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CalSHAPE UR Grant Workshop Comments

Additional submitted attachment is included below.

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Submission Via Docket

California Energy Commission
Docket Unit, MS-4
Docket No. 20-RENEW-01
715 P Street
Sacramento, California 95814

Re: **Comments of Western States Council and JCEEP on CalSHAPE
Ventilation Program Workshop (Docket No. 20-RENEW-01)**

Dear Commissioners and Staff:

We write on behalf of the Joint Committee on Energy and Environmental Policy (JCEEP) and the Western States Council of Sheet Metal Workers to comment on the California Schools Healthy Air, Plumbing, and Efficiency (CalSHAPE) Ventilation Program workshop held on January 12, 2023 to discuss implementation of heating, ventilation and air conditioning (HVAC) Upgrade and Repair (U&R) Grants.

I. INTRODUCTION

We commend the Commission and staff for its excellent execution of the CalSHAPE Program thus far. With over 605 applications submitted by local educational agencies (LEAs) for HVAC Assessment and Maintenance (A&M) Grants requesting nearly \$374 million, it is clear there is broad interest and a compelling need for this program. Yet this initial phase only provided funding for assessments, general maintenance, adjustments of ventilation rates, filter replacements, carbon dioxide monitor installation, and an additional 20% of the requested amount for HVAC repairs, upgrades, or replacements to make the HVAC system functional or more energy efficient.

For the next phase, the Commission anticipates providing LEAs who completed A&M projects with the opportunity to submit applications for U&R

projects to address HVAC upgrades, repairs, or replacement above the 20% contingency amount. At the January 12 workshop, the Commission requested feedback on several topics in anticipation of releasing revised guidelines addressing the U&R phase, including eligibility, project scope, project costs, and award limits. We offer several recommendations aimed at maximizing program effectiveness and equity given limited funding and statutory restrictions.

II. DISCUSSION

A. The Commission Should Prioritize Schools in Underserved Communities for HVAC Upgrade and Repair Grants

The Commission proposes to limit the first funding round for U&R grants to sites located in an underserved community, near a busy roadway, or near a Title V facility. JCEEP supports this eligibility restriction because it would ensure that the program complies with statutory requirements and targets schools with the greatest need for improved indoor air quality.

AB 841 establishes three prioritization requirements for CalSHAPE grants. First, at least 25% of projects funded by Ventilation Program grants must be in underserved communities.¹ Second, the Commission must give schools in an underserved communities the opportunity to apply for and receive grants before those schools that are not in an underserved community.² Third, the Commission must prioritize schools near a busy roadway or Title V facility.³

Since the Ventilation Program is divided into two distinct phases, it is unclear how the Commission intends to measure compliance with AB 841's prioritization scheme. With A&M grants, the first two funding rounds were limited to schools in underserved communities.⁴ In addition, the third funding round included an initial priority period that allowed schools in underserved communities,

¹ Pub. Util. Code § 1612.

² *Ibid.*

³ *Ibid.*

⁴ California Energy Commission, Notice of Funding Availability: Funding Round One California Schools Healthy Air, Plumbing, and Efficiency (CalSHAPE) Ventilation Program (Sept. 13, 2021) pp. 1-2, *available at*

<https://efiling.energy.ca.gov/GetDocument.aspx?tn=239312&DocumentContentId=72768>; California Energy Commission, Notice of Funding Availability: Funding Round Two California Schools Healthy Air, Plumbing, and Efficiency (CalSHAPE) Ventilation Program (June 14, 2022) pp. 1-2, *available at* <https://efiling.energy.ca.gov/GetDocument.aspx?tn=242289&DocumentContentId=75793>.

near a busy roadway, or near a Title V facility to apply before all other eligible schools.⁵ By limiting eligibility in the first funding round for U&R grants to sites located in underserved communities, near a busy roadway, or near a Title V facility, the Commission would not be at risk of noncompliance.

Moreover, this limitation benefits schools with the greatest need because underserved communities include disadvantaged communities,⁶ low-income communities,⁷ communities within the top 25% of CalEnviroScreen, communities with at least 75% of students eligible to receive free or reduced-price meals, or communities located on lands belonging to federally recognized California Indian tribe.

B. The Commission Should Allow LEAs to Prioritize HVAC Deficiencies When Selecting Project Work

To be eligible for U&R grants, HVAC system repairs and replacements must be noted as deficiencies in the HVAC Assessment Report and recommended as cost-effective energy efficiency upgrades or repairs by a Licensed Professional. In determining the appropriate U&R project scope, the Commission is evaluating whether the LEA should be required to correct all deficiencies with U&R funds or be permitted to prioritize deficiencies and select project work. LEAs should have the flexibility to determine which cost effective energy efficiency upgrades or repairs should be completed because LEAs may not receive adequate funding to address all identified deficiencies, especially if the Commission imposes a cap on project costs or awards.

C. The Commission Should Allow the Purchase and Installation of Hybrid Heating Systems for HVAC System Replacement

The Commission is considering a restriction that would prevent U&R grants from being used to fund the purchase or installation of gas equipment. To enforce this restriction, the Commission is evaluating two HVAC replacement options. Option 1 would prohibit the installation of gas equipment when replacing a HVAC

⁵ California Energy Commission, Notice of Funding Availability: Funding Round Three California Schools Healthy Air, Plumbing, and Efficiency (CalSHAPE) Ventilation Program (Mar. 14, 2022) p. 2, *available at*

<https://efiling.energy.ca.gov/GetDocument.aspx?tn=243527&DocumentContentId=77361>.

⁶ Pub. Resources Code § 75005.

⁷ Health & Safety Code § 39713(d)(2).

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system funded by a U&R grant. Option 2 would establish two tiers of grant awards based on equipment type. Tier 1 would allow grant funds to cover the entire HVAC system replacement to all electric equipment, including conversion of gas equipment, subject to a maximum award. Tier 2 would allow the installation of electric and gas equipment but grant funds could only be used for the electric equipment replacements. The key distinction between the two options is that Option 2 would allow LEAs to install a hybrid heating system with the LEA responsible for costs associated with the purchase and installation of gas equipment, whereas Option 1 would prevent installation of gas equipment altogether.

JCEEP supports the Commission's decarbonization efforts, but the Commission should allow U&R funds to be used to purchase and install hybrid heating systems. A hybrid heating system consists of a reduced-capacity electric heat pump paired with a natural gas furnace for auxiliary heats.⁸ A hybrid heating system uses the electric heat pump as a primary source of heat and switches to the gas furnace for auxiliary heat when needed based on a programmed control strategy.⁹ When compared to low NOx gas furnaces, hybrid heating systems reduce annual CO₂ emissions by 67% and annual NOx emissions by 96%.¹⁰

III. CONCLUSION

We greatly appreciate the Commission's meaningful engagement with stakeholders to develop the most effective program possible and look forward to assisting with implementation of the next phase of the CalSHAPE Ventilation Program.

Sincerely,



Thomas A. Enslow

TAE:acp

⁸ Nelson Ditcher, Analysis of NOx Emissions from Hybrid Heating Technologies in California (Feb. 14, 2020) p. X, available at <https://wcec.ucdavis.edu/wp-content/uploads/Analysis-of-NOx-Emissions.WCEC-Technical-Report.2020-01.pdf>.

⁹ Ibid.

¹⁰ Id. at p. X.