



July 5th, 2013

Brad Copithorne
Director of Financial Innovation, Energy Program
Environmental Defense Fund
123 Mission Street
San Francisco, CA 94105

Re: The June 25, 2013 ALJ Darling Proposed Decision; Application 12-07-001 et al

Dear Director Copithorne:

Carbon Lighthouse is dedicated to reducing carbon emissions through energy efficiency. We provide energy efficiency analytics followed by turnkey retrofit projects to commercial and industrial customers. We work with lenders to provide financing for these projects. An On-Bill Repayment program would allow our lenders to finance many more projects, thereby further reducing carbon emissions and allowing more commercial customers to save money.

For the OBR program to be effective however, it must offer something more than the traditional financing mechanisms that are currently available. In that regard, the most critical aspect of a well-designed OBR program is that it attaches to the meter; the obligation must stay with a particular energy meter at a particular commercial property for the term of the obligation. That attachment mechanism would allow lenders to provide high quality credit to commercial properties that do not otherwise have investment grade credit or substantial balance sheets themselves. Furthermore it allows the obligation term to match the life of the efficiency measure by surviving foreclosure (being attached to the meter and not the defaulter) or purposeful sale of the property. Lastly, by attaching to the meter and not the customer, it resolves the issues of collateral that have plagued energy efficiency investment. For lenders to consider this an excellent credit, the OBR obligation must be considered equal to, and must not be subordinate to, the energy charges on the utility bill. As an attachment to the meter, it cannot be contingent upon the consent of future owners.

Carbon Lighthouse believes that an OBR program that incorporates the above characteristics will grow the energy efficiency market by providing high quality and simple financing options to commercial properties that do not have access to the current offerings.

Carbon Lighthouse has dozens of projects lined up and ready to be executed through the OBR program, but these projects may have difficulty moving forward if the OBR attachment mechanism is not done well. We implore you to resolve this detail so we can continue delivering economic value to our clients, creating more local jobs, and further reducing carbon emissions.

Sincerely,

Brenden Millstein

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