

**DOCKETED**

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| <b>Docket Number:</b>   | 20-RENEW-01   |
| <b>Project Title:</b>   | School Energy Efficiency Stimulus Program                           |
| <b>TN #:</b>            | 237554  |
| <b>Document Title:</b>  | Presentation - SEES Program Workshop                                |
| <b>Description:</b>     | Presentation slides for the SEES Program Workshop on April 28, 2021 |
| <b>Filer:</b>           | Theresa Daniels   |
| <b>Organization:</b>    | California Energy Commission  |
| <b>Submitter Role:</b>  | Commission Staff  |
| <b>Submission Date:</b> | 4/27/2021 11:05:18 AM   |
| <b>Docketed Date:</b>   | 4/27/2021   |



# **School Energy Efficiency Stimulus Program Workshop**

California Energy Commission  
April 28, 2021



# Welcome and Opening Remarks

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## California Energy Commission

- Commissioner Karen Douglas, J.D.
- Commissioner Andrew McAllister, Ph.D.

## California Public Utilities Commission

- Commissioner Genevieve Shiroma



# Virtual Housekeeping

- Workshop/hearing conducted remotely via Zoom
- 3 ways to comment:
  - Use the “raise hand” feature in Zoom
  - Over the telephone: dial \*9 to “raise hand” and \*6 to mute/unmute your phone line
  - Type your question in the Q&A window
- Please limit comments to 3 minutes
- Written comments due May 7, 2021
  - Submit through the e-commenting system at:  
<https://efiling.energy.ca.gov/EComment/EComment.aspx?docketnumber=20-RENEW-01>



# Workshop Agenda

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- Program Status and Overview
- Program Budget Allocation in Utility Service Territories
- Funding Award Allocations and Consideration of Maximum Grant Awards
- Reasonable Costs for Assessment and Maintenance Grants
- Challenges with Contractor Estimates
- Alternative Technical Requirements for Obsolete/Non-functioning Equipment
- Public Comment
- Next Steps



# Program Status and Overview





# Background: AB 841

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- Assembly Bill 841 Signed by Gov. Newsom in September 2020
  - Authorized (in part) the School Energy Efficiency Stimulus (SEES) Program
- SEES Includes 2 Grant Programs:
  - Assess, maintain, and repair or replace ventilation systems
  - Replace aging and inefficient plumbing fixtures and appliances
- CEC is Program Administrator
  - Coordinating with Large Electric and Gas Utilities Funding the Program and CA Public Utilities Commission



# Status - Implementation Progress

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- **January 20/21** – Staff Draft Guidelines Posted (both programs)
- **January 22** – SEES Program Workshops
  - Public Comment Period through February 5
- **March 19** – Revised Staff Draft Guidelines Posted (ventilation program)
  - Public Comment Period through March 26
- **March 26** – Revised Staff Draft Guidelines Posted (plumbing program)
  - Public Comment Period through April 2
- **March/April** – Additional Stakeholder Communications





# Program Overview - Eligible Applicants

## Eligible Applicants to be limited to California LEAs

An LEA is defined as either:

- A school district as defined in Section 41302.5 of the Education Code, which includes:
  - county boards of education
  - county superintendents of schools
  - direct elementary and secondary level instructional services provided by the state, including the Diagnostic Schools for Neurologically Handicapped Children as established pursuant to Article 1 (commencing with Section 59200) of Chapter 3 of Part 32 of the Education Code
- A charter school that has been granted a charter pursuant to Part 26.8 (commencing with Section 47600) of Division 4 of Title 2 of the Education Code



# Program Overview - Eligible Sites

- LEAs may apply for grants to conduct activities at schools that:
  - Are on a site owned by the LEA.
  - Are on a publicly owned site, such as a site owned by a school district or other public entity, whether or not the LEA has a lease with that entity.
  - Are on a privately owned site, for which there is a lease with a term that exceeds the duration of the program, ending after December 1, 2026.
- In addition to the criteria above, a site must have an HVAC system defined as any air-handling units, rooftop units, and unitary and single zone equipment in a site's HVAC system or systems, as described in PUC Section 1622. (ventilation program)



# Program Overview - Priority Eligibility

- **“Underserved community”** means a community that meets one of the following criteria:
  - A “disadvantaged community” as defined by subdivision (g) of Section 75005 of the Public Resources Code.
  - Included within the definition of “low-income communities” as defined by paragraph (2) of subdivision (d) of Section 39713 of Health and Safety Code.
  - CalEnviroScreen score of 75 or higher
  - $\geq 75\%$  of students eligible for FRPM under National School Lunch Program.
  - Located on lands belonging to a federally recognized California Indian tribe.



# SEES Program – Ventilation Program

Provides funding to assess, maintain, and repair heating, ventilation, and air conditioning (HVAC) systems in public schools, prioritizing schools in underserved communities.

## ***Revised Staff Draft Guidelines:***

- Initial phase of program awards limited to HVAC Assessment and Maintenance Grants.
- All project requirements must be completed. No funding for partial projects.
- Grant award will be amount requested by LEA and verified with a contractor's estimate.
- Contractor's estimate must only be for reasonable costs of project requirements.
- LEA may request advance payment of up to 50% of the grant award.



# SEES Program – Plumbing Program

Provides funding to replace aging and inefficient plumbing fixtures and appliances with water-conserving plumbing fixtures and appliances in public schools and state agency buildings, prioritizing facilities in underserved communities.

## ***Revised Staff Draft Guidelines:***

- Application must include documentation confirming plumbing fixtures and appliances qualify as noncompliant.
- Final report must include documentation to verify installation of water-conserving plumbing fixtures and appliances.
- LEAs must dispose or recycle all noncompliant plumbing fixtures and appliances in compliance with all local requirements.
- Grant award will be amount requested by LEA and verified with a contractor's estimate.
- LEA may request reimbursement of incurred costs up to 50% of the grant award upon approval of the grant award.



# Topic #1:

# Program Budget Allocation in Utility Service Territories





# Program Budget

## Funds derived from Gas and Electric Utility Energy Efficiency (EE) Rolling Portfolio Funds

- Part 1 – difference between previously authorized and approved annual EE budgets
- Part 2 – unused and uncommitted from prior year
- Funds accrue 2021 – 2023; annual amounts determined each year.
- Funds are received through rate payments and delivered to CEC quarterly each year.
- Funds can be used over a 6 year period - 2021 through 2026.



# Program Overview – General Budget Considerations

- 2021 contribution to program is \$276,931,128.
- Overall program budget estimated to be \$500M (potential for higher).
  - Ventilation Program – 75% of Funds
  - Plumbing Program – 25% of Funds
- Funds must be spent proportionally within the service territories of the utilities from which they were derived.
  - Pacific Gas & Electric (PG&E) – further distinguished by electric/gas
  - Southern California Edison (SCE)
  - San Diego Gas & Electric (SDG&E)
  - Southern California Gas (SCG)





# Program Budget

## Funding Use and Availability

- CEC will have authority to enter into agreements for the full amount after FY 21/22 Budget is enacted (anticipated to be July 1).
- Quarterly installments means full \$275M not available for payment until Jan 2022.
- Total funding is accrued (not necessarily made available in the same year or on the same schedule).
- Funds are not pooled – funding is separated into available funds by service territory.



# Program Budget – Guidelines Update

- Originally identified as:
  - Pacific Gas & Electric (PG&E)
  - Southern California Edison (SCE)
  - San Diego Gas & Electric (SDG&E)
  - Southern California Gas (SCG)
- Updated allocation:
  - PG&E Combined Service/Electric Only
  - PG&E Gas Only
  - SCE
  - SDG&E Combined Service/Electric Only
  - SCG



# Program Budget

| Estimated Stimulus Program Funding for 2021 from Joint Advice Letter |               |               |                 |             |               |
|--|---------------|---------------|-----------------|-------------|---------------|
|  | SCE           | PG&E          | SDG&E           | SoCalGas    | Total         |
| 2021 Stimulus Program Funding  | \$99,565,293  | \$92,466,340  | \$27,976,495    | \$0         | \$220,008,128 |
| Estimate of 2020 Unspent   | \$16,923,000  | \$10,000,000  | \$25,000,000    | \$5,000,000 | \$56,923,000  |
| Total Funding for 2021   | \$116,488,293 | \$102,466,340 | \$52,976,495    | \$5,000,000 | \$276,931,128 |
| Anticipated Funding for PY 2022                                      | \$87,119,631  | \$80,908,048  | \$24,479,433\$0 |             | \$192,507,112 |
| Anticipated Funding for PY 2023                                      | \$74,673,970  | \$69,349,755  | \$20,982,371\$0 |             | \$165,006,09  |



# Budget Breakdown by Utility Area

Based on Total Funds Provided in Year 1

| Funds By Service Territory        |                |                |               |                |              |                 |
|-----------------------------------|----------------|----------------|---------------|----------------|--------------|-----------------|
|                                   | SCE            | PG&E           |               | SDG&E          | SoCalGas     | Total           |
|                                   | \$116,488,293  | \$102,466,340  |               | \$52,976,495   | \$5,000,000  | \$276,931,128   |
| Percent of Total                  | 42.06%         | 37.00%         |               | 19.13%         | 1.81%        | 100.00%         |
| Administration<br>(maximum shown) | \$4,206,399.40 | \$3,700,065.82 |               | \$1,912,984.48 | \$180,550.31 | \$10,000,000.00 |
| Total Funding for Grants          | \$112,281,894  | \$98,766,274   |               | \$51,063,511   | \$4,819,450  |                 |
|                                   | SCE            | PG&E Electric  | PG&E Gas Only | SDG&E          | SoCalGas     |                 |
| Funding For Awards                | \$112,281,894  | \$81,976,007   | \$16,790,266  | \$51,063,511   | \$4,819,450  | \$266,931,127   |
| SVREVR                            | \$84,211,420   | \$61,482,005   | \$12,592,700  | \$38,297,633   | \$3,614,587  | \$200,198,345   |
| SNPFA                             | \$28,070,473   | \$20,494,002   | \$4,197,567   | \$12,765,878   | \$1,204,862  | \$66,732,782    |



# Funds Available by Utility Area and Schools (Priority Schools Only)

Based on Total Funds Provided in Year 1 – For Illustration Only

These are not proposed allocations.

|   | SCE                 | PG&E Electric       | PG&E Gas            | SDG&E               | SoCal Gas          |
|---|---------------------|---------------------|---------------------|---------------------|--------------------|
| <b>Total Schools (Priority Criteria Only)</b> | <b>2,015</b>        | <b>2,239</b>        | <b>481</b>          | <b>389</b>          | <b>996</b>         |
| <b>SVREVR</b>                                 | <b>\$84,211,420</b> | <b>\$61,482,005</b> | <b>\$12,592,700</b> | <b>\$38,297,633</b> | <b>\$3,614,587</b> |
| <b>SRVEVR \$/school</b>                       | \$41,792.27         | \$27,459.58         | \$26,180.25         | \$98,451.50         | \$3,629.10         |
| <b>SNPFA</b>                                  | <b>\$28,070,473</b> | <b>\$20,494,002</b> | <b>\$4,197,567</b>  | <b>\$12,765,878</b> | <b>\$1,204,862</b> |
| <b>SNPFA \$/school</b>                        | \$13,930.76         | \$9,153.19          | \$8,726.75          | \$32,817.17         | \$1,209.70         |

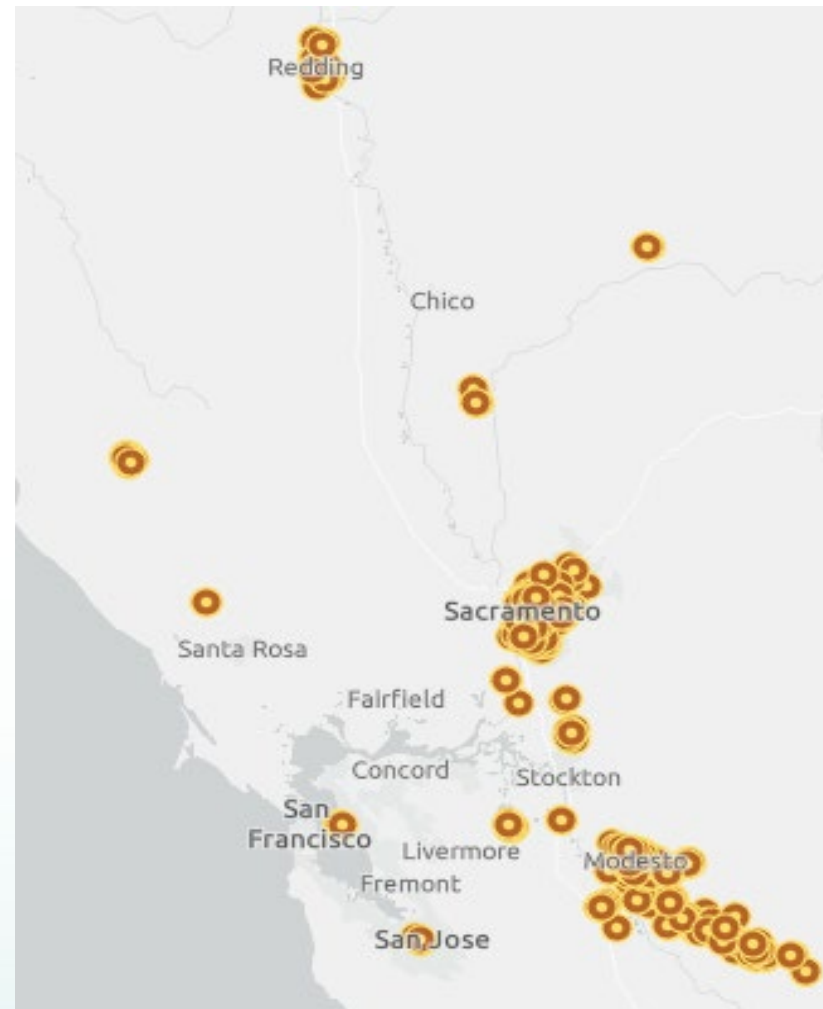


# IOU Funding Buckets



**PG&E 1 Underserved**

2,239 Schools

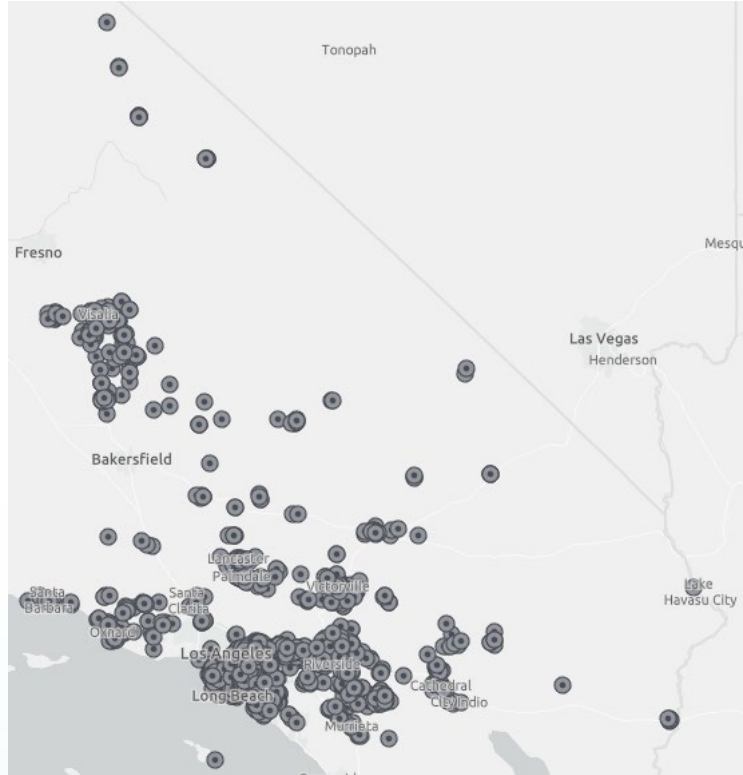


**PG&E 2 Underserved**

481 Schools



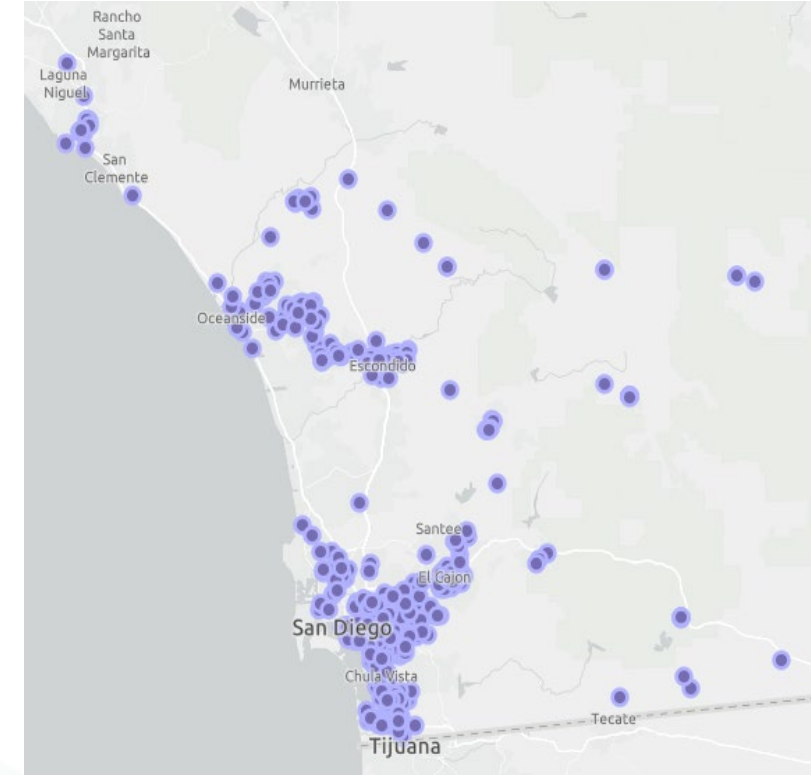
# IOU Funding Buckets Cont'd



**SCE Underserved**  
2,015 Schools



**Socal Gas Underserved**  
996 Schools



**SDG&E Underserved**  
389 Schools



## **Topic #2:**

# **Funding Award Allocation and Maximum Grant Awards**







# Maximum Grant Awards

**Stakeholder feedback indicates reasons for CEC to consider establishing a maximum grant amount:**

- Traditional allocation method is not feasible due to the source of funds.
- Some LEAs may be at a disadvantage with first-come first-serve application process.
- Allows for certainty in number of grant awards available.
- Maximizes the reach of program funding.
- *Revised Staff Draft Guidelines* state:
  - Grant awarded for the amount requested by the LEA in the application and verified by a contractor's estimate



# Maximum Grant Awards

## Possible Approaches:

- Establish a maximum grant awards per school
  - Maximum grant award could be determined using one of the following:
    1. Predetermined Reasonable Cost Value for Each - Large, Medium, Small School Tiers
    2. Student Enrollment – Value/Student Maximum
    3. Number of Classrooms Using a \$/classroom
    4. Facility Square Footage Using a \$/Sq Ft



## **Topic #3:**

# **Reasonable Costs for Assessment and Maintenance Grants**



# Reasonable Costs

## ***Revised Staff Draft Guidelines provides:***

- HVAC Assessment and Maintenance Grant must follow a prescriptive process and meet certain requirements.
- Grant amount requested in application may only be for reasonable costs of HVAC Assessment and Maintenance Grant scope of work, including:
  - HVAC Assessment Report
  - General HVAC maintenance
  - Adjustment of ventilation rates
  - Filter replacement
  - Carbon dioxide monitor installation
- To demonstrate that costs are reasonable, the contractor estimate must provide line item cost estimates for materials, labor, and other costs.



# Reasonable Costs Cont'd

- Grant award amount for reasonable cost of HVAC Assessment and Maintenance
- Wide range of estimates indicates parties are unclear on activities for assessments
- Replacement of HVAC systems not a reasonable cost in initial phase
- A maximum grant award may ensure reasonable cost and limit scope of work to assessment and maintenance only.



# Discussion Break

## Maximum Grant Awards Questions:

- Generally – do you feel a maximum award is a beneficial addition to the program? What are the benefits of a maximum grant award?
- What are the disadvantages to having a maximum grant award?
- What is the best metric to use in setting a maximum grant award?

## Reasonable Cost Questions:

- Are there additional criteria that should be used to demonstrate that the grant amount requested is only for reasonable costs of the HVAC Assessment and Maintenance Grant work and requirements?
- Do the reasonable cost criteria cause any challenges for LEAs?

### 3 ways to comment:

- Use the “raise hand” feature in Zoom
- Over the telephone: dial \*9 to “raise hand” and \*6 to mute/unmute your phone line
- Type your question in the Q&A window
- Please limit comments to 3 minutes



## **Topic #4:**

# **Challenges with Contractor Estimates**



# Contractor Estimates

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## *Revised Staff Draft Guidelines* require:

- Contractor estimate must provide:
  - Reasonable cost of project work
  - A detailed site-specific budget, timeline, and accurate description of work
- LEA must adhere to its own bidding and contracting requirements





# Contractor Estimates

- CEC staff received feedback that some LEAs may face challenges with the requirement to provide a contractor estimate with the application.
- Considerations include:
  - Delays in completing the estimate limit ability to participation in a first-come first-served grant.
    - May be compounded by procurement requirements for the process to obtain an estimate.
  - Inconsistencies with procurement policies – some LEAs do not allow the same party to create a proposal and then complete the project.
  - Language – use of the word “contractor.”
  - Applying this requirement to work already completed.



# Discussion Break

## Challenges with Contractor Estimates Questions:

- What are the challenges with obtaining a contractor's estimate? If there are barriers, please provide specific examples of LEA bidding and public contracting process and requirements.
- What timeframes are expected for obtaining contractor's estimate?
- Are there proposals for guidelines changes to reduce these challenges?
- For projects completed since August 2020 seeking reimbursement, are there other changes that are needed and still maintain parity with requirements for planned projects?

### 3 ways to comment:

-Use the "raise hand" feature in Zoom

-Over the telephone: dial \*9 to "raise hand" and \*6 to mute/unmute your phone line

-Type your question in the Q&A window

-Please limit comments to 3 minutes



## **Topic #5:**

# **Alternative Technical Requirements for Obsolete/Non-functioning Equipment**



# Alternative Technical Requirements

**Reasons suggested to consider alternate requirements include:**

- HVAC system that is past its useful life may be unnecessary
- HVAC system may already be slated for replacement
- No access to technical documents required to complete maintenance as described

*Sample comment - Any HVAC unit 20-25+ years (some may argue 15-20 years) of age should not be mechanically assessed or serviced in the first round of funding, it should automatically be submitted for replacement in the second round.*



# Alternative Technical Requirements Cont'd

- *Revised Staff Draft Guidelines* require:
  - HVAC assessment and maintenance must follow prescriptive process as outlined in the guidelines
  - All HVAC Assessment and Maintenance Grant requirements must be completed.
  - There will be no payment for partial completion of project requirements.

## **Possible Changes:**

- Alternate requirements for HVAC systems that are already scheduled for replacement
  - Requires additional criteria for HVAC systems to qualify for the alternate requirements



# Discussion Break

## Alternative Technical Requirements Questions:

- When would completing the current technical requirements for the assessment and maintenance process be unreasonable or impossible?
- Are LEAs interested in an alternate assessment-only pathway without the HVAC system maintenance in certain cases?
  - What specifically would be criteria for an alternate pathway but maintains systems to the degree possible until replacement or repairs can be completed?
- What documentation can be provided to demonstrate that the HVAC system is scheduled for replacement or that it meets other replacement criteria?

### 3 ways to comment:

- Use the “raise hand” feature in Zoom
- Over the telephone: dial \*9 to “raise hand” and \*6 to mute/unmute your phone line
- Type your question in the Q&A window
- Please limit comments to 3 minutes



# Next Steps





# Anticipated Schedule

| Next Steps (subject to change)       | Date        |
|--------------------------------------|-------------|
| Comments Due                         | May 7, 2021 |
| Release Final Draft Guidelines       | May 2021    |
| Adoption of Guidelines               | May 2021    |
| Notice of Funding/Grant Applications | June 2021   |
| Begin approving grant applications   | July 2021   |





# Public Comments

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- Limited to 3 minutes per comment
- 4 ways to comment:
  - Use the “raise hand” feature in Zoom
  - Type your question in the Q&A window
  - Over the telephone: dial \*9 to “raise hand” and \*6 to mute/unmute your phone line
  - Submit your comments in writing during the 14-day public comment period



# Written Comments

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- **Written comments due May 7, 2021**
- Comments may be submitted directly to SEES docket (20-RENEW-01) through the e-commenting system at:  
<https://efiling.energy.ca.gov/EComment/EComment.aspx?docketnumber=20-RENEW-01>



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