



### Staff Report Item 13

**TO:** East Bay Community Energy Board of Directors

**FROM:** Beckie Menten, Program Manager, Building Electrification and Energy Efficiency

**SUBJECT:** First Amendment to Loan Agreement and Incentive Agreement with BlocPower (Action Item)

**DATE:** December 14, 2022

---

#### Recommendation

Adopt Resolution authorizing CEO to negotiate and execute the First Amendment to the Loan Agreement and the Incentive Agreement with BlocPower to expand customer eligibility for the Health-e Home program and to update the repayment schedule for the loan.

#### Background and Discussion

In January of 2022, the EBCE Board of Directors approved a Loan Agreement and Incentives Agreement with BlocPower Energy Services 3 (“BlocPower”). BlocPower is a unique company which provides an energy savings agreement - such as a lease - to improve the accessibility of whole-home retrofits and electrification projects for low- and moderate-income (LMI) homeowners. EBCE provided \$1 million in the form of a junior capital investment intended to improve the financing terms offered to our customers by reducing the risk of the portfolio. EBCE additionally offered up to \$400,000 in incentives for customers up to 120% of area median income to further improve the affordability of these projects<sup>1</sup>.

EBCE now seeks to amend this Loan Agreement to accomplish two objectives. First, EBCE seeks to expand the eligibility of customers who can access this subsidized

---

financing beyond just income-qualified customers, without sacrificing the availability of funding for the primary target audience of LMI customers. This proposed Amendment would ensure that all EBCE's residential customers have access to a competitive financing product to help overcome the first-cost barriers which frequently keep whole-home projects out of reach. This Amendment would also allow for more streamlined marketing, as BlocPower serves market-rate customers in addition to income-qualified customers. EBCE is proposing further amendments to ensure that the target number of LMI customers will have access to the program.

Secondly, EBCE seeks to amend the Loan Agreement to clarify the process for amending the repayment schedule included in the Agreement. The initial \$1 million committed to BlocPower has not been drawn down in full, and the repayment terms specified in the contract will need to be amended. The existing Loan Agreement provides for amendments to be made to the repayment schedule but does not specify a process for achieving this. The proposed Amendment would allow for staff to modify the repayment schedule based on written agreement with BlocPower.

EBCE is also seeking to amend the Incentive Agreement with BlocPower to expand eligibility to multifamily customers. Inclusion of multifamily projects will be on a case-by-case basis at the discretion of EBCE staff. EBCE will be considering how the Health-e Home program is coordinating with other multifamily incentive programs available in our region, specifically the Bay Area Multifamily Building Enhancements program (administered by the Bay Area Regional Energy Network), and will be setting incentives that are more appropriate for the multifamily sector.

### **Fiscal Impact**

Modifying the repayment terms of this agreement will have a minor fiscal impact on the timing of when EBCE receives revenue; however the total revenue amount anticipated remains unaffected.

### **Attachments**

- A) Resolution of the Board of Directors of the East Bay Community Energy Authority Authorizing the CEO to Negotiate and Execute the First Amendment to the Loan Agreement with BlocPower Energy Services 3 and to Negotiate and Execute a First Amendment to the Incentive Agreement with BlocPower
- B) Presentation

**RESOLUTION NO. \_\_**

**A RESOLUTION OF THE BOARD OF DIRECTORS**

**OF THE EAST BAY COMMUNITY ENERGY AUTHORITY AUTHORIZING THE CEO TO NEGOTIATE AND EXECUTE THE FIRST AMENDMENT TO THE LOAN AGREEMENT WITH BLOCPower ENERGY SERVICES 3 AND TO NEGOTIATE AND EXECUTE A FIRST AMENDMENT TO THE INCENTIVE AGREEMENT WITH BLOCPower**

**WHEREAS** The East Bay Community Energy Authority (“EBCE”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of EBCE and parties to the JPA in March of 2020.

**WHEREAS** EBCE’s Board of Directors authorized a Loan Agreement by and Between East Bay Community Energy and BlocPower Energy Services 3 (“BlocPower”) in January of 2022 to provide EBCE’s low- and moderate-income customers opportunities to access the health and safety benefits associated with building electrification while providing a sustaining fund to continue re-investment in our community;

**WHEREAS** EBCE’s Board of Directors further authorized an Agreement for Services By and Between East Bay Community Energy Authority and BlocPower Energy (“Incentive Agreement”) with to provide incentives for energy efficiency and electrification projects to low- and moderate-income customers;

**WHEREAS**, these Agreements were executed on February 28, 2022;

**WHEREAS** EBCE now seeks to expand eligibility of BlocPower’s program to increase access for all of its residential customers to the benefits of clean and healthy homes; and

**WHEREAS** EBCE further seeks to clarify the process for updating the repayment schedule included in the loan agreement.

**NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:**

Section 1. Authorize Chief Executive Officer, in coordination with General Counsel, to negotiate and execute a First Amendment to the Loan Agreement with BlocPower to expand eligibility of the program and to clarify the process for amending the repayment schedule.

Section 2. Authorize Chief Executive Officer, in coordination with General Counsel, to negotiate and execute a First amendment to the Incentive Agreement with BlocPower to expand eligibility of the program.

ADOPTED AND APPROVED this 14<sup>th</sup> day of December, 2022.

---

Corina Lopez, Chair

ATTEST:

---

Adrian Bankhead, Clerk of the Board

# BlocPower Agreement Amendments

December 14, 2022

BOD MEETING



# Health-e Home Agreement Amendments

Attachment Staff Report Item 13A

**Recommended Board Action:** authorize CEO to negotiate and execute amendments to the Loan Agreement and the Incentive Agreement with BlocPower.

## Purpose of Amendments

- Update repayment schedule; revise process to update repayment schedule outside of formal amendment
- Expand eligibility of program to all EBCE residential customers
- Introduce protections to ensure sufficient funding to achieve LMI customer program targets
- Remove limitations on serving multifamily properties; MF properties to be considered on a case by case basis

## Health-e Home Promotes Electrification for Frontline Communities

- Electrification provides indoor air quality improvements and hedging against future rate increases
- Lease structures allow for flexible financing and no-upfront-cost improvements
- Health-e Home addresses efficiency, electrification, and health and safety improvements

## EBCE Has Invested \$1.4 Million in the Health-e Home Program

- \$1M in project capital at 5.5% interest rate
- \$400k in grants for LMI customers (up to 120% of Area Median Income)

## Partnership With BlocPower and Their Local Partner, Revalue

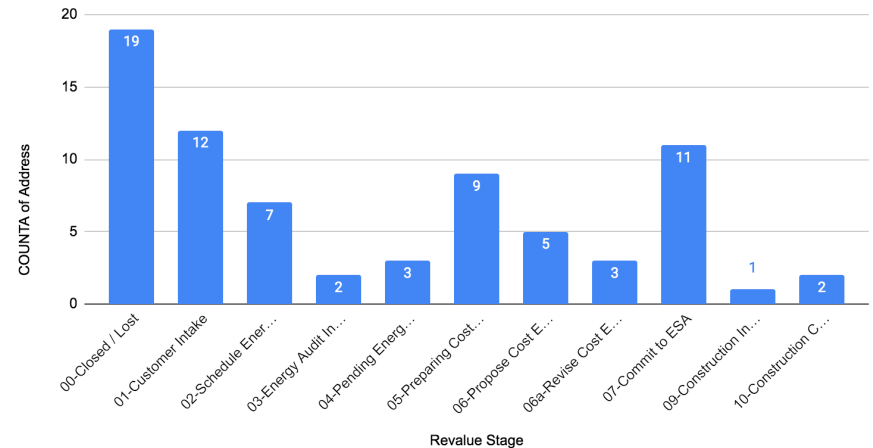
- BlocPower's "electrification-as-a-service" approach and focus on LMI communities is unique in the market
- Revalue manages contractor network and customer interactions
- Revalue works to increase engagement from local and BIPOC contractors

# Health-e Home Program Update

Attachment Staff Report Item 13A

- \$500,000 of committed capital disbursed
- Program website, application form, and development in Salesforce all complete
- Overall 74 leads; 3 committed projects; 2 in construction, 11 verbal approvals receiving revised estimates
- Marketing efforts include paid and earned media and small campaign to test messaging in early November

Revalue / EBCE / BlocPower Pipeline - 2022.11.29





# Challenges and Mitigation Efforts

Attachment Staff Report Item 13A

- Staffing and internal processes: BlocPower bringing on additional resources and improving internal processes
- Workforce: Revalue has trained more than 30 participants with an emphasis on BIPOC contractors at Cypress Mandela
- Supply chain: BlocPower / Revalue actively engaging in manufacturer partnerships
- IRA “chilling” effect: BlocPower developing internal messaging, exploring “electrification pathways”



# Thank you!

Attachment Staff Report Item 13A

**Beckie Menten**

Program Manager, Building  
Electrification and Energy Efficiency

**JP Ross**

VP of Local Development,  
Decarbonization, and Innovation

<https://ebce.org/health-e-home/>



# Additional Slides

Attachment Staff Report Item 13A

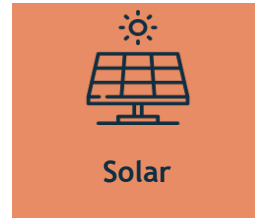
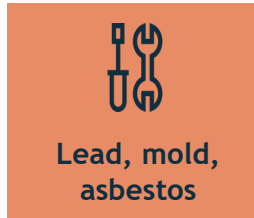
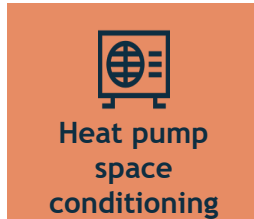
# Program Eligibility

## LMI Customers

- Households up to 120% of Area Median Income (AMI)
- Incentives scaled to income
- Higher incentive levels for lower income households
- Incentives will minimize bill impacts to CARE customers

% AMI Income	Household = 1	Household = 4	Maximum Incentive
80%	\$76,720	\$109,600	\$10,000
120%	\$105,500	\$150,700	\$4,000

## Qualifying technologies / scope





# Holistic financing program enables projects while safeguarding customer interests

## Financing Program Details



### Financing Instrument

- Lease, target term of 15 years + Customer payments targeted to savings
- Targeting ~6.5% effective interest, secured only by the assets installed.
- Low 1% annual escalation in payment.
- Operations + Maint. costs may be included for 15 years; Full guarantee on equipment & service
- Purchase, renew or remove options at end of term
- No lien on underlying property



### Underwriting criteria

Customers are qualified through a holistic review of their financial portfolio, beyond just a credit score. We do require no bankruptcy within the last three years, and no outstanding major judgements or liens.



### Non-payment

BlocPower engages in a managed and flexible process to support payment. Rather than going directly to collections, we work with other service providers like PromisePay to work with our customer portfolio to support their obligations



# About BlocPower

- Black-owned climate tech company founded in 2014
- Focused on greening residential and small commercial buildings in the US, particularly in Low and Moderate Income (LMI) neighborhoods
- Gas-to-electrification technology building conversions (air source heat pumps, hot water, etc.)
- Built a tech platform to speed up energy assessments and financing, lowering project development costs by 50%+
- Backed by government offices, utilities, and the world's top investors

