MEETING
STATE OF CALIFORNIA
ENERGY COMMISSION

In the Matter of

California Clean Energy Jobs
Act: Proposition 39 Draft
Guidelines

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RONALD REAGAN AUDITORIUM
300 SPRING STREET
LOS ANGELES, CALIFORNIA

MONDAY, OCTOBER 14, 2013
1:00 P.M.

Reported by:
Martha Nelson
APPEARANCES

PRESENTER:
Marcia Smith, Manager, Fuels and Transportation Division

PUBLIC SPEAKERS:
Jonathan Parfrey, Climate Resolve
Carl Smith, Green Technology
Brant Small, Lutron Electronics
Ferdows Fazeli, WYLE
Uyen Le, IBEW, Local Union 11
Cynthia Strathmann, Repower L.A. Coalition
Thomas Shallenberger, Synergy Companies
Michael Winters, Collaborative Sustainability Solutions
David Fink, Climate Resolve
Christine Marez, Cumming Corporation
Bill McNamara, California Conservation Corp
Kathleen Neff, Schneider Electric
Bryan Cope, Southern California Public Power Authority
Stella Ursua, Green Education Incorporated
Sam Krasnow, First Fuel Software
Alicia McKnight, Johnson Controls
1:00 p.m.

PROCEEDINGS BEGIN AT 1:00 P.M.

MS. SMITH: Good afternoon, everybody. Thanks for coming today to the Energy Commissions public meeting on the draft guidelines for Proposition 39. I want to start.

Just a few housekeeping -- the restrooms, if you go out this door and you go out to the main lobby make a right, then make another right for the elevators, there are restrooms where you do not have to use a code, so you can just get in.

I also wanted to thank Sam Yoman and Jose Rubio from Department of General Services who have worked with us to get everything set up today. And they’ve just been wonderful hosts for us.

So the purpose of this meeting is to go through the draft guidelines. I would imagine a lot of you have already read them and digested them to some extent, so bear with me. But the whole reason we’re here is to do that walkthrough process. So I will go through the presentation. And after the presentation we will take questions and comments. And I will do my best to, I guess, review half the agenda.

So we will -- we will go through the -- the legislation and the proposition that brought us here today.
I want to go through who the agencies are that are responsible for the implementation, do an overview of the guidelines themselves, and then, as I said, we will move on to comments and questions. And the questions should be directed toward the guidelines and clarification of the guidelines. I really am not in a position to answer questions related to specific situations. So we’ll try and keep it focused on that today.

So the -- Proposition 39 is really a combination of two separate actions. One was Proposition 39 which was passed by the voters in November of last year, and it’s known as the clean energy -- or California Clean Energy Jobs Initiative. And then July of this year Senate Bill 73 was the enabling legislation that basically is what carries the implementation of Proposition 39. And it’s based on those -- about implementing legislation particular to the guidelines that have been drafted.

The objectives of the act are to create good paying jobs in the areas of energy efficiency and clean energy jobs in California. We want to see schools leveraging existing energy efficiency and clean energy programs to increase the economic and energy benefits and get the most out of their allocations. And also it’s a transparent process. And we will be providing a full public accounting of the money that’s spent. You’re probably
aware, this is a five-year program with allocations awarded each year during the five-year program. Actually, today Department of Education is supposed to have -- I haven’t had a chance to check -- but post the allocations for all of the LEAs are to be posted, and LEAs should be getting notifications directly from CDE of what their rewards are for this current fiscal year.

So the money is -- is -- the main part of the program, obviously, are the funds that go to the LEAs and to community colleges. Eighty-nine percent of $428 million is going to the K through 12 districts, the County Office of Education, charter schools, and state special schools. So that adds up to $381 million. Eleven percent, or $47 million, is going to community college districts this fiscal year.

Then there are additional smaller allocations. The Energy Commission is receiving or has received $28 million to be used for zero-interest rate loans for energy retrofit projects, and for technical assistance grants. The California Conservation Corp is receiving $5 million to do energy surveys and any energy conservation related activities, so implementation, also civil projects. And then $3 million is going to the California Workforce Investment Board for competitive grants for community-based programs and workforce organizations to prepare veterans and
disadvantaged youth for employment.

So the guidelines are organized in three chapters. The first chapter gives all of the background kind of information in -- in the law. Chapter two is really the heart of the program. It’s the LEAs Prop 39 award program, and what steps LEAs need to proceed through in order to get funds to implement projects. And chapter three provides the additional -- a little more detail on the additional Prop 39 resources. And finally, the appendix which has a number of exhibits that give more detail, and we’ll cover -- cover that as we go through the presentation here.

So chapter one includes the introductory information and the rules. It gives you the program description, the funding distribution that I just went through with you, our authority as an agency to prepare guidelines as opposed to regulations; it’s a faster process to get the money out to the schools more quickly.

Confidentiality; basically, everything in the program is open to public review. If an LEA feels that -- that there’s information that should be confidential there is a process described as to how that can happen or how you can make your request for confidentiality of information.

The effective date of the guidelines will be, assuming that the Energy Commission approves a final draft of the guidelines, that meeting is scheduled for December
19th. So the process will be we go through these draft public meetings, and one of ours, and from there we will take public comments, incorporate changes as appropriate, and then November 14th or 15th, somewhere around there, we will be doing a posting of a 30-day public notice that the final guidelines are available. And then they will be heard by the Energy Commission at the December 19th public meeting.

Chapter one also describes that there can be changes made to the guidelines. There’s a process in place. If they’re non-substantive changes, those do not require Energy Commission business meeting review. If there are substantive changes there will be a 15-day public notice before any changes will be made.

Because this is a new program, we anticipate that we’re going to learn as we go. And part of the public process is for us to get some specific input from you all up front before we finalize the guidelines. But we expect that there may be changes as we work through the process once we become smarter working through the process. There may also be needs for legislative changes which would also impact the guidelines and updates.

So chapter two -- this is the meat of the program -- starts with the description of eligible applicants. So the eligible applicants includes LEAs,
county office, which are County Offices of Education, school
districts, charter schools, and state special schools. If
they are in public buildings and pay their own utility bills
based on meter, if they’re 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
and is owned by another LEA, the lease agreement between the
two LEAs -- and there is a lease agreement between the two
LEAs, those LEAs would be eligible for funding. In publicly
owned leased facilities without a separate meter where the
LEA -- or where the building is owned by another LEA and
there’s a lease agreement between the two LEAs, the two LEAs
are willing to work together and submit joint requests for
planning projects and energy expenditure plans.

I must admit, this has been a very enlightening
project to work on. Coming from more of an energy
background and not having worked in schools, I’ve learned a
lot about school buildings and where schools are housed.
And, I mean, certainly I was aware of the variety of the
sizes of -- of schools that we have in California. But I
was pretty amazed to learn about all of the -- the different
types of conditions and building situations that are schools
are in.
So the award allocations were legislatively based on minimum awards put into four tiers. Tier one is 100 average daily attendance or less, and it gets $15,000 plus a percentage based on the free and reduced lunch program. Tier two is 101 to 1000 ADA with a $50,000 award again, plus the free and reduced lunch or meal program whichever is larger. Tier three is 1000 to 1999 ADA, $100,000 award plus the free and reduced meal, again, whichever is larger. And then tier four is 2000 ADA or more based on prior year ADA, plus free or reduced lunch. And all of these are based on prior year ADA.

What -- what you will see, now that the awards are posted, is that this whole tier process kind of has some blending that’s occurred or melding because of the free or reduced lunch or meal program. So it’s -- this is a little misleading because it’s had some changes on the awards. I think it’s evened out things, as it was intended to do. And so it should be -- if there are questions, Department of Education is posting contact information so that schools and LEAs can ask questions about their awards if there’s any confusion.

So one of these -- well, actually both of these options, the two-year award option was for tiers one and two, the smaller LEAs. And they had the option of requesting two years of funding for year one. And that was
due August 1st, which was a quick turnaround, I know, for a lot of people. With budget language change that will change to September 1 next year and subsequent years. So that should make it a little bit easier for compliance. And so the schools that get years -- bundled years one and two will then not get another award in year two, but they will get award in year three, and again could bundle. So it just allows a bundling process to -- to get a little more funds up front.

The energy funding reservation option will also be posted as available today. Eighty-five percent of that money can be used for screening and energy audits, and fifteen percent can be used for Prop 39 program assistance. Tiers one to three receive 100 of their -- 100 percent of their first year reward. Actually, I think I want to -- there was actually an amendment to this, so I want to make sure that I tell it to you properly. LEAs with first year awards of $433,000 or less may request up to $130,000 of their first year award for planning activities. For LEAs with first year rewards of $433,001 or more may request 30 percent of their first year award or $1 million, whichever is less. So that’s basically what this says, but I wanted to make sure you had that actual award number in there too.

So funding is available for training and for energy managers. Each fiscal year training costs may be a
part of the energy expenditure plan up to two percent of award or $1,000, whichever is greater. And those training costs are specifically aimed at employees who will be implementing and maintaining energy measures, that sort of thing. LEAs may pool, and this is particularly geared towards smaller LEAs but it -- it isn’t restricted to just small, may pool their energy manager funding within a county to share services. So those that don’t have as large allocations can pool their funds and hire an energy manager to help them. And then -- excuse me -- each fiscal year the LEA has the option of requesting up to 10 percent of $100,000, whichever is greater, to hire or retain an energy manager. So they can either take them in on staff or contract with somebody.

So there are eight steps to receive energy project award funding. The first step is to -- is to be able to submit electric and gas usage, billing data. Every LEA will be required to sign a utility data release form for the past 12 months and future data.

Step two will be benchmarking, or an energy rating system, to determine your energy use intensity of the buildings. So the purpose is to gather energy data and to summarize it to establish the energy use intensity of the different buildings, to create a benchmarking report and to rank the schools within the LEA, and to identify which are
the most performing energy performers so that you can concentrate your efforts on those where you can get the most savings. There are 11 factors that are listed in the guidelines that are directly from the statute that LEAs are required to consider as part of their prioritization for their energy projects.

Step four is the sequencing of facility improvements and what you need to consider in doing that sequencing. First, maximize the energy efficiency projects such as installing day lighting. Next would be to consider clean onsite energy generation such as solar. And finally, to consider non-renewable projects such as efficient natural gas fuel -- fuel cells. Appendix B in the guidelines, pages 36 through 42, have a listing of typical cost-effective energy projects for K through 12.

Step five is energy project identification. So option one would be an energy survey which would be used for simple projects or if you pretty much know what types of project you might -- projects you might want to do. And we will be providing an online calculator for these types of projects in the appendix that I just referred to where each of the energy measures are listed. It also indicates whether or not there is a calculator that will be provided or whether a more complex audit is required for those energy measures. So option two is that more complex part of it
which is the ASHRAE Level 2 energy audit. And most likely, and most you have in-house training staff which few schools -- few LEAs do, you may need a contractor, utility program audit, or an energy manager to come up with that kind of a process.

Option three is to use other tools that are available. And one of the newer ones is data analytics. These are no-talk/no-touch virtual audits. And they’re a useful tool for helping to prioritize or focus an ASHRAE Level 2 audit, not as a standalone but as an additional tool.

Next step would be making the cost effectiveness determination, and that’s called your savings-to-investment ratio. You can use the Energy Commission online calculator to help with that for the simpler projects. And again, those will be posted once we have final guidelines. And then Appendix Exhibit E, pages 47 through 48, explains in more detail the savings-to-investment ratio process.

Step seven is to complete and submit an energy expenditure plan. Awards of $50,000 have three options for submitting expenditure plans. Option one would be to submit a yearly expenditure plan that would cover just one year. Option two would be if they’ve bundled, to submit a two-year expenditure plan. And option three would be to submit a five-year energy expenditure plan, so projecting what your
energy awards or program awards would be for the full five years. And Energy Commission staff would be more than willing for schools that do a five-year plan to kind of reevaluate with you each year and make sure that your projections still make sense and your energy savings still make sense. For awards of $50,001 or greater, those LEAs may submit up to four expenditure plans per year.

So the content of the energy expenditure plan includes: A description of the use of energy planning funds if, in fact, the LEA did request and utilize or responding to utilize the energy funds; benchmarking, which we discussed in step two; the energy project upgrades, and there will be like a pre-installation verification form for that; an energy training request if the LEA is planning to use any similar funds for training; the energy manager request if, in fact, they are using funding for energy manager; job creation benefits, and this is area that a calculator will be provided -- we’re working with the Department or Workforce Investment who will be providing the calculator to make that option easier for you; and consent for the LEAs’ utility provider to release data -- that will be the -- the release form will be required as part of the expenditure plan; and certifications of compliance for various local requirements or permits that may be required. And basically that will be an indication that -- that the
LEA has complied with all of the local requirements.

So the energy expenditure plan will be submitted to the Energy Commission. We are going to have an online process to do that. We will review it first for completeness, and then for project eligibility criteria to make sure that there are energy savings, and for the technical and financial reasonableness of it. If we find problems what we plan to do is to contact the LEA, not just send it back or put it aside or something, but to let you know what problems we do find and see if we can help to resolve those quickly and just kind of talk through what the issues are.

At the -- after we have approved the plan, the plan is to have a mechanism to post the plan or the award, and to notify both the Department of Education and the LEA directly. CDE then is responsible for the funding going out. So their process will be to batch and process awards quarterly through the state controller’s office.

And in the guidelines, step seven also provides information on expenditure plan disapproval and appeal processes. Like I said, our plan is to be helpful, and so hopefully we won’t have to be using a disapproval. But if we can’t help or come to some kind of an agreement and facilitate what -- what an LEA needs to do we may end up with that type of process. So we wanted to make sure that
you knew how to handle it if that happened. But please be assured that our goal is to be flexible and to work with you and to make this a successful program.

Step eight is project tracking and reporting. We will have -- and again, this is all draft, so I’m talking like it’s set in stone but it isn’t. These are draft guidelines. There will be a simple quarterly online report so that we can kind of track the progress. Because some of these projects, while we understand a lot of the projects, may occur during summer months, during a short period of time. Some of them will be longer projects. And so we’ll want to make sure that they’re moving forward. There will be final reports that are required by the statute. And those will require -- there are seven elements that are required of that statute, but those include site-level energy savings, energy project level savings, and then the job creation benefits. And then we’ll also be tracking or looking at the technical and financial reasonableness of what was actually implemented.

I should note, too, that anybody who has done construction of any kind knows that projects always change or almost always change. And so we -- we are setting up a process that is included in the guidelines. So if there is a major change to what’s been approved in expenditure plan it will be necessary to come back for re-approval and make
sure that -- that energy savings calculations have been
updated for whatever the new project is. So there’s
flexibility if they have to make the changes. And we -- we
should be able to define what kinds of things will need to
come back to us and -- and what won’t.

And then audit; all projects are subject to audit.
There is no specific audit process outlined in the statute
other than the normal financial audits that all LEAs are
required to do. Whether that changes in the future is --
you know, we will see. But we -- CDE will also be
responsible to use a standard process to correct any non-
compliant expenditures so that if an audit or a review shows
that a school has spent money on something that was not
approved, they went a different direction without the re-
approval, CDE may determine that they should make a
reduction in a future grant award.

So some of this I’ve covered a little bit, I
guess. The final sections of chapter two cover the energy
expenditure plan implementation changes that I just spoke
about. They also cover Department of State Architects,
energy project construction requirements. And as
normally -- or as is normal, LEAs do need to comply with DSA
requirements. There will be -- there’s no sole-sourcing of
contracts allowed per statute. So that’s something that I
guess is new in some cases; in some cases it’s not. But if
there are any questions, because I think there are some --
some regulations that allow different options, my
understanding is that Senate Bill 73 and this law supersedes
that. But I would recommend that you work with your legal
counsel on compliance with any planning code. We’re seeing
differences in the statute and current statute or
regulations.

There’s no retroactive funding of projects. By
that we mean in order to receive forward funding for an
expenditure plan project the LEA must have had the plan
approved by the Energy Commission. The only exception to
that are your planning funds which are available to request
now. And you can use those planning funds for activities
back to July -- oh, there’s no year there -- 2001, huh, or
201; it’s July 1st, 2013. So the additional Proposition 39
state resources that are also available to you is the Energy
Commission’s Energy Conservation Assistance Act, the ECA
program. There’s a special ECA sub-account for Prop 39
projects. That’s part of the $28 million that was awarded
in Senate Bill 73 to the Energy Commission. And that money
will be used for zero-interest rate loans on energy
efficiency projects. A lot of -- a lot of schools have used
those in the past. In addition, we offer the Bright Schools
technical assistance for planning energy audits and project
recommendations. And we are currently taking applications
for those at this time.

The California Workforce Investment Board has a grant program that they will have underway shortly. And it’s a earn-and-learn job training and placement programs targeting disadvantaged job seekers and veterans.

And then the California Conservation Corp has what they call the Energy Smart Jobs Program which puts young adults ages 18 through 25 to work on natural resources projects. And core members can conduct energy surveys and implement basic energy efficiency measures. And I see we have some core members here today. Thanks for being here.

The appendix includes a number of different exhibits. Exhibit A is the Prop 39 implementation program and the funding -- the details of the funding allocations for energy projects. Exhibit B are the cost effective energy measures for various types of projects that schools have done in the past. Exhibit C is our attempt at doing a simple proposition funding pathway sample. I know that this is -- it’s an energy project, and energy projects are a little more complex than normal construction projects with different types of requirements. So there are certain steps as I walk through that -- that we have to go through. In some cases they will be simpler than in other cases, obviously.

Exhibit D gives you the detailed benchmarking
process. Exhibit E, the savings-to-investment ratio calculation. Exhibit F is the effective useful life for measures. Exhibit G gives you the background of the job creation benefits calculation, which we will be providing a calculator. And then H are the definitions that are used in the guidelines. And I is the list of acronyms.

Okay, just to review, the guidelines were drafted offline and were posted for public review and comment on September 27th. Obviously, we’re holding public meetings during the month of October. We have a webinar this Wednesday and next Thursday I believe it is; it’s September 22nd. We have a public meeting in Sacramento, as well as another webinar that will be going on simultaneously to receive public comments. And again, each of those will go through this same review. We’re trying to be consistent and give the same background information wherever we are.

November -- we will by mid-November be posting the 30-day public notice of the December commission business meeting. And we will post and distribute the revised guidelines. December 19th we will hold the Energy Commission business meeting where Staff will request approval of the guidelines. And December -- after that the program begins.

So it’s time for questions and comments. As I said earlier, please focus your questions and comments on
the actual draft guidelines and the Clean Energy Jobs Act. And as I also said, we won’t be able to answer specific -- project-specific questions or situational type questions today.

So we have a mike set up here. And there’s actually two mikes on there. One is an amplifier, and the other is for recording. We do have a court reporter here today who is taking all the information. So if you want to just come up maybe line up five at a time or something, and then we’ll take comments and questions. And that mike may not be on yet.

MR. PARFREY: Testing.

MS. SMITH: No.

MR. PARFREY: It is not on? Should I --

MS. SMITH: Yeah, just move the button.

MR. PARFREY: Is it on now?

MS. SMITH: Yes.

MR. PARFREY: All right.

MS. SMITH: So you guys can hear.

MR. PARFREY: So, Ms. Smith, I want to thank you. My name is Jonathan Parfrey. I’m the director of a nonprofit organization called Climate Resolve. We’ve been tracking Prop 39 and its implementation very closely. And I really want to commend the California Energy Commission for a tremendous job in trying to put real, you know, flesh on
the bones of the legislation. So thank you very much.

I also would ask for a few clarifying points. One is that SB 73 was part of last year’s appropriations bill. And so we would like clarity on do we envision that SB 73 will be the operating plan for the full five-year term, or will this be done incrementally year by year. So that’s one of the clarifying questions that we would like to understand better because there are multiple year aspects of the guidelines. And I don’t want to be sure -- I want to be sure that the California Energy Commission has those dollars to be able to make those awards or determine what those awards would be year after year.

MS. SMITH: Do you want me to answer your questions as you --

MR. PARFREY: Certainly.

MS. SMITH: Okay, let me. I think I can provide some clarification on that. This is a five-year program. However, the funds are allocated yearly by the legislature. So in some ways you need to look at it as five one-year programs. And there’s -- you know, while there’s no -- there never are guarantees. But the way this one is set up and the funding source that’s taking care of it, I think we’re in good shape for it to continue for the five years. Whether there will be legislative changes I think is -- is really -- it’s partly going to be let’s see what happens.
It’s clearly being followed by the authors who — who worked on the implementation. There were eight — at least eight bills during the legislative session. So there was a lot of legislative interest in this. It’s being followed very closely by the — the active legislators.

And so I think we’ll have to see. As we’re funding new programs sometimes there are tweaks that are necessary, so we’ll be prepared for those.

MR. PARFREY: If I may be so bold then as to suggest that — that the comments that you just made be put in some kind of a preface to the guidelines so people understand about the scope of the program that’s being released.

MS. SMITH: Thank you.

MR. PARFREY: And then, I just completed a five-year term as a commissioner at the Los Angeles Department of Water and Power. And I have to tell you, I very much appreciate the language in the draft guidelines related to leveraging utility industry programs. I thought that is something that could be really wonderful for the LEAs, as well as for the utility, and to be of mutual gain. So I just wanted -- would like that the CEC continue to promote working with local utilities.

Also, with regards to leveraging, I didn’t see any language in there about those dollars being available for
debt service, and whether there could be that kind of leveraging from the private sector, as well. And I believe that should be called out if indeed those dollars are available to do that.

The third piece is un-expended dollars. I think it would be helpful for LEAs to understand if they don’t receive their full allocation whether that would be available the following year. If for some reason things are disallowed will those dollars disappear or will they be available to them in following yeas?

MS. SMITH: Let me answer that one.

MR. PARFREY: Please.

MS. SMITH: The funding is -- will -- will go from year to year so that if you don’t use all of your funds in the first year, or if you want to not use any of your funds until year five you can do that. So there is -- there is a lot of flexibility. If you elect to request planning dollars but you don’t use all the funding for planning, that funding may be applied to expenditure plan requests. So there -- there is flexibility built in. Those awards are your awards.

MR. PARFREY: Thank you for the clarification.

And then last, there is this section on non-energy benefit projects. And I know that the California Energy Commission has a robust program right now looking at climate
change impacts and adaptation. And it was surprising for our organization to see that that was not mentioned explicitly as one of the non-energy benefits. There are projects such as Cool Roofs, for example, just to name one, where you’re able to help the students be able to survive better, extreme heat events, if there was a cool roof. And I would think that would be among the few projects that should be called out because there is such attention to this within the Brown administration.

And last, we did notice that there are some dollars set aside for the first year to help contractors to assist LEAs with their design and with some of their paperwork requirements. In talking with school districts our organization is trying to be an honest broker and reach out to these school districts to help them with the processing of the considerable amount of paperwork. A lot of these districts, candidly, as quite concerned that those dollars are only going to be available the first year, and they believe they’ll need help for years two through five.

So that concludes my comments.

MS. SMITH: Okay. Let me just clarify one thing, and that is that the funding for energy managers can -- is available all five years.

MR. PARFREY: So to be clear, the energy manager could be a contractor that would be hired by the school
district?

MS. SMITH: It could be, yes, or they could hire somebody on staff, either way.

MR. PARFREY: To handle the paperwork?

MS. SMITH: Yes.

MR. PARFREY: There’s a lot of paperwork.

MS. SMITH: Yes, I know.

MR. PARFREY: Okay.

MS. SMITH: We’re trying to cut it back as much as we can.

Hi Carl.

MR. SMITH: Hi. Would you like for everyone to identify themselves?

MS. SMITH: Yes, please.

MR. SMITH: I’m Carl Smith. I work at a nonprofit also, Green Technology. And we are sometimes asked to help answer questions related to this issue. I hope this is not a situational question. I’m just wondering what would be the situation for a charter school or a single school LEA if it was in a new school for 2013 and wanted funding for that school but had no prior energy data for that building?

MS. SMITH: Because the awards are based on prior year ADA, a brand new school this year would not be eligible for funding. So they would have to wait to 2014/15 to receive an award.
MR. SMITH: But it were an old school in a new building, the school had existed for several years --

MS. SMITH: Oh, I see what you’re saying.

MR. SMITH: -- but they couldn’t provide a prior year of data because they hadn’t been in the building for a year, what -- what would they do?

MS. SMITH: Well, good question.

MR. SMITH: So that -- I guess that needs to be in there somewhere.

MS. SMITH: I think that should be a comment --

MR. SMITH: Okay. There’s the comment.

MS. SMITH: -- because I can’t answer that.

MR. SMITH: All right. Well --

MS. SMITH: It’s something we need to look at. And, I mean, we really have tried to look at all the different situations, and that’s one that has not come up. So I appreciate that. Thank you.

MR. SMITH: Okay. Well, if I may come back, we’re allowed to ask more than one question; correct?

MS. SMITH: Sure.

MR. SMITH: Okay.

MR. SMALL: Good afternoon. My name is Grant Small. We are with Lutron Electronics. We are a manufacturer of lighting and lighting controls.

In Exhibit B there are several recommendations
that you’re making here that are non-Title 24 compliant. Is
it going to be the policy of the program that you will fund non-code compliant projects?

    MS. SMITH: Well, that’s a good question. I think that’s a comment that we should take. I’m not a technical person, and I don’t have as much information about Title 24 compliance. But I would really appreciate it if you make sure we include that in our comments. It’s a good question.

    Thank you.

    MR. SMALL: Thank you.

    MS. SMITH: Uh-huh.

    MS. FAZELI: Good afternoon. Hi, my name is Ferdows Fazeli from WYLE, and I’m an architect.

    First question, since we don’t get to be part of all the public meetings, are you going to release the question-answers that is being asked throughout your meetings in the website?

    MS. SMITH: We do plan to post questions and answers. We probably will try to find, you know, similar ones and, you know, do them together, frequently asked. And then we have -- we haven’t yet -- this week we’re planning to post the transcripts or recordings from the webinar that we had last week where we had about 200 people participate, and a good two hours worth of questions. So we’re going to try to get information out there as quickly as we can.
MS. FAZELI: Thank you. My next question is CEC provides technical -- free technical assistance to schools if they need. What are these technical assistance? Does that include helping them provide the designs and going through DSA and plan check? Or do they have to provide their -- go through consultants to get the plans done and DSA attribute?

MS. SMITH: So you’re asking about the -- the Bright Schools program?

MS. FAZELI: Yes.

MS. SMITH: Okay. That’s an energy audit program, and we can provide an ASHRAE Level 2 audit. We don’t go through the process of working with DSA. That would be up to the -- the LEA to actually be working with them. My understanding is that they -- I guess they have four regional offices, Department of State -- or Division of State Architect, and that they are planning to staff those up to help deal with the -- the influx of work that may be coming with Prop 39.

MS. FAZELI: So is there any money allocated for getting help through preparing the designs, or is that part of the technical assistance?

MS. SMITH: You can -- you can -- they can use part of their Prop 39 funding for that purpose, yes.

MS. FAZELI: All right. Thank you.
MS. SMITH: You’re welcome.

MS. LE: Hi, I’m Uyen Le. I am with the International Brotherhood of Electrical Workers, Local Union 11, and I do compliance and outreach. And I’ve got a couple comments, and then I’ll follow it up with questions.

We really appreciate that the two major goals of Prop 39 are to create good jobs and have full public accounting. And connected to that I just want to ask a question. Beyond the calculations of estimates of jobs created, is there actually going to be tracking of actual jobs created?

MS. SMITH: Yes.

MS. LE: Okay. And I didn’t see that in the plans because I only saw, you know, use this calculator, not who is actually doing the work, what’s the pay, what’s the classification. So I would imagine something along the lines of contractors submitting certified payrolls, and as a comment I would suggest online certified payrolls so that all of that -- hello -- all of that --

MS. SMITH: You have to chew it while you talk.

MS. LE: -- all of that can actually be tracked, you know? Because I think that’s very important that we don’t just rely on estimates. Because what I saw of the calculator is something like if there’s $1 million spent on energy efficiency we would calculate 5.6 jobs. Well, we
don’t -- we don’t know those jobs actually materialized. And so I would recommend actually putting that into reporting, a matrix.

And then also in the contracting session I would recommend putting something in there around labor compliance, you know, the requirement to submit online certified payrolls or some other way where contractors who are getting this work will be submitting who is doing the work, zip codes, pay classifications, etcetera.

And then also I recommend the coordination with the labor agency to track the -- the position of apprentices and to make sure that these apprentices are actually being utilized. Because once again, I just saw the calculator, but not actual, you know, compliance. Someone needs to be either onsite or tracking this to know that that’s actually an outcome that’s materialized. And then in the monitoring and verification piece my question is: Is there going to be onsite compliance in terms of, you know, visitors to these construction sites as they’re being performed, or is this sort of just post-work auditing that will be done?

MS. SMITH: The current is no post-site work compliance auditing that’s planned. That may change with -- you know, in the future, but legislation does not require that.

MS. LE: What about during the actual
implementation, not the post?

    MS. SMITH: Not by the Energy Commission or the state agencies, other than what normally -- I don’t know if Department of State Architect normally is out on site during projects. I’m not aware of that. So whatever is the normal process for construction probably, yes.

    MS. LE: Okay. Thank you.

    MS. SMITH: Uh-huh. Thank you.

    MS. STRATHMANN: Hello, my name is Cynthia Strathmann. I’m with the L.A. Alliance for a New Economy. We’re a nonprofit here in Los Angeles. We’re part of the Repower L.A. Coalition which works with many environmental groups, community groups, and IBEW Local 18. We’ve been working with the Department of Water to promote the wise use of energy and water. And so I’m here today to give some comments that reflect some key concerns for the whole Repower L.A. Coalition.

    And very briefly, one of them is trying to fund programs that really do leverage existing state approved apprentice programs to make sure that these are really good jobs that lead to career pathways.

    Another is -- and, of course, many of us are LAUSD parents, too, to make sure that the big school districts not only get a fair share of the allocations, but that it’s done in a way that’s not so bureaucratically onerous to them that
they can’t get those projects off the ground. So that would be the second concern.

Then the third one is to leverage existing utility programs as much as possible. We’ve been working with the department. We know they already have programs in place with LAUSD, they’ve been working really well, and to try to encourage the CEC to make that part of the guidelines as much as possible.

MS. SMITH: Okay. Let me just make a couple comments here, because it’s come up. One is we -- the Energy Commission has been meeting with the utilities. The utilities are all very excited about Prop 39 and wanting to work with the schools. So I think we are going to see, especially as we go through time, that their portfolios of services will be more tailored to schools. And the other important point is I want you to be aware that we have had an inter-agency team that has been meeting from the beginning on Proposition 39. And the labor agency is part of that. We’ve had a lot of discussions about opportunities for moving folks through programs, bringing in the apprentices, and also helping those who aren’t at the apprentice level to start gaining skills, pre-apprentice skills, and moving through that labor process.

So it is -- it is definitely a point of discussion that’s been going on with the planning. So I appreciate
MR. SHALLENBERGER: Good afternoon. My name is Tommy with Synergy Companies. We’re an ESCO and we work with number of LEAs. And I’m just curious, in coordinating with them, what -- what are the important dates, any expected timeline from benchmarking to reporting, and then project implementations. Is there any guidance there as far as what an LEA can expect in terms of rolling this out?

MS. SMITH: Well, our -- our plan at the Energy Commission is that we would be taking applications, the energy expenditure plans which are basically an application, first come, first served. And once we make sure that they’re complete we will be doing some triaging based on the complexity. There may be simple plans that can move a little more quickly. Those that are more extensive may need some back and forth questions, more complex multiple projects under one expenditure plan. Those may take longer. But what we will be looking at is what is the plan for the LEA when -- do they want to implement? And we’d like to try and work with those schedules.

I think this year is going to be the biggest challenge for all of us. Because I know a lot of schools like to do their work in the summer months. And so we’re trying to gear up in order to be able to accommodate that as the projects come in. But it’s -- it’s going to be a
challenge because we’ve got basically, you know, six months before summer. So -- but we are cognizant and we’ll -- we’ll do what we can. So -- and like I said, it’s not like the funds have to be expended during this fiscal year. So again, the money can be carried over.

MR. SHALLENBERGER: It does look like there is some type of bridge up until this December 19th deadline where there can be some planning phase for schools. That’s the best way for our LEAs to utilize that -- that planning period when -- when Prop 39 hasn’t been fully processed.

MS. SMITH: They are allowed to start expending the -- the plan money as of today. The instructions of that should be posted on CEC’s website. And they will also be doing outreach through their normal process. I guess they go through County Offices of Education, and then directly with LEAs, as well, to get information out. So along with the awards they will also get information on their planning funds.

MR. SHALLENBERGER: Okay. Thank you.

MS. SMITH: Uh-huh.

MR. WINTERS: Hello.

MS. SMITH: Hi.

MR. WINTERS: I’m Michael Winters. I’m a career technical educator, designated subject credential holder. I’ve taught comprehensive high school for 12 years. I’ve
been a planning commissioner in the community I teach in. And I’ve been on a board of advisory committee that’s a Brown Act committee in the school district, as well as been part of the California Public Utilities Commission Workforce Education and Training from 2008 through early 2011.

I’ve seen a lot of these programs come. I’ve seen the aspect of workforce education and training be brought up constantly. During the 2008 period of time we were very hopeful in all our funds to be able to kickstart jobs. This is a Clean Energy Jobs Act. And as you stated earlier, quantifying and having matrixes for specificity of jobs created is really critical in this, especially since it’s in the title. And I do think that’s an oversight that the legislation and maybe the proposition failed to really look at. And I think that needs to be really strongly considered in this.

And a white elephant in the room, also, is the number of apprentices -- apprentices currently in major unions that do energy work, especially energy efficiency work, have not had regular steady work. And a lot of those unions, unfortunately, can’t add more apprentices into the program. And without quantifiable ability to do so because of the commitments that they’ve made to those apprentices that are already enrolled in -- in an apprenticeship program for journeyman, they can not open those doors up. And so I
think there needs to be a gap-fix bridge.

Another thing that’s assumed by the outside public instead of those that are practitioners inside the doors of the educations arena, LEAs do not have good relationships with labor. As a career technical educator it took me three years after I was out of the classroom to figure out how to have good communications with the unions. Currently we’ve been suffering and having a problematic pre-training program in the K-12 arena, primarily because career technical education programs have decreased significantly. So in order to be a feeder into that, that is a problem issue. And I think that needs to be addressed in this fight.

Also, even though there is a fund who is in ESCO, it’s not clearly stated anywhere in the document about ESCOs. There isn’t a single mention of an ESCO in this document, which is a great leveraging tool. And I think that there needs to be some sort of, if you will, framework or case study or -- or some sort of indicator of how that leverage could take place, especially since it’s cost savings repayment. And so therefore it’s a huge tool for small districts, particularly, that are only getting small amounts in tier one, tier two, tier three, to have that great opportunity to move forward on that.

Benchmarking; being a teacher, benchmarking is kind of important. So one thing, having also -- I’ve been
instrumental in authoring a good mutual piece of legislation in 2010 which didn’t make it through, AB 2679, I learned a lot about being unfamiliar with territory, especially being an educator and then working in the legislative process. So templates would be awesome for a lot of this type of stuff. I think putting together some templates and matrixes sample for schools to be able to do that, especially in small LEAs where there are not really good strong energy management programs that are there, that’s a very important tool that I think educators, if they kind of saw a template to know how to format those reports, how to -- how to do those analyses, what a survey should look like, how they could benchmark those things.

One thing that I see throughout the Prop 39 documentation is cost, cost, cost savings. It’s kilowatt hours’ savings. It’s therms’ savings. Because the issue is -- and forgive me if I date myself, but when I was teaching and had the California energy crisis and we went from $15 billion reserves to $15 billion deficit, losing $30 billion in a short period of time, I spoke to my students and that’s when we started focusing on energy. And the main thing we have here is energy costs keep escalating. And so that $1.05 increase is easy to make, but we’re not seeing that push for that 20 percent reduction by 2020. They were talking about solely cost savings.
And so in order to see that, and -- and, unfortunately, school districts’ matrix of success are based on curriculum and instruction. And so their main focus is that, understandably. And so it’s difficult for them to really focus on anything other than that at this time because of the pressures of dollars and support and all those other things.

So I think some of the matrixes are really important to maybe look at. And I’m happy to give feedback with more input on some of those things in the future. Other than that, it’s exciting to see, finally, an energy efficiency project that’s geared toward K-12 education.

The last thing I’d like to say is about 80 percent of physical building stock and public schools in California is pre-1980. I think we should have some sort of matrix of value added that factors that in. And one tool that we use in education is rubrics because educators understand rubrics where you can rank it and schedule it and do those things. So it might be helpful for them to do a pre-evaluation to see, before they submit that, how that would be. And if the commission has a rubric for judging and looking at how that is, that would be helpful too.

MS. SMITH: Okay. Thank you.

MR. WINTERS: All right. Thank you. Uh-huh.

MR. FINK: Hello. David Fink with Climate
Resolve. Just a couple of clarifying notes. One in terms of enforcement is if funds are misused in some ways, I didn’t see anything in the guidelines about sort of what the repercussions are. And so it would be helpful to have that stated up front so funds aren’t misused.

Another -- another point, unless I misread it, has to do with sole-source contracting.

MS. SMITH: Uh-huh.

MR. FINK: So the draft guidelines currently do not permit the design and construction phases of the project to be carried out by the same contractor. And in Government Code section 42.17, the same contractor can perform and design construction phases of a renewable energy or an energy conservation project. So just wondering if that will still apply or sort of looking for clarity on that.

And the last -- the last question just is in pages 36 through 44 of the guidelines potential projects are listed. And I was wondering if we’ll be able to see the methodology that was used to come up with what goes in what tier.

MS. SMITH: Okay. Okay. Very good comments.

Thanks.

MR. FINK: Thank you.

MS. MAREZ: Hi. Christine Marez with Cumming Corporation. And we currently provide CMPM services and
helping a lot of our K-12 clients with their technical
reviews and to fill out their forms to be able to get their
funds.

My question is for -- well, you mentioned there
was some California core Conservation Corp people here. And
the question is, knowing that we want to be able to provide
our clients, our K-12 clients with the best services and
really utilize Bright Schools program to do a lot of the
assessments and work, is -- is there, now that everyone is
going to see their money posted, is there going to be -- do
you think that program would be heavily impacted and those
services might be available? I’m not sure if you can answer
that. But if there is someone here who could point
themselves out to -- if these services will be readily
available, or will there be a wait time, or how do you
anticipate those programs are going to get staffed?

MS. SMITH: Now, are you talking about Bright
Schools or the Conservation Corp?

MS. MAREZ: Yeah. And the assistance and the
technical assistance to do the services audits.

MS. SMITH: The -- the Bright Schools program is
currently available. And so LEAs can apply at this time.
They can go to the Energy Commission website and apply. And
those funds are available as long as, you know, they exist.

Our current -- our current contract is just about $2
million. There will be, you know, more funding becoming available. So that’s -- that’s the plan at this point. And then the -- the Conservation Corp will be doing energy surveying. And so we’ll be able to get more details on that program before too long, too.

MS. MAREZ: Okay. And is it anticipated that that program would continue throughout the five years of this program?

MS. SMITH: I think we’re all planning to be in business throughout the whole program. Don’t -- yeah, absolutely, with like matters with the Conservation Corp.

MR. MCNAMARA: First, thanks for the question. So the California Conservation Corp, as you saw in the slide set, at least initially, we had an organizational unit called the Energy Corp. And regarding 39 funding, we received a certain amount of funding per year for these purposes. So we’ll be providing energy efficiency audits which we’re calling Energy Opportunity Surveys. Those will be going into production, located in seven different locations across the state, Los Angeles and San Diego being one -- two of those as well. Those will be -- those audits will be available for LEAs on a no-cost basis. And they will be actuary compliant audits. We’ll also be doing some very small retrofit projects as well. So that would start in the January timeframe of 2014 and continue forward.
MS. SMITH: Thank you.
   Hi. Is it on?
MS. SMITH: You could lower it so it matches your mouth.
MS. NEFF: All right. Kathleen Neff with Schneider Electric. I have a question regarding the SIR ratio. In the guidelines it says that you can use grant dollars to also incorporate with the SIR ratio. But I’m wondering, could a district use fund dollars or deferred maintenance or something else in combination with the Prop 39 funds to buy down, essentially, the ratio if they were addressing larger capital needs?
MS. SMITH: I can’t answer that specifically. So I would --
MS. NEFF: Okay.
MS. SMITH: We’ll -- we’ll record it and --
MS. NEFF: Sure.
MS. SMITH: -- and get an answer for you.
MS. NEFF: So I guess my -- my comment to that would be that I’d be concerned with some projects that districts may really need that are longer payback items. They may not fit within that ratio, and they would then be forced to maybe do some other energy conservation measures that are not needed just so it fit -- so it fits into the ratio. So that would be my concern.
MS. SMITH: Yeah. You know, we’re certainly aware that a lot of -- you know, because of deferred maintenance and a lot of other issues that schools may have much bigger projects. Energy projects may be a part of those. So I think it’s important to voice your question and your comment to make sure that we do address those kinds of situations and allow for the flexibility.

MS. NEFF: Thank you.

MS. SMITH: Thanks.

MR. COPE: Hello. My name is Bryan Cope. I’m with Southern California Public Power Authority. And Los Angeles Department of Water and Power is, of course, our largest member. And on behalf of eleven other members I want to thank you for your recognition that utilities are excited about helping the schools. I have quite a few questions. I kind of wanted to wait until the end because I was hoping somebody else might ask them. We’ll start at the beginning.

You had mentioned that -- that the ADA and the FRMP would be additive. But then also there was a clarifier, whichever was larger. I’m not quite sure how that -- how you can have an additive which is larger. Could you explain that?

MS. SMITH: That question needs to be directed to Department of Education. And I may have misspoke.
MR. COPE: That’s fine. That’s all right.

MS. SMITH: I apologize.

MR. COPE: I’ll just wait for the allocations to come out.

MS. SMITH: I’m not a jobs person either, so --

MR. COPE: You also mentioned the 85 percent of funding could be used for screening and audits and 15 percent for technical assistance.

MS. SMITH: Uh-huh.

MR. COPE: I’m curious, you also mentioned prior to that that there’s technical assistance money available, zero percent loans. And that -- I would assume that that is only going to be necessary if that initial funding is not sufficient to take care of your screening and plan professions?

MS. SMITH: Actually, let me clarify that. The -- the Energy Commission received $28 million. Of that $28 million, ten percent can be used for technical assistance grants of service. And so we have $2.8 million that is going toward -- plus some additional funding that is ongoing for our technical assistance program -- to provide grants of service. So basically we have a contract in place with contractors and subcontractors who are available to do energy audits and actually are able to do reviews of schools and prioritizing reports. So that’s one service.
The zero percent interest loans are separate, and those are for implementation to supplement -- they can be used to supplement implementation of retrofit projects and additions to projects. So they’re basically two programs funded within the ECA program, if that makes sense. One is a grant program. One is a loan program.

MR. COPE: Thank you. A couple questions about benchmarking. The benchmarking costs would be part of that 85 percent; is that correct?

MS. SMITH: Yes.

MR. COPE: All right. Curiously, I was surprised in step five, you mentioned option three, the analytics, the new analytical doesn’t require an onsite. It sounded like it’s a little different than I expected, is that the analytics are going to be used as kind of a precursor to focusing attention on for ASHRAE to studies. And I thought the intention had originally been that the analytics would be able to circumvent the requirement for ASHRAE 2 level.

MS. SMITH: Right. And down the road that may be the case. Neither the CPUC nor the Energy Commission currently has a validation program for data analytics. I think there are some utility studies that have occurred and are occurring, from what we understand. So at this point what -- we’re not allowing them as -- we’re not seeing
anything that would allow them to stand as an ASHRAE Level 2
standalone document -- or study. So --

MR. COPE: Well, I would like to make a comment
that there is data there, both from industrial down to
publicly owned utilities. But we could offer, I would
imagine, that might convince the Energy Commission to
reconsider that position, because the use of analytics can
be an incredible way to extend the money to go further,
rather than require onsite auditing of all -- of all
applications.

MS. SMITH: Okay. And, yeah, I appreciate that.

MR. COPE: You also mentioned in Appendix B
there’s the typical programs that are -- that a gentleman
had mentioned earlier. I was also wondering if we go beyond
that how do you -- I guess the justification is in part of
the planning documents that we have to prepare. That’s how
we explain how something that’s not in that list is going to
be a valuable tool for a specific school; is that correct?

MS. SMITH: Absolutely. I mean, they -- those --
those are not comprehensive lists. Those are examples of
typical projects that we have seen and are kind of ranked in
terms of what we’ve seen as far as cost effectiveness energy
savings.

MR. COPE: Thank you.

MS. SMITH: Uh-huh.
MR. COPE: Step seven, you mentioned that awards of $50,000, for example, awards of $50,000 or less could apply to certain applications. I’m wondering, is that a total amount over the course of the five-year term, or is that $50,000 an annual award?

MS. SMITH: That is in -- that’s the tier two, which is $50,000 annual awards. But again, that varies with the calculations, taking into account the free and reduced lunch.

MR. COPE: Okay. You mentioned that you are going to take plans on a first come, first served basis.

MS. SMITH: Uh-huh.

MR. COPE: Beginning when?

MS. SMITH: After the guidelines are final.

MR. COPE: Adoption?

MS. SMITH: Uh-huh.

MR. COPE: Okay. I forgot. Okay. And lastly, step eight, you mentioned reporting requirements. And those are reporting requirements for the LEAs and not the load-serving utilities; correct?

MS. SMITH: Right, for the LEAs. Yeah.

MR. COPE: All right. With that, I thank you very much.

MS. SMITH: Thank you.

MS. URSUA: Hello. My name is Stella Ursua with
Green Education Incorporated, a nonprofit located in Long Beach. And I’m also a coalition member with Los Angeles Alliance Renew Economy for the Repower L.A. initiative. And so my question is, would there be monies available via the grant here for creating training programs for high school kids to learn about energy efficiency, auditing, and retrofitting? Could some of those monies be used for that particular purpose?

MS. SMITH: The community colleges have an obligation to utilize some of their funding. The K through 12 program, to my understanding, that does not -- that is not included. The training that’s included is for staff, and it’s not included for students. Now somebody had mentioned earlier the non-energy benefits. And so it is possible to take a look at different ideas and whether something -- I mean, I think -- I think it’s an important comment to provide and to consider for whether that’s something that you found or a non-energy benefit that combined and bundled with other energy savings measures would pay off.

MS. URSUA: Yeah. That was something that I was just toying with, the idea of creating --

MS. SMITH: Uh-huh.

MS. URSUA: -- an internship and tying 11th and 12th graders to local contractors so that they could start
to learn about planning and retrofitting.

   MS. SMITH: Right. And that’s very similar to
what the -- the Conservation Corp is doing with their
program.

   MS. URSUA: All right.

   MS. SMITH: Uh-huh.

   MS. URSUA: Thank you.

   MS. SMITH: Thanks.

   DR. WEHNER: I was actually hoping somebody else
would address this. But since -- anyhow, in Exhibit E you
talk about non-energy benefits.

   MS. SMITH: Uh-huh.

   DR. WEHNER: Being a classroom educator of
culture, climate, things that go on in the classroom --

   MS. SMITH: Uh-huh.

   DR. WEHNER: -- for enhancement of learning is --
is very critical.

   MS. SMITH: Uh-huh.

   DR. WEHNER: So noise level --

   MS. SMITH: Uh-huh.

   DR. WEHNER: -- big issue, new study just came out
about heart disease related to excessive noise.

   MS. SMITH: Uh-huh.

   DR. WEHNER: I think it would be very value added,
because I know how much the Energy Commission has worked
with LBL and Enrail (phonetic) and other people like that. There’s a tremendous amount of studies on those auxiliary (phonetic) benefits that are out there. And so it would be great if on the website there was kind of, if you will, documents available for districts as they’re looking at this that they could see if there’s any benchmarks or case studies or things like that. Because there no real way to quantify and qualify that. And there be something particularly of this five years that we could either institute through LBL or Enrail or some other organizations to begin to see what kind of affects that those are --

MS. SMITH: Uh-huh.

DR. WEHNER: -- and what benefits there are towards those things in terms of increasing student learning.

For example, CO2 reduction in a classroom doesn’t occur when the HVAC system is not operating, traditionally. And because of that with the new set temperatures that are existing in classrooms --

MS. SMITH: Uh-huh.

DR. WEHNER: -- where people are putting temperatures at higher start points, that CO2 is building up in the classroom which is impeding, you know, the ability to concentrate, and sleepiness and tiredness, and things of that nature. So those type of benefits are -- are very
value adding.

Also loading order in some of these examples, and in rankings. It’s interesting in urban settings, since we’re in the Los Angeles region particularly, maybe not so much in the rural areas, heat island effect is huge, cool pavement, trees. Trees got a low ranking in there. It could be very value added. And there are some other partnering organizations that could benefit that would, you know, help do that. So I’d like to almost see some -- some increased consideration or raise that up on the tiers of being able to do that.

The other thing is interagency aspect. There’s -- I’m a huge water person in terms of water conservation, and water being the largest energy driving force from moving water throughout California, particularly into our region. There is -- water savings is huge. And I think one of the things that this project could learn, possibly from the Cal Water Division, is as they implemented smart meters into schools, that actually puts that data right in the hands of Cal Water. This might be an opportunity, as we’re implementing energy efficiency, that some smart technologies could be uploading that data to the California Energy Commission and the California Public Utility Commission, as well, for the IOU areas. And so I think that would be a value added aspect to consider in this. And I think that
covers a majority of that.

The only other thing is HVAC is a huge issue. And there’s a piece in there on maintaining HVAC. And I would really caution the commission in terms of using that word maintenance in this case because I don’t want to see general maintenance of changing filters and doing those things. Yes, they do have some value for improvement of the HVAC. But often times, because of the demands on curriculum instruction it may become something that gets taken out of the general fund and the Prop 39 monies are used for that, instead of maybe more significant HVAC implementations with improving motors or replacing motors or variable speed motors, and things like that. So just an area to think about in that in that regard.

MS. SMITH: Thank you.

DR. WEHNER: Thanks.

MR. KRASNOW: Hi. Sam Krasnow with First Fuel Software. Thanks for today’s workshop, and all the work that you and your colleagues have been doing on this exciting program.

I just wanted to add, in terms of a company that provides data analytics and is able to do remote prioritization of efficiency measures across whole school districts, I just want to encourage the commission’s use of this new technology, which is available in California,
pioneering innovation. And to clarify that this remote analytics can actually be used in many different ways, which is recognized in SB 73 and in the guidelines --

   MS. SMITH: Uh-huh.

   MR. KRASNOW: -- both in terms of prioritizing projects across whole school districts, doing auditing and evaluation of measures, and then doing reporting and verification.

   I think one piece that I just wanted to speak very briefly to was the fact that a remote energy audit can identify some measures very precisely that are missed by onsite audits, and actually can identify measures without any need for a further onsite audit, in some cases.

   MS. SMITH: Uh-huh.

   MR. KRASNOW: In other cases a questionnaire can be used where the building manager can provide some information, and that could provide another level of insight on some of the measures.

   MS. SMITH: The supplement, yeah.

   MR. KRASNOW: Yeah.

   MS. SMITH: Uh-huh.

   MR. KRASNOW: And then there’s a third category where an onsite audit is necessary, or investment-grade audit. So I just wanted to reflect that in the record. And I know that the commission is aware of this and is pushing
the cutting edge and should be complimented for that, and hope that that continues in the -- in the final guidelines.

MS. SMITH: Great. Thanks. I appreciate your input.

MR. KRASNOW: Thanks.

MS. MCKNIGHT: Hi.

MS. SMITH: Hi.

MS. MCKNIGHT: Good afternoon, and thank you, again, for being here and clarifying all of the -- the guidelines that we have to date.

Some of the questions that have come up when -- I’m Alicia McKnight with Johnson Controls.

MS. SMITH: Uh-huh.

MS. MCKNIGHT: I am not a nonprofit organization.

In talking to a the -- a lot of the districts that I work up, one of the issues that commonly come up with every project is that of DSA. And I know that there was some mention in the guidelines; currently it’s the customer’s responsibility or the district’s responsibility to go through that process. As we know in the past, it can sometimes be somewhat complicated. There are a lot of new regulations that DSA has imposed just as of January. And so I’m wondering if there is going to be any kind of conversation or negotiations between the CEC and DSA in
helping these projects get through, not only in a timely manner, but possible with less restrictions and triggers such as all the ADA compliance in Title 24.

And in addition to that, a number of the districts that I have worked with, and we have spoken about this before I came here today, and that is the Open A (phonetic) numbers. So one district in particular have 35 Open A numbers to date. So certainly that could be a long arduous process for them to get through, delaying the use possibly of that Prop 39 money and creating those clean energy jobs that we are all trying to achieve.

So my question -- and I’d like to go on record that this is an issue. I hope that there is some type of window of opportunity or leniency with these projects specifically, not that of modernization or other projects, and if there have been conversations, or what direction is that going in?

MS. SMITH: Okay. I can answer that. The DSA has been part of our interagency workgroup. The question of Open As did come up at our first public meeting also. We are having conversations with DSA about that, first of all from an educational standpoint for me to find out, well, what is this Open A we’re hearing about. So I do -- you know, we do have a better understanding now of what the issue is. And I have been encouraging them to take a look
at it --

MS. MCKNIGHT: Uh-huh.

MS. SMITH: -- and, you know, how -- how is this
going to impact or does it need to impact what is going on
with the Prop 39 projects. So I think just one
clarification is that projects that are -- that are DSA
exempt, energy projects, will not be impacted by that as I
understand it. It’s the ones that -- that do require DSA
review and permit that are in question.

So like we said, we are working with DSA. We’ve
raised the issue. The subject came up at public meetings.
And so we are going to meeting with them. I don’t have an
answer today, but we are aware and are talking with them.

MS. MCKNIGHT: That’s good to know.

MS. SMITH: And they’re talking to us, and that’s
a good thing.

MS. MCKNIGHT: That is good.

MS. SMITH: So --

MS. MCKNIGHT: Another question I’m not quite
clear, in regards to the $28 million that’s going to CEC for
not the audits and whatnot but the actual supplemental loans
for the projects, the zero percent interest, do I understand
that to be just supplemental, or if the district,
particularly those districts that are getting small amounts
of money, it’s difficult to do something with $15,000 or
$50,000 that really makes an impact to the site or the district.

MS. SMITH: Uh-huh.

MS. MCKNIGHT: So if they were to use -- let’s say create a larger project and they did utilize the CEC loan program, in the subsequent years that they are funded can they use that Prop 39 funding to then go back in and pay that loan off?

MS. SMITH: Pay back the loan? Let’s include that as a comment.

MS. MCKNIGHT: Okay.

MS. SMITH: But we have had -- we have had that discussion early on, and I think there’s that flexibility. But the -- the way the loans are designed is they are repaid based on the energy savings and the dollars saved. So I think we need to take a look at that and I need to go back to our legal staff and -- and then, first of all, look at how does that fall legally within the terms of the contracts for the ECA loans, but also, you know, is -- if it is allowed then, you know, then we make it a policy call. So --

MS. MCKNIGHT: Okay.

MS. SMITH: -- I think it’s -- it’s a very good question. Thank you for raising it again because we’ve had some discussion about that.
MS. MCKNIGHT: All right. Thank you.


I think I just have a couple more wrap-up slides here. So after today if you do have more comments, like I said, we do have a webinar on the 16th, and a webinar meeting on the 22nd. So there’s two remote opportunities to provide additional comments. In addition, we would invite you to submit written comments to our docket through email. Please make the distinction that it’s Docket Number 13CCEJA-1 and comments on Prop 39, and that’s docket@energy.ca.gov. And please have those in by four o’clock on October 25th.

So just to wrap up, we really value this process. I personally come from a background of public involvement in the environmental field. And so to me this is a very important part of our process because nobody knows what’s going on better in the real world than you all do. And we do our best to try an educate ourselves, but we don’t live it every day. So thank you for being here today and for taking the time to make the comments and caring about this program.

We do plan to point FAQs. We’re -- we’re working like crazy, and they’re not getting done quite as quickly as all of us would like. But we’ve got Adam Gottlieb here from our Media and Outreach Office who is -- is taking notes, too, and helping us with that.
The other thing is our next round of public meetings will occur after we do have final guidelines. And the intent of those is going to be to answer some of those tougher question, like this is my individual circumstance and what do you recommend types of questions, walking -- walking you through how to complete the process as simply as possible. And we expect to focus those primarily on schools and work with some of the different associations and districts to figure out where best we need to get out to do those. And I imagine we will do some of those as webinars, as well.

And with that, thank you for your participation and for taking the time to be here today.

(The California Energy Commission meeting adjourned at 2:32 p.m.)

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CERTIFICATE OF REPORTER

I, MARTHA NELSON, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Horse Racing Board Meeting; that it was thereafter transcribed.

I further certify that I am not of counsel or attorney for any of the parties to said conference, or in any way interested in the outcome of said conference.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of October, 2013.

/s/ Martha Nelson
MARTHA NELSON

CERTIFICATE OF TRANSCRIBER

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.

/s/ Martha L. Nelson
MARTHA L. NELSON, CERT**367
November 4, 2012