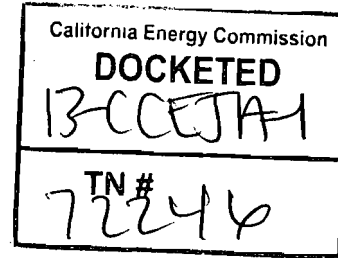




CAL SMACNA

October 24, 2013

Robert Oglesby, Executive Director
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814



California Association Sheet Metal and Air Conditioning Contractors National Association

Re: Comment: Proposition 39 Program Implementation Draft Guidelines

Dear Director Oglesby:

On behalf of the members of the California Association of Sheet Metal and Air Conditioning Contractors' National Association (CAL SMACNA), I write to express concern regarding the California Energy Commission's proposed Draft Guidelines for Proposition 39 Program Implementation. We are concerned that the Draft Guidelines, as proposed, fall short of appreciating the full potential of targeted HVAC improvements to benefit energy efficiency, public health and safety, and academic performance in California's educational facilities. We respectfully request that the Commission take another look at HVAC improvements, in light of the factors discussed in this letter, before adopting this important document.

CAL SMACNA is a non-profit trade association representing over 600 union sheet metal and air conditioning contractors who employ more than 25,000 men and women throughout the state of California. These contractors perform commercial and residential heating, ventilating, and air conditioning, manufacturing, and testing and balancing.

We believe Proposition 39 is a landmark opportunity to not only make schools more energy-efficient, but to also improve learning environments for California's children and improve public safety and public health. It is an established fact that the health of students is closely associated with academic achievement. California's Legislature, through Senate Bill 73 (Chapter 29, Statutes of 2013), set forth a list of energy and non-energy criteria that participating Local Educational Agencies (LEAs) must take into consideration when prioritizing projects (Public Resources Code section 26235[e]), which is cited by the Draft Guidelines document. CAL SMACNA believes SB 73 incorporates the full potential of Proposition 39 to change lives through strategic and thoughtful choices about how to fund projects. We are committed to helping to realize that potential through this adoption process.

CAL SMACNA largely supports the Draft Guidelines for Proposition 39 Implementation. We believe the proposed process for awarding K-12 energy project funding clearly communicates a prudent and reasonable series of requirements for LEAs to access funds for facility improvements. We also agree that the Draft Guidelines' construction compliance requirements provide appropriate oversight that balances the need to expend funds efficiently with the need to ensure funds are expended with full compliance with Proposition 39.

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CAL SMACNA is concerned, however, that the Draft Guidelines' prioritization of types of projects would introduce unnecessary confusion and duplication into the implementation of Proposition 39.

The Draft Guidelines outline a sequencing approach for LEAs to apply for funds for facility improvements, which consists of:

1. Maximizing energy efficiency, then
2. Considering clean on-site energy generation, and lastly,
3. Considering nonrenewable projects (such as efficient natural gas-fueled fuel cell)

To help LEAs follow this sequencing approach and identify potential energy projects, the Draft Guidelines list typical cost-effective K-12 school energy efficiency and alternative energy generation projects (Exhibit B in the Appendix). The listing is organized by energy project categories, such as lighting, lighting controls, HVAC, and so forth. Within each category, the projects are ranked using a score of 1 to 5, with 1 being the typically most cost-effective and 5 being the least attractive for most schools. LEAs may consider Priority 1 projects in each category before considering Priority 2-5 projects. HVAC, while providing important and additional non-energy benefits, is provided a somewhat lower ranking than other measures on this list.

We believe this priority ranking is premature and creates unnecessary confusion in the implementation of Proposition 39, with no clear benefit. Most significantly, the priority ranking places immediate cost-effectiveness above all other considerations, potentially obscuring the long view of achieving greater energy savings as well as the important non-energy benefits of job creation, health and safety improvements, and improvement of academic performance in our schools. For example, small and incremental investments may appear more cost-effective in the current ranking system but in fact fail to account for the long term needs such as improved indoor air quality that directly promotes students' health, safety, and learning experience. School districts should not be dissuaded by the guidance document from using Proposition 39 dollars to pursue more comprehensive energy-efficiency upgrades that provide more enduring benefits than just immediate cost-savings alone.

We believe the numerical priority ranking is unnecessary because the Draft Guidelines' process for awarding K-12 energy project funding already provides a robustly diligent mechanism for ensuring that projects sufficiently meet Proposition 39 criteria before receiving funding (Chapter 2 Process to Receive K-12 Energy Project Award Funding, Pages 12-26). Rather than artificially staging the market by assigning numerical rankings to predefined project types, the state should simply require participating LEAs to take the prudent and judicious steps that are outlined in the Draft Guidelines' Chapter 2. In this way, the effective and comprehensive facility improvements would receive funding on the natural.

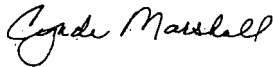
Additionally, we believe any prioritization as rigid and absolute as what is proposed in the Draft Guidelines is bound to neglect key variables in the long term. One example is climate change, which experts predict could dramatically affect weather conditions in California over the next several decades. Temperature and humidity will drive potential energy savings to be achieved by HVAC facility improvements, and the prospect of climate change suggests those conditions will drive that potential up. In this way, HVAC differs significantly from other listed options, whose potential energy savings remains essentially the same in spite of significant changes to temperature and humidity in the foreseeable future.

Finally, the Draft Guidelines state that the priority rankings are based upon "potential energy savings, cost, and practicality." While we would agree that these factors are important considerations, we also note that the statutorily outlined intent of Proposition 39 is also to create jobs, provide job training, and protect health and safety. There are other parts of the Draft Guidelines that appropriately consider these co-equal statutory objectives.

CAL SMACNA would like to see the Draft Guidelines amended to eliminate any ranking system predicated on a singular focus of immediate-term energy savings. The Guidelines must encourage and allow LEAs to pursue strategies for energy-efficiency that are also capable of simultaneously addressing important non-energy objectives such as improved public health and improved academic performance. These additional benefits need to be valued and promoted.

We thank you for your consideration of CAL SMACNA's concerns and comments. If you should have any questions or need additional information, please do not hesitate to contact me at (916) 363-7460 or our regulatory affairs consultants Chris Walker and Josh Rosa at (916) 442-8888.

Sincerely,

A handwritten signature in cursive script that reads "Cyndi Marshall".

Cyndi Marshall
Executive Vice President