California Energy Commission
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BEFORE THE
CALIFORNIA ENERGY COMMISSION (CEC)

In the matter of )
) Docket No. 13-CCEJA-1
)
Prop 39-California Clean )
Energy Jobs Act )

CALIFORNIA CLEAN ENERGY JOBS ACT:
PROPOSITION 39 DRAFT GUIDELINES
Peralta Community College, District Office
333 East 8th Street
Oakland, CA

Monday, October 7, 2013
1:00 P.M.

Reported by:
Tahsha Sanbrailo - #D-482

## APPEARANCES

**PRESENT:**

Liz Shirakh, CEC
Anne Fisher, CEC

**PUBLIC COMMENT**

Joey Barr with PG&E
Frank De Liddo, Fresno Unified School District
Stuart Ogren, Clovis Unified School District
Kevin Flanagan, ThinkWire Energy
Richard Montes, Eco Sol, Inc.
Michael Lope, building trades
Jason Duke, Fresno Unified School District
Bob Redlinger, Sun Power
Jim Harris, Sierra Unified School District
Diko Chekian, Highlands Energy Solutions
Cheryl Marcelli-McClaine, PG&E
Kristine Ballecer, Grainger
Mike Hopkins, Tremco Roofing and Building Maintenance

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P R O C E E D I N G S

OCTOBER 7, 2013 1:06 P.M.

MS. SHIRAKH: First, I want to introduce myself. My name is Liz Shirakh. I'm with the California Energy Commission. And also with me today is Anne Fisher. She'll be helping coordinate the meeting and especially the question and answer time, bringing the mic around so we make sure we have your comments and questions and everyone can hear. And our Court Reporter will be able to record that, as well, so this meeting is being recorded.

I want to thank you all for coming today. This is a really exciting time for California schools and energy efficiency, and the California Energy Commission is real excited to be a part of this. We appreciate your input in formulating these Draft Guidelines for Prop. 39.

Just so I have an idea, maybe I can get a sense of who the folks are in the audience. How many of you are from schools? Okay. And how many of you folks are consultants or energy consultants? Okay. And how about school organizations -- support school organizations, government organizations? A few, okay. And utility companies? Okay. And anyone I forgot? Okay, well -- welcome. Okay, well, thank you everyone for attending.

The purpose of the meeting is really to go through the Draft Guidelines. For some of you who have read them, this might provide some clarity for sections and it will give you an opportunity for folks who haven't read through them all before. We'll kind of go section by section through them and then, at the end, we will have a questions and comments time. So let's get rolling.

Again, this is welcome, these are the Draft Guidelines, they came out on September 27th and we have an open period for 30 days to get public comment. We hope to have the Final Guidelines posted in mid-November and going to a business meeting on December 19th. So this is a very very tight timeframe, a very fast timeframe, but this is part of the public input process and, again, we really encourage and welcome your comments.

So again, I briefly touched on this, I'm going to talk briefly about the summary of the

California Clean Energy Jobs Act, a little bit about the elements of the program, and the majority of the presentation will be about the Draft Guidelines and then your time to ask questions and make comments at the end.

I think I would prefer to maybe wait to have questions at the end just because we want to make sure these are recorded and we are going to have a microphone going around, so maybe I can just ask if you drop down your questions and then we can try to field them at the end. I know there were a lot of questions yesterday, we did a webinar. The presentation is about an hour and the questions were about two hours. I'm hoping with the live audience, maybe, you know, sometimes people have the same question and the question period might not take as long. But we do have the room until 5:00, so we're here to answer your questions until 5:00 if we have to, not a problem, that's what we're here for.

Okay, so the California Clean Energy Job Act is really a combination of two recent laws, it's Proposition 39, which was passed last November, and then the enabling legislation, Senate Bill 73, which was signed July 1st. These are really the guiding -- the Public Resource Code that guides the direction of the program and the guidelines.

The objective is creating good-paying energy efficiency and clean energy jobs, leveraging existing energy efficiency programs, and increasing economic and energy benefits, and also providing full public accounting for the money spent. And I'd just like to acknowledge that the majority of the Guidelines are required in statute and through Public Resource Code. And it's really a balancing act to try to find that right balance between meeting the public accountability, making sure we document all the energy savings, and making this fully transparent to the public, balancing that with the need of schools and local educational agencies to follow a program that's simple, that's not too burdensome, and getting good energy projects installed because that's what this is about, creating jobs and getting some energy efficiency in your schools. So it's truly a balancing act and we're trying to make these Guidelines fit that. But it's challenging legislation.

So the elements of the program, there are $428 million of awards are available for LEAs, which is Local Educational Agencies and Community Colleges, for energy retrofits. This is split by 89 percent to K-12 districts, County Office of Educations, Charter Schools, and Special State Schools; those are LEAs or Local Educational Agencies.

For this fiscal year, that's $381 million, and 11 percent goes to the Community College Districts, that's $47 million for this fiscal year, and for this first year of this five-year program, they have their own independent program. So their specifics of their program are not in these Guidelines.

Other program elements of the Prop. 39, $28 million went to the Energy Commission for our ECAA loan Program, which is an Energy Conservation Assistance Account. This provides zero interest loans for energy efficiency projects and also provides technical assistance in the form of free grants to identify energy projects through our BrightSchools Program.

Another element of the program is $3 million was appropriated to the California Workforce Investment Board, and they will be developing a competitive grant program for workforce development and disadvantaged youth for employment. This program is under development right now.

And finally, the California Conservation Corps through the Governor's Budget Act of 2013-2014, they were appropriated $5 million for energy surveys and energy conservation-related programs for youth and the Corps members. And again, that program is also under development.

So starting into the Guidelines section of the presentation, the Guidelines are structured into three chapters, the background information, we'll go through that first, that's kind of general information. The meat of the Guidelines is in Chapter 2, which is the K-12 Program, or the Local Educational Agency Program, and the third chapter is the additional Prop. 39 Resources and those other allocations that I just mentioned. And finally, the Appendix has more detailed information that supports what you see in the Guidelines.

So Chapter 1 starts on page 4, it's really 1 through 4, and this provides some program description, the funding distributions that I kind of just went over as far as the program elements, Guideline Authority, some legal confidentiality, By way of Background, we have the Introduction which is Program Description, Funding Distribution, Guideline Authority, Confidentiality information, effective date of the Guidelines, and I just want to point out that the effective date of the Guidelines is when it is adopted by the California Energy Commission at a full Business Meeting, and right now that's scheduled for December 19th.  And then there's also some information if there are changes in the Guidelines in the future, that process.  Again, if there are any changes in the Guidelines, they will need to go through the public notice process that would be 30 days notice before going to a full Business Meeting at the Energy Commission.  So this is a complicated program, I can't tell you if there will be changes in the future, but if there are, then that would be the process that would be followed.

So, Chapter 2, let's dive into the K-12 program. Eligible Applicants, again, LEAs are Local Education Agencies which are the County Offices of Education, School Districts, Charter Schools and State Special Schools. If you are in a public building and pay your own utility bill based on a meter, you're eligible. And then I have a few bullets here about leased facilities because it gets a little bit more complicated for folks who are in leased facilities. But you would still be eligible if you fit these categories. So in privately-owned leased facilities, to be eligible, the LEA needs to pay the utility bill, a separate utility meter for the building and the landlord's written approval to do the energy work.

Continuing with the leased facility information, so a publicly-owned leased facility which has separate meters, if they're owned by another LEA and a lease agreement between the LEAs; so that is an eligible -- you could still apply to this program and be eligible for this funding. And then a third lease facility issue which is the second arrow here, in publicly-owned leased facilities without a separate meter and they're owned by another LEA, and the lease agreement is between the two, then the two LEAs would submit a joint request for planning projects or for the energy expenditure plan. And I'll get into more details on both of those so there's more understanding, but basically you would have to submit a joint application between the two.

So moving forward on page 7 of the Guidelines, this is the award allocations, and the minimum awards. So the legislation outlines it in a four-tier system. So if you are an LEA with an ADA of 100 or less, you'll have a minimum allocation of $15,000, and plus there's a free and reduced meal program adder added onto that, but at a minimum, you would get $15,000. In the next tier, 101 to 1,000 ADA -- and ADA is Average Daily Attendance -- the minimum is $50,000 plus the free and reduced meal program adder. The third tier is 1,000 to 1,999 ADA, a minimum of $100,000 plus the free and reduced meal program adder, (FRPM); and finally Tier 4, which is an ADA of over 2,000 or more, and this is all based on the prior ADA year, and it would be a formula based at that point plus the free and reduced meal adder onto that. So that's kind of the formula structure of the funding allocations.

So now coming into a little bit more detail of some of the different ways you can receive this money now, the first option is on page 8, is a two-year combined award option, and this option was offered through the California Department of Education, CDE, in August. And what this allows is for LEAs in Tier 1 and 2, they could request both this fiscal year and next fiscal year as a combined award this year. And so that window was in August, I believe about 860-some LEAs did make that request, and what that does is it takes the big pot of this year's funding and it redistributes it a little bit, so they get that full two years this year, and then next year they will not be able to request their award, but they'll have a larger pot this year. So for example, if you had an allocation of $15,000 this year, $15,000 next year, this year you would have $30,000. So that takes a little bit away from this year's pot, so LEAs in Tier 3 and Tier 4 would have their first year allocations slightly reduced, but that would be made up next year.

This combination option will be available next year. I'm not sure if that's going to be in August or September next year. And it'll be a continuous option for the LEAs in Tier 1 and 2.

Energy Planning Reservation Option -- and this is probably for a lot of conversation right now because this will be the first way to really dive into the program and get your funding, and start using Prop. 39 funding towards energy-related work. And we have had a revision to the Guidelines, so the Guidelines that we have distributed today have -- it's version 2, so if you're looking at the original one that came out the 27th, this is the new stuff.

So basically for LEAs with a first year award of $433,000 or less, they may require up to $130,000 of their first year award. And LEAs with greater than $433,001 or more may request 30 percent of your first year award up to $1 million. You might be asking, well, why $433,000? It's kind of a strange number. But

30 percent of that number is $130,000, and the tiers, when they actually factor in some of the free and reduced lunch adder, bumped some of those Tier 2 and Tier 3s all the way up to $130,000, and we wanted to make sure that anyone in Tier 4 wasn't getting less money than someone in Tier 1 and 2 for planning activities. So we had to do some adjustments, and so that's why you see these kind of strange looking random numbers, but there is definitely logic behind that which matches the actual allocations. So I might as well talk about that now, so CDE originally was going to have their allocation announcement about the same time that we'd come out with the Guidelines, so on page 8, when you see the planning reservation option in the second line, it says you can request your dollars now. Well, as of today you can't, but very very soon you will be able to. CDE hopes to have those final allocations posted within the next week or so, and once those are posted, at the same time you'll have the option of requesting your energy planning reservation dollars. And there's no analysis that you'll need to justify your request, it'll just be a

very simple request that can be made online at CDE's website, and California Energy Commission's website will also have on their Prop. 39 webpage will also have a link to that CDE application page.

I want to talk about what is an allowable expense in the energy planning reservation.

MR. KESTER: Just a few questions now or --

MS. SHIRAKH: Oh, I'm sorry, I think I'd like to try to do the questions at the end. We do have a Court Reporter and it'll make it a little easier to make sure those are all recorded. There will be plenty of time at the end. This is about an hour presentation. And then we have three hours allocated for questions. Thank you.

So for the energy planning dollars, you can use these for screening audits or energy audits, and that's about 85 percent of the allocation. On page 9, there's a table that gives details of these -- yeah, it looks like this table -- it gives details on what those are. So it's basically an ASHRAE level 2 audit, an energy survey or data analytics would fall under the category of that 85 percent. And then the second category is Prop. 39 assistance, 15 percent of your planning funding can be used on that, and that's basically anything that would be related to fulfilling the needs of and requirements of the Prop. 39 Program, and we'll get into more details of that, but it could be benchmarking, it could be doing the expenditures plans, helping with that, project identification, or -- well, that's probably the first part -- helping with the data, the utility release forms, collecting the data, energy usage, past 12 months for the schools, the details are there.

We do have for the screening and energy audit section on that table, we do have -- it's titled under that column "Best Practice Cost Guidelines," so for an ASHRAE 2 level audit, it's $.15 to $.20 per gross square foot, and for energy surveys and data analytics, it's $.02 to $.05 per square foot. And the question was asked yesterday are these guidance, or are these funding limits. And at this point, these are funding limits. We want to limit the amount that would be used in these categories. The $.15 to $.20 per square foot is based on our experience through our BrightSchools Program, we've run for 30 years, and that's actually typically our average is about $.11 per square foot in that program, so at this point in time these are our funding limits.

Moving on to page 12, we talk about training and energy managers, so the first part on the top of page 12, it says "Award Funding for Training." I guess first I'd like to point out, in the Guidelines anything that is in a gray box at the beginning underneath a title is right out of the Public Resources Code, so it kind of gives you a real clear idea that this is a requirement of the program and so that's why you see that in the guidelines. So it's clear what is a requirement.

We're allowing two percent of the award or up to $1,000, whichever is greater, for training, and this is for classified school employees. And you would request the training and the energy manager funding through an expenditure plan, there will be a box on that request that you would just check that box. On the same page, we have funding for energy managers, it's up to 10 percent, or $100,000, whoever is greater to hire and retain an energy manager; that can be someone who is hired on as staff at a school district, or that could be a private consultant or someone who comes in. The Guidelines are silent on if that has to be a school employee or not.

We know that 10 percent of many of these allocations are not going to fund a full time energy manager, so we encourage LEAs that have a lower amount they want to pool their energy management funding with other LEAs to hire jointly an energy manager and have those services shared. That would be fully acceptable.

So moving on to page -- the steps of the program, actually the same page, page 12. There are eight steps to the program and the first step is electric gas utility billing data. And we're requiring -- actually, the statute requires that the Energy Commission receive 12 months' of past utility data Rating System to determine the energy use intensity (EUI) of your buildings. You need to gather energy data and summarize, establish energy use intensity, create benchmarking report, and rank your schools, identify your lowest energy performers.

And there are 11 factors in the Guidelines for prioritizing your projects. And once again, those will be outlined with the gray and we'll have all 11 of those factors listed.

Step 4 is the sequencing of facility improvement. You must first consider energy efficiency, which is installing daylighting, doing lighting retrofits, usually your low hanging fruit, and, yes, I understanding that many of you have probably already done the majority of this.

Next, you can consider clean onsite energy generation such as solar. And finally, you can consider non-renewable projects such as fuel cells.

We also have listed an Appendix, Exhibit B, a list of typically cost-effective K-12 energy projects that we've found over the years to be quite effective.

Step 5, Energy Project Identification, Option 1 is to conduct the energy survey, this works well for simple projects, and we also have an online calculator. You will notice in a couple of places in the Guidelines, it has listed energy calculations -- such as on page 37 -- this price to moderate required calculator available. By November, the calculator will be loaded onto these forms.

Option 2 is the ASHRAE Level 2 Energy Audits. Those are for your more complex projects, and you may need a contractor, a utility program can help with these, or your energy manager.

Our Option 3 is the Data Analytics, and those are quite effective if there is the no touch -- the virtual audits. Those can be quite useful if you want to narrow it down to which locations to use to do the ASHRAE 2. So you wouldn't need to do an ASHRAE Level 2 for everybody, I would start with the Data Analytics, and then figure out which ones you wanted to hit.

Your Cost-Effectiveness Determination, the Savings to Investment Ratio (SIR), use the Energy Commission on-line calculator; it will, as I said, be posted in December. An Appendix of Exhibit E explains the Savings to Investment

Ratio (SIR) and how to calculate that.

Step 7, you would need to complete and submit an Energy Expenditure Plan. For awards of $50,000 or less, your Option 1 is to submit a yearly energy expenditure plan, or Option 2, submit a two-year bundled energy plan, Option 3, submit a five-year energy expenditure plan. For awards of $50,001 or greater, you may submit up to four expenditure plans per year.

Also, please keep in mind that these projects, you have until the year 2020 to complete the projects.

Step 7 continued here, the Energy Expenditure Plan must describe your planned use for the funds, benchmarking such as was described in Step 2, Energy project upgrades or pre-installation verification form, and then, if you're going to be requesting the training money and the energy management money, as well.

Job creation benefits -- there is a calculator that will be available to calculate those, as well. And you need to also have the consent for the utility provider to release the data. And the Certificates of Compliance with the various requirements outside of the Energy Commission and the expenditure plan.

The process up at our office will be that each plan will be reviewed for completeness, the project eligibility requirement, and we need to demonstrate the energy savings of 1.05 to 1.0, and the technical and financial reasonableness of the project.

After we have approved your expenditure plan, we will notify the California Department of Education and you that your project expenditure plan has been approved, and the Department of Education will batch and process those awards quarterly through the State Controller's Office.

And, let's see, also for information on plan disapproval and the appeal process, basically our appeal process is you would have an opportunity to go back and forth, it wouldn't be a one-time shot and then we're done with you. It would be quite a lot of back and forth, and if we finally come to an impasse, then you would have an opportunity to present your case to a full assembled Commission with the five Commissioners, and they're very approachable, it sounds like a terrible daunting process, but they're very friendly and it's not nearly as awful as it sounds. You'd make your presentation, we would likewise make our presentation as to why we were disapproving the plan, and then the assembled five Commissioners would vote and decide what was to be done.

And our favorite, of course, will be project tracking and reporting. There is project reporting requirements, of course, as there always are with government funds, it's a simple quarterly online report once you begin your project. Your final report, your once again seven elements required by statute and those, once again, would be the section that's outlined in gray. The Site-level energy savings and the tools to review that are described on page 26. The project-level energy savings, the options, are listed on page 27. And Job creation benefit calculation and, once again, the Technical and Financial Reasonableness would be included in the report.

All of these projects are subject to audit. At this point, that entire process would be conducted by the California Department of

Education. They have not provided anything on their website as to what that process would be, but said they will use a standard process. So I'm sure School Districts are more familiar with their process than I. And they have said they will use a standard process to correct non-compliant expenditures, which means if your brother-in-law suddenly has a new swimming pool, we might have an issue.

The Energy Expenditure Plan Implementation Changes - if you make any changes, depending on whether you did the one, the two, or the five-year plan, if you make some changes and you're half-way through your bidding process and you find out it's going to cost you a whole lot more or a whole lot less, you can make changes to the plan. If you go, "Gosh, that isn't going to work at all, you can come back and make changes to your expenditure plan at any time, so keep that in mind. Also, I understand that DSA Energy Project Construction Compliance Requirements can be quite onerous, I've heard a lot of this and probably the most common thing I've heard in the last three presentations is that that seems to be the problem. They assured us when we were all in meetings weekly to develop the Guidelines up to this point that they would do whatever they could to expedite their process, and if you think it's a problem, I would encourage you to put that in your comments and your questions, and your concerns, and we will be meeting still weekly through this whole entire process until these Guidelines become final, and probably afterwards as well, once we're in the project implementation phase. But I encourage you, if you see a problem and you see that is a serious roadblock, please let us know.

You must also fully utilize your current contracting standards and procedures. There will be no retroactive funding of projects to implement up to this point with the exception of planning funds can be used, going back to July 1st of this year.

Some additional resources that are available. As I mentioned earlier, the ECAA Zero Interest Loan Program that is available, that was meant to cover gap. I know many times you might get a grant or an allocation such as this, and the project you want to do just isn't going to cover it. So we do have the 20-year loans with the zero interest rate, it allows you to repay that loan back over 20 years, which currently if you're not a school, we also have a one percent program for local jurisdictions and that averages out to about a 13-year simple payback. So this is a lot better with the zero interest.

And the California Workforce Investment Board Grant Program, they have an Earn and Learn Training Program and job placement, and similar to the California Conservation Corps, they are targeting disadvantaged job seekers.

Also, as I mentioned, we have the California Conservation Corps Energy Corps Job Program. That is a mistake, I found -- well, excuse me, it is correct -- it was called EnergySmart, it is now called EnergyCorps, and that's available for youth aged 18 to 25. They have an entire academy, two or three throughout the state, and they can conduct those energy surveys at a reduced or free price, and they can also implement basic energy efficiency measures such as simple installations.

The Appendix covers the Exhibits A

through I, and of course everybody's favorite, you know, every state agency and government agency runs on acronyms, so we have quite a few of those. And as mentioned, the calculators will be available.

The schedule for the Proposition 39 Implementation -- and that is we did make it to post these Draft Guidelines on September 27th; I don't know if everybody was aware, we had a diesel spill from our generator on the roof of our building, so to get these guidelines out on the 27th, by the end of September as planned, literally people were working in the parking lot, at the coffee shop down at the corner, in each other's cars in front of the building, and each other's living rooms, because we were not allowed back in the building. So I was really proud that staff was so diligent and we really did get them out by the end of September as promised. It was quite an effort on staff's part.

In October, here we are conducting and holding these public meetings to present the Guidelines and solicit your comments, and encourage your questions through an informal process. Any questions that I answer here, it would be best if you sent those in writing because those questions, while I might have an answer, I think it's more important that maybe you express what the question is, and so we can modify the Guidelines appropriately. Although I do have to acknowledge that, with a state as diverse as California, there is no way that one program is going to meet the needs of everybody from one end of the state to the other; if we have 16 climates and an additional three microclimates, and we have almost 10,000 schools in the State of California, we have almost 2,000 school districts, so everybody's situation and location and climate and ADA and everything is so diverse that I understand that one program is never going to fully meet the expectations or the needs of everyone available.

In November, we will publish the 30-day public notice for our December Business Meeting. Our Business Meetings have to have a standard procedure, and it is 30 days prior to the -- so by the 19th of November, we will have our 30-day Notice posted, and it will also have the last Guidelines, the last version of the Guidelines before they become final.

On December 19th, we will have the Business Meeting where the staff will request the approval of the Guidelines at that point, and we expect the program to begin immediately after, so everybody always asks "what can I do in the meantime?" Get those releases of data signed, get working on your expenditure plan. Since you are a large school, or a large school district, you have an opportunity to do four per year. If you've got some quick projects that you could get money right away, get that expenditure plan into us. You still have three more for that year and four for every year after.

And we ask that you focus your questions and your comments exclusively to this issue, and as I said, we will not be able to answer situational questions today.

And probably the most important part of this entire thing is how to make your comments and get your questions answered after today, you can participate in one of these in-person meetings, we also have a WebEx that will feature the exact same content. On the 9th, which is this Wednesday, the 16th, which is next week, and the 22nd, which is the week after, we also have three additional in-person meetings. We have one on Thursday in Oakland, one next Monday in Los Angeles, and one the following week in Sacramento.

Also, whenever you do send those comments in, you would make sure that you put the Docket number on there, which is 13-CCEJA-1, and somewhere at the top of it put in "Comments on Prop. 39." And we ask that you have these questions and comments in by the 25th, which will allow us time to incorporate them in that final draft by the middle of November.

I want to thank all of you for participating, I know it takes you away from your regular work, and that's always the fun part, and just to go back and you've still got your regular work waiting for you. You might want to check and make sure that you're signed up for our List Server and our website in future information, and as I mentioned the Guidelines, as revisions and changes occur in those Guidelines, they will have a strikethrough and the new portion written.

And after we have concluded, if we've concluded the approval of the Guideline process, we will be going out to local jurisdictions throughout the state, probably a lot more than the five we did when we were rolling out these guidelines, and conducting a series of meetings where a school district would have an opportunity to sit one-on-one with the Project Manager from our office, ideally the person that would be approving or disapproving your expenditure plan, and working through all of the particulars on your expenditure plans, so they'll say, "Well this is great, you've got this, but we still need this," and they're all real friendly, they're all very nice people, and they've all been doing project management for a number of years, and our loans and our BrightSchools and our technical assistance program. So you will have an opportunity to work with them, so I'm hoping that the 64 pages of the Guidelines don't scare anyone. Unfortunately, you know, when you're dealing with legislation it has to include all the particulars to keep all the lawyers happy -- yours as well as ours. And so while it can appear to be quite daunting because of its size, if you actually break it down to the eight steps, there's eight steps out there, but there is assistance for you for each one of them, so I hope nobody is scared off, and I have my cards up here, as well, and if I can't answer the question, I can certainly refer you to the staff that can and we will be able to meet with you after the program gets rolling.

So I want to thank you and I open it up to some questions or comments, and if you can bring yourself up here to this front section -- or, no, I guess the microphone will come to you.

MR. BARR:  If you have a question, the mic actually is not wireless, you have to come meet me in the aisle.  You have to really want it.  And if you don't mind, if you could introduce yourself, say where you're from --

MS. GODFREY:  Yes, because the Court Reporter will be taking that down.  What we will also be doing is there will be a transcript of this meeting provided in about two weeks, so if you want to know what was said, or you want to make sure we know who you are.

MR. DI LIDDO: My name is Frank De Liddo, Energy Manager with Fresno Unified School District. One of the questions I have, I have numerous questions, but I'm not going to monopolize it up here, but it's says when we're doing the energy intensity survey that we have to list all the meters that we have, natural gas and electric. One of the meters that we have at our maintenance yard is a compressed natural gas meter. What do we do with that?

MS. GODFREY: Put that in the Guidelines, for one. You know, you're the second person that's brought that up. I don't think when we were writing the Guidelines we considered that that would be a common occurrence, but if you can make sure and give me your name and number, and I will mention that as a question and I'll have somebody get back to you. I will be back in tomorrow and expect somebody to give you a call by tomorrow afternoon to explain what we can do with that. I'm sorry I can't answer. I mean, it's --

MR. DE LIDDO: Okay, thank you.

MR. BARR: So while you're thinking about your questions, I will ask a question.

This is Joey Barr with PG&E, I guess prerogative of the host. Can we just go through really quickly -- we didn't have a chance because we got started a little late, it would be interesting to me and I hope to the CEC, and maybe to you all, if we could just have a show of hands of where everyone is from. So if you're from a school, can you raise your hand? Okay. Already, this is a great success. I'm very happy that you're all out here, and I think the CEC will be here afterward, and PG&E will be here if you have specific questions, and I also want to point out -- sorry that I'm derailing your presentation -- but if you have questions, we're not going to answer all of them today, we might not ever answer all of them, but if you check out PG&E.com/schools, some of your questions will be answered, and we're going to continue to post information online there, so if you have the questions, someone else might as well. And then we also just started an email for questions and support, specifically Prop. 39 related, it's called Schoolssupport@pg.com, and I'd love to hear from you if you're having some pain points.

So we've got schools well represented, great. How about subcontractors, general contractors, the people who are actually going to go and boots on the ground and do the work? Great. Welcome. I'm glad to see that. Other vendors in the vast set of supply chain that are going to support schools? Okay, good. PG&E staff? We've got a few here. Again, we're happy to help answer questions, we might not answer all of your questions, but we'll certainly track something down. We've got CEC, we've got the Corps, but other? Just yell out -- lobbyists, Sacramento, right? Consultants. So Cal Gas, I should have said utilities. And thank you so much for bringing that up. So a few things, and this is not a question, and again I apologize, you can yell at me later, the utilities are working in concert to provide consistent messaging and resources to our schools customers, so what we're creating at PG&E, we are sharing with SoCalGas, with SCE, with the other Munis, so we hope to be able to provide something consistent and we're working with the CEC, and a few times it was brought up about the data release forms. If you don't know what that is, check in with us, they are available on our website and we are working with the CEC to be able to provide all of the release forms across the Munis and IOUs so that the forms will be available on the CEC website.

Unfortunately, I know you're all excited, unfortunately they're all still hard copy; we're working with the CPUC to say, hey, it's 2013, let's make them all online available, but right now you'd have to go to the CEC website, print it out, sign it, and get it back to the utility. We understand that that's an issue and hopefully we're going to work to resolve that. So I'm available afterward, I just wanted to buy some time so someone could come up and ask another question. And I can take questions after. Yeah, if you have a question, come on up here. Thanks.

MR. OGREN: I'm Stuart Ogren, I'm with Clovis Unified School District, I'm the Energy Coordinator. Referring to Exhibit B, which deals with K-12 school energy projects, at the back you've got Alternate Energy Projects, and one of the ones that I'm looking at, it says evaluate cogeneration systems installation. I'm wondering, is there funds available to pay for that study? Because in order to get that done, usually there's an upfront cost to see whether it's going to be cost-effective to do it in the first place. Are there funds available for that?

MS. GODFREY: We do have our technical assistance, our BrightSchools Program.

MR. OGREN: Okay, so you can use the BrightSchools to pay for that particular study, then?

MS. GODFREY: You can, uh-huh. Also, one thing I did notice is absent in my presentation here, it tells you to go about submitting the questions and your comments, but it doesn't give you an address. I think everybody will do it by email. Our address, in case you need it, is California Energy Commission, the physical address is 1516 Ninth Street, Sacramento, California 95814. So if you like snail mail, or you think it's going to be more impressive if you get a huge packet, that way, please feel free to mail it in. Yes, it is in the Guidelines, but it is not in the presentation that I handed out.

MR. REDLINGER: Hi. I'm Bob Redlinger with Sun Power. I have a question. I was going through the Guidelines and I was noticing there's a whole bunch of different energy measures identified and listed as priorities 1 through 5, and I was wondering, well, 1) I'm curious kind of how those priorities were developed and how it was decided what gets what priority; but more importantly, I was wondering what exactly those priorities mean and is it kind of a prescriptive thing where you have to do priority 1 before you can do priority 2, before you can do priority 3 --

MS. GODFREY: It's strongly encouraged that you follow them, that you make sure that you have done those earlier and easier measures before you tackle -- go onto phase 2, that you at least consider -- have you done all your phase one, is it conceivable to do all your priority 1's before you go on to 2, 3, 4 and 5s. And those priorities are based on our historical experience with energy related projects.

MR. REDLINGER: And so when you say it's strongly encouraged, does that mean that the plan is less likely to be approved if it doesn't follow that order?

MS. GODFREY: Yes, because in your application, in the expenditure fund, you do have to certify that you have tackled those earlier measures before.

MR. REDLINGER: I see, okay. Thank you.

MR. BARR: Thanks for the question. I would just share from the IOUs' perspective, and I know we've had conversations with the CEC about this, I don't know if there's prescriptive you have to do step 1 before you go to step 2, and I guess we got the answer here, but we are strongly encouraging our customers to follow the loading order, so that's not to say they can't go to renewable generation eventually, but we absolutely encourage them to think about energy efficiency and the lower, more cost-effective energy efficiency measures before thinking about demand response and renewable generation.

Other questions? I know that all your questions could not have been answered today, so --

MR. LOPEZ: Mike Lopez, Building Trades. When we're doing these audits, is indoor air quality a factor? And if it isn't, shouldn't it be? I mean, elevated carbon dioxide levels affect our children in different ways. We have asthma rates and I think that should be a priority, a top priority.

MS. GODFREY: There is an allowance for non-energy related benefits in the expenditure plan.

MR. LOPEZ: Okay, I just think that that should be one of the top priorities, indoor air quality.

MS. GODFREY: Well, then I would encourage you to put that as a comment and a concern, and submit it to our Dockets process so we can address that.

MR. LOPEZ: Okay. Thank you.

MR. BARR: It's a great point. Mike? Is that right? Thank you, so again I'm derailing the CEC's workshop, but can you talk a little bit about the non-energy benefits and how that calculation will play out?

MS. GODFREY: I believe the calculation at this point, it will allow for three percent, if that is an issue and you think it should be more or less, or whatever, I would encourage you to put that into the Docket process because a good portion of the parts that are not in statute are massageable.

MR. LOPEZ: So again, the IOUs feel very strongly that the non-energy benefits should be included and three percent --

MS. GODFREY: Or maybe increased?

MR. LOPEZ: We had talked about a higher percentage, so 10 percent was one number that was thrown around, and we encourage you -- that will be part of our feedback that we're providing as well, but this helps bring up the cost-effectiveness of the projects and I know you mentioned the savings to investment ratio, the SIR has to be 1.05; if we can get those non-energy benefits which are extremely important for schools up, I think that helps all of our cause, so just throwing that out there, that we'll be providing some feedback.

MS. BALLECER: Hi. I'm Kristine Ballecer with Grainger and we're a vendor, not a school district, but we have municipal districts that we serve. I agree health in the workplace for both our children and our teachers is very important. But my question is, you've given some examples of some project examples adding ceiling or roof insulation would be one priority number one. Are there particular specs that need to be met for those particular materials? Because, you know, roof insulation can -- there's a million different types and some are more beneficial than others, and it really doesn't have anything to do with price per se, but it has everything to do with benefit.

MS. GODFREY: As I understand, and I may be incorrect, but as I understand, the DSA has standards about what materials can be used, so you'd have to check their website. Unfortunately, it's not ours, because I understand in addition to our process for your expenditure plan, your project also has to be vetted through them.

MR. PICKERING: I'm Bruce Pickering from Hanford High School District. On the Air Conditioning replacement, the priority 1, it says, you know, replace 10-year-old or older air-conditioners with a higher SEER rating. Is there a level on the change in the SEER rating that you have to meet? What are they considering? 13, 12, 14?

MS. GODFREY: It's going to be whatever is required under Title 24.

MR. PICKERING: Okay, Title 24.

MR. BARR: So that is true, I don't want to counter that, but I think if you have feedback that you want to share that there is a compelling reason because we as a set of stakeholders want to make sure that we're making this investment of our taxpayer dollars, and we want it to be comprehensive and long lasting, then I think you should recommend that. We are going to be recommending certain lighting measures, high performance versus just a one-for-one retrofit, and I think if you have certain SEER ratings that you think are useful, certainly we're not trying to mandate too much, we want to leave flexibility for the schools, but I think if you all have recommendations, it's important for the CEC to hear that. Other questions, comments?

MR. FAOULER: If you have a million dollar project in your mind and you're entitled to $800,000, can a district advance fund the project?

THE REPORTER: Can you state your name for the record, please?

MR. FAOULER: I'm going to use one of these other school districts -- Eric Faouler, Unified.

MS. GODFREY: Well, if you're asking for a million dollar project and you're saying you're getting $800,000, I'm assuming that you're going to be in Tier 4. So you could just hold off and submit an expenditure plan with two years, coupled together. You could wait until you got that until you were eligible --

MR. FAOULER: But what if the district had its own funds and wants to advance fund the project, to get reimbursed, of course --

MS. GODFREY: As for reimbursement, I don't know.

MR. FAOULER: In other words, the project is approved, the project goes through the process and gets approved, and if we don't want to do small projects of $150,000 or $200,000 a year, we have a major project that we want to do that is eligible, goes through all the processes and is eligible. Can the District advance fund the project and meet all the requirements?

MS. GODFREY: That, I don't know, though I've had that question. I've had questions as to whether or not they could couple it with a loan, and the answer to that is yes, and that's another option. Again, I'll ask you to please leave your name and your number and we'll kick it around and see what it says. But you also might consider, if that's not allowed, doing the zero interest loan through us for the $200,000, and then when you're reimbursed the next year just to immediately pay the thing off because it's a no interest, so you're not incurring any charge or costs by having a loan outstanding. And then whenever you got the second year's funding, you could pay off that loan at that point. And if you submitted a five-year plan, or a multiple-year plan, I don't see why the expenditure of the project itself wouldn't be perfectly allowable.

MR. BARR: So let's talk about that five-year plan because I think that's driving to the question. If someone submits a five-year plan, and I don't remember what tiers they're in, do they get all of that money upfront? Or are they being ok'd to spend $200,000 for the next five years for a total of a million?

MS. GODFREY: Yes, it's basically five one-year plans -- five one-year allocations.

MR. BARR: But they don't get the money all upfront?

MS. GODFREY: They do not get the money all upfront.

MR. BARR: I don't know if that addresses --

MS. GODREY: Unless you were in that very very small first tier, then you could ask for two years' money.

MR. BARR: Did you hear that answer?

MR. FAOULER: Yeah.

MR. BARR: So one thing I would throw out there, you can layer on an ECAA loan, zero percent financing. What we're trying to tell our schools customers is not to think in silos, to think about wherever they are in the journey, and think about all the different resources, Prop. 39 being one of them, and it's a good one, but it's not the only one. We have utility support that includes incentives, but there's a lot of other programs besides just incentives. There's the zero percent ECAA loan, there's other financing options that we're working with, there's your bond funding, so really we want schools to think comprehensively for the very reason that you just brought up.

MR. FAOULER: In addition to making sure that they would allow (inaudible) -- unlike the former state program for school facilities where you had eligibility and you couldn't spend any money beyond that eligibility, so I'm looking at if we have a million dollar project and we're eligible for $800,000, can we spend a million dollars, and $200,000 of that is our own money.

MS. GODFREY:  Oh, yes.

MR. BARR:  That was a part of the conversation that we want schools to be able to layer on.  Prop. 39 funds and leverage other programs, for exactly the point that you brought up.  Thank you.

MR. DI LIDDO:  Frank with Fresno Unified.  Okay, the five-year plan.  You've got it in your Guidelines it says for projects of $50,000 or less.  So it's option 3, five-year plans are only available for projects of

$50,000. You don't specify in there for projects above that, that you can do a five-year plan, so that's the question. For projects above $50,000, is that a $50,001, you can do a plan -- four plans a year? But if you don't offer a five-year plan for projects before -- they have to be below $50,000.

MS. GODFREY: What page are you referring to?

MR. DOLITO: Page 21. I'm just going off my memory, I can look at my notes, but --

MR. BARR: But you're absolutely right, we need to clarify that.

MR. DOLITO: So if it's not clarified, then I would have to make an assumption that it's not offered as an available option.

MS. GODFREY: And if that is confusing, please include that in your comments.

MR. DOLITO: Okay. And can I ask one other question while I'm up here? Regarding BrightSchools, it's $20,000; but now I see in the literature that we can only use California Energy Commission's services as a first come first serve, we really can't go get a $20,000 application because it specifies in here, as well, that the BrightSchools is a no cost, and it's not a loan, or it's not a payment, you can only use the services of the California Energy Commission on a first come first serve to fulfill that.

MS. GODFREY: Right, but we have plenty of money available.

MR. DOLITO: So if we wanted to go to a third party to do the survey for us, we cannot use that program?

MS. GODFREY: You can use that program, just it would not be covered under our BrightSchools Program. We only cover our contract costs.

MR. DOLITO: So we could use BrightSchools $20,000 program outside of this?

MS. GODFREY: No. The $20,000 if you applied to the BrightSchools Program, it covers our BrightSchools Program contractor, they can do the energy audits for you.

MR. DOLITO: The CEC contractor?

MS. GODFREY: Yes.

MR. DOLITO: Okay.

MS. GODFREY: And $20,000 usually covers up to about 200,000 square feet.

MR. DOLITO: Okay.

MS. GODFREY: And you can come back in and apply for BrightSchools Program, as you can our loans, more than once. It's not a one-time shot, and you could use the BrightSchools Program to do an audit of, say, a high school. And after you start making some -- you take the recommendation, that investment grade audit would be returned to you, and start making some progress towards implementing those recommendations, you can come back in and say, "Now I want you guys to do an audit on my junior high schools," and you can come back in, apply again for the junior high schools, come back in a third time and we can do the elementary schools, or any combination that you'd like.

MR. DOLITO: Okay, but to do those projects, we have to prioritize the sites, and part of what we have to prioritize what we're going to do. And one of the comments in there says that we have to know the age of the facility and whether we're going to demo the facility, so what is the age of a facility? We have schools that go back to the 1920's that have been modernized in 2000.

MS. GODFREY: Right, that's just it. So it's going to be -- I mean, you are the one that's going to have to prioritize those schools.

MR. DOLITO: Okay, but we need to know what the standard -- I mean, what does that mean when there's language in there that says the age of the facility, and whether the facility has been recently modernized. What is recently? What is that? Five years ago? Ten years ago? Is that that 25-year --

MS. GODFREY: I think it has to do with the level of your equipment that's currently in use. If you have old T-12s and HVAC that's held together with spit and a bungee cord, you know, and it's not a brand new facility, but you've got this older facility that has much better equipment, it has insulation, and better windows, and daylighting and everything else, then you're going to have to -- and the other thing is, consider that each project you need to justify why you picked not carved in stone, but why did you pick that one, say, over this one? And that's entirely your call.

MR. DOLITO: Right, but we have to submit this expenditure plan and try to have some reasonable assurance that it's not going to get kicked back.

MS. GODFREY: No, and I think as long as you can justify why you're doing what you're doing, I mean, it could even be this school operates year-round, this one doesn't, we can work on this one during the summer, we can't work on this one until -- all of those factors would be considered. And our project managers would take all that into consideration.

MR. BARR: So, Deborah, maybe if we could turn to the back, I don't know if it's in your Powerpoint, but it's the back of the Guidelines that talk about why you would not okay an expenditure plan. I think I understand your question, and they are actually not placing a judgment on how you have it prioritized, they're asking you all to prioritize to make the best use of funds. Is that correct?

MS. GODFREY: Yes.

MR. BARR: And the only reason, the way I'm understanding, and this is where I'd like a clarification, the reason that they would not accept an expenditure plan is if it's incomplete or if it doesn't meet a 1.05 SIR. So if you've taken a look at your 10 schools and you've decided School 7 is actually the highest priority, they're not going to tell you, "No, School 4 is the better priority." Is that fair?

MS. GODFREY: Right, that's exactly correct. We're not going to tell you, "Wow, we disagree with you." If you say that's your best school, that's your best school.

MR. DOLITO: So we have the authority, then, as a school district, to prioritize our sites as such?

MS. GODFREY: Yes, you're the only one that's going to be prioritizing them. Now, like I said, the only thing that, at times, that it comes into is if we think it's unreasonable or, you know, you're doing something that just doesn't make any sense based on some other information that maybe you provided, as well. You know, maybe you submitted an expenditure plan one year and then you submitted another one the second year, the third year, the fourth year, the fifth year. So the fifth year you come -- or the fourth year you come in and you say, "Oh, I'm going to do this one," well, in the first year's plan you had that prioritized towards the end, and now you're moving it up. Why? We're not here to tell you no, you can't do anything, we're here to tell you that it's reasonable and makes sense when and if any of us are audited where we both have grounds for wanting to do what we did when we did it.

MR. DOLITO: Will the national close-down have any effect on this program?

MS. GODFREY: I don't see how, other than we may all be up there looking for a loan and you might be homeless while you're working on your projects for school.

MR. BARR: So I think -- and this is not to pick on Sun Power, but to use as an example, if you have a school that was built two years ago, and is thinking about going to solar, and you have three schools that are falling down, then we would want you to prioritize those other three schools, right? that's the only part about your thinking about the prioritization, but they're not going to have the bandwidth to be thinking about you should do School A versus School B.

MS. GODFREY: Right. We're not going to come out and crawl on your roof.

MR. DOLITO: (Unintelligible) age of a building, so let's say that some mod -- you know, a mod gets done but maybe there's two or three buildings in the mod, you know, that didn't get budgeted for new lighting upgrades or HVAC, can those buildings be -- even though the school has been recently modernized?

MS. GODFREY: Yeah.

MR. DOLITO: Okay, as long as those buildings have not been touched?

MR. BARR: And really, the CEC doesn't know your buildings and your mod situation.

MS. GODFREY: We're not placing ourselves as the expert on your building. We expect you to be the expert on your building and you to prioritize them according to what is most appropriate and most effective use of this money.

MR. SCHEIDT: Doug Scheidt with Highlands Energy Solutions. What portion of this program is subject to prevailing wage and which portions are not?

MS. GODFREY: You know, you're going to have to contact the -- I think probably whatever is required under the DSA, and I don't know --

MR. SCHEIDT: Okay, you're talking about contacting DIR? Department of Industrial Relations?

MS. GODFREY: Yes.

MR. SCHEIDT: Is the CEC going to petition to the DIR for wage determination on every trade?

MS. GODFREY: No, we're going to have nothing to do with the wage determination. We have to do with their expenditure plan.

MR. SCHEIDT: Okay, but someone will have to determine which trades will be subject to the prevailing wage and which ones won't.

MS. GODFREY: Yes, but it's not the Energy Commission.

MR. BARR: It will be the same organization that mandates that now.

MR. SCHEIDT: Normally when we're working for an owner, they petition to get the prevailing wage determination ahead of the contract being let or advertized.

MS. GODFREY: Well, after our experience with the ARRA funds, where prevailing wage was a very onerous requirement imposed by the United States Department of Energy, we are, I think, trying to make sure that that is not an issue and does not become a roadblock to any of this. So, yeah, you're going to have to contact DIR and find out through them what portion is required. And it's also a problem having to do with their local requirements, you know, what we run into with ARRA, you know, one jurisdiction thought they had exemptions from prevailing wage. And, yes, they might have locally, but for the federal program, they didn't. So contact them, they're going to be the expert.

MR. BARR: And by the way, if you think that needs to be spelled out in the Guidelines, we should put that feedback.

MS. GODFREY: Yeah.

MR. BARR: This is good feedback. Please.

MR. FLANAGAN: My name is Kevin Flanagan, I'm with ThinkWire Energy Services. We're an Energy Data Analytics Company, and one of the options that you recommended for districts is to utilize data analytics, but there's some sentences, some language in the Guidelines about validation, technical validation of the data analytics. Can you speak to that, or give us some insight into what that might look like?

MS. GODFREY: Give me a specific page here.

MR. FLANAGAN: Well, page 19.

MS. GODFREY: Page 19.

MR. FLANAGAN: At the very top, the last sentence of the top paragraph. It reads: "In order to expend Prop. 39 award funds for these data analytics, an LEA must provide documentation prior to technical validation of the technology."

MS. GODFREY: Unfortunately, no. I understand from our Efficiency Division, they are working on developing data analytics which, you know, make it a lot easier for a lot of people so they can do the hands off analysis. And I understand something is in development, but at this point I don't know the timeline for that development. If you -- once again, I hate to repeat myself -- but if you can leave me your name and number and put that on the back of a card or something, I will get one of our engineers to give you a call.

MR. FLANAGAN: Well, the context, I think, is that the Guidelines are saying that districts can request funding right now for planning and analysis services, and it's worrisome that if they request that funding, use a company like ours for those types of services, and then later find out after the fact that we didn't have technical validation that --

MS. GODFREY: I would expect that if everyone operates in good faith that there's not going to be any hand slapping.

MR. FLANAGAN: Okay, promise?

MS. GODFREY: No, because our intention is to make sure this process goes as smoothly and quickly and easily for everyone, and like I said, everybody reading the Guidelines and interpreting those as best they can, I don't think == there shouldn't be any --

MR. BARR: And as to the one from the utilities, we also share that question. So we don't know how we're going to approve it technically and we'll have to figure it out, so

I appreciate the question and I'm going to check in with the CEC afterward.

MR. MONTES: So to piggyback on that question -- oh, Richard Montes, at Eco Sol, Inc. He's right because I had that question earlier and I was going to ask it; for example, there are a couple of companies out there that PG&E has already technically approved, but California Energy Commission hasn't, so the question is can it just be the IOU that approves it, or does it also have to go through a CEC process?

MR. BARR: I think it's a good question and we need clarification and we should put that in the Guidelines. The way I'm interpreting it is the IOUs or the Utility, not just the IOU, but -- well, not the CEC, the utility would have to approve it. But what it looks like to approve it, I do not know the answer, so if you were to ask me that, I'd have to look to the CEC. So good questions.

MS. GODFREY: I've made a note of that one because you're not the first person that's asked the question.

MR. BARR: I think we've realized as a set of stakeholders that it's important to continue to push this software analytics opportunity, but we need to figure out the details. Other questions?

MR. LOPE: Michael with the building trades. With the $3 million going towards California Workforce Investment Board, would there be an added benefit by hiring companies who do hire from the California Investment Board? Would there be any preference?

MR. BARR: Sorry, before you answer that, can I just clarify -- thank you for the question -- for those of you who saw us holding a mic and seen us going back and forth and you didn't hear us any louder, this is actually not a microphone amplifying the sound, this is going to our Court Reporter, so as you come up and ask the question, if you could still speak up so the rest of the back of the room can hear, as well, that would help us.

MS. GODFREY: And I'm old and deaf, so….

MR. BARR: So continue to yell because we aren't using a real microphone because we thought the acoustics are okay.

MR. LOPE: Again, could there be a benefit for schools to hire companies that employ Workforce Investment Board recipients that go through that program?

MS. GODFREY: What do you mean by benefit?

MR. LOPE: Added tax credits, something to that effect, because there are a lot of companies use workers from the Workforce Investment Board, and we're trying to put them to work, but what we're missing are the jobs. So if we could somehow give them preference to some of these jobs coming up?

MS. GODFREY: The only thing I could advise you is to follow your own contracting guidelines and if it does allow for something like that, then, yes, it's allowable, but it's going to entirely depend on who your contracting -- have your lawyers bought off on it, is it allowed under your LEA's contracting standards? So I can't answer specifically to that. The only person that probably could would be a tax attorney.

MR. LOPE: Okay, thank you.

MR. DUKE: Jason Duke with Fresno Unified. It also says that the allocations subsequent to 1450 are allocated through the

Jobs Creations Fund. But, let's see, Funding Distribution, it said the funds are subject to approval through the Legislature.

MS. GODFREY: Whenever the Legislature makes their allocations, it will always be to the Jobs Creation Fund.

MR. DUKE: I came from State Government for 13 years, so I'm a little leery of those funds getting guaranteed. So if the schools come out and spend our own money upfront, and the red pencil comes out, what happens to all of our money we just put forward? Are these funds guaranteed or not?

MS. GODFREY: I -- they're not -- there are strong assurances from the capital and from all the Legislators involved that this allocation -- and by statute under Prop. 39, which is the November ballot initiative, it does earmark it as a five-year program. The only thing is you won't know until each year what your allocation will be for that year. I mean, you can assume that based on ADA, it shouldn't go down, or it could fluctuate slightly. But I don't see anything, any real provision that allows the Legislature not to continue to allocate funds to this, the amount might be the part that could be in question. It is expected it will only increase, but then again.

MR. DUKE: But when we get into Budget crisis times, then those funds could be redirected.

MS. GODFREY: Yeah, I would contact your local elected official and site that as a concern.

MR. BARR: So for those that didn't hear in the back, these funds for the five years are not 100 percent guaranteed. I think it would be a political issue if they were redirected, but I think that it's in our best interest to make sure that these projects are done well and done cost-effectively so we can show that it continues to be a win for everyone.

MS. GODFREY: I think there's just as much possibility that it will continue after the five years, if anything.

MR. BARR: And I can tell you PG&E is working towards that goal. It's not a stated goal, but that's absolutely what we'd like to see happen is we all show that this is successful and that we can continue the funds after the five years. But it's a legitimate question what you asked. Other questions?

MR. FAOULER: It mentions two percent for training costs for the energy expenditure plan on an annual basis. Is that to -- may a district pay their own staff out of some of those funds?

MS. GODFREY: Yes. If they need certifications or training, you're paying for them to go to some type of training, yes. Yeah, it does have to be classified.

MR. FAOULER: (Inaudible)

MS. GODFREY: That's the larger amount, yes.

MR. REDLINGER: Hi. Bob Redlinger again with Sun Power. I have a question regarding the role of the utilities. I don't see the IOUs or any utilities mentioned in the Powerpoint, that we have a representative of PG&E who said on a number of occasions that (quote) "we would strongly encourage" certain things, or, you know, that certain auditors or consultants would have to be utility approved, etc. Could I get clarification on what exactly the role of the utilities is in this program in terms of approvals or anything else?

MS. GODFREY: The only thing officially that the utilities have to do is they have to release their energy data.

MR. REDLINGER: Do you have a comment on that?

MR. BARR: I'm happy to talk about it afterward. The way we see our roles, so we are not the administrator of these funds, we do not want to be a bottleneck, so we're working with the CEC to make sure the data is released as quickly as possible, we're a part of the public process and providing feedback to make sure that some of the information is clarified, but really our role is to make sure that our customers are served properly. And we have a certain amount of funds to provide support. We would like to leverage those funds, but not silo them from Prop. 39, or bond funding, or any of the other funding that's available. So really, we're looking to be as comprehensive as possible for our customers to be the trusted energy advisor, so that we can come back in year 6 and say "look how successful this was, let's continue the program." I don't know if you've seen the Luscan Center report on Energy Efficiency in California, but we're putting $2.5 billion over the course of five years to energy efficiency. If we really wanted to address all the energy efficiency and clean energy needs for California, it would be on the order of $100 billion. So Prop. 39 is not a panacea, it's not a silver bullet, it's not going to solve everything, and we see the utilities as helping to provide support to our customers. But I'm happy to talk to anyone afterward if there's more questions about that.

And, sorry, one other thing, we are not approving auditors. I think the one thing we were talking about that is in the Guidelines is approving the software enabled low touch audits, but we do not approve contractors, we do not have a bucket of -- a list of people that we say are great and don't use these. That's definitely not what we do. We do support the loading order.

JIM HARRIS: Hi. Jim Harris from Sierra Unified. Has the tax loopholes been closed? And is the state collecting funds now?

MS. GODFREY: Yes, it is. Yes and yes.

MR. HARRIS: For this past year? And the total was what? $464 million?

MS. GODFREY: Actually, it was double that because only 50 percent of the money goes to this program.

MR. HARRIS: Okay, right. Double that half. So the first year was $464, not the $550 --

MS. GODFREY: $848 -- $846, I guess, right?

MR. BARR: Other questions?

MR. CHEKIAN: Diko with Highlands Energy Solutions. I've got two questions that surround the Energy Survey Option 1 for the auditing. The first one on page 35 that talks about that the CCC is going to perform energy surveys and other energy conservation-related activities. Can you expand on what that means?

MS. GODFREY: On which page?

MR. CHEKIAN: Thirty-five. It's the very last cell in the table.

MS. GODFREY: And on a page looking like this?

MR. CHEKIAN: Yep.

MS. GODFREY: And which section?

MR. CHEKIAN: So the last row and the last column. Funding to perform energy surveys and other energy conservation-related activities. Can you expand on what that means?

MS. GODFREY: I'm still looking for it, unfortunately. Oh, the California Conservation Corps portion? Okay. They are -- at our meeting on Thursday, Bill McNamara from the California Conservation Corps was in attendance, so I might be able to answer your question. What was -- if you can repeat it?

MR. CHEKIAN: Well, I'm just curious what that really means. Does that mean that they'll only be doing energy audits and perhaps level 2 audits? Or does that mean they might even be doing weatherization type --

MS. GODFREY: They have a weatherization program all the time available anyway. But under this money, the special $5 million allocation, they will be doing energy retrofits and they will be doing the ASHRAE 2.

MR. CHEKIAN: ASHRAE 2 also. Regarding the energy survey, is there an upper limit as to when the school or district should consider doing that over an ASHRAE 2? Is there some kind of a guideline for that?

MS. GODFREY: Not really. It's going to depend on your facility. You know, that's one reason that maybe those data analytics might be better to narrow it down which ones you want to hit.

MR. BARR: So I think that's -- to answer your second question, it's going to depend on your funding available and how you want to allocate that, but I do think it's a good question and maybe we could put that as feedback in the Guidelines. As far as the California Conservation Corps, I think -- and correct me if I'm wrong -- you spoke to it more recently, but we were talking -- and this is another place where the utilities involved were collaborating with the California Conservation Corps, and I think at least for the first year or so, they're really going to be focused on audits. They're getting $5 million, but across the entire state that doesn't go very far. They do have weatherization capabilities, but I think for now they're going to be focused on audits. Energy surveys, they can go up to ASHRAE level

2, but I don't think that's going to be everything that they do. Eventually they'd like to expand.

MS. GODFREY: And this is just one of the programs that they have. They do have ongoing other programs irregardless of Prop. 39.

MR. MONTES: And just a bit of advice for the school folk that are here, I'd really go to the Code Section and read the code section because, although there are a lot of excerpts from the Code section, if you really read the code section, it really gives you a good idea of what was the policy behind this and what you guys should be looking for. For example, I didn't see it in this copy, but when I got the copy off the Internet on Tuesday when it was released, it talks about how these cannot be sole source contracts, you have to go out to bid. And so the question I had was, I know on the retrofitting that makes a lot of sense, but it sort of isn't clear on the auditing portion whether that is also the case. And if it is the case, I wonder if the CEC took into account what the costs are for putting out an RFP and all that is, and whether the schools can recoup that.

MS. GODFREY: Well, there are a number of either free or low cost energy audits that are available, so that was taken into consideration.

MR. BARR: The question is do they have to go out to bid for an audit? Or is that just on the retrofit side?

MS. GODFREY: I believe it's just on the retrofit.

MR. BARR: Yeah, so I think that's a good question to put in your feedback and we'll add that, as well, is to clarify. The way I was interpreting it, we, the utility, PG&E was, that that is just on the retrofit side and not necessarily for every single service. Something to think about.

MR. MONTES: Yes, but the Codes says different is what I'm saying, completely different.

MR. BARR: When you say "the Code," can you clarify what --

MR. MONTES: The Resources Code.

MS. GODFREY: The California Resource Code?

MR. MONTES: Yes. It says that any money that is allocated from these funds for energy retrofits -- so it says in the Code that any funds allocated from this pot of money, this appropriations, have to go through -- schools understand they can sole source energy service projects and renewable energy projects, but when it comes to this money, all monies have to be put through an RFP process. That's just what the Code says.

MR. BARR: We need to clarify that. Good question. Other questions? Don't be shy.

MS. GODFREY: Got one up here behind me.

MR. OGREN: Stuart from Clovis Unified. I've got one question regarding the benchmarking of systems or buildings. Right now, the EPA has their benchmarking system; do you have to undergo the form of process where you have an engineer back everything up? Or do they just want the energy use intent?

MS. GODFREY: We just want the energy use intent.

MR. OGREN: Okay, so you don't have to go through the formal process and apply for the rating for the building itself, as long as you've got the data in there?

MS. GODFREY: Right.

MR. OGREN: Okay.

MR. BARR: Other questions?

MR. FLANAGAN: Kevin with ThinkWire Energy. What's the mechanism for requesting planning and analysis funds right now? How does a district go about doing that?

MS. GODFREY: I'm having trouble hearing you, but for the BrightSchools Program?

MR. FLANAGAN: No, I think it says in here that a portion of the first two allocations can be used for planning and analysis.

MS. GODFREY: Oh, yes, uh-huh. You need to check with the California Department of Education's website because actually the money comes from them, you would need to ask them for the money.

MR. FLANAGAN: Just send an email and --

MS. GODFREY: I believe they probably should have a format, a form available for you to request those planning funds.

MR. FLANAGAN: And do you know if -- this is a two-part question, sorry -- do you know if those funds can be used for the measurement and verification reporting requirements that are part of the Guidelines?

MS. GODFREY: That, I don't know. If -- it's meant to cover the planning at the beginning and it does have that 85/15 split.

MR. FLANAGAN: Right.

MS. GODFREY: But I don't see the MV&E portion in either one of those. But if you think it's something that should be considered in that, although it is, you know, MV&E is going to be after the fact, at the end, so I think it might be somewhat in conflict with using it.

MR. FLANAGAN: Okay.

MR. BARR: So Deborah, when I'm listening to this question, it makes me think that not all the schools know how to receive the planning funding now, so we should clarify that maybe on one of your email blasts you're sending out.

MS. GODFREY: Okay. We'll be putting -- as we review these meetings, as I was out Thursday and Friday, and then again today, tomorrow will be my first day back into the office, and we will be updating the questions and answers portion on our website based on these questions, so I will see if we can get that included very soon.

MR. FLANAGAN: And one more logistical thing --

MS. GODREY: And in the mean time, the question I constantly get asked is what can we be doing in the meantime? Well, that is one thing you can be doing.

MR. BARR: And one more logistical thing. When you come up and ask a question, if you could just make sure to say your first and last name? And also, there's a sign-in sheet that's floating around; if you haven't had a chance to sign it, could you please sign it? Thank you.

MS. GODFREY: Please do it. Also, by a show of hands, can you let me know if you're on our list server? Oh, good, it looks like almost everybody is. I would encourage everyone to get on the California Energy Commission and get on our list server and make sure that you're listed. And as these meetings occur, or there are changes, you would be notified of what's happened.

MS. MARCELLI-MCCLAINE: Hi. My name is Cheryl Marcelli-McClaine. I'm a Customer Relationship Manager with PG&E, and I represent a considerable number of districts in the room. And I want clarification on the Code requiring a bidding process because there's a California Government Code 427.16, which exempts school districts from having to go through the bidding process for a qualified energy efficiency program, or project. So I give that Code out to my districts all the time, and I want clarification on how that Code is going to apply or not apply in relationship to Prop. 39.

MS. GODFREY: And what Section was that?

MS. MARCELLI-MCCLAINE: California Government Code 4217.16. I've got the Code verbatim in emails that I send to my customers.

MS. GODFREY: Okay.

MR. BARR: I will send it to you.

MS. GODFREY: Okay, thank you.

MR. BARR: He's going to win the prize for the most questions.

MR. DI LIDDO: Frank Di Liddo, Fresno Unified. I have a few questions on the SIR, the Savings to Investment Ratio, and it's calculated with certain assumptions, and one of the assumptions is the effective useful life of the equipment that's tabled in Exhibit F on page 49. So what if the equipment fails or gets removed prior to serving its effective useful life? Are we required to repay those funds? How is that calculated? Is it prorated?

MS. GODFREY: No. I don't see a mechanism in place that would require you to repay those funds if there's an equipment failure.

MR. DI LIDDO: Okay, all right. One other question on that --

MS. GODFREY: And also -- I didn't mean to interrupt -- if you have issue, as I have heard at our Thursday and Friday meetings, with some of the effective useful life that's listed on specific measures, if you would include that in your comments. I had one about the number of years for some lamps was far too low; so if that's the issue, please bring it to our attention.

MR. DI LIDDO: And also on page 48, the energy cost escalation rate, is that 2.1 percent as part of one of the assumptions for calculating the SIR? And I know it's done automatically, but the analysis of data that's been published by the California Energy Commission has shown that the compound annual growth rate for PG&E for the last 25 years has been around 3 percent, it's almost 1 percent higher than Southern Cal and San Diego Gas & Electric. So will this rate be adjusted to accurately reflect the rate escalation percentage that our area receives from PG&E?

MS. GODFREY: Possibly if you bring it up as an issue.

MR. BARR: And this was after we shared water with you that you brought that up. Any other questions? No other questions?

So then let's talk about next steps. If they have other questions, they can submit it online to you? Or they should put it in their feedback to you?

MS. GODFREY: They can put it in our feedback if they have a specific question that is unrelated to the Guidelines and just, you know, what did that mean or something, you can contact me directly. I do have some of my cards up here. But generally speaking, I would encourage you to put anything and everything in comments, questions, or concerns, and submit it to the Docket, that way it is an official process, it is officially considered, those findings, those questions, it is not uncommon for the Commissioners to review each and every one of those prior to voting on any measures before them at the Business Meeting, so the more you raise a question and the more vocal you are about what you think doesn't work, the more possibility that it will rise to the top and be addressed. I guess our intent was to make this as simple as possible, and it's difficult with a 64-page document to make it look simple, but a lot of it is just clarification, and once we all know what we're doing and it's a level playing field, and everyone is required to do the same thing, I think there will eventually be some commonality amongst all of our programs and all of the retrofits and all the measure that are being undertaken, and the more we have, you know, there's maybe safety in numbers in this case.

MR. BARR: Yeah, I want to second that. I absolutely think there's safety in numbers, so if you think there's something -- a burning piece of feedback or question that you want, I'd be happy to talk to you. We are going to be submitting feedback, we're a part of the public process, as well, when I say "we," I mean PG&E; the other IOUs and utilities, as well. And I just want to turn your attention to -- I don't even know what page it is, and we can't pull it up on here, but let's see, it doesn't even have the -- what's the date -- oh, comments and questions are due the 25th of October, that's not the last time you can provide feedback --

MS. GODFREY: Third from the end.

MR. BARR: Third from the end? So it tells you exactly how to share your comments. I encourage you to share this information with others who were not able to make it today. And can you talk about the upcoming webinars and/or other workshops?

MS. GODFREY: Okay. The webinars will occur on the 9th, the 16th and the 22nd. They will be from our headquarters in Sacramento. Live meetings such as this will occur on Thursday, the 10th, the 14th in Los Angeles -- the 10th in Oakland and the 14th in Los Angeles, and the 22nd in addition to being a webinar will be a live presentation at our headquarters.

MR. BARR: But they're all going to be pretty similar to what we heard today.

MS. GODFREY: Yes, they're going to all be exactly -- in fact, they're probably all going to be me, you poor folks. And then we also are making some very informal presentations at the Small School District Association because I'm aware that most -- a good portion of the school districts are small school districts and may be getting to one of the five meetings is just too far to travel, so we're trying to go out to any and every speaking engagement possible between now and the middle of November to make sure that everyone has the same information.

MS. BALLECER: Kristine Ballecer with Grainger. Speaking to the comment that was from Fresno Unified earlier about the useful life and measures in years of different equipment. I work for Grainger and that's a very real possibility of things going out before their mean effective useful life. I was wondering, the monies that are allocated, can they be used for extended warranties on larger items, things that can't easily be replaced, you know, we're talking about the boilers and things of that sort that would be very problematic, you know, if they decide to pass away before someone has budgeted for a new boiler.

MS. GODFREY: You get the award for being the first to ask that question. I hadn't had anyone ask that one. That's an excellent question, though. I think that should be -- I mean, I think that would just require the simple insertion of maybe a little phrase, you know, "and warranties," or something in our Guidelines. So if you come make sure and send that as a comment back to us, I think that's a very legitimate, reasonable question because, like you said, you know, if something goes out, if you had that for a nominal cost it could be an effective use of these funds.

MS. BALLECER: Yeah. If it's ballast, it's a ballast, that's not a big deal; but I'm talking about things that you -- I mean, no one has the money tree in the backyard to go out and take, you know, $40,000, $50,000, $60,000 off that isn't budgeted for.

MS. GODFREY: Right.

MS. BALLECER: So when it's something major like that, you really need to have a back-up plan.

MS. GODFREY: See, look what you did, you prompted more questions.

MR. HOPKINS: Mike Hopkins with Tremco Roofing and Building Maintenance. Where in the legislation or the Code are the different types of eligible projects listed or detailed? How would a small district know what is eligible to apply for and not?

MS. GODFREY: If you look at the list in our Guidelines of project examples, and I believe it begins on page 36, it's under Exhibit B, "Typical Cost-Effective K-12 School Energy Projects" in the Guidelines, not the presentation. It does list the types of things that should be considered and it gives you a priority for consideration.

MR. BARR: But also, I would add it's not a comprehensive -- it's a comprehensive list, it's not an all-inclusive list. So if a school has something that they want to do that is not on this list, and it's cost-effective, and it's in the realm of energy efficiency and Demand Response and generation, then I think it's --

MR. HOBSON: Do you know if there's any language in there that would prevent how a cool roof, an energy efficient roof would follow?

MS. GODFREY: I don't believe anything is dismissed completely out of hand. If that is your best project and you've considered everything else before, I think it would meet the reasonableness factor.

MR. BARR: But I think we should add cool roofs to the list. Oh, it is, oh, great. Thanks for clarifying. Good, I would expect nothing less coming from Art Rosenthal's CEC. Other questions?

MS. GODFREY: And actually an interesting thing is it is a priority one, it's something that should be considered early.

MR. BARR: Who here has memorized it? Okay, if there are no other questions, do you have any parting shots?

MS. GODFREY: I don't. And thank you all for being here. I appreciate it.

MR. BARR: Yeah, thank you for coming and for giving up your day. More information on the CEC website. Cheryl Marcelli-McClaine in the back and I will be here to answer questions from PG&E's perspective. Thank you all for coming.

(Thereupon, the Workshop was adjourned at 2:51 p.m.)

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