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NAESCO Comments on SEES Revised Draft Program Guidelines

Please see the attached document.

Additional submitted attachment is included below.

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The National Association of Energy Service Companies (NAESCO) appreciates the opportunity to submit this comment on the California Energy Commission (CEC) **Docket Number: 20-RENEW-01, School Energy Efficiency Stimulus Program, SRVEVR Revised Staff Draft Guidelines ("Guidelines")**.

Introduction to NAESCO

NAESCO is the leading advocacy and accreditation organization for US Energy Service Companies (ESCOs) and is dedicated to modernizing America's building infrastructure through performance contracting. Uniting the energy service industry, NAESCO promotes favorable government policies; sponsors a rigorous accreditation program; provides training and education; and champions ESCOs interests across the country. NAESCO counts among its members some of the world's leading energy services companies, including: ABM Energy, AECOM Energy, Ameresco, Brewer-Garrett, CEG Solutions, Centrica Business Solutions, ClearEnergy Contracting, Climatec, CM3, CMTA, ConEdison Solutions, Constellation New Energy, CTI Energy Services, E3, Energy Solutions Professionals, Energy Systems Group, EnergyLink, Engie, Entegrity, FPL Energy Services, Georgia Power, GRP Wegman, Hannon Armstrong, Honeywell, Johnson Controls, McClure Energy, McKinstry, METCO Engineering, Navitas, New York Power Authority, Noresco, Perfection Group, Performance Services, Schneider Electric, Siemens Industry, SiteLogiq, Southland Industries, Stark Esco, The Efficiency Network, Trane, Wendel Energy Services, and Willdan.

During the past twenty years, NAESCO member companies have implemented energy efficiency, demand response, renewable energy and distributed generation projects for government, industrial, commercial, institutional, and residential customers, including several billion dollars' worth of projects in California. Nationally, NAESCO member projects have produced:

- $60 billion in projects paid from savings
- $65 billion in savings – guaranteed and verified
- 500,000 person-years of direct employment
- $45 billion in infrastructure improvements in public facilities
- 480 million tons of CO_2 savings at no additional cost

Comment

NAESCO's has one comment on the March 19 Revised Staff Draft Guidelines.

The Notice of Availability and Request for Comments lists among the updates on page 2 of the revised Guidelines, "Clarifying the requirement on multiple sources of funding in Chapter 1, Section D." However, the relevant paragraph (D.8 on page 8) in the March 19 Guidelines appears to be identical to the relevant paragraph on page 13 in the January 21 Draft Guidelines, as follows.

Multiple Sources of Funding

Other sources of funds separate from the SRVEVR Program may be available or may become available for projects that seek to improve indoor air quality in schools throughout California. Participation in another program does not prevent participation in SRVEVR. However, an LEA may not receive funds to cover the same scope of work from more than one program. As part of the grant award, an LEA receiving SRVEVR funds must certify that the SRVEVR funds will be used for distinct, eligible costs as described in these guidelines and that no other funds will be received or used for the same costs from another funding source. CEC reserves the right to review and audit all grant and funding award documents to ensure compliance with this requirement.

It appears to NAESCO that our February 5 comment has not been adequately addressed, and so we respectfully bring it to the Commission's attention again. In the intervening time, the issue that we addressed in our February 5 comments has become more complicated with the addition of substantial federal funding for school improvements, so we hope that the staff appreciates our sense of urgency in repeating our comment.

The CEC should encourage the LEAs to take a holistic approach to upgrading their HVAC and plumbing systems by leveraging the SRVEVR and SNPFA grants with funds available from public programs and private investors.

Unfortunately, the allowable measures do not solve the problems for many schools. NAESCO believes the programs should recognize, for example, that the SRVEVR program, with its focus on maintenance, economizers, and CO2 monitors, is only a short-term solution for many schools that need a more holistic solution. The SRVEVR program should try to facilitate comprehensive HVAC system and controls upgrades, based on life cycle costing of the HVAC system, which will provide better ventilation to school facilities while at the same time making the operation more energy efficient and sustainable.

A recent report by the Public Policy Institute of California (PPIC, August 2020) cites studies that document the need is much greater than "quick fixes." and that funding for these comprehensive projects is not likely to come from state or LEA bond issues during the next few years.

Pre-pandemic cost pressures (e.g., pensions, special education, and declining enrollment) and the uncertainty over funding for future capital projects after the defeat of most bond measures in the March 2020 election will compound the financial difficulties of addressing COVID-19, particularly *among those 150 districts that were already financially distressed (Warren and Lafortune 2020; Legislative Analyst's Office 2020; Sharfstein and Morphew 2020).*

So, these comprehensive improvements cannot be implemented without leveraging the SEES grants with other financing sources. NAESCO suggests that CEC try to facilitate that leveraging, and that the Prop 39 Guidelines offer a useful precedent. The CEC should allow similar leverage of the SEES grants by adopting the same or similar language (see below), with appropriate adjustments in the list for discontinued programs and new programs, including the various federal stimulus programs that will be rolling out this spring, cooperative agreements, streamlined procurement methods, design-build contracts, and energy performance contracts (Section 4217).

"LEAs may pursue other programs and incentives to leverage Proposition 39 awards, such as, but not limited to:

- *The Energy Commission's Bright Schools Program "no-cost" energy efficiency audits.*
- *California Conservation Corps "no-cost" and "low-cost" energy efficiency data collection and energy efficiency surveys.*
- *Local government programs.*
- *Utility programs.*
- *The Energy Commission's ECAA-Ed Loan Program.*
- *Bond funding.*
- *Other private capital funding."*

Source: PROPOSITION 39 CALIFORNIA CLEAN ENERGY JOBS ACT – 2013 PROGRAM IMPLEMENTATION GUIDELINES *REVISED JUNE 2014 CEC-400-2013-010-CMF-REV2, Page 13*

Recommendation

We urge the Staff to supplements its **Multiple Sources of Funding** paragraph in the Guidelines with more explicit guidance, including lists of allowable program funding and directions about how expenditures and results from projects with multiple sources of funding should be reported to the Commission (perhaps with sample forms). We believe that this explicit guidance will save both the Staff and the LEAs countless hours as they develop and implement projects.

Respectfully submitted by,

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