BEFORE THE
CALIFORNIA ENERGY COMMISSION (CEC)

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

CALIFORNIA CLEAN ENERGY JOBS ACT:
PROPOSITION 39 DRAFT GUIDELINES

California Energy Commission
Hearing Room A
1516 9th Street
Sacramento, California

Tuesday, October 22, 2013
1:00 P.M.

Reported by:
Kent Odell

APPEARANCES

PRESENT:

Marcia Smith, CEC
Liz Shirakh, CEC
Haile Bucaneg, CEC
Dave Ashuckian, CEC

PUBLIC COMMENT

Marie Brougham, Sacramento Municipal Utilities District
Greg Wickler, InerNoc
Tony Andreoni, California Municipal Utilities Association
Martha Alvarez, San Diego Unified School District
Rob Lechner, City of Lodi
Anna Ferrera, School Energy Coalition
Rick Brown, Terra Verde
Donna Brownsey, representing Solar Energy Industry Association
Patty Herrera, Riverside County Schools
Martha Diepenbrock, California Conservation Corps
Cindy Blain, Sacramento Tree Foundation
Bill Orr, Collaborative for High Performance Schools (CHPS)
Sara Bachez, CASBO, representing 3,000 CBOs and School Districts
Robert Pierce, Elk Grove Unified School District
Lisette Aguilar, Gustine Unified School District

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P R O C E E D I N G S

OCTOBER 22, 2013 12:59 A.M.

MS. SMITH: My name is Martha Smith. I'm the Program Manager responsible for the implementation of Proposition 39. Can everybody hear me okay in the room? I've got my mic on for the folks on our Webinar. So this is a simultaneous meeting and Webinar that we're doing this afternoon.

So let me start with some in-house housekeeping items before we get going. For those of you who are not familiar with the building here, the closest restroom is located just kind of out the door and to the right, there's both a men's and a women's; there's a snack bar on the second floor. We may take a little break part-way through the questions, depending on how much activity we have and how tired my voice gets. And if there is an emergency, there are actually two exits, the one that is closest is out here to the right, my right, your left, I guess, and we will meet in Roosevelt Park which is kind of kitty corner from us here. So hopefully none of that will occur and we can move forward to the meeting.

For those of you who have not attended any of these public meetings, this is a meeting to walk through the Draft Guidelines for Proposition 39. So, those of you who have read them thoroughly or attended other meetings will get some sort of a repeat here, but the purpose is for us to receive comments on the Guidelines. And our Public Comment Period goes through this Friday, October 25th.

So we welcome you. We are open and interested in your suggestions, your questions, your comments. This presentation will probably take -- there's a couple seats up here. The close of Public Comment Period is this Friday, October 25th. Our plan is to take public comments obviously through that date, we'll be looking at them, incorporating those that we feel are appropriate, and we also plan to post Q&As, we've had quite a bit of Q&A coming in, and so we owe you all some answers other than just what you're seeing at the meeting.

Sorry, people on the line, we're filling up seats here in-house, and so we're going to look and see if we can get some more chairs. Okay, I'm going to go ahead.

Our agenda today is that I'm going to do a very quick overview of the Clean Energy Jobs Act. We'll look at the elements of the Prop. 39 Program, give you an overview of the Draft Guidelines, then we will open the comment period and wrap up. My presentation will be probably 45 minutes to an hour. I would prefer just to go through the presentation and then we'll get into questions and comments, and I think particularly with the folks on the line, it will be easier that way.

Okay, the California Clean Energy Jobs Act is actually two recent laws, one was Proposition 39, which was passed by the voters in November of last year, and then Senate Bill 73 is the enabling legislation, which actually implements and funds Prop. 39.

The objectives of the Act are to create good-paying energy efficiency and clean energy jobs in California to leverage existing energy efficiency and clean energy programs, to increase the economic and energy benefits, and to provide full public accounting for the money that is spent.

I must say that, in preparing the Draft

Guidelines, it's been a bit of a balancing act for us. The Code, Senate Bill 73, and Prop. 39 have some very specific requirements, and so it was necessary to build our program around that, and then at the same time keeping in mind that this is a program being structured primarily for Local Educational Agencies and that we have LEAs that are anywhere from maybe a very tiny School District or charter school to San Diego and LA Unified School Districts. So that's something we've really kept in mind as we've gone through the whole process, and it's been a juggling act.

The actual elements of the program, it's a $428 million program with awards going primarily to Local Educational Agencies and Community Colleges for energy retrofit projects, and for energy savings and job creation.

Eighty-nine percent or $381 million in year one, which is Fiscal Year 2013-2014, have gone to K-12 Districts -- or will go to K-12 Districts, County Offices of Education, Charter Schools, and the State's Special Schools; 11 percent, or $47 million, have been allocated to Community College Districts. The Community Colleges are actually on a separate process from the LEAs, and they were I guess ahead of where most of the schools were, the K-12 programs, and so they were given the opportunity at least for year one to move forward with their own guidelines and that's what they're doing.

The additional elements of the program include $28 million that came here to the Energy Commission and that's for Zero Rate Loans for Clean Energy Retrofits and for technical assistance grants; $3 million went to the California Workforce Investment Board for competitive grants, for community-based organizations, and workforce organizations to prepare veterans and disadvantaged youth for employment. All of those elements just covered were covered in the allocations under Senate Bill 73, directly allocated from the Governor's Budget, and also funded through Prop. 39, is $5 million to the California Conservation Corps, and that is for energy surveys and conservation-related activities.

So how are the Draft Guidelines organized? Chapter 1 is basically the background information; Chapter 2 is really the heart of the program, and that's the Local

Educational Agency Proposition 39 Award Program; Chapter 3 describes the additional State resources that I just went through briefly in terms of the allocations, and the Appendix in the back.

So background on Chapter 1, this is on pages 1 through 4 of the Guidelines, and it includes a program description, the funding distribution that we just went through, the authority, the explanation of confidentiality, and how to request confidentiality if that is what you're asking, the actual effective dates of the Guidelines, and that we are anticipating to be December 19th. The Final Guidelines will be presented to the Commission at a Business Meeting on December 19th where they will vote on it. It covers changes to the Guidelines and describes the differences between substantive and non-substantive changes.

So, as I said, Chapter 2 is the heart of the program. It defines the eligible applicants, which as I stated before are the County Offices of Education, K-12 School Districts, Charter Schools, and State Special Schools.

And then there are some additional clarifying points. The applicants are eligible -- LEAs are eligible if they are in public buildings and pay their own utility bills based on a meter. If they are in privately owned leased facilities and the LEA pays the utility bill, there's a separate utility meter for the building and the LEA has the landlord's written approval to do energy work; if the LEA is in a publicly-owned leased facility with a separate meter, owned by another LEA, and there is a lease agreement between the two LEAs, if the LEA is in a publicly-owned leased facility without a separate meter and it's owned by another LEA, and there is a lease agreement between the two LEAs, and the two LEAs submit joint requests for planning projects or energy Expenditure Plans.

As I stated earlier, it's been a challenge developing the Guidelines. We've learned a lot about the educational world, particularly learning about Charter Schools and how everybody is housed, it really has been a very eye-opening challenge for us to be flexible and also learning to speak a whole new language of education. So we have to comply with the statutory language, which we're trying to do, and at the same time be as flexible as we can to ensure that we provide opportunities for as many LEAs as possible.

So award allocations: the actual allocations, you probably are all aware of now, were posted on the 14th by Department of Education, and they were also kind enough to do calculations for planning awards, as well as total awards. The whole program was based under statute on four-tier program, and those with 100 ADA or less were allocated $15,000, as well as a free and reduced price meal adder that goes into the calculation. And this is all based on the prior school year. Tier 2 was 101 to 1,000 ADA which was set at $50,000 plus the FRPM; Tier 3 is 1,000 to 1,999 ADA, which resulted in $100,000 plus the free and reduced meal program adder, (FRPM). And Tier 4, 2,000 ADA or more, based on the prior year ADA for all of these, as I stated.

In addition, Tiers 1 and 2 have the option each year of requesting a two-year combined award to bundle two years' worth of funding to receive in one year. Over 800 LEAs made that request for year one. That also impacted the allocations that other LEAs received in year one. Eventually, that will all even out and everybody will get what they were entitled to, but if your award has ended up being a little less than what you thought it might be, it may be related to the bundling of the two years. When a school or an LEA requests the two-year bundle in year one, that means they will not get an award in year two. If they request their two-year bundle in year two instead of year one, that means they will not get a year three award because they will have already received it, so that's kind of how that works.

The Energy Planning Reservation Option. This was also posted on the 14th of October at the same time the award allocations were posted. This is an option for LEAs to request money upfront to begin work on their planning activities. So LEAs with a first year award of $433,000 or less may request up to $130,000 of their first year award. LEAs with first year awards of $433,001 and more may request 30 percent of their first year award up to $1 million. These funds can be used for screening and energy audits, up to 85 percent of the Planning Award, and what we're calling Proposition 39 Program Assistance, you can use 15 percent for that purpose. A more detailed description of the planning option is on pages 8 to 10 of the Guidelines.

Additional special uses for funds include expenditures for training, and that's for classified employees, and each fiscal year an LEA may utilize two percent of its award, or $1,000, whichever is greater, for training purposes. Each fiscal year the LEAs also have an option of requesting up to 10 percent, or $100,000, whichever is greater, to hire or retain an Energy Manager. And that can be either on staff or as a consultant.

In addition, LEAs, we particularly had smaller LEAs in mind with this, but any LEA may pool their Energy Manager funding within a county an share services of an Energy Manager.

Okay, moving into the actual Energy Project Award Funding Program, there are eight steps and, as I know you're all finding out, if you don't know already, the energy management process is the technical scientific field and there is some complexity to it. We've tried to break it down as simply as we can into steps, and, as I said, with everything else, we are open to comments and suggestions that you all may have from your perspective. So step 1 requires signing a utility data release form for 12 months of past and future utility data, and that is required in the statute and will be required of every LEA in order to have their Expenditure Plan approved for funding.

Step 2 is Benchmarking, or the energy rating system. And to determine energy use intensity of your buildings, you need to gather energy information and summarize it, establish energy use intensity, create a benchmarking report, rank your schools based on where you have the most opportunity for energy savings, and identify your lowest energy performers, which would be where you'd have your most opportunity. The benchmarking helps an LEA to understand its actual energy usage and to make better decisions as far as investment of funds. And Appendix D gives complete instructions on completing the benchmarking process.

Another opportunity particularly for School Districts is, by benchmarking, you can compare similar schools that are structured the same way in order to obtain better savings.

So Step 3 are your Energy Project Prioritization Considerations, and there are 11 factors that the schools should consider as they're going through the analysis of their energy usage, and those are on pages 14 and 15 in the Guidelines. Some of the factors, we have automatically built into the process for you, others are ones that you will need to consider yourself in your decision making.

Step 4 is the Sequencing of your Facility Improvements, so by sequencing we mean that you should first consider maximizing your energy efficiency, for example, installing daylighting. Next, to consider clean onsite energy generation such as solar, and finally to consider non-renewable projects such as efficient natural gas-fueled fuel cells.

Appendix B on pages 36 through 42 lists some typical cost-effective K-12 energy projects. It is not mandatory that you use those, we list those because, in the decades of experience we have doing energy efficiency loans and working with public facilities and schools, our experience has showed us that these are ones that have paid off for the folks we work with.

Step 5 is the actual Energy Project Identification. You'll find this on pages 17 through 19 in the Draft Guidelines. You have several options of how to approach this, number one is an energy survey, you can use this for simple projects, and we will be providing an online calculator to help with some of these energy measures, and that will be available once the Guidelines are final and we will be posting that and making it available along with the instructions for Expenditures Plans in more detail.

Option two is an ASHRAE level 2 energy audit. We tend to use this for more complex projects; you may need a contractor or a utility program audit, or an Energy Manager to help you with this.

Option 3 would be other tools such as data analytics, these are "no touch," or virtual audits where you don't actually have somebody onsite, they're based on using GIS information and other analytical tools. It's a useful tool for prioritizing or helping to focus your ASHRAE level 2 work.

Next is the Cost-Effectiveness Determination, Step 6. This is discussed on page 19 of the Guidelines, it uses a Savings to Investment Ratio (SIR). We will an online calculator to assist you with this, as well. And in the Appendix, Exhibit E, pages 47 through 48 explains the process probably much better than I can. This allows the LEAs to invest their money now to identify the savings from the installed energy projects.

What you may find, too, is that individual projects maybe don't meet the Savings to Investment Ratio, which is set right now at 1.05, but you can sometimes blend different types of projects in order to achieve the ratio and the savings.

So Step 7 is actually completing and submitting the Expenditure Plan. For LEAs with awards less than $50,000 -- $50,00 or less -- they have three options, one, they can submit a yearly Expenditure Plan; option 2 would be to submit a two-year Expenditure Plan for the smaller LEAs who have bundled two years; option 3 is to submit a five-year Expenditure Plan. In the case of LEAs who choose to do a five-year Expenditure Plan, our plan would be to revisit that with you each year to make sure you're still on track to complete the same projects, see if there's any changes that would require recalculation of energy savings. For awards of $50,001 or greater, these LEAs may submit up to four Energy Plans per year.

So what is involved in submitting the Energy Expenditure Plan? You will be describing the use of your energy planning funds, so if you've elected to ask for planning funds upfront, you do that directly with the Department of Education, you don't have to submit anything to the Energy Commission at the time you request those funds. However, when you submit your first Expenditure Plan, you will need to explain how those funds have been spent, or how you are planning to spend them if you haven't spent them already. You will include your benchmarking, which was step 2, your energy project upgrades, including a Pre-Installation Verification Form. If you've elected to do energy training, you would include that request. If you've elected to hire an Energy Manager, that would be included in your Expenditure Plan, as well. You'll be required to project your job creation benefits from the work that you will be doing and a calculator will also be provided for that purpose, to help you to do that.

You have to sign a consent or provide us with a signed consent for the LEAs that you have signed for your utilities to release data to us, and there will be signing Certifications of Compliance for various different requirements.

Okay, the Energy Expenditure Plan review process, so when you submit your Energy Expenditure Plan to the Energy Commission, we anticipate that that will be an electronic submittal. We will first review it for completeness, so that if there's any of the required elements that are not included, we will notify you immediately so that we can ensure that you have a complete application. We will review it for the project eligibility criteria that you are projecting the energy savings that are required, and then we will review it for the technical and financial reasonableness; all of this is in relation to what the statutory requirements are.

Once we have approved your Expenditure Plan, the Commission will notify both the California Department of Education (CDE) and the LEA of the approved plan. This enables the LEA to continue with whatever work they need to move forward with. The Department of Education is planning to batch and process awards quarterly through the State Controller's Office, so there will be some lag time between the time you hear that you are getting an award to when you actually receive the funding. In Step 7 in the Guidelines, there's also information on what happens if an Expenditure Plan is disapproved and what the appeal process is.

In terms of general, our goal is to help get you through the process. If we find there is something in our review, like in the Technical and Financial Reasonableness, that we feel would result in disapproval, rather than just send it back to you, our intent is to get in touch with you to discuss with you where we see some changes need to be made and try to work with you to make the corrections moving forward, rather than just send it back and say try again. So that's our goal. Also in this phase, I'm sure those of you who have done other construction projects are aware that the Division of State Architect has compliance requirements. Page 28 of the Guidelines gives some basic information from DSA. They will be providing a list of what's exempt from their approval. There will be some explanation with regard to accessibility and what triggers accessibility improvements, and we are working with them right now, looking at portions of Prop. 39 funds that could be utilized for at least part of accessibility projects if they relate to energy projects. So, just so you are aware, there's some discussion going on. We have a work group of a number of State agencies that are involved in the implementation of Prop. 39, so as issues come up and as we've been working through these Guidelines, we've been trying to identify either bureaucratic kinds of issues, or differences in programs or departments that might cause issues that we can work with upfront to try and resolve those for you before you start dealing with the process.

Also, page 29 addresses contracting and we defer to the local rules for contracting that you currently work under. The statute, Senate Bill 73, is very clear about no sole sourcing, but that you may use best value criteria. So if you're not familiar with that, I think DSA probably knows a lot more about that than we do at the Energy Commission.

Finally, I just wanted to note that there is no retroactive funding for Energy Expenditure Plans. So if you file an Energy Expenditure Plan with work to do in the future, you're fine; if you've already started some implementation work on a project onsite that begins before the date that your Energy Expenditure Plan is approved, we cannot pay for that -- or you cannot use the funds for that purpose. The one exception is for energy planning dollars, that money was not available to you until just recently. You can back date and use it for energy planning activities that have occurred from July 1st of 2013, forward.

Okay, Project Tracking and Reporting. These are described on pages 25 through 27 of the Guidelines. Basically what we are going to require are simple quarterly online reports. What we envision there is, if you haven't been doing anything because your project hasn't started yet, it's going to be a pretty simple push the button "no activity yet." And it will be simple descriptions from thereon of how you're progressing. We're hoping to do it with a dropdown screen to make it pretty easy for you. But just to give us an opportunity to keep tabs on making sure everything is moving forward.

You will be required to submit a final report and that is due, I believe it's 12-15 months after completion of your first project. And then subsequently for each Expenditure Plan after that, there are seven elements required by statute, and the Site Level Energy Savings Tools are described on page 26 of the Guidelines. Project Level Energy Saving Options are listed on page 27 of the Guidelines. You will again be given instruction on the job creation benefits, and by the end of the project, you're going to know your actuals and so there will be some specific information related to how to pull that out and report it. And you'll be showing your

Technical and Financial Reasonableness and how you've accomplished that.

Audits -- all projects are subject to the standard CDE financial audit, not that CDE does, but that all schools are required to comply with, with an outside auditor.

Okay, the final sections of Chapter 2 are any time you are beginning a construction project, it is not unusual for there to be changes that occur as you get in and start doing work, so we have defined what would be considered substantial changes where you would need to come back to us and supplement your Expenditure Plan and possibly have to do some recalculations in terms of your energy savings. The DSA's Energy Project Construction Compliance that I just mentioned are included at the end of Chapter 2, as well as the information on contracting, and I've already covered the no retroactive funding of your projects.

Okay, Chapter 3 are the additional Prop. 39 resources available through State Agencies. The one is the Energy Commission's Conservation Assistance Act Program, and that has two elements to it, zero interest rate loans for energy efficiency projects, up to $3 million a year, it's a fairly simple program with a simple payback, We also offer technical assistance, it's a grant program for energy planning, energy audits, and project recommendations. By "grant," I mean it's a grant of service, we have a contractor in place who will provide at no cost to you energy auditing support and technical assistance, and those are our grants up to $20,000 for each application. The California Workforce Investment Board has $3 million for the Learn and Earn Job Training and Placement Programs, which will be targeting disadvantaged job seekers. And there should be some more information out and available on that program later this fall.

And then we also have the California Conservation Corps' Energy Corps Program. As you probably are aware, the Energy Corps is a program for young adults ages 18 through 25, providing training and work on natural resources projects; in this case, the Corps has developed a program specific to providing energy surveys for schools, particularly focused on smaller schools, and also implementing basic energy efficiency measures, so it's an exciting new program that they're doing with schools and there will be more information on that, too, as we move forward.

Finally, we have the Appendix. So Exhibit A is the Implementation Program, the funding allocations for energy projects. Exhibit B are the typical cost-effective school energy efficiency projects, and you'll see as you look at those that next to some of them it says "calculator provided," or something like that, those will have calculators for determining the energy savings once we go online with that.

Exhibit C is a sample pathway, kind of the steps through the Prop. 39 process, just to help articulate what there is in each step. Exhibit D explains the benchmarking process. Exhibit E, the Savings to Investment Ratio calculation and how that works. Exhibit F is the Effective Useful Life Measures and how that process works. Exhibit G, the Job Creation, is the job creation benefits calculation that will be provided. Exhibit H are the definitions that we found -- and I, the List of Acronyms, which we ended up creating ourselves to begin with because we were trying to blend the worlds of energy and education.

So the Schedule for Implementation, we're in the middle of it right now. The Draft Guidelines were posted on September 7th. We're in the process, in fact, this is the last public meeting and Webinar that we're doing, we've done a total of five public meetings and three webinars. In addition, we've done some outreach in some of the more remote areas with small School Districts.

The final date for public comments is Friday, November 25th. In November, we will post a 30-day public notice of the December Energy Commission Business Meeting, so the Revised Guidelines will be posted mid-November, I would anticipate around the 15th of November. And they will also be available online so that you can download those. December 19th will be the Business Meeting held here at the Energy Commission, and those meetings are always available also via webinar.

And December 2013, or if you all want to wait until after the holidays, that's when we begin program implementation.

Our plan also is to do another round of public meetings after the first of the year, to really try and get out either through webinars some personal meetings to provide you with as much information as we can, and answer questions in terms of, okay, so now that we have the Guidelines, what do we really do? And what are the steps? And how can we make this happen for our schools?

So I think now it's time for comments and questions. So how do you want to do this, Anne? What works best? Okay, I think what we'll do because we have folks online, what we'll be doing is going back and forth with questions, we'll start with a few here in the room, and then we'll go to the questions that we have from the folks who are listening in. And we have roving microphones so that we can hear you. I just wanted to let you know, because we are kind of crowded in here and it's a little stuffy, we've opened an overflow room, which is just around the corner here, if people want to go in there, you can hear in there, but you'll have to come back in here if you want to ask your question, but it will at least give you a place to get some air probably. Okay, we have a question back here.

MS. BROUGHAM: Thank you. Marie Brougham from SMUD. I have a request. The current project definition is site-specific, for a request to consider making it non-site-specific for both your large expenditure projects, which are those over $250,000, as well as the other projects. I think each has unique requirements and unique issues, so maybe consider both for at least non-large expenditure projects.

The concern is that in our area we have, for example, equity issues. You have a School District that is receiving $2 million, has 80 schools, will have to be putting 50 percent of their funds into 25 percent of their schools if they can actually do all of them at exactly $250,000. So it's more likely that it will be a smaller percentage. So that's one issue.

And the other one is from the cost-effectiveness calculation. It would be -- I think there are measures that would benefit from being able to use energy efficiency measures across sites to meet the cost-effectiveness threshold. For example, if you had an energy measure that you wanted to implement across the district, where in most sites, because of the State schedule or a facility type, it meets or maybe even exceeds the cost-effectiveness measure, on the particular site it may not. That one site should not be left out. So that's my comment on that.

MS. SMITH: Okay, just so you're aware we have received a number of comments on that and are you submitting your comments through the Docket, as well?

MS. BROUGHAM: Yes.

MS. SMITH: Okay, good. I would encourage that. It's easier for us to track in that way. But that comment has come up and we appreciate that, so thank you very much for bringing that up again.

MR. WICKLER: Greg Wickler with InerNoc. A couple of clarifying questions. First, at the Oakland workshop there was a question about whether behavior programs, behavior measures, qualified. I think the response was that this is a hardware only program. So my question relates to in Appendix B -- or Exhibit B, there is the table identifies conduct commissioning. Commissioning projects would be eligible, would be an example of an eligible measure. And a question to ask is, would commissioning extend to retro commissioning, as well as monitoring-based retro commissioning types of measures? So that's a question, I don't know if you can answer that, or we should submit that in our comments.

MS. SMITH: I would ask that you submit it and -- both comments. And there is recognition of non-energy benefits in the language in the statute, so I think it's important for you to include that in your comments on the Docket.

MR. WICKLER: Okay, I wouldn't characterize those measures as non-energy, but anyway, I'll clarify in my comments. The second question, my last question, is related to the M&V requirements, page 27 of the Guidelines. And I just wanted to clarify whether LEAs could use Prop. 39 funds for -- I think for some of the M&V, fulfilling the M&V requirements in Step 8, and I think it's on page 27 of the Guidelines.

MS. SMITH: Right.

MR. WICKLER: Particularly the third party M&V report, if LEAs can use Prop. 39 funds to essentially fund those activities.

MS. SMITH: I think that's something we need to take a look at. Liz, or somebody, can you?

MS. SHIRAKH: Yeah, I think I would encourage you to send that through the Docket, as well. It might be interpreted that that would be considered, you know, energy planning and if you held some of your energy planning dollars towards the end, maybe that would be a way of using Prop. 39 money for that, but I think I'd like to see that come through the Dockets and we could have a formal response to that and clarify it in the Guidelines.

MR. BAKKE: Eric Bakke with Los Angeles Unified School District. The first question that was asked is one I already had, but I have just a couple quick ones. On, let's see, page 4 where you talked about the planning reservation option for $433,000, above or below?

MS. SMITH: Uh-huh.

MR. BAKKE: One of the concerns our

District has is that we're capped at a million dollars. We are -- San Diego Unified, let's say, for example, they would be capped at a million dollars. But I've got five times as many school sites as they do, so I would not, for a school site, be able to properly plan or identify what school sites would be the best to spend our Prop. 39. So we'd like to see some flexibility in that if there's an opportunity to discuss that a little bit more. And as you mentioned, this will also be in our documents, as well.

MS. SMITH: Okay, good.

MR. BAKKE: And the second one, we've actually received a number of requests from our Charter Schools in our community to help them manage both in terms of energy and filling out the applications, and if there would be any restriction on the District acting as the consultant, so to speak, for the charter schools as an eligible expenditure for Prop. 39, so that our costs could be claimed under their applications?

MS. SMITH: You know, I wouldn't think there would be a restriction, I think that's something I'd like you to submit through the Docket, too. We can take a look at the legality of it, as well as whether it's a legal issue or if it's policy call. We want to be flexible, so….

MR. BAKKE: I appreciate that. And one last one, again that has something to do with Charters. There's a focus on the Charter occupying a District-owned property and having the requirements of the Charter work with the LEA or the School District in filling out that application. If I wanted to utilize my Prop. 39 funds on that Charter School, would I need to then jointly file an application with them? Or can I just as the LEA file that application?

MS. SMITH: I think we're getting down to individual type situations. Yeah, I think I'd rather work with you off line on what would be the best way to do that because I think, I mean, I think with the way it's worded, you have flexibility, but that wasn't a situation specifically considered.

MR. BAKKE: Yeah, we'll be putting all of these in our document, we have a number of these types of specific individual situations.

MS. SMITH: Okay. Yeah, and we did a webinar on the 16th and we had a lot of Charter-specific questions at that webinar, so we know it's opening up more information to us to better, I think, answer those questions.

Why don't we take one more from the room and then we'll switch to the folks who are listening, and then we'll come back to the room for more questions.

MR. ANDREONI: Thank you. Tony Andreoni with California Municipal Utilities Association. I appreciate all the outreach the CEC has done on this particular activity. I think I do have a few questions, but I think the first thing I wanted to know, and maybe you mentioned this in the presentation, is when are the responses to the questions that have been asked going to be posted?

MS. SMITH: We have posted some from the actual webinars, we have posted some of those. And then our intent is to start posting some FAQs which will include some of these questions and also questions we've been getting online since we posted the planning instructions. We will be doing a summary of the comments that we've gotten in the Docket and we will be indicating if changes were incorporated in the Guidelines as a result of those. Am I describing this accurately, Liz? Okay. So they'll kind of be coming out in phases. I think the key is to watch our website and then we'll also be doing outreach to the Listserv itself.

MR. ANDREONI: Okay, and you may have mentioned this in the presentation, if LEAs do not use all the funding in Year One, does it roll over?

MS. SMITH: Uh-huh.

MR. ANDREONI: Okay.

MS. SMITH: Absolutely.

MR. ANDREONI: The last question I have, you mentioned the calculator not being available, the cost-effectiveness calculator not being available until December.

MS. SMITH: Uh-huh.

MR. ANDREONI: Is there a draft of any sort that the utilities can look at? Or do you expect that once it's released we'll have an opportunity to use and see how it functions?

MS. SMITH: We actually have had a

request from the IOUs to take -- or at least the CPUC -- to take a look at it. So let me get back to you on that, okay? We're still kind of working on that process. We've got to brief the folks internally first. Okay, Anne.

MS. FISHER: First question from the web. "The Guidelines call for lease of historic and future billing data for LEAs. To what level of detail is the Energy Commission expecting to get data? Is the monthly energy and peak demand when available enough? Or does the Energy Commission expect utilities to provide 15-minute interval time of use, or real time meter read data if that level of detail was used to create the monthly bill?

MS. SMITH: We've been looking at a lot of different -- looking at that differently, and part of the challenge is we have utilities that are able to provide detail differently. In terms of -- and I've got my folks here looking at me, so if I'm jumping out of order here, please correct me -- in terms of submitting an expenditure plan, we will be asking for the 12-month historical data actually for the LEA to give us a summary of what that is -- okay, they're nodding at me, I got that one right. In terms of what we will be getting from the utilities, we're still working on details in terms of what we will be requesting from the utilities. Is that accurate? Okay.

MS. FISHER: Next question: "Within the rules for Districts doing large projects, can a District apply just once and not every year for the duration of the project?"

MS. SMITH: Yes, absolutely. We will -- if it's for a very complex LEA, obviously it will take longer for us to review a five-year project and a one-year project, but we do encourage that and are willing to work with the LEAs in the various manners that they want to submit their plans.

MS. FISHER: "Will there be a downloadable copy of the Powerpoint?"

MS. SMITH: I think it's already posted. I think it's posted on the Energy Commission website if you go to the main page of the Energy Commission, I think the second little new flag down is for Prop. 39, you click on that and it will take you to the Prop. 39 webpage, and the Powerpoint is one of the items listed on that.

MS. FISHER: "Can small Districts pool their funds with the County of Education to do planning activities for their Districts?"

MS. SMITH: Yes.

MS. FISHER: "Can all LEAs submit a five-year expenditure plan in the first year?

MS. SMITH: Yes.

MS. FISHER: The next one is a long --

MS. SMITH: Oh, okay, then maybe I need some clarification, thank you.

MS. SHIRAKH: If you're an LEA in Tiers 1 through 3, you have the option of doing a five-year plan. For LEAs in that Tier 4 category, we're at this point in time saying that we don't want to see a five-year plan, you could submit multiple plans; but if you think that you'd like to see LEAs in that category have five-year plans, send that in. We'd like to hear your comments.

MS. SMITH: Thank you. I think I answered that one wrong somewhere else, too.

MS. FISHER: "In the Contracts section of the Guidelines on page 29, it says LEAs shall not use sole source process to award grant proceeds; however, if the POU is offering or providing support to an LEA in the planning or implementation of an Energy Expenditure Plan, can the SCPPA member offer or suggest the LEA use one or more of the firms who have passed competitive bidding process performed by the SCPPA and its members and who are under contract to provide auditing or efficiency improvement installation services?"

MS. SMITH: As I hear that question, it sounds to me in this situation that you have an organization that represents the small utilities that has already gone through a competitive bid process to offer particular types of services, if I'm understanding the question correctly. We do defer to what the school or the local requirements are for compliance. It sounds to me like that, having been through a competitive bid process, but you would have to consult your local attorneys or School District attorneys to help with that question.

Okay, let's go back to the room. I have one back here first -- oh, wait, I'm sorry, you're next, then you two. And then we'll go.

MS. ALVAREZ: Thanks for the opportunity to comment. I am on behalf of the San Diego

Unified School District, it's like the largest in the state. First we want to encourage the CEC to take another look at the statute and the requirements for a simplified process. There's language in the statute that states that the CEC will be developing a simple pre-installation verification form and a simple expenditure plan form for us to develop and use when we submit our plans to the CEC for review and final approval. So far we have not seen those templates, what they look like, and it's difficult for us to be able to comment on what would be expected of us in order to submit those energy plans. From what we have seen in the Guidelines, we have some concerns that it will be a lot of time and staff resources brought into this program. So we encourage the CEC and will be submitting more specific comments in writing to just see how it can be streamlined and simplified.

I'll just mention a couple that are of interest to us. Two comments that were made before by some of the individuals in the audience that we also echo and would like to encourage some revisions in the Guidelines, that would be a $250,000 per project, and in the statute it does not require on the school site basis. We would like to also align our comments with the SMUD individual that made the comment about broader definitions. And then the other comment also made about the next five-year Expenditure Plan, we'd also like to have the opportunity to submit one five-year Expenditure Plan as much as the other LEAs are able to do so. And again, that's something that could be revised in the Guidelines.

The other ones are regarding the reporting requirements in the statute, the only requirements are for us to submit, any Expenditure Plan, and then at the end of the completion of the project, for us to submit one final project report within 15 months of the first project completion. We believe that the quarterly reports are going to be something that's going to add much more resources and time devoted to filling it out. Again, because we have not seen what that template looks like, we cannot provide any comments about what the specific concerns are. As long as we just provide that final report, that initial and final, then we should be able to comply with the statute requirements.

Another would be looking at the Benchmark requirement. We are concerned that so far what we have seen in the Guidelines, it's going to require all LEAs, in particular these would be for the larger LEAs with dozens or hundreds of school sites, for us to have to compare all school sites, even though only a few of them will benefit from the Prop. 39 funding. And again, there's different information on the Guidelines. Some say that we'll have to benchmark all school sites and then some say that only those that will be benefitting from the Prop. 39 money, so that would be good for the CEC to reconsider and take a closer look.

We also have some concerns about the life expectancy for the projects. We don't think that they're realistic and that they should be also revised. So again, overall, we hope that the Final Guidelines will be streamlined and that it will ensure that the School Districts can comply with the Prop. 39 requirements, as well as S.B. 73, but ultimately our goal is to educate children and we intend to comply with our requirements hopefully in a simplified way.

One question that I do have is if there will be an opportunity for us to comment on the Final Guidelines before they get discussed by the Commission on December 19th.

MS. SMITH: Okay. There is a 30-day public notice period prior to the Commission Business Meeting, so if there are -- while we won't be doing an initial formal comment period like this, if there are concerns that people have, or comments, that's the period of time to come in and the Commission also takes public comment at their meetings, as well, uh-huh. Okay, the gentleman in the back.

MR. LECHNER: Thank you. Rob Lechner with the City of Lodi. The first question is, the energy use data required only for the schools receiving those funds, it's not for the entire -- in this case, Lodi Unified School District -- it's just for their identified prioritized school sites only. Correct?

MS. SMITH: The ones where you will be doing projects.

MR. LECHNER: CMs, correct.

MS. SMITH: Yes.

MR. LECHNER: Okay --
MS. SMITH: Now, in addition --
MR. LECHNER: No caveats allowed.
MS. SMITH: -- no caveats allowed -- now, c'mon, we work for the Energy Commission. We will be asking for meter data for other schools in the district where -- even where the energy project is not occurring, so….
MR. LECHNER: Oh, those are fighting words. Okay. But --
MS. SMITH: Those will be coming in requests through the utilities. Is that -- I'm correct on that, right? Or am I not? Okay.
MR. LECHNER: I'm the local utilities, and my question again is I'm working already with our School District and we've identified and prioritized roughly 12 school sites in 2014 that they want to receive funds for, roughly $1.3 million. The question is, do they need to provide data for the other 20-some odd school and facility sites in the District? Or is it only just for those 12 that are going to receive the funds?
MS. SMITH: For the Expenditure Plans, it would be just for those 12.

MR. LECHNER: Okay, perfect.

MS. SMITH: Okay. And then we would work directly with the utilities to receive the data for the meters that are not related to those projects.

MR. LECHNER: My second question, and you're going to love this one, our School District is urging us to make sure we get to keep the energy savings local and, so, are you going to identify somewhere in the packet how you actually claim the savings? In most utilities, Lodi, SMUD, PG&E, etc., we have the Public Benefits Goods, or Public Benefits or Goods Charge, but we do spend those rebate dollars locally. And so their logic is and question they asked me to pose to you today was, does Lodi Electric get to keep those energy savings derived from the projects done at these various school sites?

MS. SMITH: You know, the statute is silent on that, and so from our perspective, we don't have any authority to be able to answer -- to influence what happens with that money, okay?

MS. FREIRA: Hi. I'm sorry I'm going out of turn, but I just wanted to follow-up on that.

Just curious --

MS. SMITH: Can you identify yourself?

MS. FREIRA: Anna Ferrera, School Energy Coalition. I just am curious about the utility information going to the CEC about schools. Is that part of the program? Or is that something that's going to be taking place as a separate function? Because I'm not sure that was part of the program or what we've seen in the Guidelines so far.

MS. SMITH: It's not in the Guidelines -- well, go ahead, Liz. Do you want to --

MS. SHIRAKH: Can you guys hear me? Step 1 of the Guidelines, that's the Utility Release Form to the Energy Commission, I believe that's what we're talking about here, is that the utility information, you know, the Energy Commission will be getting that utility release data, so we'll have access to all the utility data for all the schools in an LEA, so not just the schools; you know, so an LEA has 20 school sites, maybe Prop. 39 funding is going to 10 of those, the Energy Commission would have access to the utility data to all 20 sites.

MS. FERRERA: (Inaudible) [off mic]

MS. SHIRAKH: Yes, so that's -- I'm trying to clarify it. So that is currently in the Guidelines, that's step 1, having that Utility Release Form.

MS. FERRERA: (Inaudible) [off mic]

MS. SHIRAKH: Well, it's part of the statute. We're just enforcing what is written in the statute and it says that the Energy Commission will have this data and so we're following that. And that's just part of the requirements.

MR. BROWN: Thank you. Rick Brown, Terra Verde. I have three comments. On the Option 3 issue, Availability to Tier 4 and above districts, $1,088 and above, I want to -- I bet you if you asked people how many people in the room want to see that happen, you'd probably get half the people in the room raise their hand. So I want to talk about what the rationale is from a specific standpoint. First of all, the Clean Energy Jobs Act clearly states the importance of directing funds to generate jobs as quickly as possible; second, it puts the emphasis on optimizing cost-effectiveness. By allowing Districts to develop and implement a five-year plan, there's the greatest likelihood that more construction jobs will be generated sooner. Furthermore, by bidding out a complete project scope, a five-year plan, in one or two large increments versus five or more separate increments, the District is much more likely to secure more favorable pricing, allowing the District to potentially expand their projects and the resulting job and cost savings.

So it's hard for me to imagine why that wouldn't be available.

Second is more of a technical nature. In your assumptions around inflation escalator, you use for that SIR two percent?

MS. SMITH: Uh-huh.

MR. BROWN: CEC's own data from 1982 to 2010 shows a California inflation rate for electricity of 2.7 percent, so I'm not sure why you selected 2.0 percent, but it seem to me the numbers should be a little bit higher than 2.0 percent. If you go back even further before the various '70s energy crises, that number would be even higher. So I think that number is a little low.

And similarly, on a more technical

matter, your use of NPV is actually not correct, what you're using in your formula is actually a present value of gross savings, it's not a Net Present Value because you're not looking at some of the discount rate around the costs.

MS. SMITH: Okay --

MR. BROWN: In that regard, so I think it should be labeled differently if you're going to use that formula. And then you're using a discount rate of 5.1 percent. Have you talked to School Districts around their borrowing costs? 5.1 percent as an average discount rate is high. It should be more in the 3-4 percent range.

And then finally, on renewable energy, you talk about the fact that it's hard to evaluate the economic useful life of renewable energy projects, but in fact those are some of the few projects that actually, under the California Solar Initiative, have requirements around warranties; panels have to be warrantied 25 years, inverters and workmanship for at least 10 years. It seems to me if you can justify by a project plan that you're going to, say, have inverter warranties for 20 years, and module warranties for 25 years, you should have an economic useful life -- it's reasonable to assume the economic useful life is at least 20 years. And that's kind of how the CEC has treated those projects with the loan programs, so I'm not sure why there's uncertainty around that.

MS. SMITH: Okay.

MR. BROWN: We have some other comments that we'll put in the Docket --

MS. SMITH: Perfect.

MR. BROWN: -- but those three, the option 3 issue is the most important. Thank you.

MS. SMITH: Okay, thank you.

MS. BROWNSEY: Thank you. Donna Brownsey representing the Solar Energy Industry Association. The Draft Guidelines seem to restrict the ability of schools to allocate general program funds and ECAA loan funds towards third party solar agreements, known as PPA, Power Purchase Agreements. So SEIA is asking that the CEC make clear as part of the Final Guidelines that general program and ECAA funds may be used for third party PPA financing for these reasons: first, you're able to leverage other sources of available funding in a manner that's consistent with the proposition and with S.B. 73; third, the major benefit of the solar PPAs is the ability to utilize the Federal Investment Tax Credit, which equals 30 percent of the cost of the solar energy system as tax-free entity schools are typically not eligible for the Federal incentive; however, PPAs enable third parties to leverage the ITC on behalf of the schools, and pass these benefits on by lower prices to the systems. This financing model also has the benefit of requiring zero upfront costs since the school would not be required to pay for either the equipment or the installation. This model allows the customer to realize savings from day one.

And finally, PPAs are already providing substantial energy savings to schools in School Districts throughout the state in order to maximize program success, third party PPA financing, it should be available options to schools because, as you know, the School Districts are very diverse in the state, and some may be in a position where they have local

GO bonds and they can underwrite the costs of the system; others really do need to put together packages, and these projects really do need to pencil out economically for those projects, not only to meet Proposition 39, but more importantly, to meet those local school budget goals and outcomes. So SEIA would respectfully request the Commission to consider adding PPAs as eligible for this program. Thank you.

MS. SMITH: Thank you. We'll take one more in the room and then we'll move.

MS. HERRERA: Thank you. I'm Patty Herrera. I represent Riverside County Schools. We submitted a letter in conjunction with several organizations that represent statewide in trusts like CASBO and CSB and ACSA. And I know we took, sort of a 30,000-foot level approach to our public comment, really just asking for a simplified process, particularly on the intake portions in an effort to get the disbursement of funds allocated more expeditiously. So to that point, we were wondering if the CEC might consider an alternative intake process. One option could be that, if a School District certified that they would follow the loading order, if you will, or the sequencing of the facility improvements that you have on Exhibit B, if we certified that we followed that priority in ranking, could we expedite those dollars with that certification, as opposed to going through -- and I have to admit that some of this is informed by some angst around not really understanding or knowing what the Expenditure Plan requirements will be. So in the absence of knowing what that would be, there's a lot of angst in the field about how onerous that would be. So we'd like you to consider perhaps a more simplified intake process, looking at your Exhibit B for your projects.

Additionally, I think this has been raised in other venues, and I don't know how because I'm not a technician, I don't know how the Savings to Investment Ratio would accommodate this, or I'm not even sure I would characterize it as non-energy benefit, but School Districts today are embarking on a couple of initiatives that frankly will affect our energy consumption at the school site level, and this is because we are in the first year of, you know, the last five years of not experiencing cuts to our educational program, and so we're restoring a lot of our programs, adding after school programs, summer school, things like that which will tax our facilities, as well as our energy consumption. Additionally, we're required by mandate to implement the common course State standards and prepare for computer adaptive testing this coming spring with full implementation in the spring of 2015. All of those initiatives require additional technological support and, obviously, electrical or whatever consumption. And so I don't know how the SIR or your cost-effectiveness tool will accommodate what will be increased energy consumption at the end of the day, and as School Districts, we wouldn't want to be harmed at an audit when our, you know, just on pencil and paper it appears we may be consuming more energy, when in fact had we not embarked on any energy efficiency projects, our energy consumption would be even higher. So I'm not a technician, so I don't know how to solve that, but I'd like to put that on your radar.

And finally, in the absence of a more expeditious process, and perhaps it is only for those Districts who will certify to follow your Exhibit B in terms of project priority, I was wondering -- we're wondering -- to what extent the CEC will hold districts upon the review of their Expenditure Plans, will hold districts to the Guidelines with regard to your sequencing of facility improvements, as well as the project prioritization. And I raise this because someone in the audience earlier had indicated that, by building type, or school type, like comprehensive high school sites, will be huge consumers of energy, as opposed to elementary school sites, which are typically smaller, they wouldn't be. In addition to that, School Districts have, as you know, multiple funding sources, including their Prop. 39 -- I'm sorry, I wish you would have used a different number -- local bonds to fund high priority projects. And so if you were to enumerate your projects based on your project prioritization as prescribed in the Guidelines, it may be that you've already identified a project that is high on your project prioritization list. You may have already identified your local bonds for those projects and, in fact, you want to use your energy dollars for projects that are lower on that project priority list. And to what extent will CEC give districts the latitude and the discretion to allocate those dollars when they're looking at their entire building programs?

MS. SMITH: Okay, thank you. And are you going to submit your individual comments?

MS. HERRERA: I'm not really familiar with the Docket and we submitted our letter, but we'll follow-up and figure out what the Docket is and submit these.

MS. SMITH: Okay, I'll actually be putting -- let's see if I've got it here.

MS. HERRERA: Thank you.

MS. SMITH: How come it's not moving? There we go. This has all the Docket information.

MS. SHIRAKH: I just wanted to respond to the last part of your comment about the Energy Commission. You know, the Energy Commission will not be making a judgment call as to whether the School District of LA has made the right choice in which projects you're selecting, and your sequencing; we're giving you recommendations on how to go about that process with the 11 requirements from the statute, and then our sequencing of facilities. That Exhibit B where we have different projects by categories with the priorities, that's just typical projects we've seen through our BrightSchools Program, that's not a mandate that you follow that list. So I guess I kind of heard your question as interpreting that as being a mandate that you need to follow those, it's a suggested, you know, typical projects that we've seen as being cost-effective. So I just wanted to try to answer your concern on the last part.

MS. SMITH: Okay, we're going to take some online and then we'll come back to the room. Thank you.

MS. FISHER: Our next Web question, this seems to be more of a clarification. They want to know, there's the Energy Manager allocation of 10 percent or $100,000, is there a middle point? For example, if the 10 percent was $37,400, what if they wanted to spend $50,000 on that Energy Manager?

MS. SMITH: Right now, it is the 10 percent, or $100,000. If you want to submit comments related to that, you certainly can.

MS. FISHER: Next question: "In Exhibit B of the Guidelines, there are examples of typically cost-effective energy efficiency measures for K-12 schools. Some of these exemplary measures do not meet the Title 24 Code requirements. Does this mean that the Energy Commission is allowing schools to claim energy savings from any and all Prop. 39 funded measures as compared to their existing equipment for operating conditions, rather than allowing credit only for those retrofits that exceed Building Energy Code requirements?"

MS. SMITH: We've had that comment before and so we're going to have to take a look at that, I really can't answer that today.

MS. FISHER: "If an LEA or LEA pool have previously completed benchmarking of their school facilities, may that report be provided? Or must new audits and reports be provided?"

MS. SMITH: We are allowing you to go back three years, I think, isn't it? Three years if your audit has been completed within the last three years, we will accept that.

MS. FISHER: "Does the LEA provide the utility provider data request to the Energy Commission or to the utility account representative directly?"

MS. SMITH: The Release Form will come -- is that what the question was -- the Release Form? The Release Form will come to the Energy Commission. It will come as part of your Expenditure Plan; without receiving that, we can't approve an Expenditure Plan.

MS. FISHER: Again, we have this question: "Are the slides available for the participants?" I think we had just addressed that earlier.

MS. SMITH: Yes.

MS. FISHER: "Since the Guidelines will not be final until December 2013, will projects require planning and implementation be allowed to conclude an audit in 2015?

MS. SMITH: I'm not sure I understand that. The audit funds are available in year one, they can be spent as audit any year. We're trying to encourage LEAs to do their auditing work upfront, and that's why we're making the funds available in year one.

MS. FISHER: We'll do one more question from the Web and then go back to the room. Next question: "Spirit Foundation, a U.S. Department of Energy partner, influence Wounded Warriors in energy efficient careers. We would like to assist schools with their energy surveys. How do we as a 501(c)(3) apply for assistance from the State and assist our Veterans?"

MS. SMITH: I'm not sure I can answer that question today. If you could submit -- we have a question email, it's Prop39@energy.ca.gov, if you could submit the question there and provide your information to us, we can try and maybe find the right folks to put you in touch with.

MS. DIEPENBROCK: I'm Martha from the California Conservation Corps. One resource would be to send that to the California Workforce Investment Board because that grant program will come out and encourage training for Veterans and young adults, that would be one connection.

MS. SMITH: Okay, yeah, that's what I was going to do. If you give me your information, we can put you in touch with the contact people at the Workforce Investment Board, that was my thought too. Thanks, Martha. Okay, back in the room.

MS. BLAIN: Hi. My name is Cindy Blain with the Sacramento Tree Foundation and my comment is thank you very much for including energy saving trees in the Draft Guidelines. As you know, we've worked with SMUD for years. I will be submitting comments just to refine a little bit what you've got in the energy saving activities. And just so everybody knows, it's not necessarily the south side that's the most energy efficient, it's usually the west side, at least in the Central Valley, but we'll go into that more. Thank you.

MS. SMITH: Thank you.

MR. ORR: Thank you. I'm Bill Orr, the Executive Director of the Collaborative for High Performance Schools, or CHPS. I wanted to touch on the non-energy benefits for a minute and then just talk about a couple of resources, as well.

It seems that in the current Guidelines, the primary reference to the non-energy benefits is the three percent that's included in the overall formula. I would recommend and suggest that you might consider including tools like the Operations Report Card that CHPS has, or other performance benchmarking tools that go beyond just the energy as a way to quantify and help plan and benchmark before and after the projects. For example, the Operations Report Card looks at thermal comfort, indoor air quality, lighting, and acoustics, which are four of the five categories that are described under the non-energy benefits. So we would recommend that you include it as specifically eligible in the planning dollars and in the benchmarking dollars.

The second comment, just from a standpoint, most of the measures that are included are really focused on equipment, not necessarily systems, let alone buildings or schools, and so just from the standpoint of resources, you know, I think that there are resources beyond State resources that should and could be included, along with the Guidelines, and specifically I would recommend including references to the CHPS Best Practices Manual, Volume II, which is specifically on designing a health High Performance School, largely funded with Energy Commission funding, and California Utilities. And so I think that would be an excellent resource.

And then the third thing I just wanted to mention is that, as part of the CHPS criteria nationally, we've developed a concept called a High Performance Transition Plan. Historically, High Performance Schools, which the Energy Commission and stakeholders in this room have been involved with for over a decade, have recognized the importance of pulling together all aspects beyond energy of the school. But it's been a real challenge from the standpoint of smaller projects and modernization projects. So I think Prop. 39 really represents an opportunity to cobble together not only the savings in the energy associated with the Prop. 39 funding, but also to combine that into a High Performance School. And so I would just bring to your attention the concept of a High Performance Transition Plan, so that over the five-year period, if you implement a series of projects that you might end up not only with an energy efficient school, but with a healthy High

Performance School. And we'll be following up with these comments in writing. Thank you.

MS. SMITH: Thank you. I saw another hand, I thought. There we go.

MS. BACHEZ: Sara Bachez with CASBO, representing 3,000 CBOs and School Districts. We highly encourage the CEC revise the Draft Guidelines to include a simplified Expenditure Plan submittal, or a pre-approval process for energy conservation projects that are known to achieve energy savings, while retaining its appropriate process for more sophisticated or complex energy conservation and generating projects.

Our concern is that will these Guidelines be simple and comprehensible to our, you know, smaller School District folks that might not have the leveraging opportunities, and might then have to redirect these resources to smaller projects that would generate immediate results in hiring staff and trying to ensure that they're filling out the appropriate procedures in a time when we're being faced with several changes left and right. We have local control and then we have Common Core that we have to implement, and so our folks are currently facing many changes and we want to ensure that we're maximizing these opportunities to ensure high quality safe environments for students. Thank you so much.

MS. SMITH: Thank you. Okay, we'll go back to the Web.

MS. FISHER: "What is the anticipated timeline for payments after the projects are completed? Is incremental payment an option?"

MS. SMITH: I was just going to look at this. The Department of Education is planning to do quarterly -- I was just trying to find the specific -- they will be making payments quarterly. Okay, I'll just look at the specific Guidelines here. Thank you. It's easier than my notes. These payments from CDE are upfront payments, they're not -- it's not a reimbursement program, so if that's the -- so if you're familiar with like our ECAA loan program, that is a reimbursement program. This is an upfront grant program. So once the Energy Commission approves the plan and notifies CDE, CDE will be collecting the approved plans and batching them, and then doing quarterly payments out through the normal process where you get grant payments. And there's -- I think it goes through County Central Office or something, and then to the schools from there. So I hope that answers the question. If you can send a clarifying question in if I didn't get what you're asking?

MS. FISHER: "No funds are to be spent until the Step 7 Expenditure Plan is submitted and approved, correct?"

MS. SMITH: That is correct with regard to Expenditure Plans. With regard to planning funds, you can request the planning funds, you have the first period of time where you can request planning funds ends November 1st, and CDE will be sending those out based on the requests. They will do another one in February and then, if there's a need to do another round for a request for planning funds, they will do another one in the spring.

MS. FISHER: "Is the auditing deducted from the first year allocation? Or in addition to?" I believe they're referring to the planning funds if that's taken out of their --

MS. SMITH: The planning funds comes out

of your first year allocation, so it's not additional money that you get.

MS. FISHER: "Is there a database of consultants that can be used by the LEA or schools to find qualified providers for the various services such as audits and benchmarking, etc.? How can providers get on that list or database?"

MS. SMITH: The Commission does not keep that type of list. I'm not sure about utilities, if they have a list of qualified consultants or contractors, but we do not keep a list.

MS. FISHER: "Can utilities act as energy managers? And if so, can they be reimbursed for labor?"

MS. SMITH: We've not been asked that question. I think that's one we'll need to look into. I don't think that's one I want to answer today.

MS. FISHER: "It appears the Energy Commission wants to claim all the savings. This would greatly limit utility participation or stop it altogether. For utilities to participate, we need to be able to claim savings to offer additional funding."

MS. SMITH: We are working with the IOUs, I'm assuming this is an IOU asking that question? So -- you don't think it is? I'm not sure who is asking the question, but -- pardon me? They have the same issues, okay. So we do need to have some more conversation. The question has come up, but we're not trying to hog the savings.

MS. FISHER: Next question: "Are there any requirements in terms of portfolio bundling for the purposes of passing the 1.05 hurdle? That is, will the entire package of projects as submitted that will be considered on a portfolio basis? Or are there rules as to what can be bundled for the purposes of creating a qualifying portfolio?"

MS. SMITH: We don't have specific instructions that are included as far as what can be bundled and what can't be bundled. Do you all have any --

MR. BUCANEG: The only thing is we're looking at the 1.05 SIR on a site level, not on an LEA level, that would be the only thing I could think of -- oh, this is Haile Bucaneg with the California Energy Commission.

MS. SMITH: And that's as it reads currently in the Draft Guidelines, and as we've heard today, there have been not only comments today, but comments in a number of meetings and through the Docket that we've seen comments on that. So we'll be taking a look at that. Anybody else in the room have questions? Yes.

MR. PIERCE: Robert Pierce with Elk Grove Unified School District. And I just wanted to second some of the earlier comments with regard to the $250,000 project definition. We're hopeful that you will define that ultimately as a contract in defining the project. If it's limited to a site-based contract, in our case, and I think the math holds true to many Districts, a large portion of our allocations will go to less than 10 percent of our schools each year. And as the program sees itself through, because of projects that we've already took initiative of doing, we could literally run ourselves out of having projects available that would generate the amount of savings that we're all hopeful to see if that $250,000 threshold remains at the site level.

In terms of the planning money, I was wondering what the rationale was, or if there's any thought to opening up the percentages of 85 percent of the planning money going towards audits, and only 15 percent going towards program assistance? I'm hopeful that large LEAs that are in Tier 4 will be allowed to submit a five-year Expenditure Plan.

MS. SMITH: Okay.

MR. PIERCE: If that's the case, the planning money only comes in year one --

MS. SMITH: Uh-huh.

MR. PIERCE: -- and we want to use that planning money to get us all the way through year five. And I believe that the project assistance will be much higher than 15 percent in order to have a successful Expenditure Plan. So I will submit all of our comments in the Docket, but I thought those three things would be important today.

MS. SMITH: Great. Thank you very much. Anybody else in the room?

MS. BROUGHAM: Marie Brougham from SMUD. I had one clarifying question. So audits that are three years old can be used if we're encouraging LEAs to do their audits upfront, say in year one; can an audit from year one be used in year five? I hadn't thought of that one.

MS. SMITH: Oh, you got me there, didn't you?

MS. BROUGHAM: And then I have one more comment.

MS. SMITH: Well, I'm not sure I can answer it today, I think that's another one we need to look at. I appreciate that.

MS. BROUGHAM: Okay. My other concern is with the cost-effectiveness calculation, the current maintenance cap is at two percent. There are measures out there that are very good, that definitely have a maintenance cost savings well above two percent. Given our facility staffs at the School Districts have been so reduced, measures that will reduce maintenance is very very real to their decision making. So we request that that cap be increased, I'm not sure what it should be increased to, we're doing some research and we'll submit that in our formal comments --

MS. SMITH: Great.

MS. BROUGHAM: -- but certainly not all

measures are alike.

MS. SMITH: Thank you.

MS. FERRERA: Anna Ferrera again with the School Energy Coalition, and I just, to belabor the point, sorry, on the utility information, as far as the trailer bill language statement, or language, it says "in order to later quantify the costs and benefits of funded projects, an entity that receives funds from the Jobs Creation Fund shall authorize it's local electorate and gas utilities to provide 12 months of past and ongoing usage and billing records at the school facility site level to the Energy Commission." And so I see this, I guess, as a broadening of that data, and that schools should be authorizing that, and maybe I heard you incorrectly, but that it sounded like the utilities were providing information to the CEC on LEA-wide level. And I'll go ahead and provide that in the Docket, but I am concerned that it doesn't really say that in the trailer bill language and I'd like some clarification.

MS. SMITH: Okay, I appreciate that. And just to clarify, the release forms would be specific, I mean, they will know what they're signing to release. So, to answer that portion of it. But the other, I think it's important to submit that to the Docket. Thanks.

MS. AGUILAR: Thank you. Lisette Aguilar with Gustine Unified. I just have a couple clarifying questions. You said if the funding is not used in year one, it rolls over. That's for both project and planning funds?

MS. SMITH: Correct.

MS. AGUILAR: So you request the whole amount for planning funds, whatever you use, year one, you claim, and then the rest will just go forward? Correct?

MS. SMITH: Yes. You will get -- the money is allocated each year by the Legislature, but if you don't use all your funds in one year, you don't lose it, it's not a use or lose by the end of the fiscal year thing, it continues. And so even if you haven't requested it through an Expenditure Plan or through a Planning Fund request, that still is part of your award allocation that remains in the balance, that CDE keeps. But it won't be like there's a clean slate each year unless you spend all your money.

MS. AGUILAR: Okay. And with those

planning funds, that 15 percent program assistance, is that limited to outside assistance? Or can you use in-house staff? Or how does that work?

MS. SMITH: I think you can use in-house staff, I mean, we're encouraging or feel that there are some activities that you can use, facility managers or folks that you have in-house. So we'll clarify that, but that would be my assumption.

MS. AGUILAR: Okay. And then also, the training piece, you said up to two percent or 1,000, is that only on an actual project, or also part of planning?

MS. SMITH: No, that's actually for training staff to run the equipment properly, utilize -- so if you put controls in to train them in how to use controls, or how to better utilize whatever the measures are. That's what it's set up for, for classified staff. Am I using the right term?

MS. AGUILAR: Oh, I see, yes, yes, yes. That makes sense. Thank you.

MS. SMITH: Uh-huh. Why don't we go back online?

MS. FISHER: Next question from the Web: "The sequencing order beginning with energy efficiency is described as a recommendation. If an LEA would like to propose solar, is there any kind of necessity to demonstrate that energy efficiency has been maximized or considered in some way?"

MS. SMITH: Again, we're looking at what the energy efficiency is and the calculations working out, it may be necessary to bundle projects -- this is sort of speculating; in some cases, I think we're going to have LEAs that have already done a lot of energy efficiency and are ready to move to solar, so certainly we'll need to be taking a look at that. Our intent is to be once again flexible within the rules and we'll be looking at the individual Expenditure Plans and working with you on that.

MS. FISHER: "It sounds like some of the Q&A from prior webinars has been posted. Can you provide a url or description of where to find this on the website?"

MS. SMITH: Yes. If you go to the Energy Commission website, you can just go to California Energy Commission, and when you get the Home page, you'll see that there are a list of items, and I think three or four of them have little flags on them that say "new," n-e-w, the second one down is the Prop. 39, and you can just click on that and that will take you to the Prop. 39 webpage, and on the webpage you will see a list of different items that are available and the recording is one of those. That's from the October 9th meeting, I think, we have posted currently.

MS. FISHER: It looks like this is a repeat, the next question: "Where are our answers to previously asked questions found on the webpage?" And I think you just answered that.

Next question: "A deadline for requesting planning funds is coming up on November 1st. Can you confirm that there will definitely be another opportunity to make a request in February?"

MS. SMITH: Yes, I will confirm that.

MS. FISHER: "On the Guidelines, page 28, Contracts, third bullet says: 'LEAs shall not use a sole source process to award grant proceeds.' Other than cited Code exemption, competitive bidding is not always possible such as with unique and proprietary products and services. Why not simply follow the existing California Code for competitive bidding for LEAs?"

MS. SMITH: The statute is what included the sole source language, so we are obligated to include that in the Guidelines. And the LEAs will have to comply with that and whatever their local requirements are.

MS. FISHER: "Will it delay the award flash funding for an LEA if the usage data for the 10 or 15 schools who are not going to get funding in 2013/2014 is not provided when the usage data for the 20 or 25 schools who are targeted for retro commissioning is provided for plan review?"

MS. SMITH: I am not following that one.

MS. FISHER: It looks like the question is, is not submitting the usage data going to slow down the approval of the funding.

MS. SMITH: If an LEA does not submit the past 12 months of energy usage data, we cannot approve the energy expenditure plan. It's required in the law, S.B. 783.

MS. FISHER: "Will the formal comments submitted to the Docket be posted online? If yes, when and where on the CEC website will they be posted?"

MS. SMITH: The postings will be on the webpage for Prop. 39, and I just described how to get there. I wanted to clarify one thing in the last statement that I made regarding the 12-months utility data. There's two things that LEAs will submit to us, they will submit a summary of their 12 months of utility use so that we have that to begin working with right away. In addition, they will be submitting the signed release form. What we didn't want to do was, because we have so many different utilities that we work with and different methods for storing data and all of that, we didn't want to hold up Expenditure Plans waiting to get information from utilities. So I hope that clarifies that.

MS. FISHER: "Can other energy savings facility improvement measures that demonstrate energy savings be accepted, other than the items listed in simple projects on the current Guidelines?"

MS. SMITH: Yes. Okay, we had a question back here, and then one in the middle.

MR. ANDREONI: Thank you. Tony Andreoni with CMUA. There was a couple of questions, I think, or a couple of comments made earlier regarding some schools or school district that would like to see the Energy Commission provide some type of list of proved energy efficiency projects, for example, that make sense and are cost-effective, to kind of speed up the process. And I think within that framework, many of our members are concerned that for cost-effectiveness, that if a particular item doesn't need Title 24 codes, or codes and standards, that you know, there may be something below that that is approved by the Energy Commission and moves forward versus being the most current -- in this case we're coming up to 2014 implementation on the lighting codes -- is there anything that the Energy Commission will provide to try to clarify those issues when it comes to specific projects and, you know, what is kind of a minimum level? In this case, maybe, Title 24?

MS. SMITH: I think -- oh, go ahead.

MR. ASHUCKIAN: Dave Ashuckian, Energy

Commission. These are existing buildings. Our Title 24 Standards are for new buildings and for major rough alterations. And so you do not have to meet existing Title 24 Standards in order to retrofit the lighting of an existing building, for example. Yes, we would like you to go to the maximum, but that's not required. Again, cost-effectiveness is what we're looking for in this program.

MS. SMITH: Thanks, Dave. Dave is Deputy Director of our Efficiency Division. Yes, question.

MR. BROWN: Rick Brown, Terra Verde. On that issue, you need to get some clarification because DSA is telling us that we will have to meet the Title 24, so there's a little contradiction here. DSA is saying that we do have to meet Title 24 even on existing buildings.

MS. SMITH: Okay, I appreciate that.

MR. BROWN: So you ought to just --

MS. SMITH: We've actually got a meeting tomorrow, I think, with DSA.

MR. BROWN: Okay, cool. So this is my second round. The SIR on a site basis versus on a District basis, it doesn't make sense. I mean, again, going back to the objectives of the program, to be as cost-effective -- to focus somebody on the maximum job creation and the maximum cost savings, you've got to do it based on the District. The District pays one energy bill.

MS. SMITH: Uh-huh.

MR. BROWN: Okay? To force you through the sieve of figuring out for each site, you're going to end up doing less cost-effective projects is the simple answer. And we'll provide some data on that when we submit our document.

MS. SMITH: Great, okay.

MR. BROWN: On the energy manager, the question is, there are many Districts that are too small, you know, in the 1,000 to, say, 3,000, who can't afford -- you know, they don't want to use a big chunk of their money to hire an energy manager; in fact, they don't need a full time energy manager, they could maybe use a one day a week and if they pulled together with four or five other Districts, but probably the most effective way of doing that is probably not doing a hire, but actually contracting for that service. So it wasn't clear in the Guidelines if you could contract for those services.

MS. SMITH: Correct. You're right, it wasn't clear. But it can go either way.

MR. BROWN: Okay, so we'd like -- that's great that we can do that.

MS. SMITH: That's what we were trying to say.

MR. BROWN: That's great.

MS. SMITH: That one, I know.

MR. BROWN: Yeah. I want to second the comment of the gentleman here, the breakdown of the planning versus audit should be a little more flexible.

MS. SMITH: Okay.

MR. BROWN: And then finally, because of the job creation piece, I think that the Guidelines -- now I'm going against what I've said before, which is keep it simpler; I'm suggesting we be a little bit more complex --

MS. SMITH: Welcome to our world.

MR. BROWN: -- around job creation. And specifically, I don't think it's unreasonable because we do this all the time, actually, with big processes, and we do them on behalf of the Districts to ask the vendor, the installer, to provide information -- a little more detail around the jobs that are being created, some District that needs to do it, just put it in the RFP, have the vendor provide the job classification by trade, craft, and prevailing wage category, whether it's journey level or apprentice, hourly rate of pay, number of hours worked per week, and where the work is coming from. Most of our Districts want to hire local, they want to (inaudible). So just putting into the Guidelines that a little more detail is required so that we can really -- my concern is I want this program to go five years, 10 years, 15 years, and the more we can specify the job creation aspects, the more we met the policy objective, the more we're going to get support in the Legislature to do the program.

MS. SMITH: Okay, and we have had some similar discussions with the Workforce Investment Board as far as reporting coming from the contractors and that sort of thing, and even using an automated process, so, yeah. So we're sensitive to that. Thank you. Yes?

MS. ALVAREZ: So a question about that is how can Districts -- how will they be able to show what percentage of the jobs created were caused by the Prop. 39 funding versus what portion of the jobs -- or even energy savings -- were created by just our local Bond money? Because one of the concerns that we have, we do not want to see this Prop. 39 -- in San Diego, we're only getting a couple million dollars, and we do not want to see the Prop. 39 being, you know, perceived to be hurting a lot of the jobs in energy savings when in reality we'll be using a lot of our local Bond money to pay for the overall funding for the projects. So that's one question to consider. And I think ultimately it comes down to also just what information do you really need versus what do you really want, and versus what's necessary, that we hope that in revising the Guidelines it's considered what is necessary in the statute and the Prop. 39, because one of the concerns is that this will be like an ARRA funded program, there's a lot of reporting on jobs created and energy saved -- or you know, a lot of information that's here --

MS. SMITH: Absolutely.

MS. ALVAREZ: -- and so ultimately keeping it in mind, how do we simplify this program with what's necessary, what's required in statute, without being too proscriptive for Districts.

MS. SMITH: Thank you. Anymore web questions? Okay.

MS. FISHER: Next question from the web: "Will Proposition 39 funding also assist in new construction School Districts?"

MS. SMITH: No. It's all retrofits on existing buildings.

MS. FISHER: The next question is a -- I believe it's a simplification of a previous question: "Assume an LEA is not targeting School X for an upgrade and wants to apply all funds to School Y. If the application only includes usage data for School Y, will funding be delayed because School X data is not included?"

MS. SMITH: No. Okay, that's all from the web. Anything else from the room? Okay, do you want to take a break, or do you think you're all done? How many are done? Okay, let me just wrap up then real quick.

So this is your last opportunity for participating in a public forum, but we are continuing to receive comments and questions through Friday of this week. Please send them to Docket@Energy.ca.gov. Include Docket Number 13-CCEJA-1. If anyone can think of a better name of this program than California Clean Energy Jobs Act or I know I've had suggestions Prop. 39 doesn't work because there was another Prop. 39 related to Charter Schools or something, so, you know, we're wide open to all suggestions. And this is the link for the webpage directly or, as I said, you can go to the Energy Commission's website and push the new button and that will take you to the link.

Our intent after we've completed the Final Guidelines and they've been approved by the Energy Commission is to get out and provide direction and assistance to LEAs. And I was trying to say thank you and I blotted it out, so thank you for your attendance and participation. I appreciate it. Thanks.

(Thereupon, the Workshop was adjourned at 3:00 p.m.)

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