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

Thursday, October 10, 2013
1:00 P.M.

Reported by:
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PUBLIC COMMENT

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P R O C E E D I N G S
OCTOBER 10, 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
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 are 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 is 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's 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 and future utility data. So we'll be requiring that the utility release form be signed and be part of your first
Expenditure Plan, and that we receive the 12 months of utility data in that first Expenditure Plan. We'll also be requiring that you identify all your electric natural gas, propane, fuel oil accounts, and the locations of those for your school facilities.

Benchmarking is the second step of the process and benchmarking is basically looking at your last 12 months of utility data and we're asking for two indices, one is the total energy cost per square footage, per gross square footage, and the second is Btus per gross square footage. And there are details in the Appendix D, it has a step-by-step approach; if a school district or an LEA wants to do their own benchmarking, it's really not that difficult to do on your own.

Generally, in a perfect world, you would want to benchmark all your schools and use the Energy Use Index to compare your schools and to see which one is the highest energy use, target -- or at least start your investigation on that. In this program, we're not requiring that you do that on all your schools -- it's encouraged because, like I said, it's a great way to try to
determine if you have an energy hog out there.

It is a requirement, though, to have that energy use index for any school that is receiving Prop. 39 funding because that's going to become very useful at the end, once your projects are completed, so that we can compare what your energy usage was before the projects versus afterwards.

Step 3, and this would be on page 14, is Energy Project Prioritization Considerations. That's where it starts and it goes over into page 15, as well. This is basically 11 points that need to be considered when you're identifying projects. Many of these are kind of built into the program already; for example, number 5 is Benchmarking, we just talked about that, and that's a mandatory step in this process. Items 4, 6, 7 really feed into the cost-effectiveness criteria, the SIR, which I'll talk about a little bit later. So some of these are built in already into the program. And so we will have on the Expenditure Plan a certification section where you'll certify that you have considered these 11 options and that was part of your thought process.
Step 4 is Sequencing of Facility Improvements and this is kind of a two-step -- or we have two parts to this. So first, consider maximizing your energy efficiency and try to see how you can tighten up your buildings. What types of projects can you do to facilities to reduce your energy usage? And next, consider clean onsite energy generation -- or solar. And sometimes I'll say it's kind of like putting a spoiler on a Pinto, and so I'm kind of showing my age, but you know, you really want to have your facilities operating at the best they can before you put solar installation on them, just like why would you put a spoiler on a Pinto?

Anyway, next and finally, you want to consider nonrenewable projects and such as gas-fueled fuel cells. Then, on Appendix B on page 36 through 42, we have a series of pages that have typical cost-effective K-12 energy projects, so we can turn to that and, so, on page 36, this is a little awkward me being in the back of the room, but this is the way it was set up, so it looks like this, and this is organized by types of technology, so first we
have lighting, we have lighting controls, it continues to HVAC, HVAC controls, and so on. And then on the far left, it has a priority, so I'm looking at the lighting, we have three Priority 1 projects, then we have a Priority 2, 3, and 4. And then it tells you the project example. Again, these are just typical projects, but it gives you some direction to look. Every facility is different, this in no way replaces doing an energy survey or an energy audit, but it might give folks a direction to look. And so when you're going through the process of identifying which facilities to install energy efficiency projects, or solar projects, this is some hopefully useful tool to go through that process.

Now I'd like to mention maybe on the last column here, which doesn't have a heading, which needs to have one, you'll see it says "calculator available or customer audit required." I'll talk a little bit about that coming up in the presentation, but the Energy Commission intends to have some calculators available so that, if a school district knows, for example, they really need to retrofit their
four-foot T12s to T8s, they can use this calculator and determine their energy savings. So it's a way of coming up with some of your own cost saving estimates without going through an energy audit process. So I just wanted to point that out since we were on this page.

Step 5 is Energy Project Identification 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, and that is on page 17 and 18. And so the first is the option -- we're giving you options here and ways of identifying projects. And the first one is the Energy Survey, and it's just a walk-through of your facility and you may know already, like I just gave the example that, you know, your T12s need to be replaced. And you could use the Energy Commission's online calculators, which will be available in December, to calculate those energy savings. So that's really the first and simplest option for identifying projects.

The second option is an ASHRAE 2 level energy audit. This is for more complex projects and this you may need a contractor, a consultant, an energy manager, a utility
program; I'd like to also say that the Energy Commission has their BrightSchools Program that offers this type of assistance up to $20,000 to school districts. And these types of audits will give you a really comprehensive analysis of your projects, it'll give you cost estimates, energy savings, and there's a lot of good information in these audits.

The third option is other tools such as data analytics, which is what you might have heard called "no touch," or virtual audits. This can also be a way of doing benchmarking, too. But these are a useful tool to prioritize and focus maybe on what facilities you do need to do an ASHRAE 2 level audit on. So these are all acceptable tools or methods to go about identifying your energy projects.

Step 6, which is on page 19, and I'm going to switch to that page -- I have a new respect for teachers, I don't think I could get up and talk all day long. Step 6 is the cost-effectiveness determination and the legislation says it needs to be cost-effective over time. And so the Energy Commission has determined we'll use the Savings to Investment Ratio (SIR),
and we will have some calculators available in December, as well, that LEAs can use and will use to help prepare the Expenditure Plans. Exhibit E in the Appendix, pages 47 through 48, explain all the details behind the Savings to Investment Ratio (SIR), but it's basically net present value over the project cost. And built into that is non-energy benefits, we have a three percent adder which is basically taken off the project cost. In that calculation, we also take -- so you have your project costs, if you have utility incentives, or if you have other grant money built into these projects, that will come off the project cost, and so that is basically the main driving criteria for having an eligible project. And the ratio, which is not listed on here, is 1.05, so basically for every dollar that you invest, you should be getting $1.05 return on your investment. We'll be looking at these and I'll be talking about the Expenditure Plan, Step 7, but these will be bundled together, so if you have a school that has 10 projects, not every one of them has to have an SIR of 1.05 or more, but the bundled average has to meet that.
So moving on to Step 7, there are currently several different I guess time periods or ways you could submit your Expenditure Plans. So for awards that are $50,000 or less, we have three options here, so you could submit an annual plan, or submit an annual Expenditure Plan, so if you get $15,000 this year, you submit a plan that you're going to do X amount of projects and it uses that full $15,000. If you're one of those LEAs that have the two-year bundled funding, you can put all that in at one time and request your projects. We're also allowing a third option for these LEAs that have a lower funding allocation, they could also submit a five-year plan, and just estimating based on this year what they would be getting in the future. And so we really -- part of the reason -- and I forgot to mention this when I was talking about the energy planning dollars, and it's pretty critical, is the energy planning dollars are really offered this year with your first year allocation. And so we're really trying to encourage people to plan now and, so, for the smaller LEAs, if they're using those
planning dollars now, they can try to put out a five-year plan.

For LEAs that have an award of $50,001 or greater, they can apply multiple times per year, so I think the intent here is that it helps both the LEAs not have to come up with a grand Expenditure Plan for one year when they may have, you know, a couple million dollars. It also will help the workload at the Energy Commission getting these in over the year and not having it all come in at one time.

So what actually is an Expenditure Plan? And this is on page 21, I think you want to turn to that section. We are not going to have the actual Expenditure Plan in these Final Guidelines in November when they're posted. We anticipate having a separate handbook document that will go along with the Guidelines, that will have the forms, that will have some resources available. Some of the information that you might have seen in the CDE Guidelines that came out in May, which had a lot of good information and that really accompanies the planning part, so we don't have the actual forms today and we won't by November when this is
posted, but the Expenditure Plan will have a section where, if you have requested your energy planning funds -- and this first check is probably more applicable for future years once you've expended those monies for planning, how did you spend it? Did you use it all for energy audits? Did you use it for planning energy or Prop. 39 activities? The second check, benchmarking, we'll want to see those EUIs for the schools that are in your expenditure plan. The third check, which is really the meat of it, is the pre-installation verification form, and that will have the information about your project. That will have your SIR, it'll have a description of your project, backup if you had an audit, we'll have that as backup, your ASHRAE level 2 audit, and that type of information.

Moving on, if you want to request training, you would do that as a check box, and how much. Energy managers, same way. The legislation also requires job creation benefits to be estimated, and we do have the methodology to do that highlighted -- I'm not sure in which Appendix off the top of my head, but that methodology is in there, and we are also hoping
to have a calculator available to help you do that, so you would just have to put some inputs in and then that would be generated for you. Then we'll have the consent from your utility company, the utility release form, that signed form will be a part of it, and finally some Certifications of Compliance with the various requirements like I had mentioned before. So that's kind of the heart of what will be in the Expenditure Plan.

The Energy Commission will be reviewing these. The way it works, as they come to the Energy Commission, we will review them for completeness, project eligibility criteria, the energy savings, the SIR, technical and financial reasonableness, and once we have approved those, we will notify the California Department of Education (CDE) and the LEA that we have approved your Expenditure Plan. CDE will batch these Expenditure Plans and process them quarterly. So you will know in advance that you have approval. My understanding is that CDE will then process them quarterly and you can start working on your project as soon as you get
that approval from the Energy Commission, and that's I guess a common way that CDE operates. And finally in this section, there is some information on if an Energy Expenditure Plan was disapproved, or if you have to go through an appeal process, I have worked on a lot of programs at the Energy Commission and we will, I'm sure, do this one the same way, we really try to work with the LEA or whoever is submitting the application, and work with you to try to resolve any issue that we would see. It wouldn't just be a blanket disapproval letter sent to you, that we would be doing some one-on-one work with you. But the process is outlined in here.

Okay, step 8 is really after your projects are complete, so all these steps are from the perspective of the interaction with the Energy Commission and the reporting requirements of the Public Resource Code. Project Reporting Requirements, we are requesting a simple quarterly report that will be online, that just has some pulse on these projects as you're moving forward because we know that projects don't get done in three or four months, you
know, they take -- it could be a year before --
we know you have summer months are optimal for
schools, and this is a multiple-year program,
there's not a requirement that you spend the
first fiscal year's dollars in this fiscal year,
you have the program time to spend this. But we
do want to know how you're moving forward with
these projects.

Once the projects are done, you do have
final reporting requirements, so for example, if
you have an Expenditure Plan that has two
schools, and let's say five projects at each
school, a final report isn't triggered until
that last project is done, and once that last
project is done at that school, then we have
another 12 months to collect that energy data
because we want to see the 12 months of that
utility data. So it may be a few years before
we see these final reports, that's another
reason we're asking for quarterly reports, but I
just did want to clarify that final report
timeframe and what would trigger a final report.

On page 26, you'll be reporting on three
major things, first a Site-level energy usage,
and that's the comparison of the 12 months of
utility data we had at the very beginning versus your 12 months after the projects are complete. That's kind of your gross over the facility. Then we want to see project level energy savings and we have several options to do that on page 27. If you're receiving utility rebates, you could use through the Utility Incentive Completion Report, that would be an acceptable reporting method for Prop. 39.

Project level energy savings through the calculators would also be a method you could use, so for example, if you use the calculators that the Energy Commission will be having for your estimation of your projects before you start, you could use those same calculators to estimate your energy savings after, with actual numbers, you know, the actual number of units you put in versus what you estimated at the beginning. Or you could do your own M&V reports or third-party M&V reports, so there are various options for how you report that measure by measure, or that project energy savings. And so that's the project tracking part of the reporting.

Another level of it is audits. All these
projects are subject to audit and CDE will use
their standard process to correct non-compliant
expenditures, so these will be part of the
typical CDE audit process.

The final sections of Chapter 2, so we
started on page 27 at the very bottom of the
page, these are if you have changes, if you have
change of scope. What happens if your project
costs increase? How do you report that to us?
So we have some triggers here on the top of page
28, there are five different triggers; for
example, adding a project that was not included
in an expenditure plan, that would trigger you
having to come back and show us that you have a
different project, it's very common that what
you thought you might want to do, it didn't work
out, and so you have another direction, but you
will need to come back through the Energy
Commission and get an approval for that change
in project. So we have five triggers that would
require that.

We recognize, too, that DSA, there are
compliance requirements, and so those are
outlined or at least discussed here on page 28.
An area that we are looking into, we know that
going through DSA there are triggers that make
compliance with ADA requirements, and add costs
to your projects, and so currently the
Guidelines are silent on how that works. If
Prop. 39 money can be used for those additional
compliance requirements, those will be addressed
in the Final Guidelines, we are looking into
that and working with DSA to refine this
section. So I just wanted to point that out.

Contracts, that's another part of this
last section on page 29. The Guidelines do
defeer to the LEA's own procurement and
regulations and procedures as long as they
reflected the applicable state and local laws,
and are not in conflict with the minimum
standards of Prop. 39 and the Public Resources
Code. So you can see on page 29, there are
three bullets that have specific requirements
for contracting from the Public Resources Code.
I'd just -- it starts on -- my apologies because
I think I'm working off an older version, so
thank you for telling me that, I won't make the
mistake next time on my presentation -- so the
last bullet on that page has the sole source, so
I just want to make sure it's clear that LEAs

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shall not use sole source process to award
grants or proceeds. My recommendation is that
you need to consult your counsel to see how your
local procurement regulations work with this
requirement, so I just want to point that out.
And another question that's come up is does that
just apply to energy projects? Does that apply
to energy planning dollars? It applies to all
funding through this program.

And finally, retroactive funding. For
project awards, the projects need to happen
after the guidelines are approved. Or
basically, we need to have an approved
expenditure plan and it can be for projects that
happen after the Guidelines are approved, so
December 19th.

For energy planning dollars, it's a
little bit more flexible. We're saying July 1st
for planning dollars, so if you submit -- or
through CDE's online process request planning
dollars in the end of October, that could go
back and pay for an audit that you had done in
August this year.

So we're getting to the final section of
the Guideline Overview, and this is Chapter 3,
which are additional Prop. 39 resources. The first section is for our ECAA Program, our Energy Conservation Assistance Act. This appropriated $28 million for this program and we were able to reduce our interest rate to zero. As I said before, too, it has a technical assistance component, so we have additional funding for technical assistance through our BrightSchools Program, and that would also be available to Community College Districts.

We will be announcing a Program Opportunity Notice on the ECAA loan program shortly, we're still trying to refine the details of charter schools and lease facilities, and that's been a big issue because typically we don't loan to charter schools, so we're working out the bumps of that, but we should have a Program Opportunity Notice in the next month coming out for these funds.

The California Workforce Investment Board has a grant program, they're going to have a competitive grant program for Learn and Earn Job Training, placement programs, and that will be targeting disadvantaged job seekers.

And the third category is for the
California Conservation Corps Energy Corps. They focus on youth ages 25 through -- I mean 28 -- 18 -- I'm getting tired, I think. I'm really happy you guys get to start talking and I can take a break! This program is in development, as well, and they are planning to have some resources available to conduct energy surveys and help with basic energy efficiency measurement and project identification, so stay tuned for what comes from the California Conservation Corps.

And finally, we've talked over the course of this presentation about the Appendix, there's various hopefully helpful information in there. And I think the only one I really didn't talk about maybe was the first one, A, which is kind of just a visual overview of the funding allocation. And then H and I are just definitions and acronyms because there are all kinds of acronyms in the Energy and Education world. I think both the CDE and Energy Commission are learning each other's language and hopefully that is clear in here.

I've mentioned the schedule. We have this month of we're holding public meetings, we
have a few more meetings scheduled, I think we
have one in LA on Monday, we have another
webinar next Wednesday, then we have a final
public meeting on Tuesday, October 22nd at the
Energy Commission, and that's also going to be a
webinar, as well. Then as we get these
comments, we're going to be posting FAQs on our
Prop. 39 webpage, and also I'm going to keep
this up as we go through the question and
answers because there are going to be questions
I can't answer today because this is a
complicated program, there are lots of nuances
here that we haven't totally worked out, or
maybe I'm hearing for the first time today.
Also, if you want your comments considered
through the proper channels, please send it
through our Dockets, so send an email to
Docket@energy.ca.gov. And please title it
Docket No. 13-CCEJA-1, and also please include
"Comments on Prop. 39." So we will be
cataloguing all these comments that come in.

We're also looking at and providing FAQs
for the more informal comments we get at these
meetings, that don't come through the Docket
process. Yesterday we had -- there are a lot of
patterns to questions, and obviously we'll be providing answers to those, and those that cannot be answered through these public meetings, so stay tuned. Our webpage is www.energy.ca.gov. I don't think it's up there anywhere, oh, the last part there. And actually if you go onto our main Energy Commission webpage on the left-hand side, I think Prop. 39 programs is like four or five bullets down, and then if you click on -- this is our Prop. 39 webpage, and I'd like to point out that the best way to stay informed is to sign up for our Listserv, Prop. 39 Listserv through that webpage. You'll get all email then, any time there is a change in the Guidelines, when the FAQs go up, any time there is new information, when the allocations are posted, so it's just a great way to stay connected to what's happening.

So with that, we can open up for questions. We want to make sure, as you're asking questions, Anne is going to come around with a microphone, if you could please introduce yourself before you ask your question, that will help. Is there anything else we need? Okay. Thanks.
MR. KESTER: So I was reading something -- are we giving comments, as well, or just questions at this point?

MS. SHIRAKH: Comments or questions.

MR. KESTER: Okay. This is Nick Kester from San Francisco Unified School District. One just quick clarification. The forms can be used for offices, childcare facilities and other buildings -- any building in the LEA's --

MS. SHIRACK: Yes, good question. Yeah, it's not restricted to classrooms. Any building.

MR. KESTER: All right. One comment is it would be great -- and it came up at the very beginning, I can't remember the exact context, to know what things are recommended and what are required items, and I think you mentioned one of the charts had a best practices -- it used the words "best practices" which sounds like a non-required item, but then in your comment on that particular table, you said actually these are things we would like to see. So if you could just be clear in the wording, when things are recommendations -- when they're recommendations, call them recommendations, and if they're
required, go ahead and just tell us.

MS. SHIRAKH: Good comment.

MR. KESTER: Does that make sense?

MS. SHIRAKH: Thank you.

MR. KESTER: Can I ask a few more, or should I come back?

MS. SHIRAKH: Go ahead. I want to also -- this records, but it doesn't amplify your voice, so if you can just talk so I can hear you. Thank you.

MR. KESTER: Okay. I guess I had a quick question on clarifying what would be involved in changing an Expenditure Plan in terms of the amount of work. Is there kind of an amendment form? Or are we talking resubmitting an entire Expenditure Plan?

MS. SHIRAKH: I don't think we have those details worked out yet. I would imagine we would, for your benefit and ours, we would try to make it the most simplistic way possible.

MR. KESTER: Great. Can funding be used to hire our own staff to do work; for example, buildings and grounds staff could do some simple energy retrofits that might not require contracting?
MS. SHIRAKH: I believe so. Again, the way the language works, you just have to follow your own program rules and, you know, if typical standard practice is that you can do your own work, I would imagine -- that's a good clarification question and we'll probably have to have that in the Q&As just because I don't want to misspeak and mislead people.

MR. KESTER: Sure.

MS. SHIRAKH: Good question.

MR. KESTER: So I have three quick other things. One is, I would love to see the training be bumped up a little bit higher than two percent, maybe up to five percent, and also to not just have it be training of classified staff, but all building users because, you know, secretaries and students also have an impact, obviously, on the energy use of a site.

MS. SHIRAKH: We had that question yesterday, too, and I think the recommendation is, if you could send that type of question definitely through our Docket process because that would require a change in legislation, and that would give us some justification and more material to use to go through that process.
MR. HESTER: Okay, will do. And two final ones; one is, if we want to consider disadvantaged communities, it wasn't one of the items -- I think there were like 11 things to look for in evaluating projects, and I think Senator De Leon way back in the beginning had wanted to make sure that a lot of this funding, or some of the funding, at least, is designated for disadvantaged communities. How do we take that into account? Or is that something that you even want to hear about? Or is it just something that we might internally take into account when we're deciding where to do a particular project?

MS. SHIRAKH: You know, I think if you want to internally use that as a criteria, that's fine, it's not mandated in the legislation, and so we're not -- we're really trying to leave this as flexible as we can for school districts and not mandating more than we need to, and more than what's required.

MR. KESTER: And the last one is generally specific to municipal utilities. We may have an artificially low -- well, not an artificially low -- but unusually low utility
rate, I know that's true for San Francisco, probably for Palo Alto, Sacramento, etc. It would be useful for us to be able to use kind of the cost of providing the power, or even market rate power, as opposed to the actual cost that our school district pays because if, for example, we have a sub-sized utility rate like we do in San Francisco, or even if your rate is just eight cents because you're lucky enough to have a municipal utility, some projects that are kind of no brainers may look like they're not cost-effective in comparison --

MS. SHIRAKH: They're going to be more difficult to meet that --

MR. KESTER: So if there was something like, you know, if you have below market rates, please use either the cost of providing the power, which your utility should be able to provide to you, or please use the following general rate, that would help us --

UNIDENTIFIED SPEAKER: (Indiscernible)

MS. SHIRAKH: I'm sorry --

MR. KESTER: She's just suggesting that you can modify the calculator, but --

MS. SHIRAKH: Yes, by having a standard
rate.

MR. KESTER: Right.

MS. SHIRAKH: Yeah, okay.

MR. KESTER: Thank you.

MS. SHIRAKH: Note taken.

MR. KERR: I'm Breene Kerr. I'm from a company called Free Hot Water. I'm also an energy efficiency consultant. So first as a comment on your Pinto comment, and very good way of putting it, however, there are other factors, I know the Energy Commission has traditionally favored energy efficiency over alternative sources, and they have good reasons for that; however, there are some particularly advantageous solar thermal rebates at the moment and school districts might be well advised to take advantage of those, and if they wait a year or two, those rebates might not be as available or as large.

So I would take some issue with your prioritization schedule and add that, you know, there may be unusual circumstances where you'd want to take advantage of alternative sources due to these types of programs.

MS. SHIRAKH: For the Expenditure Plan,
and I didn't bring this up, so more information comes out as I hear questions; that is a recommended sequence, but not a mandate. If you feel like there's a certain situation that makes it more advantageous to do a renewable project, or if you're in a situation where you feel like you have done all the energy efficiency and your buildings are really ready for considering solar, as part of the Expenditure Plan we're going to have a certification page, or box, or something that says, yes, I'd like to do this, and then having a narrative section where you could explain that, not just a black and white box, but a narrative where it explains your unique situation -- or your situation.

MR. KERR: Okay, so as long as they do a benchmark or whatever. Okay, I have a couple of questions, then. On the $28 million that went into the zero percent fund --

MS. SHIRAKH: Uh-huh.

MR. KERR: -- is that a sub fund of the zero percent revolving loan fund that only applies to schools? Or did that add additional $28 million to your general zero percent revolving loan fund for public agencies?
MS. SHIRAKH: It is going to be a sub-account and --

MR. KERR: So it's earmarked for schools?

MS. SHIRAKH: LEAs eligible for this program.

MR. KERR: The last question I had was on the August 8, to take the two-year option, many school districts have been sort of waiting for CEC Guidelines, and they've had other things on their mind. Does that mean that they've now missed the opportunity to take the two-year option for the coming year because some deadlines passed? Or --

MS. SHIRAKH: Yeah, it was a really tight deadline that was part of the legislation, this August date. And it was just past July 1st, and then we had all of a sudden this August 1st date, so it was incredibly fast. Thank goodness, I mean, we had 866 LEAs out of, I think it was 1,300 that qualified for that. So to answer your question, yes, they missed the boat this year, but it will be available next year. And hopefully we'll have a little bit more lead time and it won't be in the middle of the summer.
MR. KERR: Okay, thank you.

MS. FISHER: Could you state your name for the record?

MR. KERR: My name is Breene, B-r-e-e-n-e, Kerr, K-e-r-r, from Free Hot Water.

MS. SHIRAKH: Thank you.

DR. IKHARO: My name is Dr. Sadiq Ikharo -- can you hear me?

MS. SHIRAKH: No, it does not amplify your voice, but it will be recording it for the Court Reporter. So for my benefit --

DR. IKHARO: Okay. As I was saying, my name is Dr. Sadiq Ikharo, I'm the Vice Chancellor for Peralta Community College. I have two questions. One has to do with the workforce development. In our colleges, we do have existing workforce programs that are ongoing, that have to do with sustainability, energy or otherwise. Now, the training, the workforce training that allows, that are valuable here in this program, how can we be able to access that? Will that complement existing course loads that we have? Or is there to be a separate amount that can be put aside to be able to have specific energy training, other
than the workforce development training that is ongoing in the colleges?

MS. SHIRAKH: Well, first I want to thank you for hosting us today --

DR. IKHARO: Thank you.

MS. SHIRAKH: -- and second, Community College Districts are really, for this first year and perhaps for the next year two through five, are under a different program than most of the Guidelines that I described today; that's for K-12. However, I know that the Workforce Development Board, they are putting together a competitive program, so this is probably one of those questions that we're going to have to clarify through Questions and Answers because I am not as well versed in what those programs will look like and how that would dovetail into what a community college is already doing.

DR. IKHARO: The other question that I have, so on page 29, the third bullet that has to do with sole source, in the State of California, there is AB 4217 that colleges have been using for sole source. And AB 4217 has provision that if an LEA can be able to demonstrate that there will be public hearing,
and that there is cost benefit analysis that is acceptable, that you can be able to use sole source. So that AB 4217 has been codified by some district to be part of their procurement policies, so if we now say here that you shall not use sole source, then there is conflict in governmental direction as to how we can implement this. Thank you.

MS. SHIRAKH: Thank you for your comment.

MR. BARR: Hi. Joey Barr, PG&E. And thank you all for attending. I was at the workshop in Fresno and I think this is a great point, thank you for bringing up that legislation. And we are going to provide that feedback and it came up in the Fresno workshop, as well, and I invite you to share that feedback because we do need to resolve this clarification.

Another thing that was a recurring theme in the Fresno workshop -- and I'm glad you brought this up -- I think, Nick, you brought it up -- so please clarify if I'm saying something wrong, but the expenditure plans are really for you to prioritize your projects. The CEC has some certain specifications that they're looking
for, they want to make sure it's cost-effective, 1.05 SIR, and that the projects are doable. But they're not really mandating specific projects. So everything that they're showing you up here is recommendations, and if you decide that in your district, or for one specific LEA or school within an LEA that solar hot water is the best way to go, they're not mandating that you have to do a benchmark and an audit. Is that a fair statement?

MS. SHIRAKH: We want you to follow the sequencing and then the considerations. You know, we want it to be flexible. We're trying to make this flexible and, as I said before, if we have exceptions where you would be bypassing all energy efficiency and wanting to go with renewables, then that will also have to meet the cost-effective criteria and we'll ask for that certification that cost-effective projects have been considered and are not viable for whatever reason in your situation.

MR. BARR: Okay, thank you for clarifying. And by the way, PG&E absolutely agrees, we want to follow the loading order, and so for most of your LEAs, that means energy
efficiency conservation eventually looking at controls and DR, and other things, but we absolutely support that. But I think one of the things that came up in the Fresno workshop, and maybe it was said earlier, is that the CEC is not trying to turn away Expenditure Plans, they're trying to make this as flexible as possible, so I know that we hear the word "Expenditure Plan" and we think, oh, man, we have to go out and jump through a lot of hoops, and they're trying not to do that, and make it as flexible as possible. And then also, we have a few other PG&E reps here and I'll be here afterward, so one of the things we're trying to do is figure out how we can layer on your Prop. 39 funds with utility support, with other funding, to make sure that you're looking holistically and at comprehensive projects. So I'm around afterward if you want to talk. Thank you.

MS. SHIRAKH: Thank you. And as I said at the beginning of my presentation, it is a balance trying to meet all of the statute requirements, all the Public Resources Code requirements, making this fully accountable to
the public where these funds are being used, and
that we have energy savings to report at the end
of the day versus making this a very usable
friendly program, ones that LEAs will
participate in, and do good projects in.

MS. SUNG: Hi. I'm Alice Sung, Principal
of Greenbank Associates. I also work with
School Districts and consulting. And thank you
to the Energy Commission for this presentation.
I'm learning more every time I attend one of
these.

So my first question is, it's clear that
the planning funding is what you clarified
yesterday on the Webinar, it's clear that the
planning funding is a one-time only funding in
the five-year program. What's not clear is that
the training and the energy management funding
is one-time, or with each year's award. Can you
clarify that that's each year's award?

MS. SHIRAKH: Absolutely. So for
training and energy manager, that is something
that's available throughout the five-year
program, it would be available this year, as
well as year 2, 3, 4, and 5. So that is an
option that you could add in with your projects
every year. So for example, if you wanted to
fund an energy manager, that might be something
you want funding for for the five years, and so
you have that ability, and hopefully over five
years that becomes a sustainable position that
you'll be able to maintain that through the
energy savings and other cost savings that that
type of position would be identifying.

MS. SUNG: Thank you. And the related
question, then, on energy managers, it's
apparent to me that the language, the intent of
the legislation was to support energy management
within districts internal to them; could we have
an editorial correction to the Guidelines, or
consider this, that the word be "Energy
Managers" or "Energy Management Personnel," not
limited to one person? For example, if you had
a district that was of considerable size, you
might actually need two or three managers for
each of your geographic regions.

MS. SHIRAKH: Okay, thank you.

MS. SUNG: Thank you. Then the next
question is, does the Energy Manager's 10
percent or $100,000 award include benefits? Or
dose the District have to put up the 25 to 30
percent for benefits?

MS. SHIRAKH: At this point, it was just a straight cap how that was --

MS. SUNG: So however they can allot that money, they can utilize it?

MS. SHIRAKH: Yes.

MS. SUNG: Okay, so they could take benefits into consideration. Thank you. The next question is -- and maybe PG&E is here so -- the question is, are you aware of Federal DOE data analytics or any other local utility, California utilities, producing a data analytics program that would be available for use? Joey, maybe you can --

MS. SHIRAKH: Yeah, I don't know. At this point, this is something that will be probably more defined in years two through five. Right now, the way it reads is "data analytics that has been verified through a utility program." I know there's been various pilot projects in different utility companies; whether those have been deemed valid, I cannot comment on that.

MS. SUNG: So my question would be, would you take into consideration validation from the
Federal DOE or, you know, some entity like an NREL Lab, or EPA -- EPA is actually working on a tool?

MS. SHIRAKH: Okay. We'll make note. That comment came up yesterday, as well, as to putting some criteria around what that validation means.

MS. SUNG: Thank you. I think I had one other question. Will the California Conservation Corps members be providing free services? It's unclear, you know, whether or not -- you know, because BrightSchools obviously can perform your energy audits for you and your surveys, and we're saying California Conservation Corps members could, as well. Can we assume that their services will be free?

MS. SHIRAKH: Well, their program is still in development and I don't want to speak for them. If you want to comment?

MR. COUCH: The California Conservation Corps will be providing free surveys. Patrick Couch, California Conservation Corps.

MS. SUNG: Thank you. And will they be able to be trained to have the ability to perform ASHRAE Level 2 audits, as well?
MR. COUCH: Initially, we are going to just offer ASHRAE Level 1, we're calling it 1.5, but energy survey aspect, but we will develop capability in about four months to use our -- to offer an ASHRAE Level 2 equivalent.

MS. SUNG: Maybe the following year?

MR. COUCH: Yes.

MS. SHIRAKH: Again, I'd like to remind everyone that this mic is recording your voice for our questions, it doesn't really amplify, so folks in the back of the room may not hear your question, so you either -- if you could speak loudly, or maybe move to a microphone? Thanks.

MS. FERRERA: Okay, I can talk loud. People tell me that, anyway. I'm Anna Ferrera with the School Energy Coalition. We represent school districts up and down the state and County Offices of Ed, and other folks who build schools. And I have a couple questions and just some concerns. One, on page 20 where you're talking about the Energy Expenditure Plan -- and let me back up -- there's three different reporting that's required for each -- it's the Expenditure Plan, it's quarterly reports, and then final report. Correct?
MS. SHIRAKH: That would be correct.

MS. FERRERA: Okay. So I'm just curious, on page 20 when you talk about $50,000 or less, you have three options there, yearly award Energy Expenditure Plan, that's one year, and then the option 2 is that two-year bundled award, and then option 3 is the five-year complete award Energy Expenditure Plan, meaning like you're planning for the five years. And then for $50,000 or greater, it just says up to four Energy Expenditure plans may be submitted per fiscal year. Are you not offering those options to the greater --

MS. SHIRAKH: I agree that this part needs clarification. I really think the intent here is -- the only difference is that the five-year option for those getting more than $50,000 not having that, because it could be just like a very large Expenditure Plan, then, I mean extremely large.

MS. FERRERA: But you can imagine that schools might want to do that just because planning is a good idea, but also that if you're going to have three levels of reporting going with each Expenditure Plan being submitted, that
you might want to just do one big one so you
don't have all these planning reporting
functions all over the place.

MS. SHIRAKH: It's complicated,
definitely. And the more times you submit an
Expenditure Plan, that's more for you to track,
more for us to track, so I appreciate --

MS. FERRERA: So do you think -- are they
considering that as something --

MS. SHIRAKH: We will be considering all
of these questions and comments. I mean,
especially if we hear patterns, and again, I'd
really like to -- if you have a really strong --
the legal way is putting it through the Docket
process, but we are collecting all of these
comments from the workshops and cataloguing
them, and it will be part of the process. I
lead the team that develops the Guidelines and
we will be meeting and going through these
before the comment period is even over.

MS. FERRERA: Okay. Second, on page 22,
when you're talking about the Expenditure Plan
approval process, and this is just about timing,
it says -- and I didn't see it in your
Powerpoint -- but it says CED will process once
every quarter the approved plans, and then that will take a month, and then upon completion, the apportionment package goes to the State Controller, which will draw warrants in approximately three to four weeks. And I guess what we would be interested in knowing is if there might be a process or at least articulated that schools might be able to spend money before they actually have it in their hands because this could be another six months added on to the process --

MS. SHIRAKH: Okay, so some clarity on the once you have that approval from the Commission, even though you don't have the check, that gives you the okay to start your project.

MS. FERRERA: Same thing with the DSA, you know, there's a lot of -- even though DSA is talking about streamlining, I don't think there's a lot they can do about access and about other issues that, you know, schools are going to have to follow the rules no matter what, so it would be very interesting, you know, to hear from them about how that streamlining will take place.
MS. SHIRAKH: Okay.

MS. FERRERA: And then the last thing was just on the benchmarking. My concern is you're saying that only the project that is going for funding Proposition 39 funding needs to be benchmarked; but you're also saying that, you know, the best way to do it is to measure everybody and make sure you know like 10 to one what the most efficient is. And this gentleman had the other question about renewable, and you mentioned maybe putting into a box more detailed information. I guess generally my concern is just will CEC be able to look at these things and say, "Gee, you should have picked 10 instead of 7." And I appreciate, Joey, you saying that it's just a recommendation, but for us, if you look at the disapproval process also later on 22, which really wasn't outlined a whole lot in your Powerpoint either, that's a huge process to get dumped into if you don't -- if you get, you know, if someone at CEC decides you didn't pick the right project.

MS. SHIRAKH: Yeah. I don't think it's -- it's not our responsibility to judge whether you have chosen the right project. But we do
want you to try to follow some methodology and
some sequencing, and that is a requirement of
the legislation that you do follow some
sequencing. But, again, I don't think -- what
we're really looking at is, do those projects
meet the SIR criteria; do they meet the cost-
effective criteria; and are they technically
feasible projects. Or is this some black box
we've never heard of? We don't have any
evidence that this has been an energy efficiency
project; or, is this some, you know, project
that's really not ready for prime time? You
know, something like that.

MS. FERRERA: Right.

MS. SHIRAKH: Perhaps the feasibility of
it. But it's really we're looking at whether
they're cost-effective.

MS. FERRERA: Okay. I think also,
because net energy benefits was something folks
were thinking about, not energy benefits, excuse
me, and that's been kind of reduced to a number
that is kind of an add on?

MS. SHIRAKH: It's an add on into the
calculator, so we are trying to make it --

MS. FERRERA: Easy.
MS. SHIRAKH: Easy for everyone. We looked at a variety of options to deal with non-energy benefits because that's part of the program that we want to recognize that, and after doing some analysis and some research, we came up with just doing a flat adder for everyone.

MS. FERRERA: Okay, this is my last one, honest. Just about the forms and the calculators. School Districts, you know, some of these folks are going to be trying to do that themselves, and those are very important pieces of information to know what the form is and how hard it's going to be to fill out, calculators, how easy they are to use, and as soon as you can get those out to us, I think then we could really tell you, gee, can we use this program or not. So whatever you can do to speed that process up would be great.

MS. SHIRAKH: Okay.

MS. FERRERA: Thanks.

MS. SHIRAKH: Thank you.

MR. HAMILTON: Daniel Hamilton with the San Francisco Bay Area Regional Energy Network. Just a couple of quick questions on here. On
project eligibility, I don't see any definitions in here as to what is eligible and what's not, meaning obviously a new HVAC system would be, but are individual lights considered part of a project? How about timers? How about advanced plug strips? I guess what are the criteria that schools should be using to know which measures are eligible and which measures are not?

MS. SHIRAKH: Again, it kind of tags onto the conversation we're having, is mandating projects or, you know, we're allowing you to choose these projects and they need to have some energy savings. They need to meet that cost-effective ratio.

MR. HAMILTON: So absolutely anything is eligible as long as we can show energy savings and a five percent return on investment?

MS. SHIRAKH: Again, I don't know if I want to say "everything," that's a pretty big word.

MR. HAMILTON: You're going to make a lot of people in the room very happy if you say yes.

MS. SHIRAKH: You know, I think we've tried to give you some guidance on typical energy projects, that's not going to cover...
everything, that's not, you know, there's some
reasonableness that needs to be considered, and
I think that's the key word, "reasonableness."

MR. HAMILTON: The other question I have
is with regards to programmatic projects, and I
don't mean that to be redundant, I mean there
are innovative programs that don't necessarily
have established levelized savings in KW/KWH
therm, that have a lot of success in utility
programs; I'm thinking of things like energy
competitions, I'm thinking of things like
behavioral change programs, plug load controls,
some are listed in here, some are not. These
are a bit outside the box, but they do have
measurable energy savings associated with them,
however, they don't fit under the traditional
model that would be captured in this, so how
would you propose we either include, not
include, or treat those?

MS. SHIRAKH: Yeah, this is really more
hardware program -- for hardware, and behavior
programs, although there are huge benefits and a
building could be super LEED Platinum, but if
it's not run properly and the occupants are not
using it properly, you're not seeing all the
savings, I totally get that. But this is more
of a hardware program. And I'm not sure if I've
answered your question.

MR. HAMILTON: No, that's fine.

MR. BARR: Do you mind if I take a stab
at that?

MS. SHIRAKH: Sure.

MR. BARR: This is a great question,
thank you. Again, Joey Barr from PG&E. I think
if you're thinking about these kinds of things,
we absolutely need to provide feedback because
this is an opportunity with Prop. 39 to do these
kind of programs that are not falling under the
IOU/CPUC mandated paradigm, and I think this is
an opportunity for us to show that they work.
So if you are thinking about some programs, we
should provide that feedback, it's our duty to
provide that feedback. And as an example, and I
don't know if you covered it in the Guidelines,
but with Prop. 39, we are using the baseline at
existing conditions as opposed to code, which we
have to use at PG&E. It's a huge win for the
schools, and I think we all know that, in the
real world, some of these behavioral programs
and competitions do work, and so I respect that
we're talking about hardware, but I think it's our responsibility and opportunity to use Prop. 39 that these work.

MS. FERRERA: Joey, can you explain what that means, as opposed to code?

MR. BARR: Yes. So right now, if you were to go and do a retrofit, we can provide you an incentive, let's say a lighting project, and we take the energy savings of that new light versus some baseline. And we spend a lot of time arguing about what that baseline is and it's code in many cases, and starting in January 2014, Title 24 is going to kick in raising the bar for code, and we have made the argument, and I think the CEC heard it from a number of different perspectives, that we don't want schools to use code as the baseline because the energy savings is much smaller. We were able to say the schools wouldn't have done this project anyway without these funds, so let's use the as is, the older light that's been there 20 years, as opposed to the code baseline. And I think one of the issues -- what's your name again?

MR. HAMILTON: Daniel.

MR. BARR: What Daniel is bringing up is
we're not able to support all the programs out there, that in the real world might have energy savings because we live in a regulated environment. I think Prop. 39 is the perfect opportunity for us to push these programs. So we will be providing this feedback and I hope to see more of you do that.

MS. SHIRAKH: Thank you very much.

MR. BARANOFF: My name is Constantine Baranoff and I represent the Sacramento County Office of Education. There's three questions that I have and, depending on the answer to the third question, I may make a suggestion.

The first one is very simple. When you're trying to establish the cost per square foot of benchmarking --

MS. SHIRAKH: Uh-huh.

MR. BARANOFF: -- okay, one of the things that you need to provide in the format is the opportunity for school districts to determine that, from year to year, the use of facilities may have changed and therefore you have to reflect the circumstances, for example, this room, with the air-conditioning going on, depending on how many people are in here, will
generate so much versus as compared to
classrooms and utilization from year-round
programs, through after school programs and
whatnot --

MS. SHIRAKH: Conditions change --

MR. BARANOFF: -- make sure that's
reflected in allowing school districts, so
that's an easy one, I think, okay? The other
one is dealing with the cost overrun, especially
the districts that have been awarded contracts
and then discover, lo and behold, after all due
diligence, nonetheless there's unforeseen
elements, components, whether the infrastructure
is today not adequate and this was not
necessarily evident, and all of a sudden the job
moves from a half a million dollar job to seven
hundred, eight hundred. How would the district
deal with the changes?

MS. SHIRAKH: As far as --

MR. BARANOFF: Cost.

MS. SHIRAKH: -- the cost, like covering
those costs?

MR. BARANOFF: Right.

MS. SHIRAKH: Well, I'm not quite sure I
can answer that.
MR. BARANOFF: My suggestion to that is take a look at it and allow at least, then, the districts to perhaps take this as a cost on next year's money.

MS. SHIRAKH: Okay --

MR. BARANOFF: Because you can't dry up the district at that point and say stop the project, the job is underway and there's a considerable effort. And then, in the discussion there was the point about coming back for re-approvals. The district cannot afford those delays for a variety of reasons, including not being able to use the facilities. You have to realize, a lot of this retrofit work will occur during the down time of summer or winter breaks only, and some weekends. Okay?

MS. SHIRAKH: Okay, thank you for your comment.

MR. BARANOFF: The third question is in terms of this process of input, and I heard this afternoon also from the previous discussion, and a lot of questions were simply just taken without responses, and the responses will be forthcoming, okay? And if the target is to have a closure of comments by the 25th of October,
and then going to the Energy Commission at that point in time, my concern is that you have to publicize the comments, or change to this Guidelines 30 days in advance of the Energy Commission meeting, right?

MS. SHIRAKH: That is correct.

MR. BARANOFF: So my question would be, so theoretically that if you're looking at December 19, November 19 is the absolute cut-off for any changes to the Guidelines, when is that discussion going to occur between the 25th and the 19th of November?

MS. SHIRAKH: Well, we plan to post many of the questions and answers when we get through here, before the 25th, or at least in the next couple weeks. This whole process is on a very accelerated schedule, and I hope the public recognizes that, and that's because we really are trying to get this funding available to school districts and LEAs as soon as possible.

MR. BARANOFF: Well, I have a suggestion for that and I really truly -- again, I've talked to a number of school districts in the Sacramento area, and they're saying, "You know what? We're rushing too fast, let's have an
additional 15 to 30 days in that timeframe so you clear up all these questions. There's a lot of good questions that have been posed; they need answers. You have to close the loop someplace.

MS. SHIRAKH: I would highly recommend you go through our Docket process --

MR. BARANOFF: I will.

MS. SHIRAKH: -- and comment. Thank you so much.

MR. BARANOFF: I will, but I want to publicly state this here, as well, that you have to close the loop because this is a large undertaking --

MS. SHIRAKH: It is.

MR. BARANOFF: -- for many districts, more importantly, and one thing that the government doesn't want is a top down type of approach to this.

MS. SHIRAKH: We appreciate your input.

MR. BARANOFF: Thank you.

MS. FERRERA: Can I elaborate on his second point?

MS. SHIRAKH: Okay. Let's get the microphone over here.
MS. FERRERA: Just on his second point about square footage, also right now, speaking of the Governor, we have this LCFF and LCAP process for schools that's going forward. I don't even think school districts know what's going to hit them yet --

MS. SHIRAKH: Can you tell us what that acronym stands for?

MS. FERRERA: It's Local Control Funding Formula. And part of that, the LCAP piece of it are these plans that need to go forward. Part of it means that there's going to be reduced class sizes for many schools. And so what you're going to be doing is you're going to have sites that are going to have to build walls and create classrooms to accommodate smaller class sizes, and so the timing of this is kind of weird because what's going to happen is we may be measuring things based on one piece, but then have to redo our sites on LCFF. And I know you're concerned about timing, but schools may be waiting to find out, you know, to use the funding once they find out what some of this might mean for them. And I think that's an important point that, you know, it's just that
language of energy and schools right now, I think, is a piece that we're waiting to figure out, as well. Thanks.

MS. SHIRAKH: Thank you.

MS. ZIMMERMAN: My name is Carly Zimmerman and I'm with Strategic Energy Innovations. We're a nonprofit in San Rafael. And we're working to create resources that we'll provide to school leaders so that they can capitalize onto the opportunities provided by Prop. 39, so I have three main questions.

My first is regarding funds for training which has been capped at a thousand dollars. And what we've seen to be the proven effective training method has been the BOC, Building Operator Certification, which comes in at $1,400 per person, and for larger LEAs, we'd recommend that they train up to four personnel. And people who are certified in the Building Operator Certification Program see 12 to 20 percent savings typically just through energy conservation practices, alone. So that leads me to my second question, which is whether Prop. 39 funds can be used to launch or support energy conservation measures, or conservation
initiatives, as opposed to energy efficiency.
So it's more behavioral.

MS. SHIRAKH: Behavior ties into the conversation we had over here, yeah.

MS. ZIMMERMAN: Right. And then the LEAs will be required to submit progress reports and I'm wondering if there will be any consequences or else resources if schools or if projects are underperforming.

MS. SHIRAKH: Well, at this point it's a quarterly report and it would be, the way we see it, is something very simple that could be easily filled out, just with minimal information, especially at first because you might not have a lot of information to report. I think it's more of -- it's not structured to be penalizing, it's structured just to head off any -- to have some kind of communication because there aren't a lot of times to check in to see how the projects are going if you just have an Expenditure Plan at the beginning and three years later you have a final report. So it's just -- it's designed to be a way of having some feedback through the process so we can report on that because the California Energy
Commission is also required to report to the Citizens Oversight Board annually, and it will be critical to know where these projects are before we get to those final reports.

MS. ZIMMERMAN: Right. And if there were some underperformance in the final reports, or along the way, that might be a good time to tie in resources for energy conservation behavioral efforts, resources. And then just one last thing, a colleague recommended that MPV might be more accurate analysis as opposed to ROI.

MS. SHIRAKH: Okay. Thank you.

MR. CHERRY: Jonathan Cherry from the City of San Francisco Public Utilities Commission. Just two things. First, I just wanted to add on to what Daniel from BAREN and Strategic Energy Economics were saying about the value of behavioral programs, and I wonder if there's a way either within the definition of training, or some other way within the context of the Guidelines as they've been written, to allow that flexibility, and maybe it's something like, you know, within the bundled projects at a given school, that if a district could find a way to work some of these more conservation.
minded programs, or behavioral programs in a way that the package of projects still met the payback, maybe that could be a way to approach it, or to expand the definition of training like has been brought up. And we'll submit those comments, but it's just a suggestion.

MS. SHIRAKH: Thank you.

MR. CHERRY: The second question is just to follow up on the topic of planning activities and particularly energy audits. For a larger LEA, if I'm understanding correctly, you won't be able to have a five-year plan, five-year approvals, but for now the application for energy audit funds will just be in the first year? Is that right?

MS. SHIRAKH: So the way it's designed right now is that the energy planning funds that will be available for that option soon, like this month, that opportunity will be this first year, this first fiscal year of the five-year program. And as it's currently designed, this would be a one-time opportunity.

MR. CHERRY: Okay.

MS. SHIRAKH: However, those funds can be used throughout the five-year program, you could
keep those in reserve and use them throughout the five years. Does that provide some clarity?

MR. CHERRY: I think so. Well, I think that was my question, was the amount of funds set aside specifically for energy audits, is that intended to last for five years? Or is there going to be a decision at a later -- I just --

MS. SHIRAKH: At the time, this is the way it is designed. And we'd like -- twofold -- we'd like LEAs to start planning and to start looking at how to use these funds and plan for a five-year program. Also, we want to have some method of directing the majority, so it would be, you know, only 20 percent of the funds will go through planning and the 80 percent will be going to energy projects with energy savings. And so we're trying to keep some balance with having funds available for planning, but yet having funds that actually go to energy savings.

MR. CHERRY: Thanks, that's helpful. And I guess just to find a point, I think in that balance I think we'd recommend also taking into account that in some cases it might be beneficial to wait to do an audit so that it's
not four years out of date before the work is done, so --

MS. SHIRAKH: Absolutely.

MR. CHERRY: -- if there's some way to encourage not doing all the audits now --

MS. SHIRAKH: And that's why that's allowed to keep in reserve. They can request it now and keep it in reserve and use it two years from now.

MS. LONDON: Hi. I'm Jody London. I'm from Jody London Consulting and I also serve on the Oakland School Board. I'm willing to bet I'm one of the few elected officials from a School Board who has been at one of these workshops.

And my question is around the planning funds, as well. So it says on page 6 that the funds will be -- that the State Superintendent will start releasing the funds in November, and then February, and then an additional request. But how does that happen if you, the CEC, haven't approved a plan yet?

MS. SHIRAKH: Okay, yeah, thank you for asking that because obviously it's not clear. So the energy planning dollars aren't going to
be coming through an Energy Expenditure Plan like a project; so this is going to be a very simple process for requesting these energy planning dollars. CDE will be releasing the total allocation, final allocation amounts in the next week or so, and at that time on their website they will have similar to how it was in August where LEAs could bundle the first year and year two funding, a simple process where an LEA would go into their website and could just request X amount of dollars and there's not an analysis or even how you're going to -- a justification for how this is going to be spent, it's just an upfront advance for the energy planning dollars. And so that's the methodology that -- it's not going to be coming through the Energy Commission, the energy planning dollars, at all. How that will be tracked is kind of on the back end. So year 2, or when you -- it will be tracked on an Expenditure Plan as you submit those to the Energy Commission, and you have spent some energy planning dollars, that's where you report it to us, and so we can track it because the Energy Commission is tasked with tracking and publicly having a database that's
publicly accessible to have full transparency of how, who and when these funds were spent.

MS. LONDON: Okay, and then I have one more question. And I'm not trying to be difficult about the Expenditure Plans, but I'm not totally getting it. So if I submit an Expenditure Plan, can I update it? Or like every time I come up with a different project, I have to give you another plan? It seems like it would make more sense to just say, "I'm going to update my plan, you know, it's year 3 of the program, I realize I just had three boilers blow, I need to do these boiler replacements."

Or, I don't know what. I'm just --

MS. SHIRAKH: Mine -- the way I guess I wrap my head around it, it's kind of like an application. And that's why we had some various -- so we had these options 1, 2, and 3, and then we said, well, LEAs like Oakland Unified, obviously, is going to probably be -- I don't remember where it falls, but I'm sure it's going to be over $50,000, so this is the fourth tier, and you're going to have a lot of money. And you -- it gives you the option of submitting -- you could submit one expenditure plan per year,
so this first year, Oakland Unified submits one plan with the total allocation on it, or if it's more advantageous for you to submit two and have some money in reserve for these emergencies that come up, that's okay too. We're trying to build some flexibility and not mandating a specific one.

MS. LONDON: Okay, that's great. And thank you for your work on this, I know you're spending a ton of time on it, so….

MS. SHIRAKH: Well, thank you.

MR. STRANTA: Good afternoon. I'm Jerry Stratton from Salinas City Elementary School District, the Assistant Sup. And first of all, thank you very much, we know more about this project than we do about LCFF right now, and it's really frustrating, I will tell you that. It's absolutely terrible, you know, if you want to ask for a year's postponement, that's where we need to be with that. But that's a whole different topic.

One item about LCFF that was mentioned, though, is the smaller class sizes, class size reduction for K through 3. That has the real potential to skew data in terms of improvements
or energy efficiency because, for example, I have 13 schools, I'll add a teacher in each school to reduce class size every year, so potentially that could be a four percent increase, or three percent maybe increase, after you take off the central office overhead and the cafeteria at that site for the next year, that has to be factored into any improvements that we make. And my next comment would be, we're looking for innovations on your Appendix -- or Exhibit B, beyond those, if you could add more things? You know, I've just finished now, last Saturday, hooking up all 13 schools with 90 percent solar, getting off the grid, and so we want to go beyond that. So if there's more things, we would like to see that.

MS. SHIRAKH: So innovative section.

MR. STRATTON: Yes. And then finally, if you could publish periodically lessons learned with the reality versus the expectation, I think we'd all appreciate that. You know, we get sales pitches from lots of folks about saving the world and the reality is that the data comes out a little differently. And some of its comes out better. And so we'd like to reinforce
success and not make the mistakes of the ones
that don't measure up. Thank you very much.

MS. SHIRAKH: Well, thank you very much.

MR. KUBISCHTA: Yeah, my name is Duane
Kubischta. I'm with kW Engineering. We're an
energy services consultant and we're also the
lead technical consultant for the BrightSchools
Program. So if anybody has any questions for
that, please feel free to come up afterwards.

I have what I think is a comment on in
terms of project identification. It says the
LEA shall choose one of the following three
options, that's energy surveys, level 2 audits,
and analytics. I would guess that the intention
is to use all three of those as best as your
funds can, to sort of come up with a portfolio
of what's going to work. And I guess I'm
wondering if you can comment on that, if the
intent there is to have the flexibility to use
all those, to come up with the best plan for the
LEA, or is it -- I mean, it also comes back to
what Nick was saying in terms of the language,
the "shall" seems like it's a requirement.

MS. SHIRAKH: The intent is that there
are options and you can choose one or more
options, so obviously we need to do some
clarification there. I think what we wanted to
-- we didn't want the intent to be that you had
to do an ASHRAE Level 2 audit for every project.
We wanted to build in some flexibility for more,
you know, just a survey, a walkthrough, maybe a
district is very clear on what they need now,
and they don't need an ASHRAE Level 2 audit.
And so we didn't want to make that a mandated
requirement. So the intent was to have these
options as more of a menu of ways that you could
do project identification. So maybe the
language needs some wordsmithing.

MR. KUBISCHTA: Great. Thank you.

MR. CHIA: Dan Chia with Solar City.
Thanks so much for Energy Commission's hard work
on these Guidelines in such an expeditious way.

MS. SHIRAKH: Yeah, I'm sorry, I'm going
to need to remind you it's not an amplifier and
you have a soft voice.

MR. CHIA: I have a deep voice. And for
the flexibility that's embedded in these
Guidelines, very much appreciate that. I have a
couple of questions and a comment, first does
the generation portion of the Guidelines
contemplate virtual net metering types of projects? And then, the sort of related question is, on the Energy Conservation Assistance Act portion of the Guidelines, are Power Purchase Agreements permitted? There is some language that would imply that they are not. So two questions on that.

MS. SHIRAKH: The first question, I think I'm going to have to default to our questions and answers that will come out later, and I'm not sure I feel I could answer that for you. The second question is on our ECAA loan program, is that correct, and that you are wondering if Power Purchase Agreements would be an acceptable way of meeting that. So I guess I'm a little confused on how that would work. I'm trying to wrap my head around that.

MR. CHIA: With the ECAA monies, can they go to finance Power Purchase Agreements?

MS. SHIRAKH: My understanding of a Power Purchase Agreement is a third party would come in and pay for the system, and it would be located on a school, and the school would then be paying a set established rate, and so the loan would be used for paying that? I'm trying
to figure out how this works.

MR. CHIA: That's basically right. The project would be owned and operated by the solar developer, for example, and the school would be paying energy payments essentially.

MS. SHIRAKH: Okay. Currently -- so now I'm clear on your question, so now I can answer it -- and so that is not an eligible project. We have funded solar through our ECAA program often, and it is always owned and operated by the School District.

MR. CHIA: So I've been trying to get clarification from the Energy Commission on this question, and I guess your response is the most definitive I've received thus far --

MS. SHIRAKH: Maybe I should go back to, you know, put a disclaimer on that answer and I'll get back to you and make sure I've not answered it improperly, but --

MR. CHIA: Well, what I've learned thus far --

MS. SHIRAKH: -- that's my feeling, so I'll come back with an official answer through the Qs and As.

MR. CHIA: Thank you. Depending on the
source of funding, say bond funding for example, PPAs I think were typically not allowed. Now, Prop. 39 funding is obviously different funding source, so the preliminary information was that possibly PPAs could be financed, so...

MS. SHIRAKH: So we will provide some clarification on that. You know, I think it would be difficult to try and make that work, but I'll get some clarification.

MR. CHIA: Thank you. The last comment is on the DSA fees. I realize you guys are still working that out, I would just comment that in our experience the permit fees, experience from DSA, are extremely high, they're on average three times what a typical local government would charge. For example, a 250 kW project would cost about $10,000 in permit fees from DSA, not including any of the other sort of requirements on access or disability requirements, for example. After June of this year, those fees will go up, well, I'm sorry, June has already passed, but those fees now would be $1,000 higher; just for purposes of comparison, a local government would typically charge about $3,000 for, say, a building permit
fee of this sort, so we would highly encourage
you to work with DSA to see if we can sort of
reach parity with those permit fees, so that
taxpayer dollars aren't really spent on -- can
go towards actual projects, and not fees.

MS. SHIRAKH: Okay. Thank you so much
for your comment.

MR. CHIA: You're welcome.

MR. JONES: Hi. Lew Jones, Berkeley
Unified. I have two questions. One question is
about integrating these funds with other parts
of a project, so having a project that is
replacing the boiler, but also doing other
things. How does it work?

MS. SHIRAKH: Well, we are -- you will
need to separate the costs because, to do that
cost-effectiveness determination, you'll have to
have those costs split out so you can calculate
your savings to investment ratio. So my advice
would be to have some itemized bid on that so
you could see what those costs are.

MR. JONES: But it's really a total
project cost because you have a piece of the
architect, you have a piece of the inspector, a
piece of all those things. So in order to try
and have an effective project and, to a certain extent, this may affect the DSA question about access because you're doing a larger scale project. So the question is, is there a way to do it from, you know, at the end the contractor gives you a fixed number on it, and then that's the percentage you use for the purposes of determining a value.

MS. SHIRAKH: Can you repeat Alice's comments so we can --

MR. JONES: The issue is using the project or the construction value and then using a percentage of that construction value to allocate the soft costs on the project, which are the inspector, and the DSA fees, and everything else. So is that allowable? Or is it still murky in there?

MS. SHIRAKH: I think it's still murky, but I appreciate you -- I understand the complexity and what we're asking just makes it difficult, it's just that we have to have some measure of cost-effectiveness and --

MR. JONES: I think having the measure is great, I just think it would be also great if you put it in what the methodology is allowable
to do it, because I think that that will work fine.

MS. SHIRAKH: Thank you so much for your comment.

MR. JONES: So my second question really is about what the LEA needs to go through in order to be able to apply for the funds. So is it really you have to go through the Board to do this, does it get deferred to a staff member? What is the process to be able to both prioritize, as well as submit?

MS. SHIRAKH: Well, I think that question is probably better answered by the protocol of your school district. There will be certification and authorizations, you know, at some level. At this point in time, I have not heard any discussions of having a governing board resolution, but obviously the front of the Expenditure Plan will be an authorized representative from the district to sign off, and that's dependent probably on your particular protocol.

MR. JONES: So there's no new things from you guys, so -- I mean, DSA sometimes says the Superintendent has to do something, sometimes
the Board has to do something, sometimes
everybody else can do things, so there will be
no new regulations as far as you know?

MS. SHIRAKH: No. Typically the Energy
Commission either has a governing board
resolution, for example, on our ECAA loan
program, or to apply to our BrightSchools
Program, and then has an authorized school
representative as the signature on the
application.

MS. FISHER: I had a reminder from our
Court Reporter that if you could sign in on the
sign-in sheet, or make sure that you do so
before you leave, so that we make sure that we
have the spelling of your name correct.

MS. SHIRAKH: Okay, I'm just going to
repeat it. We're asking if you could just make
sure that you have signed in over here and that
way, when the Court Reporter is documenting this
meeting, we have the correct spelling of your
name and we have a record of everyone who was
here. Thanks.

MS. OWENS: My name is Meredith Owens.
I'm with Alameda Municipal Power. And we, in
2010, spent a lot of our ARRA funds on a
detailed energy audit of our school district, so
the question is can we use that audit in place?
We don't want to do another one.

MS. SHIRAKH: Yes, and an easy question,
thank you.

MS. OWENS: Okay, one more. And it was
done in 2010. Would you require any updates?
Or I guess that's a question for the
Superintendent's Office, or the California
District --

MS. SHIRAKH: You know, we have talked
about we need to -- and sometimes I can't
remember if it's in here or not, but I think we
were talking about putting something like a
three to five-year time period, or a three-year
time period as an audit that was done within
that period of time would still be valid. So I
can't tell you if there would be any -- I think
the one change for sure would be you would need
to use the information from that audit and
calculate your savings to investment ratio, but
all the information you'd need for that would be
in there -- or should be in the audit, I should
say. And so it sounds like you're ahead of the
game.
MS. OWENS: Thank you.

MR. CONSTANTINE: I'm Sachu Constantine with California Center for Sustainable Energy. I also want to thank you for all the work that CEC staff has done, and we're looking forward to continuing to work with you on the planning. The question from Berkeley Unified actually highlighted one of our deep concerns about the overall program. It's one thing if you can figure out how to allocate costs to get to your savings ratios that you need, the cost benefit ratios that you need, but there's also benefits -- and if you take a project in isolation that will be funded by the Prop. 39 funds, and taken out of the context of a larger school-wide deep retrofit, you may lose a lot of the value of that project in terms of what it means for the permanency and the long term savings that are available; for example, there are many many schools across the state that have temporary housing for classrooms. You could see a situation where you could improve the efficiency of those temporary school units, classroom units, very easily. You could get your cost benefit ratios. But is that really permanence
for the school district? Is that really what
we're looking for with Prop. 39 funds? So our
concern is that, albeit manageable and workable
way to get to a cost benefit ratio, and we do
have to consider that, is in place, I think it
misses some of the bigger deep retrofit
opportunities that are out there when you
combine these Prop. 39 funds with larger
projects around the school. And so it would be
one thing -- it's very important to get those
costs allocated properly for the Prop. 39
funding, but you also have to figure out how to
properly achieve the maximum benefits, so I
think that's what we would like to work with you
on and it sounds like a lot of folks here are
thinking about those broader opportunities.
Thank you.

MS. SHIRAKH: Okay, thank you. I want to
thank all of you for continuing to participate,
I know we're two hours into it and have more
questions, so thank you.

MS. TOM: My name is Yvonne Tom. I'm
with Alameda County Office of Ed. And in Center
for De Leon's Walking Tour, he had mentioned,
and so had Alice, about indoor air quality, and
I notice it is now dropped out of the Draft, so that if the indoor air quality is really poor, can we use Prop. 39 funds to improve it?

MS. SHIRAKH: And so, for example --

MS. TOM: They happen to be next to BART, and so all the air is really -- so they actually have gone out and documented that it's really very poor quality, and I remember in Senator De Leon and Alice's presentation as a member of the Green Building Association, that we are trying to improve indoor air quality.

MS. SHIRAKH: And what is your proposal?

MS. TOM: Well, it's not mine, it's with the school district. So they're proposing to put in air-conditioning, so actually it would increase the energy, but it would take care of the poor air quality. And so that's the question.

MS. SHIRAKH: Yeah, you know, I don't think I'll be able to -- this forum is -- there's going to be a bazillion unique situations --

MS. TOM: So I should send you a letter?

MS. SHIRAKH: Yeah, project specific questions are really tough to answer right now,
but I do appreciate the situation you folks are in. That's tough.

MS. TOM: Okay, thank you.

MS. SHIRAKH: Thank you.

MR. KELSEY: Hi. I'm Jim Kelsey, President of kW Engineering. And I guess I have a few questions and comments. One of them is on clarity of loading order requirements. I'm concerned that we need some kind of a bright line there. I think it's perfectly appropriate for school districts to be considering renewable energy options, along with energy efficiency, but I do have a lot of concern about the -- what did you call it -- the spoiler on the Pinto.

MS. SHIRAKH: Maybe I shouldn't have said that.

MR. KELSEY: No, I like it. The last time that we saw some kind of vague interpretation of that policy was during the CSI program, and what ended up being the way that the program rolled out was, in order to get an incentive for your solar system, the minimum requirement was you did an online audit which basically most of the solar vendors got very good at sitting you down in front of the online
audit, and going through that as fast as possible, click, click, click, get to the end, print out the report, okay, you've met the loading order requirements. And so I would hate to see us end up someplace like that. I think the intent of the CEC is a much more concerted effort than that. So that's just one comment.

Similarly, you mentioned kind of at the tail end of the reports, some M&V Guidelines, and there's -- I would like to see more clarity around that. Personally, we at the Energy Efficiency Industry Council actually spoke to not requiring M&V as part of this whole process because it's potentially expensive, you're asking districts that don't have experience with M&V to do it, and I'm concerned about there not being direct guidelines. So I guess my recommendation is, if we're going to require M&V, if we really need that for this program, that it be super simple and clear.

MS. SHIRAKH: I agree that that section needs to be -- I think the intent is it's more energy savings reporting, and I think that the terms M&V can be daunting --

MR. KELSEY: Right.
MS. SHIRAKH: And obviously expensive, too. The intent is to have some simple options to report your energy or estimated energy savings resulting from these projects, and if a district wants to go out and do third-party M&V, that option is available, but not a mandated option. But I think there needs to be some wordsmithing there and some clarity on what is required and what is just an option, you know.

MR. KELSEY: Great. That's great news. Yeah, because I think a lot of districts don't -- they wouldn't know what they were getting into in terms of how much potential time and expense that might be.

MS. SHIRAKH: And it can be.

MR. KELSEY: Yeah. And then the third comment, I'm going to follow up on Duane's comment on the energy analytics. I really see the data analytics as an appropriate step prior to an energy audit, not an "or," and I really take issue with no touch energy audit. I'm the author of ASHRAE's Guidelines on what the definitions of level 1 and level 2 audits are, and in my mind a "no touch" audit is not an audit.
MS. SHIRAKH: The intent of the Guidelines was not to infer that a no touch audit is equivalent to an ASHRAE level 2 audit, it's a survey that would lead you in a direction where you should have an ASHRAE 2 level audit. It is written in the legislation that data analytics can be considered, so we need to honor that and have it as an option. But it's an option that should be looked at as more of a cursory review, and pointing you in potential directions.

MR. KELSEY: Great. Thanks very much.

MS. SHIRAKH: Thank you.

MR. KELSEY: I don't envy your job today.

MS. SUNG: Thanks, just quickly, Alice Sung again. I echo Jim's comment about the M&V and one of my questions was that it seemed as though the energy reporting was not really an end use energy reporting, but it was actually reiteration of what the deemed savings, the calculated deemed savings were. Oh, I'm sorry, I was just trying to find it on the page, somebody help me, look for the reporting of it, it doesn't seem to require real actual tracking of after construction 12 months period of energy
use; it merely asks you to reiterate the calculated deemed savings. So I question whether that is even --

MS. SHIRAKH: That's an option. If you want to use, you know, like the calculators, but --

MS. SUNG: Why wouldn't you just use the --

MS. SHIRAKH: It's an option to --

MS. SUNG: -- to fulfill your reporting requirements.

MS. SHIRAKH: No. The way I look at it, and maybe I'm naïve is that I know projects look one way when they're thought of, and then the reality is you did something a little different, not totally different, but maybe you changed the lighting for 40 classrooms instead of 30, you know, or something like that. But I think what I'm hearing you say is we need to have energy saving measurements that have value, and that there's meaningfulness behind them, yet not so onerous that it, you know, requires third party M&V.

MS. SUNG: Yes. And I think the tracking of the actual energy use data as a metric
itself, literally how many kwh and how many therms the next 12 months is, should be reported. And you shouldn't allow the loophole that they can simply choose to report the calculated deemed savings.

MS. SHIRAKH: Okay, so maybe I need to clarify that -- and I should be, of anyone, to be able to tell you what page that's one. I wake up in the middle of the night dreaming this, so that's not a good thing.

MS. SUNG: Anyway, that would be my suggestion that you --

MS. SHIRAKH: The site requirement is a mandatory requirement, and then the second bullet on there where we had the four options was maybe the second layer of reporting.

MS. SUNG: And to leave -- and this is what I think yesterday in the webinar I asked you, it would be great because we could help you make the forms more, you know, address everybody's concerns if we could see the templates and help you formulate the drafts of the templates of these forms in the calculators because then you could, say, leave a line underneath, say, "If you did not come up with an
actual use of 1.05 for SIR, explain why. "It was a really hard year." "I added a wing." "We had a huge influx of kids." "A fire burned us down." You know, there's reasons why, right?

MS. SHIRAKH: Absolutely --

MS. SUNG: And performance doesn't always match estimated deemed savings, you know, on a calculation basis, so if you allowed us the opportunity to explain that --

MS. SHIRAKH: Having a narrative, absolutely.

MS. SUNG: That -- actually that database in the third year of this program in and of itself I think would be highly valuable to the Energy Commission. So, thank you.

MS. SHIRAKH: Thank you.

MR. BARR: Hi. Joey Barr again and I'm only talking because I represent PG&E and we were at the workshop in Fresno, and there were some recurring themes, and so, Jim, thanks for that thought, and Alice, we absolutely agree with you and we're going to provide some comments and it sounds like you agree with us that the M&V portion needs some more clarification. I think at the end of the day
the CEC is going to have to show the Citizens Oversight Board that this was cost-effective and so getting away with M&V requirements altogether, I'm not sure will address that, but I agree with you, we don't want to make it too onerous and complicated.

Alice, one of the things that we are definitely trying to stress is that billing analysis on its own is insufficient, so you can't just look at the bill beforehand and the bill after because of so many changes that might happen, and you're not comparing apples to apples, it's more like apples to broccoli. But I really do like the Pinto analogy, I'm going to start using that. So I think --

MS. SHIRAKH: There was one takeaway today.

MR. BARR: I think we all need to provide comments to ask for clarification on the M&V, and there needs to be something, but not onerous. And one other thing, it's been a recurring theme in both these workshops, we don't want you to think about Prop. 39 funds in a silo, we want you to think about Prop. 39 funds and the whole reason that we're here today
is think about utilizing the utility rebates, the other funds that you have, and think holistically, so if a project is appropriated for Prop. 39, great, and maybe there's a different project that is appropriate for utility funds. We want you to layer all of those on top of each other to think comprehensively, and I encourage you to reach out to your PG&E account reps to make sure that you're thinking about all the incentives that are available, that might be going away at some point, and if an incentive isn't available for, let's say, project X, maybe you can use Prop. 39 funds for that. So think about this not just Prop. 39 funds in Year One, and then we'll do other things in the other years, think about this holistically.

MS. SHIRAKH: Thank you.

MR. KUHN: I'm Charles Kuhn from Kuhn & Kuhn, and --

MS. SHIRAKH: Okay, we'll have to have you talk louder, sir, sorry.

MR. KUHN: I'm Charles Kuhn from Kuhn and Kuhn. My question was two-fold. One was about the competitive bidding process, whether or not
you could have 4217 events trip up the process
in the middle, in other words, if the portion of
your project mix was either, oh, an A&E portion
which was not competitively bid, but was
selected on the basis of qualifications, prior
experience, or existing work on a job, and I'm
thinking about contractors who are already
building projects at colleges -- I know colleges
aren't strictly required to follow these
protocols right now, but if they're being asked
under change orders, or other expansions of
scope to do additional work that would qualify
for Prop. 39 funding, whether or not the
original process was adequate, assuming that it
was adequate for the purchasing department for
the educational entity, I'm assuming that it
would continue to be acceptable for you?

MS. SHIRAKH: This is hard for me to
speak to. I think it's a legal matter of your
counsel and, at the current -- the way the
legislation reads is that we have that
requirement, but how that fits into your
specific requirements, your legal counsel is
going to have to give you advice on that. But
this is definitely a reoccurring themed
question, and we'll have to be providing some
clarification on that, whether it's what I just
said, or you know, something -- but it's
definitely a reoccurring question.

MR. KUHN: And I'd like to reinforce
Jim's comment about loading order because I
think that that's something that gets missed
often, that when we have contractors coming in
to talk about selling projects, they will often
walk district staff through a process in which
they're saying, "Yes, check this, check that,
check the other thing." I think it would be
extremely important to have some sort of
educational background or training modules
available for the people who are signing off on
these documents as to what they're signing off
on when they say "we have done the following
things."

MS. SHIRAKH: We have talked about having
more of a checklist and not just a narrative,
like many of these things are developing as we
speak, but I appreciate that comment, too.

MR. KUHN: Okay.

MS. TIFFANY: Hi. This is Jo Tiffany
with the Alliance to Save Energy, and I'd like
to -- I don't want to belabor the point about 
the importance of behavior change, except to 
bring up a slightly different angle than has 
been mentioned here.

I think there would be a huge missed 
opportunity not to bring the very people who the 
educational system supports in on the equation 
with Prop. 39. And to educate our K-12 and 
higher education students through linking them 
to the retrofit measures, and in that way 
helping to accomplish several things, one is a 
culture change, two is basically to maximize the 
effectiveness of the retrofits that do take 
place, and three is to prepare these young 
people for clean green jobs, and energy 
efficiency and clean energy. By the time we get 
five years out, the high school students and the 
college students are the ones who will be 
entering the workforce, and we will miss a huge 
opportunity by not bringing them in the equation 
and including them as a piece of the funding, 
probably not the major piece because retrofits 
are much more expensive, but as a piece of the 
funding that is allowed through Prop. 39 through 
the CEC Guidelines.
MS. SHIRAKH: Okay, thank you so much for that. I think it dovetails a lot of the other comments we've heard on behavior programs. I just think I'd like to stop for a moment, and I apologize for probably not making this offer about a half hour ago, if we have a lot of questions, I'm more than happy to continue on, but I wondered if people are interested in taking a 10-minute break? Like I said, I should have offered this a long time ago, or would you prefer, you know, we just keep moving on through? I'm good either way. Okay, let's take a 10-minute break and come back at 20 minutes to four.

(Break at 3:31 p.m.)

(Reconvene at 3:46 p.m.)

MS. SHIRAKH: Okay, I think we have our first question.

MR. MANAHAN: Hi. Sorry to be the first one to mess up the break. I'm Kyle Manahan. I'm from Newcomb, Anderson, McCormick, I'm an Energy Engineer. I have a question about the energy expenditure plan review process, specifically the third step, the technical and financial reasonableness. The Energy Commission
reserves the right to review all supporting engineering analysis. I was wondering, the review, I'm sure there's quite a bit of procedural steps that need to happen just in that review. Have those been thought about and what are those steps going to be?

MS. SHIRAKH: So the question was on the reasonableness and looking at the backup data, what would those steps be. You know, we haven't actually put together a step-by-step process, but I would imagine it would follow a process similar to what we currently do in our review of our ECAA loan applications that we get in for energy efficiency projects, is that we have that -- if you have a project summary and estimated energy savings and costs, that's more in a summary page which would be more like the Expenditure Plan. And then we might have an ASHRAE Level 2 audit supporting those calculations. And we have a team of engineers, this program has actually provided us with some new vacancies that we are filling now, so we have a team ready to start reviewing expenditure plans. So going through those and making sure assumptions are -- that information is accurate.
So, for example, we have seen projects come through our programs before that were claiming more savings than the school's actual energy bills were. So, you know, looking for reasonableness sanity checks like that -- if that's -- a step-by-step process, I don't have to give you at this point in time.

MS. HOFFMAN: Hi. My name is Midge Hoffman. I'm from Petaluma City Schools K-12.

MS. SHIRAKH: You have a very soft voice and that doesn't amplify your voice, it just records your voice, so you can actually step up here if you'd like and that way --

MS. HOFFMAN: No, no, no, I'm really shy. Okay, I'll talk louder. Okay, one of our issues is that we have no low hanging energy savings fruit to pick from. And we've done enormous efforts to be energy efficient. So when we look at the type of projects that we might be able to do, we would be looking at replacing single pane windows, for example, that have no insulation or anything, or replacing an EMS system that is pretty much dead. So my question is two-fold, 1) paying some sort of SCO or somebody to prove these savings, then detract from what we can
spend on these projects, and I'm concerned about that.

MS. SHIRAKH: Okay.

MS. HOFFMAN: And then the other thing is proving, even though these would be energy savings, you know, I don't know that we could meet the requirement to prove the level of savings that you're looking for in order to spend the dollars. So those are my concerns.

MS. SHIRAKH: Okay. Well, we are trying to build into the program like you've heard the planning dollars that you do have, you know, up to 20 percent of your funding potentially for planning, which would include audits, so windows are going to be tough to meet cost-effective criteria on their own. Energy management system, if you really have an antiquated system that isn't controlling anything, there actually might be some really great savings there. So, you know, controls are definitely an area to look at. So combining projects will be helpful if you're concerned about the cost-effectiveness criteria, but you may have to, you know, to really understand -- and energy management systems could be complex, you know, so that
there is some value in having that analyzed and having that information moving forward.

MS. HOFFMAN: So, I mean, basically the system is on its last legs and we can't even get replacement parts. So is there going to be a cost-avoidance look at these things? If we didn't replace this, our costs would go through the roof. So are you going to consider a cost-avoidance?

MS. SHIRAKH: Well, they sort of talked about this earlier where you have the baseline, and I'm just assuming that maybe it's not working as well right now, so actually if you were looking at putting in new controls that were really tightening up your campus, or multiple campuses, then you're actually at an advantage that you are going to see some savings. So I'm not sure if I'm answering your question, but you might not be as bad as you think, as far as having projects that would qualify. But I do also recognize that many schools have done a lot of lighting projects and more of those low hanging quick payback projects, I feel that we ran a lot of projects through the SIR Calculator looking at projects...
we've made recommendations for through our BrightSchools Program -- HVAC projects, lighting projects, solar projects, and we feel that the 1.05 is pretty generous, and that if you have just HVAC projects, they will probably meet this, or we're not weeding out really needed projects from schools.

MS. HOFFMAN: Okay, thank you.

MS. SHIRAKH: Okay.

MR. NEAL: Good afternoon. I'm Charles Neal from Peralta Community College District. And I had to leave the room for a few minutes, so I didn't hear if anyone asked about water efficiency.

MS. SHIRAKH: No, it hasn't been asked, so water efficiency.

MR. NEAL: Okay, in terms of, for example, heating water and whatnot, systems that would -- can we replace or upgrade our systems? And would it be covered by Prop. 39?

MS. SHIRAKH: Yeah, well, so water heating, water heaters, and even if you have irrigation, I guess, if you had pump savings, you know, if there is some kind of energy savings connection to that, absolutely.
MR. NEAL: What about sub metering for water usage if there is some estimated deemed savings there?

MS. SHIRAKH: What is that? Can you repeat that, please?

MR. NEAL: So sub metering for water usage --

MS. SHIRAKH: Okay, so sub metering has come up in other meetings and would that be -- if the question is would that be a project that Prop. 39 funding could pay for, I think that's a clarification that we need to make. And I also -- you're from the community college district -- you're from here, right?

MR. NEAL: Yes.

MS. SHIRAKH: So thank you for hosting us today, again.

MR. NEAL: You bet.

MS. SHIRAKH: And I just wanted to clarify that the community colleges are operating on a different program this year, so much of the information and questions you're hearing today are really targeted towards K through 12 --

MR. NEAL: Uh-huh.
MS. SHIRAKH: -- and the Community College Chancellor's Office has a separate program for Prop. 39 this year, and potentially for years 2 through 5, as well, so I just wanted to make that clarification.

MR. NEAL: All right. Thank you very much.

MS. SHIRAKH: Thank you.

The question was where could the information be found on the Community College District Program, and we'll have to propose that for you.

Okay, questions? Do I hear -- oh, here we go.

MS. CAMMARATA: Hi, my name is Jordana Cammarata and actually I work for First Fuel, and I wanted to make a quick comment about the no touch audit that was spoken about before. Basically, I just wanted to say that that can actually complement -- the data analytics can actually complement investment grade audits, and there have been some third party verifications of them, of a no touch audit that came within a margin of error for investment grade. So I'm happy to talk to people after if you have
further questions, but I think it could be a complement, as well.

MS. SHIRAKH: Thank you. Other questions. I thought I saw someone over here, maybe not. Well, there was a question I got at the break and my mind is kind of getting mushy, so I thought I would repeat it in case others had that question. And I apologize if I said it and I don't remember, but this was on the planning dollars that will be available for requests soon, and is that a one-time opportunity. But the way I understand it is CDE will, as soon as the allocations are announced within the next week or so, the first opportunity to request those funds will be in October with the checks being cut in November, going out to the school districts. They plan to have a second window to request in January, then the checks would be coming in February. And then there's a potential for a third window in spring of 2014 for a final time where you could request those funds. So I just wanted to provide that.

MS. LONDON: That's something I think you should advertise.
MS. SHIRAKH: We will make that -- you will be able to track information -- again, I do recommend going on the Listserv, the Energy Commission's Listserv on Prop. 39, we will be posting lists, the allocation lists and that information that I just said, so it's real clear. And CDE will have mirrored information on their website, so there's two sources and we would have the link also on our website that would go directly to where that funding request is on CDE's website. But this is happening fast and we wanted to have LEAs to have that opportunity to request these advance funds before the Guidelines are done, and so I just wanted to make sure that people know that this opportunity will be offered several times in the next few months.

With that, again, I'd just like to thank everyone for hanging in here. Thank you so much for your input. Again, please send us your comments, questions, through our Docket process. And thank you all very much, Energy Commission and State of California really appreciates it.

(Thereupon, the Workshop was adjourned at 3:58 p.m.)