SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Benjamin Allen, Chair
2025 - 2026 Regular

Bill No:	SB 1265	**Hearing Date:**	4/7/2026
Author:	Richardson		
Version:	2/19/2026 Introduced		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Nidia Bautista		

SUBJECT: California Alternative Energy and Advanced Transportation Financing Authority: financial assistance programs and products

DIGEST: This bill authorizes the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) at the State Treasurer's Office to create its own financial assistance programs and products. This bill also creates a new fund in the State Treasury and continuously appropriates all moneys in the fund to the authority.

ANALYSIS:

Existing law:

1) Establishes the California Alternative Energy and Advanced Transportation Financing Authority Act with the purpose to advance the state's goals of reducing the levels of greenhouse gas emissions, increasing the deployment of sustainable and renewable energy sources, implementing measures that increase the efficiency of the use of energy, creating high quality employment opportunities, and lessening the state's dependence on fossil fuels and to that end to provide an alternative method of financing in providing and promoting the establishment of facilities utilizing alternative methods and sources of energy and facilities needed for the development and commercialization of advanced transportation technologies. (Public Resources Code §26000 *et seq.*)

2) Establishes the CAEATFA to carry out the purposes of the act with a membership consisting of five members: the Director of Finance, the Chairperson of the California Energy Commission (CEC), the President of the California Public Utilities Commission (CPUC), the State Controller, and the State Treasurer who serves as the chairperson for the CAEATFA. (Public Resources Code §26004)

3) Authorizes the CAEATFA to receive and utilize grants or loans from the federal government, a public agency, or any other source for carrying out the purposes of this division. (Public Resources Code §26040)

This bill:

1) Authorizes CAEATFA to create its own financial assistance programs, financial assistance products, or both, on those terms and conditions the CAEATFA deems prudent.

2) Creates the Alternative Energy and Advanced Transportation Expansion Fund in the State Treasury and continuously appropriates all moneys in the fund to CAEATFA for expenditure, as provided, and to defray administrative costs.

3) Requires any interest earned or other increment derived from investments made from moneys in the fund to be deposited into the fund.

Background

About CAEATFA. CAEATFA was created in 1980 with an authorization of $200 million in revenue bonds to finance projects utilizing alternative sources of energy, such as cogeneration, wind and geothermal power. Pursuant to legislation, it was renamed in 1994 as the CAEATFA and its charge expanded to include the financing of "advanced transportation" technologies. During the energy crisis of 2001, its authority was again expanded, this time to provide financial assistance to public power entities, independent generators, and others for new and renewable energy sources, and to develop clean distributed generation. CAEATFA's board, composed of the State Treasurer, State Controller, Director of the Department of Finance, Chairperson of the CEC and President of the CPUC, decides which projects to assist. CAEATFA is currently implementing various programs, including: Sales and Use Tax Exclusion Program for Manufacturers, Property Assessed Clean Energy Loss Reserve Program, Bond Program, and Efficiency Financing Programs, marketed as the GoGreen Financing Programs.

GoGreen Financing Programs. The California Hub for Energy Efficiency Financing (CHEEF) was originally authorized by the CPUC (Decision 13-09-044) and funded from Public Purpose Program funds collected from the ratepayers of California's four largest electric and gas investor-owned utilities (IOUs), Pacific Gas & Electric, San Diego Gas & Electric, Southern California Edison, and Southern California Gas Company. The funds are used to cover credit enhancements, in the form of loss reserves, to participating lenders that enable them to offer more advantageous terms to borrowers for energy efficiency loans than they otherwise could. The program was created according to the CPUC goals that the solutions should:

(1) Be scalable;
(2) Leverage private capital to support energy efficiency upgrades;
(3) Reach underserved Californians who would not otherwise have participated in energy efficiency upgrades; and
(4) Produce energy savings.

CAEATFA works with the CPUC, IOUs, finance companies, energy efficiency retrofit contractors, and several key vendors to develop and manage a series of energy efficiency finance programs, known collectively as GoGreen Financing Programs.

- GoGreen Home Energy Financing which provides financing for energy efficiency upgrades in residential properties for owners and renters of single-family homes, townhomes, condominiums, duplexes, triplexes, quadplexes, and mobile and manufactured homes. Financing options include loans of $1,000 to $75,000 for terms up to 10 years, standard loans and appliance microloans are available.
- GoGreen Business Energy Financing which provided financing for energy efficiency upgrades in commercial businesses, nonprofits, and market-rate multifamily properties through a variety of financing products. Financing options include $5,000-$5 million with option for utility on-bill repayment, terms to 10 years.
- GoGreen Affordable Multifamily Energy Financing which provides for energy efficiency upgrades in affordable, deed-restricted multifamily properties of five or more units where at least 50% of units are income restricted. Financing options include equipment finance and lease agreements from $10,000 to $10 million with terms to 10 years.

CPUC rules and the source of the funding result in regulations for the program that limit participation to the customers of the IOUs'. A subsequent CPUC decision authorized CAEATFA to incorporate additional sources of funding into the CHEEF program beyond the funding from IOU ratepayers. CAEATFA has since received one-time funding to expand the program from the City of Palo Alto ($300,000) and the CEC's Equitable Building Decarbonization program ($20 million) for upgrades for properties served by publicly owned utilities. CAEATFA has also rebranded the program to the name: GoGreen. CAEATFA developed memoranda of understandings with both the City of Palo Alto and the CEC to implement the funding afforded by each of these entities. There does not currently seem to be any immediate prospects for other funding sources.

The GoGreen Financing Programs have grown from five loans in 2016 to nearly 7,000 in 2025. In 2025, the GoGreen Financing Programs supported $196 million in private capital investment for energy upgrades to more than 7,400 homes and businesses. The programs offered financing for energy efficiency upgrades and clean energy installations, such as solar with battery storage and electric vehicle chargers. The program leveraged $17.52 in private capital for every dollar of credit enhancement funds allocated, according to CAEATFA's 2025 Annual Report to the California State Legislature (March 2026). A total of ten lenders participate in the program. The program has charged-off 1.4% of all loans enrolled (209 loans).

Comments

Need for this bill. According to the author:

> SB 1265 is an important tool to provide explicit authority for the Alternative Energy and Advanced Transportation Expansion Fund to receive continuously appropriated funding from IOU sources, without regard to fiscal years. This would allow the program to gain substantially greater flexibility in seeking funding and forming partnerships beyond the IOU's while still maintaining the existing CPUC/IOU relationship.

Need for amendments. The author and supporters of the bill, including the State Treasurer's Office, believe the program would benefit from being codified in the statutes. As noted above, the GoGreen Financing Program was initiated through CPUC decisions to advance energy efficiency financing funded by a collection from ratepayers. Since then, the program has also received some funding from other sources, one-time funding from the City of Palo Alto ($300,000) and the CEC's Equitable Building Decarbonization Program (originally $30 million, but subsequently reduced to $20 million). Staff at the Treasurer's Office relay concerns with the program not being in statutes and making it difficult to receive funding from other sources. However, as currently drafted, this bill would provide vague and broad discretion to the CAEATFA to use funds and create new programs via a continuous appropriation without any reference to the limitations on the use of the funds, particularly those collected from ratepayers as directed by the CPUC. *As such, the author and committee may wish to amend this bill by striking the existing contents and replacing with language that codifies the GoGreen Financing Program and authorizes the CAEATFA to received other funding sources so long as consistent with the goals of the programs and limited to the parameters of those funds, while protecting the limitations of the IOU ratepayers funds, as directed by the CPUC.*

Prior/Related Legislation

SB 1128 (Padilla, Chapter 677, Statutes of 2012) expanded until July 1, 2016, the sales and use tax exemption under the CAEATFA program to include "advanced manufacturing," as specified.

SB 1952 (Rosenthal, Chapter 1218, Statutes of 1994) renamed the act the California Alternative Energy and Advanced Transportation Financing Authority Act, renamed the authority and revised the membership of the authority and authorized the authority to additionally provide financing assistance under the act to a participating party for projects for the development and commercialization of advanced transportation technologies.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: No

SUPPORT:

Fiona Ma, California State Treasurer (Sponsor)
California Life Sciences

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the State Treasurer Fiona Ma:

> SB 1265 creates the Alternative Energy and Advanced Transportation Expansion Fund, giving the explicit authority for CAEATFA to receive ongoing funding from non-IOU sources without fiscal year limits, giving the Authority more financial flexibility. This would help the GoGreen Financing programs under CAEATFA to secure new funding and partnerships beyond IOUs while still maintaining its current relationship with the Public Utility Commissions and IOUs.

-- END --