Last week, the California Public Utilities Commission released a report evaluating the state's GoGreen home energy financing program. Residential buildings are responsible for about 10 percent of state greenhouse gas emissions, and home decarbonization routinely ranks among the most challenging of our many emissions reduction challenges.

Our buildings and electrical distribution grid are old, retrofit projects are complex and time-consuming, and few Californians have the energy–let alone the capital–to upgrade their heating and cooling systems, appliances, windows, and more. This problem is, of course, most acute for lower-income homeowners and residents of multifamily buildings.

The GoGreen program seeks to address this challenge through:

- A group of credit unions that offer low-cost loans for qualifying home energy retrofit projects.
- A group of contractors that perform energy audits and retrofit projects financed by the program loans
- A state-funded loan loss reserve (funded with utility ratepayer dollars) that gives the lenders security to provide low-cost financing and include borrowers traditionally considered higher credit risks
- Program administration (housed within the State Treasurer's Office) to qualify lenders and contractors and attract program participants

GoGreen was initially created in 2013, launched as a pilot in 2016, and became a full-scale program in 2020. It includes both macro-loans (for major retrofits up to $50,000) and micro-loans (for appliance upgrades up to $5,000). The program has achieved some scale after a long, slow start–the CPUC analysis found that over the past five years, GoGreen has served over 750 participants per year, generating over $12 million in loans and modest but real reductions in electricity and gas use. But GoGreen still lags far behind leading state green bank programs in Connecticut and Michigan, which have financed hundreds of millions of dollars of retrofits in far smaller geographies (and under less ambitious and well established climate goals).

As CLEE (together with the Energy Institute at Haas) detailed last year in our report *The Future of California Consumer Energy Finance*, state program leaders can take a number of steps–including shifting away from ratepayer funding, expanding microloan offerings, embracing more incremental retrofit projects, and reducing the level of credit enhancement relative to program size–to help scale the program to

meet California's significant home decarbonization needs and better serve low-income residents.

The CPUC's recent report also identifies some strategies to scale–such as enrolling more credit unions and contractors in the northern and eastern parts of the state, providing financial incentives for contractors to participate, and promoting more fuel substitution (i.e., gas to electric) projects. However, it falls short of a significant proposal to build a consumer energy financing program that can accelerate retrofit projects to the scale needed to achieve state climate goals.

To achieve statewide carbon neutrality by 2045 as envisioned by the Legislature, Governor Newsom, and the Air Resources Board, tens if not hundreds of thousands of residential properties will require retrofitting each year. This will require an expanded GoGreen program for statewide consumer financing support; significant capital from US EPA's National Clean Investment Fund via California IBank's climate financing program; and green bank efforts as the one San Francisco is considering to connect directly with local property owners. And to meet these goals while serving the needs of lower-income residents, state programs will require plentiful options–grant-funded direct-installation, utility tariff-on-bill–that do not rely on debt at all.