance for inclusion in this Study:

1) Includes multiple third-party lenders – with valid recruitment process
2) Sufficient track record (loan volume) to show uptake
3) Similar features to the CHEEF Pilots – favoring programs that apply OBR and LLR
4) Includes multiple contractors enrolled to deliver services

Appendix B presents the detailed data for each of the eleven programs under consideration. Overall, **six programs** were selected to learn about successful strategies employed to solicit and recruit lenders and contractors. The six programs are:

1) Smart-E Loans, CT
2) Enhabit, OR
3) Heat Loan, MA
4) Heat Saver Loan, VT
5) Smart Energy Loans and On-Bill-Repayment, NY
6) Home Energy Loan, MI

Note: It is worth noting that these programs exhibit significant differences from the Pilots, and as such are not perfect comparisons.

Non-Residential Program Selection

Non-residential EE financing initiatives were assessed based on the same criteria as the residential programs selected for the Study:

1) Includes multiple third-party lenders – with valid recruitment process
2) Sufficient track record (loan volume) to show uptake
3) Similar features to the CHEEF Pilots – favoring programs that apply OBR and LLR
4) Includes multiple contractors enrolled to deliver services

Appendix C presents the findings for the seven programs that were considered for this Study. Overall, the following **five programs** were selected:

1) CPACE, CT
2) Alabama Saves, AL
3) Business Energy Financing, MI
4) Small Business and Not-For-Profit Financing, NY
5) Energy Savers, IL

Note: Here again, it is worth noting that these programs exhibit significant differences from the Pilots, and as such are not perfect comparisons.

After selecting the programs, the Evaluation Team combined secondary data review with semi-structured in-depth interviews to address the research objectives.

- **On-line review of available information:** The team first attempted to gather information from program websites, program design and marketing documents and industry reports.

- **Email information request:** PAs were contacted, and provided with the interview guide, as well as the findings from the secondary review. The team then requested that PAs identify any inaccuracies in the secondary research findings, and provide more information to fill gaps.

- **Telephone Interview:** Finally, based on a review of the information provided, the PAs were contacted to discuss the solicitation and recruitment processes in terms of what worked well and what did not.

Table 3: Summary of Data Collection Tasks summarizes the specific research tasks undertaken to conduct this study. This is followed by a brief overview of the methodology applied to accomplish each task. Note that all interviews were conducted in spring/summer 2016.

Table 3: Summary of Data Collection Tasks

Research Task	Number of Interviews
Residential programs	
Review of secondary data	N/A
Program manager interviews	6
Contractor interviews	3
Lender interviews	4
Non-residential programs	
Review of secondary data	N/A
Program manager interviews	5
Contractor interviews	1
Lender interviews	3

3.1 Review of Secondary Data

The Evaluation Team conducted a literature review between April and July 2016 that included:

Previous financing studies on existing programs

- CADMUS, "*California Joint Utilities Financing Research: Existing Programs Review CALMAC Study ID PGE0338.01"* Pacific Gas and Electric, Southern California Edison, Southern California Gas, and San Diego Gas & Electric, 2014
- State and Local Energy Efficiency Action Network's (SEE Action) Financing Solutions Working Group, "*Making it Count: Understanding the Value of Regulated Energy Efficiency Financing Programs*," 2015
- US Department of Energy, "*Energy Investment Partnerships: How State and Local Governments Are Engaging Private Capital to Drive Clean Energy Investment*," 2015
- Brown, Matthew, Alliance to Save Energy, "*State Energy Efficiency Policies Options and Lessons Learned, A Series of Briefs, Brief #2 Energy Efficiency Loan Programs*," 2009

Publicly available program evaluations and annual reports

- NYSERDA, "*Green Jobs – Green New York 2015 Annual Report, Reporting Period Ending June 30, 2015 Final Report*," 2015
- CADMUS et. al., "*Home Energy Services Initiative and HEAT Loan Delivery Assessment*,", 2015
- Elevate Energy 2014 Annual Report
- Navigant*, "Impact Evaluation of the Energy Savers Program for Large Multifamily Buildings*," 2013
- Energize Connecticut, "*Energy Efficiency Board 2015 Programs and Operations Report*," 2016
- Connecticut Green Bank, "*Comprehensive Plan Fiscal Years 2015 and 2016*," 2015
- Michigan Saves, "Better Buildings for Michigan Final Report," 2013

Lender documentation from EE financing programs

- ➢ Requests for Proposals and Lender Agreements
- ➢ Lender/contractor marketing, recruitment, training and educational materials

Collectively, the literature provided insights on program design and operations such as the number of third-party lenders and contractors, program history, credit enhancements, annual financing volume, eligible measures, loan origination and application processes, target market and the role of third party lenders.

3.2 Program Manager Interviews

Between May and September 2016, in-depth interviews (one to two hours in duration) were conducted with six Residential Program Administrators and five Non-Residential Program Administrators.

Through the interviews, we explored what has worked and not worked in the following key areas:

- Key program design characteristics
- Program participation requirements (rates, underwriting, credit enhancements, etc.)
- Marketing approaches
- Partner identification and recruitment approaches
- Partner selection criteria
- Onboarding process
- Contractor training and monitoring

Table 4: Program Administrator Interview Table 3summarizes the Program Administrators interviews.

Table 4: Program Administrator Interview Summary

Program	Program Administrator	Date Interview Conducted
Smart-e Loans, CT	Connecticut Green Bank	May 18, 2016
Enhabit, OR	Enhabit	May 6 & 12, 2016
Heat Loans, MA	Mass Save	May 13, 2016
Heat Saver Loan, VT	Vermont Public Service Department	May 12, 2016
Smart Energy Loans & OBR NY	NYSERDA	May 9, 2016
Home Energy Loan, MI	Michigan Saves	Sep 9, 2016
C-PACE, CT	Connecticut Green Bank	Aug 16, 2016
Alabama Saves, AL	Alabama Dept.of Economic and Community Affairs	July 26, 2016
Business Energy Financing, MI	Michigan Saves	July 25, 2016
Small Business & Not-For Profit Financing, NY	NYSERDA	Jul 22, 2016
Energy Savers, IL	Elevate Energy	Jul 26, 2016

3.3 Lender Interviews

During the interviews, PAs were asked to provide lender contacts for follow-up interviews. When possible, these lenders were interviewed and asked a series of questions related to their experience during the program solicitation and recruitment process to complement the findings from the PAs.

Table 5: Lender Interviews Summary

Program	Lender	Date Interview Conducted
Smart-e Loans, CT	Mutual Security Credit Union	Jun 15, 2016
Enhabit, OR	Craft3	May 17, 2016
Heat Saver Loan, VT	VSECU (Vermont State Employees Credit Union)	May 25, 2016
Smart Energy Loans and OBR, NY	WECC (Wisconsin Energy Conservation Corporation)	May 9, 2016
C-PACE, CT	Green Works Lending	Sep 8, 2016
Business Energy Financing, MI	Ascentium Capital	Aug 9, 2016
Small Business & Not-For Profit Financing, NY	New York Business Development Corporation	Aug 10, 2016
Energy Savers, IL	Community Investment Corporation	Aug 3, 2016

3.4 Contractor Interviews

The PAs were asked to provide contractor contacts. When possible, contractors were interviewed and asked questions related to their experience during the program solicitation and recruitment process to complement the findings from the PAs.

Table 6: Contractor Interviews Summary

Program	Contractor	Date Interview Conducted
Heat Loans, MA	RISE Engineering	May 18, 2016
Heat Saver Loan, VT	Vermont Energy Investment Corporation*	June 2, 2016
Smart Energy Loans and OBR, NY	HALCO Energy	May 31, 2016

*The Vermont Energy Investment Corporation manages the Energy Efficiency Network (EEN) of contractors. They provided insights on their experience with contractors registered in the EEN as it relates to the VT Heat Saver Loan for this Study.

3.5 Partnership Framework

The partnership process was broken into three basic steps:

Each step is defined as follows:

- **Solicitation:** the process of identifying, attracting and reaching out to potential partners. This step includes finding and selecting leads for potential partners, defining the value proposition and outreach strategy.

- **Recruitment:** the process of onboarding and training partners. This step includes gaining internal buy-in from partners, contracting and training.

- **Operations:** the day-to-day relationship between PAs and partners. This includes data tracking, communications, and other considerations. This step was added to outline additional considerations shared by PAs, lenders, and contractors.

The following sections present, for each of these three steps, the various approaches (successful and less successful) experienced by PAs for two types of partners: **lenders** and **contractors.**

4. Key Findings: Partnerships with Lenders

This section details the key findings in soliciting, recruiting, and working with lenders in both residential and non-residential financing programs. In general, it was found that programs targeting either sector experienced similar lending partner successes and challenges. However, specifics by sector are highlighted below in the few cases where findings differed by sector.

4.1 Solicitation

SOLICITATION APPROACHES

Among the programs studied, four different approaches were taken to solicit initial lender proposals:

- ***Request for proposals / information:*** The VT and NY residential programs had a formal call for lenders or loan originators, including program descriptions, product terms, and processes. VT chose two lenders that provide loan capital, loan origination and loan servicing, while NYSERDA is the capital provider and contracts the loan origination and loan servicing. Similarly, the Business Energy Financing program in MI used a request for information to gather background data on potential lending partners. The Commercial PACE program in CT initially tried a Request for Quotations (RFQ) approach, but did not receive any interest. The RFQ is still used for gathering background information on potential lenders, however only after proving there was a market and having an open standard offer were they successful in attracting partners.

- ***Working with financial industry associations:*** The residential MA program worked with the state's Bankers Association to shortlist lender candidates and reach out to Senior Executives within the organizations. The residential CT program also worked with the state's Bankers Association, but found even greater success with the Credit Unions of CT and the Community Bankers Association.

- ***Informal/cold-calling:*** several programs, both residential and non-residential, relied on an informal approach. In addition to working with financial industry associations, CT, MI and MA conducted a fair amount of cold-calling to lenders. OR also took a more informal approach by cold-calling and networking their way to Senior Management, and "took it from there".

- ***Participant brings own lender***: in the case of AL and NY's non-residential programs, borrowers are encouraged to bring in their own lender to the program for the transaction at hand. The PA then on-boards and trains these new lenders. Note that the Alabama Saves program has transitioned to a 'participating loan' structure, whereby the program (in the form of a revolving loan fund) takes up to a 25% stake in the loan, in partnership with the lender.

On the next page, Table 7 summarizes the solicitation approaches and targeted lenders.

Table 7: Solicitation Approach

PROGRAM	SOLICITATION APPROACH			
	Formal RFP / RFI	Working with financial industry association	Informal / cold calling	Participant brings own lender
Residential				
Smart-E loans (CT)		●	●	
Enhabit (OR)			●	
HEAT Loan (MA)		●		
Heat Saver Loan (VT)	●			
Smart Energy Loans (NY)	●			
Home Energy Loan (MI)		●	●	
Non-residential				
C-PACE (CT)		●		
Alabama Saves (AL)				●
Business Energy Financing (MI)	●			
Small Business & Not-For Profit Financing (NY)			●	●
Energy Savers (IL)			●	

It is worth noting that working with financial industry associations or taking an informal approach can help take the pulse of the market and gauge interest, in lieu of--or prior to—a formal RFP/RFI process. Many PAs mentioned that, given that this type of program is relatively novel, “a lot of back-and-forth was required” to explain the terms, achieve internal buy-in, and come to an arrangement with lenders. Working with financial industry associations—or other networks, in an informal way—can help establish networks, build relationships, and inform program design and RFP/RFI processes.

Finally, some non-residential PAs mentioned that the solicitation process was more straightforward if a residential financing program was already in place and had built a track record of success. The value proposition was simpler to articulate; and in some cases, lenders proactively sought out the PAs to offer their services, given the success of the residential program.

SELECTION CRITERIA

Part of the solicitation process is determining the ideal lender profile to target. Table 8: Types of Lender Partners, by Program below outlines the key types of lenders targeted by each residential and non-residential program studied.

Table 8: Types of Lender Partners, by Program

PROGRAM	MOST COMMON TYPE OF LENDER PARTNERS
Residential	
Smart-E loans (CT)	Credit Unions Community Banks
Enhabit (OR)	Credit Unions Community Banks
HEAT Loan (MA)	Credit Unions Community/Regional Banks
Heat Saver Loan (VT)	Credit Unions
Smart Energy Loans (NY)	Funds provided by NYSERDA Revolving Loan Fund Specialized EE financing and loan servicing
Home Energy Loan (MI)	Credit Unions
Non-residential	
C-PACE (CT)	Specialized PACE lenders
Alabama Saves (AL)	(case-by-case)
Business Energy Financing (MI)	Specialized business financing (equipment and technology)
Small Business & Not-For Profit Financing (NY)	Credit Unions Community Banks
Energy Savers (IL)	Community Development Financial Institution (CDFI) multifamily lender

From these results, a few findings emerge:

- **Residential programs found success with small community lenders:** Credit unions and small community banks, were commonly viewed as the best fit for residential financing programs, and as a result they were commonly recruited and onboarded. These lenders are typically mission-driven, have strong links within their community, offer similar consumer financing products, value the (relatively small) loan volumes as sizable, and are more likely to share the mission and values of the program.

Conversely, larger banks are typically "less interested in maintaining the overhead required" for programs with relatively low loan volumes. PAs also found smaller lenders easier to approach. The downside of working with smaller lenders is that they may have limited geographical coverage, and thus many must be enrolled to allow for statewide access. MI initially spent time engaging with large regional lenders, but learned that the lender priorities did not align with the program, which became a barrier to recruitment. From this experience, MI shifted its focus and worked with the Credit Union League to achieve statewide coverage.

- **Non-residential programs also looked at smaller—but specialized–lenders:** For instance, MI found success with Ascentium Capital, a business financing firm specialized in equipment and technology financing, with a strong track record for streamlined underwriting—a critical aspect for fast-paced commercial deals. Similarly, IL works with a Community Development Financial Institution (CDFI) that specializes in multifamily lending for the acquisition, rehabilitation and preservation of affordable rental housing.

With a specific type of lender in mind, program administrators screen potential candidates using a suite of criteria. As illustrated in Table 9 on the next page, there was a broad range of selection criteria for lenders covered and it varied significantly by program. The broad range of criteria include:

- **Lending track record:** lending experience in the residential or non-residential sector, as applicable, such as loan volume, underwriting process (e.g. approval times), etc.
- **Lender stability:** the lender's years of operation, leverage ratio, etc.
- **Product offering:** the ability of the lender to offer a financing product that matches the goals of the program, i.e. given interest rate, loan tenor, underwriting criteria.
- **Corporate values:** mission/vision, labor practices (wages, health insurance), etc.
- **Coverage:** statewide coverage and regional distribution can be important to larger programs.

PAs took different approaches to lender screening. Some (CT, NY, VT, MI) established basic financial criteria, including experience with consumer lending, financial stability indicators, portfolio performance, and the ability to offer products that align with the program. In addition, MI and CT, recruited lenders with the goal of achieving statewide coverage.

Table 9: Criteria for Selecting Lenders

PROGRAM	KEY CRITERIA			
	Lending track record	Ability to offer products in line with program	Corporate values	Other
Residential				
Smart-E loans (CT)	●	●		Statewide coverage
Enhabit (OR)	●	●	●	
HEAT Loan (MA)	"Open to all" (limited criteria)			
Heat Saver Loan (VT)	●	●		
Smart Energy Loans (NY)	●	●		
Home Energy Loan (MI)				Statewide coverage and distribution
Non-residential				
C-PACE (CT)		●		
Alabama Saves (AL)	Borrower brings own lender (limited criteria)			
Business Energy Financing (MI)	●	●		Quick approval time
Small Business & Not-For Profit Financing (NY)	"Open to all" (limited criteria)			
Energy Savers (IL)		●		A unique lender chosen with Multi-family experience

OR chose to select lenders by adding a "corporate values" dimension to its criteria, only shortlisting lenders whose mission aligned with the program's values of sustainability and community, with criteria such as employee health coverage and fair wages. As an outlier, MA was much less prescriptive, and opened the program to essentially any lender "willing to play by the rules"; AL, with its 'bring your own lender' model, was also less prescriptive.

A key take-away from these interviews remains that, in many cases, **the selection criteria were not binding.** With the exception of those taking a formal RFP approach, **PAs took a holistic view of the lender** along these categories of criteria, and made a judgment call without necessarily making use of a formal selection grid. This is in line with overall findings in this study: PAs "learned and adjusted as they went", rather than strictly adhering to a premeditated approach.

OTHER SUCCESS FACTORS

PAs identified a number of other factors that are critical to partnering with lenders in the solicitation process, including:

- **Being financially literate (e.g. PAs having staff with experience in finance) is a critical ingredient of successful solicitation:** most PAs mentioned a steep learning curve when seeking to engage with the finance industry, and the critical importance of having staff with financial experience when listing selection criteria and identifying potential lenders. Lenders confirmed that it was a challenge when PAs did not have staff with financial experience, and that a common understanding of the terminology and key concepts helps open the door for lender cooperation early in the process. For instance, the residential PAs in MI leveraged their relationship with the Michigan Credit Union League and their first two lending partners to learn the “financial language” which helped them to better engage with and recruit additional lenders.

- **Credit enhancements are only one pillar of the value proposition to lenders:** while PAs stressed the credit enhancements (e.g. interest rate buy down, loan loss reserve) as a key value-add of the program, most found that lenders were equally receptive to other benefits. They report that communicating other benefits, notably the potential to grow their customer base, cross-selling opportunities, differentiation opportunities (“sustainable”, “local”), and low delinquency rates have all helped attract lenders. One lender indicated that they “probably would have participated without the LLR given all the other benefits… but comfort level certainly increased because of it”.

- **Without a clearly articulated value proposition, lenders may not bite:** NYSERDA initially released a call for loan origination services, and received very few responses. PAs partly attributed this challenge to the fact that it was unknown at the time how many loans may be issued, and that the value proposition for loan origination only vs lending was not yet clear.

- **Success creates a snowball effect:** the number of lenders involved with the MA and CT residential programs increased after the program launched and demonstrated success. Similarly, non-residential PAs in MA found that the residential program success helped drive interest in the non-residential offering; at that stage, lenders came directly to the PA, without much need for a solicitation approach.

- **Leverage existing lender products:** In several cases, lenders noted that they were using existing products and/or lending procedures, and simply marketing them differently for EE financing. The VT Lender was attracted to the State’s program for two reasons: (1) The lender had already developed their own energy saving loan product in 2012, which was performing well; and (2) The lender did not have to start from scratch by applying the LLR and IRB structure to their existing loan product. In another instance, the CT lender was already in the midst of developing a retail lending program which included financing for EE equipment when they were approached and onboarded into the CT program. Given the similarities, they modified their original program to fit the CT Green Bank program and saw it as a “natural fit”. The non-residential lender in IL stated that the program offer was no different than what lenders were already doing. Loan loss reserves, longer terms (supported by the logic for longer term measures) and marketing support simply enhanced existing products and services, and encourage lenders to put more attention into marketing loans for energy efficiency.

- **Some lenders are also attracted by secondary market opportunities:** two of the six residential programs (OR, NY) and two of the five non-residential programs (CT, MI) explored the aggregation and sale of loans on secondary markets. NY aggregates loans to sufficient scale and issues limited revenue obligation bonds supported by repayments from loan obligations and LLR and DSR funds. One of the OR lenders packaged and sold about 1,000 loans on secondary markets in a single offering and touting "considerable demand", the lender is planning further issuances. The CT non-residential program attracted private capital following two successful sales of its portfolio of C-PACE transactions. CT had to "prime the pump" and prove there was a market before being able to attract their first three third party private capital providers.

- **Clear documentation—coupled with clear communication—is important in attracting and retaining lenders:** all PAs offer potential lenders a document summarizing the program including details on the measures supported, financial terms, eligibility requirements, etc. All PAs reported that they regularly needed to interact with senior executives within the lending organization to clarify key points and achieve buy-in. NY reported that lender expectations were initially unclear, but that the next call for loan origination services will clearly define expectations and key performance indicators (e.g. timeframes for loan approvals and online platform details). Meanwhile, CT developed a clearly defined lender profile, and lender solicitation documents. Enrolled lenders from other programs indicated that more information was needed once they dug into the weeds, and that the complex reporting requirements were not always clear upfront.

4.2 Recruitment

ONBOARDING

Once lenders have been selected, PAs must bring them into the program–a task which took longer than expected for most programs. Many PAs identified the key challenges, from their perspective, including:

- **Achieving buy-in within the lender organization is often the bottleneck:** some PAs recalled that it took up to six months to bring a lender into the program, given the back-and-forth required with the lender's management structure. Navigating the various approvals in the lender organization takes time. Having clear guidelines and program documents can help facilitate this process.

- **Identifying and accompanying a 'champion' within the organization:** this was recognized as a key challenge and a key component to achieving success. Lenders agreed it helped to have a champion within their organizations with assigned and dedicated roles to manage these initiatives.

- **Potential lenders are concerned with data privacy and IT compatibility:** some lenders requested information that PAs provide details regarding data privacy and IT protocols within the recruitment processes.

In most cases, interviewed PAs mentioned taking a case-by-case approach with new lenders, with regular communication (phone, email, in person) and course adjustments where needed.

PARTNERSHIP AGREEMENTS

As illustrated in Table 10, lender agreements vary considerably by program.

Some programs (res: MA, MI, NY, non-res: AL, MI,) employ a rigid contract/agreement, standardized across all lenders, which stipulates the program terms, the PA contribution (e.g. the Net-Present-Value (NPV) interest rate buy-down, or the participating loan fraction and subordinated structure), and the general process. This approach is especially relevant for high-volume programs requiring standardization, or for a specific loan originator/loan servicer arrangement as is used in NY.

Conversely, other programs (res: OR, CT, VT; non-res: IL) employ a very flexible agreement (OR and IL only use a memorandum of understanding (MOU)), which outlines the product terms, service standards, and other details. In this case, PAs stated that, if the program deliverables were the same and program goals were achieved, they did not want to impact lenders' internal processes—a "flexible agreement is fine". These agreements vary from lender to lender, depending largely on the type of financing program. Outlining standard requirements are necessary, but allowing for flexible terms that recognize the variability in financing products and internal processes across lenders, is viewed as best practice. For example, CT recognized that there were 10-11 software systems being used by lending partners. Understanding lender needs and systems on the loan origination side allowed CT to develop a similar contract framework for all partners while allowing lenders flexibility to manage their own internal processes.

Table 10: Types of Lender Agreements

PROGRAM	TYPE OF AGREEMENT	
	Rigid, standardized	Flexible, case-by-case
Residential		
Smart-E loans (CT)		●
Enhabit (OR)		●
HEAT Loan (MA)	●	
Heat Saver Loan (VT)		●
Smart Energy Loans (NY)	●	
Home Energy Loan (MI)	●	
Non-residential		
C-PACE (CT)	● (standing offer)	
Alabama Saves (AL)	●	
Business Energy Financing (MI)	●	
Small Business & Not-For Profit Financing (NY)	●	
Energy Savers (IL)		●

In addition, it is worth noting that none of the lender agreements reviewed or this study include binding loan volume targets: some programs had initially established expected target loan volumes during the solicitation process, however goals were not realized. Currently, some programs may require minimum loan sizes (from $500 in MA (res) to $100k (non-res, AL)) and issue guidance on expected loan volumes and leverage ratios—but again, none explicitly require target loan volumes. PAs may assist lenders in increasing loan volume by offering marketing support, and promoting lender-contractor relationships.

TRAINING

Approaches to training tend to vary significantly from program to program:

- **All programs support lenders in their first few loans, but training then diverges considerably:** PAs all accompany new lenders with their first few loans, including high-volume residential programs such as MA. However, other training—cross-promotion, process improvements, relationship building with contractors, online portal support—is more extensive for programs with a close relationship with lenders (OR, VT, MI). The lender in CT reported that they do not require a lot of interaction, but they are very committed to the program and have chosen to maintain communication.

- **Training is required beyond the initial onboarding:** some residential PAs found that initial training was not sufficient to ensure smooth program operation, and offered regular training sessions to maintain corporate knowledge ("staff turnover can be high within lenders") and adjust product offerings. MI initially thought loan volumes would speak for themselves, but has found it beneficial to meet bi-annually with all partner lenders together to discuss the program, gather feedback, and discuss efforts to market and improve the program. Lenders offered mixed views on training: some felt that once the program requirements were understood it was up to each lender to ensure they are followed, while one lender appreciated having regular contact with the PA throughout the training, especially as it was offered at the lenders' office.

- **Non-residential programs tend to offer limited training:** non-residential PAs reported little to no training for lenders, with the exception of a half-day orientation in the case of MI. Here again, PAs tend to walk through the first few loans with lenders, and then take a hands-off approach. In most cases, PA reported that lenders did not *need* additional training, as they were already well-versed in the lending process in a very specialized lending space.

There appears to be no simple rule of thumb on training from PAs nor lenders alike. Staying informed and continuing to engage with lenders— "ask what lenders need" and how lenders want to receive training—remains a common refrain, to ensure that appropriate training is provided where needed.

OTHER SUCCESS FACTORS

PAs identified many success factors in the recruitment process with lenders, notably:

- **Casual communication with lenders:** informal email, phone calls and occasional face-to-face meetings are the preferred means for communicating with lenders, rather than formal check-ins. All PAs and lenders reported that this worked very well.

- **Clear and regular communication:** all PAs and lenders generally agreed that clear and regular communication (even if casual) was critical. Only a few programs maintained this close relationship after the recruitment stage, and have seen loan volumes be sustained across lenders. High-volume programs such as MA have a more hands-off relationship with lenders, which inevitably leads to a varied distribution in lender activity levels (some barely lend at all, others are highly proactive).

From interview to interview, the importance of regular, friendly, open communication and willingness to respond and adjust based on feedback, was stressed as critical success factors.

4.3 Operations

Below we summarize the trends from these PAs and lenders regarding day-to-day operations:

- **For the most part, programs collect relatively limited loan details and loan performance data from lenders:** all programs (res. and non-res.) required some data reporting from their lenders. Basic requirements requested by all programs included aggregate loan volume, delinquency rates, and credit score distribution. Reporting requirement periods range from one week (NY) to six months (OR). The residential CT program requires monthly reporting at a minimum, but can access information in almost real-time through an online portal. Specific information is available on the applicant's name, address, loan amount, term, FICO score, debt-to-income (DTIO ratio, loan performance history, current outstanding balance and loan status (declined, approved, withdrawn). MI recognized that reporting requirements do not always integrate perfectly with lender systems and reported that most partners have invested in IT resources to automate and customize their systems. For the most part, lenders preferred to limit the loan data reporting requirements. Taking the time at the program design phase to understand lenders' data collection systems and what information can reasonably be collected to align with program requirements—including tracking requirements for proper EM&V activities--was identified as very important.

- **All programs track savings supported by financing, but none attribute savings to financing as a resource program:** In all cases the programs track and report the estimated savings supported by financing, but these are not used to claim savings. The NY, OR and MA programs are all delivered by PAs who also deliver EE incentive programs, and thus savings from these financing programs are claimed under the complementing incentive programs, not the financing program. The VT programs are delivered by entities who are covered by other EE program regulations. MI and CT are not regulated, but report on savings for their own marketing purposes.

- **The number of lenders depends on the approach, and the number of lenders considered optimal varies by PA and program needs:** the MA program, which offers 0% interest financing, is set up to work with many lenders to offer wide geographic coverage and leverage brand familiarity. This type of program relies on a rigid agreement, clear terms, and a limited relationship between the program administrator and the lender pool. Having many lenders is not considered important by others, such as OR, which has elected to minimize the number of lenders (if all desired financing products are offered), to maintain a closer and more flexible relationship with partners. In general, the lenders contacted did not feel that there were competition issues related to having multiple participating lenders offering similar products.

- **Most lenders are independent, but some need significant support (80/20 rule):** many PAs stated that while most lenders were independent and needed little support other than the occasional training, select lenders need further help (i.e. 80% of their efforts are focused on 20% (or less) of the lenders). For example, in MA, the PA invests extra energy to support a lender specialized in low-credit score participants in finding leads and marketing its services. There is high turnover among financial institutions; in those cases, on-going training is recommended.

- **Competing with other subsidized programs could be a risk in keeping lenders engaged:** 0% Heating Loans offered by gas companies has negatively impacted the growth rate of the CT program. Understanding what programs and products currently exist in the market that will complement or compete with a EE finance program is essential.

Overall, a common take-away is that there is room to correct mistakes. Many programs saw the mix of lenders vary with time, as the product mix changed (e.g. OR made changes to the measures covered, and thus to the financing products required), or as some lenders dropped out (some lenders are less active than others, and some conclude that it is not worth their efforts). PAs were comfortable adjusting course with time, and expect it may be needed should interest rates rise.

5. Key Findings: Partnerships with Contractors

In this section, we detail the key findings in soliciting, recruiting, and working with contractors in both residential and non-residential financing programs.

5.1 Solicitation

SOLICITATION APPROACHES

Among the program studied, various approaches were taken to solicit contractor participation:

- **When possible, PAs recommend leveraging existing contractor networks:** some PAs (VT, NY) already manage contractor networks and do not need to conduct additional solicitation and recruitment efforts.

- **Programs starting from scratch either build a network via RFP or an open process via their website.** For instance, Enhabit (OR) built its own network of contractors through RFP, using program-specific criteria (fair wage, employee health insurance, BPI certification, etc.) as well as piggybacking on existing local networks managed by neighboring organizations (all contractors must be Energy Trust of Oregon trade allies). The organization works with contractors to help them get certified. Conversely, CT or MI uses its web portal as an open solicitation process, or even lets participants find their own contractors and "trains them on the go".

Most programs employ a passive contractor solicitation approach. Indeed, most programs appear to solicit contractors through an open invite portal on their website. However, the OR program conducts active contractor recruitment through email blasts and open meetings to encourage contractors to enroll. In VT, the Heat Saver loan program could have just leveraged their established contractor network associated with their Home Performance with Energy Star® program, but conducted targeted outreach for additional contractors. Interestingly, MI is the only program that charges contractors a one-time $50 application fee to become a registered contractor, plus a fee 1.9% of the total amount financed for every loan they bring to the program, but this has not limited recruitment, with MI reporting over 300 contractor partners.

VALUE PROPOSITION

As is the case with lenders, PAs must offer a clear value proposition to successfully attract potential contractors: programs typically stress that only qualified contractors can access financing, and that signing up to the program thus gives them access to a broader set of clients. CT initially paid for work upon completion, but later modified payments to one-third upon closing the loan and the remainder upon completing the project to ensure contractors are not carrying costs. Moreover, one CT lender issues the checks directly to the contractor rather than the borrower, thus reducing their payment risk.

5.2 Recruitment

As was the case with lenders, there is a range of training programs for contractors:

- **Program training involves many components:** It typically includes training in program work flow (application forms, online portal), sales, business development, and technical aspects for select measures (e.g. NY offers training on solar PV, as it is covered in the program), as needed. Training came in many forms, commonly in-person formal training and workshops with additional one-on-one support. CT and VT felt strongly that offering training in-person, and in various locations throughout the state, helps encourage contractor participation.

- **Training depends on contractor experience:** for both residential and non-residential programs, alike, training was more prevalent for new contractors (or new staff within an existing contractor). With experience, contractors required less training. Still, given the high turnover at contracting firms, on-going training is important. The commercial program in MI offered contractor training monthly for new contractors (or as a refresher for existing contractors).

- **Given the large number of qualified contractors in each program, there is limited one-on-one follow-up:** while contractors are 'recruited' through an open solicitation or RFP process, the nature of the relationship with the PA is considerably looser than between the PA and the lenders. Hundreds of contractors are often available in these networks; such that PAs spend little time interacting with each separately. It often depends on the individual contractor; some are very engaged while others are not.

5.3 Operations

In addition to the solicitation and recruitment practices outlined above, we identified a few insights on day-to-day operations:

- **Contractors are essential to marketing financing programs:** MI views their contractors as essential to program success and are the primary marketing mechanism driving most if not all the loan volume. MI spends most of its efforts on contractor recruitment and engagement through a variety of means such as attending regular utility trade ally meetings, e-mail blasts, contractor recognition programs, and employing a dedicated contractor liaison. Similarly, CT conducts targeted outreach and engagement with contractors and subsectors (solar, insulation, HVAC), trade organizations and groups, attends conferences and conducts one on one meetings to build strong relationships.

- **Lenders may also benefit from establishing relationships with contractors:** CT reported that their most successful lenders are the ones who are willing to engage with contractors and cultivate those relationships. A lender in CT took the initiative to reach out to the top 20 contractors and establish a relationship, which led to more program loans coming their way. One large contractor indicated that having a dedicated contact at the lender made a marked difference.

- **Programs conduct sporadic quality control on a random sample of projects**: some programs may conduct QC activities more regularly for new contractors but otherwise inspect the projects in much the same way as traditional DSM programs (10-20% of projects are inspected). PAs work with contractors to resolve issues, and do not typically expel contractors. In CT, it was felt that the program QC is important to build customer confidence, and that holding back a significant portion of the payment (two-thirds) until the project is complete helps ensure quality work. From the lender's perspective, this provides comfort that customers will be happy with the work and more likely to pay back the loan.

- **Paperwork, while needed, remains a bottleneck for contractors:** not surprisingly, a streamlined process with minimal paperwork is preferred by contractors. One contractor (NY) reported the need to simplify the process and paperwork; however, they recognized that financing paper work is required and that the program requires "no more so than any other lending institution". General program reporting requirements and rationale for such were beyond the scope of this study. Checklists, guides, and one-on-one support were viewed by multiple PAs to help to address this.

As was the case with lenders, PAs stated that partnerships with contractors were a work in progress, and that they adjusted as they went. Some programs dismissed inactive contractors (i.e. contractors with no projects on the record in each period) or suggested additional training. Lastly, note that many of these findings echo the results of the recently completed HERO process evaluation.

6. Recommendations

Based on the findings from program interviews, a series of recommendations are outlined in Table 11. These can help inform the development of partnerships in financing programs both in California and beyond, as one of many tools.

Table 11: Recommendations

AREA	CONSIDERATIONS
LENDERS	
Solicitation	• Explore an informal solicitation approach, via local financial institution associations, rather than an RFP. • As a start, focus on lenders with the right fit: these lenders tend to be mission-driven such as credit unions (residential) or those that specialize in streamlined underwriting processes (non-residential) • Build a multi-faceted value proposition beyond the credit enhancement: e.g. cross-selling opportunities, market differentiation, broader customer base with low delinquency rates • Leverage lender's existing products and services • Ensure PA teams include staff with financing experience and prepare clear documentation
Recruitment	• Identify a champion within the target lender • Ensure that the lender's role in the program is clear and well-articulated • Establish flexible contract conditions that can be adjusted to each lender's unique approach • Provide regular training on various topics, where needed
Operations	• Allow lenders final say in defining the underwriting criteria • Establish aspirational loan volume goals, not binding targets • Build data tracking to fit lender systems and program needs (e.g. EM&V), and monitor regularly • Identify laggards and provide them additional support
CONTRACTORS	
Solicitation	• Leverage existing ally networks, otherwise open solicitation with certification-based criteria • Build multi-faceted value proposition
Recruitment	• Offer in-person training, as well as one-on-one support where needed
Operations	• Conduct regular Quality Control (QC) for new contractors, can be reduced for experienced contractors • Support contractors with training and communication to help them use and market the financing • Work with contractors to resolve issues that may arise

Note that we do not recommend strict screening criteria, but rather a holistic approach where lenders are evaluated for "fit". Basic criteria such as experience with consumer lending (proven underwriting process, track record of residential lending, etc.) or fast-approval non-residential lending can be used to pre-screen organizations—in the end, the proper fit (the ability of the lender to offer financing products that match the program's goals, the values) remains key.

7. Study Limitations

Several caveats apply to this study and the use of its findings:

- **Sample:** the sample of programs studied represents only a small subset of financing programs in the United States. Where possible, the evaluation team have identified areas of commonality across programs, but also noted significant differences. In all cases, these findings should be used as one of many tools to guide program development, in addition to considerations for the local context, program design, and goals.

- **Comparability:** The programs studied were chosen because they had features in common with the CHEEF pilots. However, overall, many of them differ from the CHEEF pilots in scale and structure. While this report offers lessons to inform partnership-building with lenders and contractors, the programs studied may or may not provide relevant lessons or prove useful comparisons in other areas of program implementation.

- **Shelf life:** all interviews were conducted in the spring/summer of 2016. Financing program design features are prone to change over time—these findings thus represent a snapshot in time.

- **Qualitative:** as part of this study, the evaluation team did not strive to quantify or objectively define 'success' or what a successful partnership entails. Nor did the Study look at program details such as the average size of loans, the average number of projects completed per loan or cost-effectiveness of programs. PAs and partners answered the questions based on their own experiences. Accordingly, results are meant to guide the Pilots based on the experience of select EE financing programs that have successfully onboarded partners and issued a fair amount of loans. However, these results are not representative of, or generalizable to, all PAs, lenders, and contractors supporting EE financing programs outside of CA.

Overall, we note that the insights provided in this analysis can help inform the development of partnerships in financing programs in California and beyond, as one of many tools.

Appendix A. Detailed Description of Studied Programs

SMART-E LOANS (CT)	
Program Administrator	Connecticut Green Bank (CGB)
Program Vintage	2011
Lenders	Nine Credit Unions and Community Banks
Role of Lenders	Provide capital, loan origination and servicing
Underwriting Criteria	Established by lenders
Contractors	200+ Smart-E contractors
Program Features	LLR, IRB Loans from \$500-\$40,000 Terms from 5-12 years 4.49%-6.99% (IRB to 2.5%-2.99% for special offers/bundles)
Loan Volume	855 approved (\$10.84M) to date
Eligible Measures	Home Performance/Efficiency (Insulation, air sealing, windows), HVAC, Water Heating Renewables (solar, EV charging station, natural gas refueling station) Appliances, Asbestos/Mold Remediation, Roof Repair, Tree Removal for Solar
Description: Smart-E Loans offer no money down, low-interest financing with terms from 5-12 years to help homeowners upgrade their home's energy performance. Almost any home improvement project that reduces energy use and lowers costs may qualify. Applicants are pre-approved from one of nine participating lenders and must complete work using certified smart-e contractors. CGB approves the projects and loans are provided by participating lenders. CGB establishes guidelines such as DTI, credit score, eligible measures and minimum/maximum loan amounts. Lenders have final say on underwriting providing them with the ability to approve or decline loans even if they meet minimum CGB criteria. Smart-E loans are supported by credit enhancements (LLR and interest rate buy downs).	

ENHABIT (OR)	
Program Administrator	Enhabit
Program Vintage	2009
Lenders	4 local banks
Role of Lenders	Provide capital, loan origination and servicing
Underwriting Criteria	Established by lenders
Contractors	20 Certified Contractors
Program Features	Rebate incentives subsidize financing costs OBR for select utilities Loans from \$1,000-\$30,000 Terms from 5-30 years Interest rates from 3.75%-6.25%
Loan Volume	Through June 2015, one lender issued 3,000+ loans (over \$40M)
Eligible Measures	HVAC. Insulation

	Solar, Indoor Air Quality, Seismic Protection Appliances, Lighting
Description: Enhabit helps homeowners step-by-step through an initial home assessment, matching with certified local contractors, no money-down secure financing products through local lenders and third party oversight. On-bill repayment is offered for select utility customers. Homeowners must apply with Enhabit first and have an initial assessment by a certified contractor before securing rebates and financing. Loans are provided directly through partner lenders based on the lender's standard underwriting criteria. Enhabit serves as an intermediary, standardizing and aggregating financing products and services. Cash incentives through the Energy Trust of Oregon to Enhabit subsidize the cost of financing.	

HEAT LOAN (MA)	
Program Administrator	Mass Saves
Program Vintage	2006
Lenders	80+ local banks and credit unions
Role of Lenders	Provide capital, loan origination and servicing
Underwriting Criteria	Established by lenders
Contractors	Qualified Contractor list
Program Features	IRB Loans up to $25,000 Terms up to 7 years Interest Rates - 0%
Loan Volume	From Jul 2011 - Jun 2014 22,020 loans issued ($184.6M)
Eligible Measures	Heating System Replacement Domestic Hot Water & Solar Hot Water Heaters Central Air Conditioning and Heat Pumps Insulation & Replacement Windows
Description: Mass Save offers 0% interest loans to income eligible residential customers as part of a program that features a free comprehensive home energy assessment performed by a Mass Save technician. Mass Save is a joint initiative of the Massachusetts Department of Energy Resources and the Massachusetts IOUs to buy down interest rates for loans up to $25,000. Loans are provided directly through lender partners based on standard underwriting criteria, which varies by lender.	

HEAT SAVER LOAN (VT)	
Program Administrator	Vermont Public Service Department
Program Vintage	2014
Lenders	2 (VSECU and Opportunities Credit Union)
Role of Lenders	Provide capital, loan origination and servicing
Underwriting Criteria	Established by lenders

Contractors	Efficiency Vermont Efficiency Excellence Network and Small Scale Renewable Energy Incentive Program Contractors
Program Features	IRB and LLR Loans up to $35,000, Terms up to 15 years Interest rates as low as 0% (based on income)
Loan Volume	200+ loans over first five quarters of pilot (over $2.5M)
Eligible Measures	High efficiency furnaces and boilers, Cold-climate Heat Pumps Central wood pellet systems Solar domestic hot water systems Weatherization improvements
Description: The Heat Saver Loan offers a simple application, low interest rates and terms up to 15 years. The Heat Saver Loan, developed through the Thermal Energy Finance Pilot, intended to help financial institutions offer lower interest rates using IRBs and loan loss reserves to support financing for modest-income households in the state. Loans are provided directly by participating lenders and all applicants are reviewed under the lender's standard underwriting criteria. No application is denied solely on the basis of credit score. The Thermal Energy Finance Pilot is a partnership between the Vermont Public Service Department (including the Clean Energy Development Fund) and the Vermont Low Income Trust for Electricity (VLITE) along with the Efficiency Excellence Network and Efficiency Vermont.	

SMART ENERGY LOANS and OBR (NY)	
Program Administrator	NYSERDA
Program Vintage	2010 (Smart Energy Loan), 2012 (OBR)
Lenders	1 Loan Originator - Energy Finance Solutions (EFS) 1 Master Loan Servicer - Concord Servicing Corporation
Role of Lenders	Loan origination and servicing
Underwriting Criteria	Established by NYSERDA
Contractors	200+ Home Performance w/ ENERGY STAR® contractors
Program Features	OBR, Low interest Revolving Loan Fund (RLF) Loans from $1,500 - $25,000 Terms 5, 10 or 15 years Interest rates from 3.49%-7.49%, based on income and payment options (OBR or Smart Energy Loan payment by check or automatic withdrawal)
Loan Volume	In year ending June, 2015, 6,264 Smart Energy Loans and 3,100 OBR loans closed (over $101M)
Eligible Measures	Solar Thermal and Solar PV High-efficiency, low emission, wood heating technology HVAC systems, Insulation, Air Sealing Distribution improvements in oil or propane heated homes, Water Heating, Water Conservation Measures Appliances, Programmable Thermostats and Lighting

Description: NYSERDA has established a Revolving Loan Fund to support energy efficiency financing for owners of one-to four-family residential buildings. NYSERDA offers two types of loans: an unsecured consumer loan referred to as the Smart Energy Loan and OBR loans for select utility customers. EFS originates loans based on loan underwriting criteria established by NYSERDA, closes and disburses the loan to the contractor, and submits the loan to NYSERDA's master loan servicer, Concord Servicing Corporation. Concord is responsible for borrower billing and collections and also monitors the origination process for quality assurance purposes. NYSERDA then reimburses EFS for the loan disbursement from the Revolving Loan Fund. The fund is replenished through loan repayments and bond proceeds.

HOME ENERGY LOAN (MI)	
Program Administrator	MICHIGAN SAVES
Program Vintage	2009
Lenders	9 Credit Unions
Role of Lenders	Loan origination and servicing
Underwriting Criteria	Established by lenders
Contractors	300+ Michigan SAVES authorized contractors
Program Features	LLR Loans from $1,000 up to $30,000 Terms over ten years Interest rates as low as 4.25% to 7% APR (0% APR financing available for qualifying homes)
Loan Volume	Since 2010, 6,191 loans have been issued (over $57M)
Eligible Measures	Building shell Improvements (reflective roof, skylights, storm windows and doors, windows and doors (NFRC label) HVAC systems, Solar PV, Water Heating Measures, Appliances, Non-energy Building Performance Measures (asbestos removal, electrical service upgrades, radon and lead abatement, cost of removing oil tanks in connection with heating system replacement, repairs due to water damage, mold or mildew if building performance is also addressed Air sealing, insulation, and related health and safety measures may also qualify if they are recommended through a home energy assessment conducted by a certified professional
Description: Michigan Saves Home Energy Loan Program is designed to help residents take control of their energy costs through available financing up to $30,000 over ten years at standard rates as low 4.25% APR. Michigan SAVES sets aside 5% of total outstanding loan value for the LLR. After 90 days of non-payment MI SAVES commits to pay 75-80% of loan depending on FICO scores. Loans are provided directly through lender partners based on standard underwriting criteria and interest rates up to 7%, which varies by lender.	

BUSINESS ENERGY LOAN FINANCING (MI)	
Program Administrator	MICHIGAN SAVES

Program Vintage	2012
Lenders	Ascentium Capital Credit Union
Role of Lenders	Loan origination and servicing
Underwriting Criteria	Established by lender
Contractors	300+ Michigan SAVES authorized contractors
Program Features	LLR, Interest Rate Buy Down Loans from $2,000 up to $250,000 Standard Terms are 24, 36, 48, and 60 months All businesses are eligible for rates ranging from 6% to 10% APR
Loan Volume	Since 2012, 252 business projects (almost $8.7M) 9 multi-family projects ($651,043)
Eligible Measures	Lighting, HVAC, Water Heating Equipment, Programmable Thermostats, Food Service Equipment, Building Envelope (windows, insulation, reflective roof), and Building Operations (lighting controls and sensors, HVAC energy management, plug load sensors, demand control ventilation)
Description: Michigan Saves Business Energy Loan Financing is designed to help support businesses, multi-family and public sector energy financing. Michigan Saves leverage third-party capital with innovative credit enhancement mechanisms (LLR). Several utility partners are also providing interest rate buy down incentives.	

SMALL BUSINESS & NOT-FOR-PROFIT FINANCING (NY)	
Program Administrator	NYSERDA
Program Vintage	2011
Lenders	13 Credit Unions and Community Banks
Role of Lenders	Loan origination and 50% of participation loan principal
Underwriting Criteria	Established by lender
Contractors	Open to any contractor, NYSERDA trained business partners available
Program Features	Low Interest, OBR NYSERDA will lend up to a maximum of $50,000. Lenders can offer EE loans of up to $100,000 or more. Terms up to 10 years NYSERDA's share of the loan is financed at 2% interest. Lenders determine the interest rate for its share of the loan
Loan Volume	In 2015 25 Loans (Over $1.4M Loan Value)
Eligible Measures	EE improvements must be identified through a qualified energy assessment provided by NYSERDA, a utility program or by a qualified energy consultant. HVAC, Building Envelope, Lighting Domestic or Service Hot Water, Controls Business Processes (Kitchens, Laundries, Air Compression etc.) Solar photovoltaic

Description: NYSERDA and lender from across the state partner to help small businesses and not-for-profits access low-interest financing for energy efficiency improvements. NYSRDA offers two loan options. With a participation loan, NYSERDA provides 50% of a loan, up to $50,000, at 2.0% interest, and the lender provides the rest of the loan at market rate offering a low interest blended rate. On-Bill Recovery loans are available to customers of the select utilities.

ENERGY SAVERS (IL)	
Program Administrator	Elevate Energy
Program Vintage	2008
Lenders	Community Investment Corporation (CIC)
Role of Lenders	Loan origination and servicing
Underwriting Criteria	Established by lender
Contractors	Elevate Energy Contractors
Program Features	Fixed interest rate at 3 percent with and loan can serve as a second mortgage Terms up to 7 years
Loan Volume	Over 26,500 units retrofitted as of May 15, 2016 ($21.5 M in loans or grants)
Eligible Measures	HVAC, Water Heating Equipment, Programmable Thermostats, Pipe Wrap, Controls, Adjust Heating Temperature, Building Envelope Upgrades such as insulation and air sealing
Description: Energy Savers program is offered in partnership by Elevate Energy and Community Investment Corporation (CIC). Energy Savers aims to preserve affordable housing by helping owners of multifamily buildings reduce utility expenses with cost-effective energy and water efficiency measures. Community Investment Corporation, a not-for-profit mortgage lender, provides financing to buy and rehab multifamily apartment buildings with five units or more in the six-county metropolitan Chicago area. CIC offers Energy Savers Loans at a fixed-rate of 3% with a seven-year term as a second mortgage to pay for energy efficiency improvements recommended by Elevate Energy.	

ALABAMA SAVES (AL)	
Program Administrator	Alabama Department of Economic and Community Affairs
Program Vintage	2012
Lenders	Open to all lenders (8 have previously participated)
Role of Lenders	Loan origination and servicing
Underwriting Criteria	Established by lender
Contractors	
Program Features	Loan from $100,000 up to $4,000,000 Interest rate is negotiated between the Lender and the Borrower Terms negotiated between the Lender and the Borrower and documented, but the expected term is not to exceed the blended useful life of the improvements up to a maximum of 10 years for equipment
Loan Volume	As of March 2015, 64 loans closed (Over $40M)

Eligible Measures	HVAC, Water Heating Equipment, Electrical Systems and Components including Lighting and Energy Management Systems, Doors and Windows, Insulation, Refrigeration, and Combined Heat and Power, Renewable Energy Systems, and Efficiency Improvements for Vehicles and Transportation.
Description: AlabamaSAVES offers an energy revolving loan fund for commercial and industrial EE and RE projects. This is a participating loan program whereby the program acquires up to 25% of a qualifying loan from a third-party banking partner and subordinates the acquired interest so that the bank can afford to extend more credit to the borrower. The borrower receives increased credit from its bank, the bank partner's loan is credit enhanced by the AlabamaSAVES subordinated position, and AlabamaSAVES capital is received back into a revolving fund.	

C-PACE (CT)	
Program Administrator	Connecticut Green Bank
Program Vintage	2013
Lenders	3 Lenders
Role of Lenders	Loan origination and servicing
Underwriting Criteria	Established by lender
Contractors	88 C-PACE contractors
Program Features	LLR, subordinated capital participation Savings-to-investment ratio > 1 required Terms up to 20 years
Loan Volume	From 2013-2015, 503 projects have been funded ($73.6M)
Eligible Measures	An energy assessment or feasibility study must be completed. Lighting, HVAC, Automation Controls, Insulation, Motors and Variable Speeed Drives, Renewable Energy Systems (solar, fuel cells, geothermal), Combined Heat and Power, District Thermal, Microgrids, Windows, Water Pumps, High Efficiency Chillers, Fuel Switching, Water Conservation Measures, Process Equipment Upgrades
Description: C-PACE allows building owners to finance qualifying energy efficiency and clean energy improvements through a voluntary senior lien secured on their property. Property owners pay for the improvements over time through an additional charge on their property tax bill. By securing a lien on the property, low-interest capital can be raised from the private sector. The Connecticut Green Bank maintains an "open market" approach. Capital Providers who wish to directly offer C-PACE Financing must enter into a standard offer, which includes an offer for a credit enhancement from the Green Bank.	

Study Limitations

Appendix B. Selection Criteria for Residential Programs

Table 12. Residential Program Considered for Study

	Program	Start Date	Number of Lenders	Loan Volume (per year or to date)	Program Features (OBR, LLR, Interest Rate Buydown)	Number of Contractors	Selection Criteria
1	Smart-E loans (CT)	2011	9 lenders across the entire State territory	855 loans approved ($10.84M)	Attracts private capital investment in clean energy projects using credit enhancements (LLR, interest rate buydown) and longer loan terms	200+ Smart-E participating contractors	1.✓ 2.✓ 3.✓ 4.✓
2	Enhabit (OR)	2009	4 local participating lenders	Through June 2015,1 lender issued more than 3,000 loans (exceeding $40M)	Cash incentives through to Enhabit subsidize the cost of financing. OBR for select utilities	20 Certified Contractors	1.✓ 2.✓ 3.✓ 4.✓
3	HEAT Loan (MA)	2006	80+ Statewide/ Regional Lenders	From July 2011 through June 2014 22,020 loans were issued ($184.6M)	Mass Save uses interest rate buy downs for loans up to $25,000 with terms up to seven years	Qualified Contractors list	1.✓ 2.✓ 3.Interest rate buy down 4.✓
4	Heat Saver Loan (VT)	2014	2 participating lenders	200 loans in the first year (over $1M)	Helps financial institutions offer attractive rates using interest rate buy-downs and loan loss reserves.	Qualified Contractor list	1.✓ 2.✓ 3.✓ 4.✓

Study Limitations

	Program	Start Date	Number of Lenders	Loan Volume (per year or to date)	Program Features (OBR, LLR, Interest Rate Buydown)	Number of Contractors	Selection Criteria
5	Home Performance with ENERGY STAR program (NY)	2009	1 loan provider	In 12 months ending June 30 2015, 6,264 Smart Energy Loans and 3,100 OBR loans closed (over $10M)	On-Bill Recovery Loan and Smart Energy Loans available. Both loan products offer reduced-interest rates	Home Performance with ENERGY STAR participating contractors	1.Only 1 lender 2.✓ 3.✓ 4.✓
6	Home Energy Loan Program (MI)	2009	9	Since 2010, 6,191 loans have been issued (over $57M)	Credit enhancements (loan loss reserve) Terms over ten years	Michigan Saves authorized contractors	1.Only 1 lender 2.✓ 3.✓ 4.✓
7	DOLLAR AND ENERGY SAVING LOANS (NB)	1990	252 lending institutions offer dollar and energy saving loans	Since 1990, 26,610 residential projects have been completed and over $252M in funds invested	The Nebraska Energy Office purchases half of the loan at an interest rate of zero percent in order to provide a lower blended rate.	There is no defined or approved contractor list	1 ✓ (but Mature Program) 2.✓ 3.Interest rate buy down 4.✓
8	State Energy Loan Program (ID)	2001	5 lenders provide credit check and loan closing services	From 2001-2007, originated approximately 500 loans (nearly $2M)	Fixed rate low-interest loans for 5-year term	No defined/ approved contractor list. Applicants must provide a contractor bid.	1.✓ 2.✓ 3.Interest rate buy down 4.✓

	Program	Start Date	Number of Lenders	Loan Volume (per year or to date)	Program Features (OBR, LLR, Interest Rate Buydown)	Number of Contractors	Selection Criteria
9	Xcel Energy Efficiency Financing Program (CO)	2012	Currently 1 lender (originally had 3. Two remain as allies)	In 2014, lending partner completed over 75 small loans in the Boulder and Denver areas.	Xcel Energy formed formal providing most of the marketing resources and the lender offers financing for energy-efficiency projects	Approved Contractors list	1. 1 lender 2.✓ 3.✓ 4.✓
10	Keystone-HELP (PA)	2006	1 lending partner	Over $100M in loans have been provided to over 14,000 Pennsylvanians	The program is a public/private partnership between Renew Financial, the Pennsylvania Treasury and PENNVEST HELP offering a simple interest, fixed rate loan with longer terms	Energy Loan registered contractors	1. 1 active lender 2.✓ 3.Interest rate buy down 4.✓
11	Energy Smart Colorado (CO)	2010	1 loan fund administrator	Between 2012 and 2013, 25 loans ($200K)	A revolving loan fund is administered by a Community Development Financial Institution	Energy Smart Service Providers	1. 1 lender 2. Small loan volume 3.✓ 4.✓

Note: Recall that the selection criteria were:

1) Includes multiple third-party lenders – with valid recruitment process
2) Sufficient track record (loan volume) to show success
3) Similar features to the CHEEF Pilots – favoring programs that apply OBR and LLR
4) Includes multiple contractors enrolled to deliver services

Appendix C. Selection Criteria for Commercial Programs

	Program	Start Date	Number of Lenders	Loan Volume (per year or to date)	Program Features (OBR, LLR, buy down e)	Number of Contractors	Selection Criteria
1	C-PACE CT	2013	3	From 2013-2015 503 projects closed (over $73.6M)	A senior lien secured by the property Owners arrange financing with private lender Option for credit enhancement (including LLR) Terms up to 20 years Savings-to-investment ratio > 1 required	88 C-PACE contractors	1. ✓ 2. ✓ 3. ✓ 4. ✓
2	Alabama Saves AL	2012	8	As of March 2015, 64 loans closed (Over $40M)	LLR and Interest Rate Buydown Effective July 1, 2016, the Program transitioned to a participating loan program Terms up to 10 years Energy savings are expected to meet or exceed project costs within 10 years	50+ Eligible Service Providers	1. ✓ 2. ✓ 3. ✓ 4. ✓
3	Business Energy Financing MI	2012	1	Since 2012, 252 business projects (almost $8.7M) 9 multi-family projects ($651,043)	LLR Interest Rate Buy down offered by several utilities Terms up to 5 years	Michigan Saves contractors	1. 1 Lender 2. ✓ (Mature Program) 3.✓ 4.✓

	Program	Start Date	Number of Lenders	Loan Volume (per year or to date)	Program Features (OBR, LLR, buy down e)	Number of Contractors	Selection Criteria
4	Small Business & Not-For Profit Financing NY	2011	13	In 2015 25 Loans (Over $1.4M Loan Value)	Low interest Loan and OBR Terms up to 10 years	Any contractor can do work	1. ✓ 2. Low loan volume 3. ✓ 4. ✓
5	Energy Savers IL	2008	1	26,500 units retrofitted as of May 15, 2016. ($21.5 M in loans or grants)	Energy Savers Loans are fixed at 3 percent strong LLR 7-year term Can serve as a second mortgage to pay for EE improvements.	8 Energy Impact Illinois contractors	1. 1 Lender 2. ✓ 3. ✓ 4. ✓
6	Energy Loan Guarantee Program, VT	2013	18	The program has the capacity to guarantee approximately $10M in loans	Loan guarantees (VEDA can guarantee a maximum of 75% of the amount of the lender loan, not to exceed $250,000)	No defined contractors	1. ✓ 2. ✓ 3. Loan Guarantee 4. ✓
7	C-PACE CO	2015	Unknown	New program	OBR. Owners arrange financing with private lender and lender accepts PACE securitization and framework Terms up to 20 years Savings to Investment Ratio > 1	32 Contractors	1. New program 2.Unclear 3. ✓ 4. ✓

Appendix D. Program Administrator Data Collection Instrument

CONTEXT

The Finance Partner Outreach Strategy Study aims to identify "successful approaches" in recruiting and cooperating with **financing program partners** by exploring **how governments and utilities have attracted private lenders and contractors to participate in programs.**

QUESTIONS FOR FINANCE PROGRAM ADMINISTRATORS

The key objective for interviewing finance program administrators is to explore the strategies they employed to solicit program partners such as lenders and contractors, and to gather information about how the recruitment process works in practice.

We recognise that the following set of questions may be too long to feasibly cover in a 30-60 minute interview. This we will apply strategies to minimise the time demanded from the program administrators, and to use their time for the greatest value aspects.

To gather the information to respond to the following questions for each program, we will perform three key steps:

1) **On-line review of available information:** Our team will first attempt to gather information from program websites, program design and marketing documents and industry reports.

2) **Email information request:** We will then contact the Program Administrators, and provide them with a version of the following questions, as well as our findings from the secondary review. We will ask them to indicate any inaccuracies in our secondary research findings, and provide further details for the questions we were not able to answer in on-line documents.

3) **Telephone Interview:** Finally, based on a review of the information provided, we will contact the Program Administrators to discuss in more detail the recruitment and on-boarding processes, challenges and solutions and any program elements that remain unclear from their written response.

Topic A: Program Design & Operations (questions designed to give context to the program)
Note: secondary research will be conducted to answer some of these questions prior to the interview.

1. Please describe your financing program model?
    a. What is the role of third-party lenders in the program? How many lenders are currently enrolled?
    b. How long has the program been running, and what have been the annual financing volumes achieved?
    c. Please describe how loans are delivered to participants, and how repayments are made.
    d. Does the program include any credit enhancements, interest rate buy downs or other financial support?
    e. What is the program's target market segment? Who typically participates in this program (low to moderate income, or limited to high income earners)?
    f. What are the most common types of measures financed through the program?
    g. What links exist between this program and other utility or government utility programs?

2. Program Marketing, Loan Origination and Application Process
    a. How is the program marketed? Are there co-marketing obligations from the partners?
    b. Who originates the loans primarily?
    c. How do participants apply? What information is required?
    d. How long does loan approval typically take?
    e. Does the program specify underwriting criteria, or is it determine by lenders individually (i.e. FICO score thresholds, loan to value etc.)
    f. What portion of applicants are accepted by the program?

3. What are the key reasons for working with third-party private financing partners in your program?
    a. Why did your program choose to work with multiple lenders? (e.g. access to lender customers, competitive lending rates, to attract larger pools of capital, marketing effectiveness, other?).
    b. Is the program structured to identify and include a diversity of lenders?
    c. Which policies do you put in place to ensure consumer protection? Is the program structured to identify and include a diversity of lenders?

4. What is the role of third party lenders in the program?
    a. Do lenders provide the loan capital?
    b. Are the program loans secured/unsecured/both? Please describe the nature of the secured loans.
    c. What underwriting criteria do the lenders apply?
    d. Do lenders tend to re-package and re-sell EE loans to third-party investors?
    e. How do lenders interact with participants, utilities, and other organizations?
    f. Do lenders have a target loan volume, and/or minimum loan size?

Topic B: Soliciting Lending Partners

5. How are potential lenders identified?
    a. What is the process to develop leads?
    b. How many leads are developed?
    c. What criteria are used?

6. How are potential lenders approached?
    a. Which communication channels are used?
    b. What is the 'pitch' that is offered?
    c. At what level of the organization is the approach made (C-Level, working level, etc.)?

7. How are proposals solicited?
    a. What information is requested?
    b. What documents do you provide about the program to potential lender partners? Can we have a copy?
    c. How much support is provided to the lenders in preparing their proposal?
    d. What timeframe is offered and enforced?
    e. Are any incentives offered to solicit proposals?

8. What are key success factors in soliciting lending partners?
    a. What has worked particularly well and why? What has not worked so well?

Topic C: Recruiting Lending Partners

9. How are potential program partners vetted?
    a. Which metrics and criteria are used?
    b. What is the process, from start to finish?
    c. Who conducts the vetting?
    d. Are any follow-ups required from the lenders (to clarify information, to discuss certain aspects)?

10. How are recruited lending partners onboarded/trained?
    a. What documentation is offered?
    b. What training is offered?
    c. How are lenders accompanied in the first few months?
    d. How are lenders monitored?
    e. Which communication channels are used?

11. What is contracting process with FI partners?
    a. How much flexibility is there in the contractual relationship, do all lenders sign to the same conditions?
    b. How do participating lenders interact with each other and is there any perceived competition?
    c. What portion of lenders that you have engaged with were ultimately enrolled in the program? Did this evolve over time?
    d. What do you think has worked well in the contracting process and what has not?

12. What reporting do you require from lenders throughout their involvement in the program? (probe for loan performance, rates and terms, supported measures etc.)

13. What are key challenges in building a working relationship with lenders?
    a. How have you overcome these challenges?
    b. Do you have an example of something that did not work well and had to change? How was it resolved?

14. What are key success factors in building a working relationship with lenders?
    a. What has worked particularly well and why?

Topic D: Contractor Partners and Certifications

15. What role do contractors play in the program?
    a. What role do contractors play in marketing, loan origination and assisting customer with applications?

16. How are potential contractors identified?
    a. What is the process to develop leads?
    b. How many leads are developed?
    c. What criteria are used?

17. How are potential contractors approached?
    a. Which communication channels are used?
    b. What is the 'pitch' that is offered?
    c. At what level of the organization is the approach made (C-Level, working level, etc.)?

18. How are proposals solicited?
    a. What information is requested?
    b. What documents do you provide about the program to potential contractors? Can we have a copy?
    c. How much support is provided to the contractors in preparing their proposal?
    d. What timeframe is offered and enforced?

19. What training and certification process is offered for contractors?

20. What quality control and monitoring is performed on registered contractors?

21. What are key challenges in building a working relationship with contractors? How have you overcome these challenges?
    a. Do you have an example of something that did not work well and had to change?

22. What are key success factors in building a working relationship with contractors?
    a. What has worked particularly well and why?

Topic E: Follow-up requests

23. Can you provide lender and contractor contacts for your program who we could contact for an interview?

24. Could you provide us with any of the following data?
    b. Program savings targets, budget, and achieved results
    c. Names of participating lenders, and their portion of program loan volume to date
    d. The number of enrolled contractors

Appendix E. Lender Data Collection Instrument

CONTEXT

The Finance Partner Outreach Strategy Study aims to identify “successful approaches” in recruiting and cooperating with financing program partners by exploring how governments and utilities have attracted private lenders and contractors to participate in programs.

QUESTIONS FOR FINANCE PROGRAM LENDER PARTNERS

The key objective for interviewing finance program lender partners is to supplement information already obtained from program administrators exploring what has worked and not worked in the following key areas:

- Program design
- Program participation requirements (rates, underwriting, credit enhancements, etc.)
- Partner solicitation and recruitment approaches
- Onboarding process
- Training, monitoring and reporting

Topic B: Soliciting Lending Partners

1. How did you hear about the program?

2. What factors led you to apply to become a lender?

3. How were proposals solicited?
    a. What information was requested?
    b. What documents were provided about the program?
    c. How much support did you receive in preparing a proposal?is provided to the lenders in preparing their proposal?
    d. What timeframe is offered and enforced?

4. What information did you request of the PA to make your decision?
    a. How was this information provided?
    b. What communication channels did you favor?

5. How did you achieve internal buy-in to participate in the program?
    a. Who did you need to convince?
    b. How did you go about convincing decision makers?

6. How did you go about designing the products you would offer?
    a. How much was dictated by the PA?
    b. What risk factors did you consider?

7. During this solicitation phase:
    a. What worked well?
    b. What would you change?

Topic C: Recruiting Lending Partners

8. How did you hear about your success with the program?

9. Please describe the training period.
   a. What documentation was offered?
   b. What training was offered?
   c. How were you accompanied in the first few months?
   d. How are you monitored?
   e. Which communication channels are used?
   f. What type of training would you favor, going forward?

10. What type of information do you require from the PA to run your program?
    a. At what frequency do you need this information?
    b. In what format would you rather receive this information?

11. How do you view other lenders in the program? (competition, partners?)

12. What are key challenges in building a working relationship with PAs?
    a. How have you overcome these challenges?
    b. Do you have an example of something that did not work well and had to change? How was it resolved?

Topic E: Other

13. Can you describe the work flow?
    a. How do you receive applications?
    b. What process you undertake to accept a client?

Appendix F. Contractor Data Collection Instrument

Topic D: Contractor Partners and Certifications

1. How did you hear about the program?
2. What factors led you to apply to become a contractor?
3. How were proposals solicited?
    a. What information was requested?
    b. What documents were provided about the program?
    c. How much support did you receive in preparing a proposal?
    d. What timeframe is offered and enforced?
4. What information did you request of the PA to make your decision?
    a. How was this information provided?
    b. What communication channels did you favor?
5. How did you achieve internal buy-in to participate in the program?
    a. Who did you need to convince?
    b. How did you go about convincing decision makers?
6. Do you conduct any marketing?
    a. How do you find participants?
7. What is your relationship with lenders?
    a. Do you favor a particular lender?
    b. How do you present lender information to the participant?
8. During this solicitation phase:
    a. What worked well?
    b. What would you change?