Comments on Proposition 39 Docket 13-CCEJA-1

Redwood Coast Energy Authority (RCEA) recommends that more focus is placed on funding the creation of local capacity. This can be accomplished by affording districts and counties (particularly small/medium LEAs) an opportunity to hire and/or contract with an Energy Manager.

RCEA sees the Energy Manager as a cornerstone to a well balanced, sustained Prop39 program. Energy Managers will shift the transaction costs away from LEA administrators, have a focus on setting a baseline to afford M&V activities post implementation, be better situated to leverage existing partners and programs, push and pull LEAs towards ZNE and have a greater possibility of sustaining services and savings well past the termination of the Prop39 program.

RCEA would like to touch on the following concepts, note that all these comments are related to the need for a robust energy/project management structure to be built into Prop39 guidelines.

1. **Leveraging existing resources**

   Our organization would like to see additional or augmented guidelines that work towards increasing the likelihood that LEAs leverage existing rebate programs and local government entities that have already built and maintained capacity associated with energy efficiency and renewable energy.

   Leveraging existing resources is critical to a) maximize the tax dollar benefit while also maximizing the rate payer benefit and b) accessing and stabilizing existing local capacity that has been built and sustained in local government agencies that are energy focused. Examples include utility Government and Community Partners (GCPs), such as the Energy Watch Programs in place across PG&E service territory and Regional Energy Networks (RENs).

   a. Rebate Programs: RCEA recommend placing an additional factor in step 3 when prioritizing projects.

   b. Existing Human Capacity: RCEA recommends allowing LEAs to work directly with other Government entities that have created and sustained capacity through other funding pipelines as associated with public purpose program dollars, specifically GCPs and RENs. We see a few different options to implement but of course we understand there are limitations based on how the enabling legislation was drafted. We recommend considering:

      i. An additional factor in step 3 that encourages LEAs to reach out to their local GCPs or RENs to inquire and leverage assistance. The LEA would then have to certify that they did in fact coordinate efforts or at minimum make contact with the applicable GCP or REN.

    ii. We recommend encouraging districts and County Offices of Education to hire and retain Energy Management support at the GCP or REN level. We believe this will create a situation where sustained energy management support is more likely.

2. **Capacity Building**

   We recognize and commend the CEC for attempting to structure awards to ensure capacity building can occur. RCEA believes that the CEC should go one step further in prioritizing capacity building. The CEC needs to recognize that hiring, training and retaining talent is a very expensive endeavor. Our team believes, true costs as associated with capacity building are not mirrored in the guidelines.

3. **Keeping Transaction Cost Low for LEAs**

   Our organization would like to reinforce the concept that LEAs primary mission is educating our youth not implementing energy related projects. We recommend that the CEC look at each reporting structure and critically ask, are we working with the smallest common denominator to ensure we reach the necessary end with the least time investment possible. RCEA supports robust reporting but recognizes that if the reporting structures are burdensome the CEC will be reducing the likelihood of sustained participation.

   We also recommend looking at and internalizing the reality that LEAs may accrue additional incremental costs beyond those anticipated in an initial expenditure plan that span multiple years. We are concerned that should costs be accrued and not covered by Prop39, LEAs may begin looking at Prop39 as a liability not an asset thus increasing the likelihood of reduced program participation in future years.

The following comments target a statement or concept explicit to the October 2013 rev 2 draft guidelines document. Each comment will refer to the section(s) addressed.

1. **Chapter 2: Eligibility**
   a. Specific to when LEAS lease the facilities where the private entity pays the utility bill.
      i. Is there a way that the CEC can flex guidelines to work with LEAs that find themselves in lease negotiations where the private entity decides not to pay utilities? To overcome the use history challenge, we recommend that the LEA secure use history release forms from the previous account holder.

2. **Chapter 2: Scheduling**
   a. Please add 10% funding request for Energy Management to scheduling section to better match "Award Funding for Energy Manager" guideline.
   b. Should the CEC agree and act on comment 3.i below, it is recommended that this request be placed in the schedule.

3. **Chapter 2: Energy Planning Reservation Option**
   a. We would recommend creating room for LEAs to request program assistance dollars annually at 10% following the first year funding. This would be in addition to the energy manager funding at 10%. Expanding support funding will allow any given LEA to request up to 20% of annual awards for management and assistance services. We hope by

securing adequate annual funding for support activities, Prop39 participation will be sustained and grown over the five (5) year program life.

4. **Chapter 2: Award Funding for Training**
   a. We recommend increasing the training awards to better capture the real costs of sending employees to trainings. Beyond training costs, travel costs can also include lodging, food and transportation. We do not think the current guidelines properly incent rural and urban LEAs to provide quality trainings to their classified employees.

   b. We also recommend thinking about better filling the donut hole that may exist in medium sized districts with small to medium facility management departments. For example, a district will receive a one year award of $170,000 and will receive $3,400 in training awards. The district has 16 employees in the facilities department including facilities management and janitorial staff. Split equally, that's $215.50 in annual training dollars per employee.

   c. Another way to look at this is by imagining an award cap and floor. For example, guidelines could state 4% of annual award, not to exceed $7,500. In addition no LEA shall receive a funding award less than $2,500.00.

5. **Chapter 2: No Retroactive Funding of Projects**
   a. We may have missed this but it seems like the final clarifying statement leaves out a situation where the LEA implements after the final guidelines are released but prior to the expenditure plan being approved. Should the project implemented in this situation be approved in a subsequent expenditure plan would it still be eligible?

Thank you for considering our comments.

Sincerely,

Matthew Marshall — **Date**

[illegible] — 10/24/13

Executive Director

707.269.1700 Ext: 302

mmarshall@redwoodenergy.org

Lou Jacobson — **Date**

[illegible] — 10/24/2013

Energy Specialist

707.269.1700 Ext: 304

ljacobson@redwoodenergy.org