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California Energy Commission
1516 9th Street
Sacramento, CA 95814

**Comments on Proposition 39 K-12 Guidelines
Docket Number 13-CCEJA-01**

To Whom It May Concern:

On behalf of the School Energy Coalition (SEC), an organization made up of K-14 schools and associates focused on funding and technical assistance for energy efficiency and renewable projects for California's students, I am pleased to provide the statewide public school perspective on the Proposition 39 Program.

California schools strongly support the Proposition 39 Program and its focus on K-14 educational facilities. We especially appreciate that the Governor's proposal continues this focus in his 2016-17 State Budget proposal, increasing the level of funding in the May Revision to \$398.8 million from the \$365 million proposed in January for K-12; and \$49.3 from the \$45.2 million proposed in January for community colleges.

Schools throughout the state are moving forward with plans to make their campuses energy efficient which saves taxpayer dollars, allows schools to apply their savings to teachers, equipment and other priorities, and lowers greenhouse gas emissions. Well over 2,000 plans have been approved at a time when there are very scarce resources for school facilities and renovation. It is a vital and successful program for K-14 schools in California.

Since the California Energy Commission's (CEC) Proposition 39 Guidelines were approved in December 2013, SEC has worked to assist school districts, county offices of education and charter schools to stay up-to-date on the information changes and meeting the requirements for Energy Expenditure Plan (EEP) approval. SEC has held workshops and webinars addressing energy issues of importance to schools, most with a Proposition 39 focus. Overall, schools appreciate the flexibility in the energy project funding program and appreciate that the Commission has listened to the concerns of Local Education Agencies (LEA), making adjustments where needed and warranted over the past year as individual schools have moved through the approval process.

With regard to areas that may need further state agency review:

Definition of Cost-Effectiveness

After gathering data and benchmarking their sites, the required Savings-to-Investment-Ratio (SIR) of 1.05 is the most challenging part of the approval process for schools.

We appreciate the ability to use develop plans with projects on an LEA-wide basis. This has been very helpful in getting to plan and funding approval. However, as many districts attempt to submit their energy expenditure plans to the CEC, they are facing a number of obstacles that primarily impact small or economically disadvantaged school districts.

In particular, they do not have the required district funds to meet the Proposition 39 SIR requirements for plans that include HVAC projects. For many of these Districts, replacement of HVAC equipment is an absolute necessity for continued school operation, not just a means to improve the energy efficiency of their buildings.

Although it is not included in the current proposed changes to the Proposition 39 Guidelines, SEC supports and respectively requests that the Commission consider the following alternative HVAC Effectiveness Methodology for Small or Economically Disadvantaged Districts:

Alternative HVAC Cost Effectiveness Methodology for Small or Economically Disadvantaged Districts:

Small or economically disadvantaged districts who need to replace old HVAC systems with new higher efficiency equipment, shall be allowed to qualify these measures for Proposition 39 funding by demonstrating that replacement of these systems will result in costs savings of at least 5%. "Small" to be defined as districts with an ADA of 1,000 or less. "Economically disadvantaged" to be defined as districts either having a Title I population (i.e., Free and Reduced Lunch Program eligible population) of 50% or greater, or, districts whose County Office of Education Certification financial status is either "qualified" or "negative."

Beyond Lighting:

It is reasonable to ask whether many schools are having difficulty knowing how to move beyond lighting to consider installations that meet the SIR criteria. We would encourage and stand ready to assist the CEC to do outreach to schools that may not have the ability to hire third party consultants to assist in identifying these types of projects. Perhaps even providing a list of projects that best meet the SIR requirements may be useful for these schools.

Option for Public Power:

We support the guideline change for those schools that receive their electricity from the Federal Power Agency. We continue to ask that the CEC consider those that receive public power from irrigation districts and some municipal utilities that are having difficulty meeting the SIR threshold due to their lower rates. We would urge the use of an alternative formula in these situations.

Proposition 39 Funding Relationships Between LEAs

- Clarify how LEAs may show that funding has been pooled for the purposes of the Program, for example an energy manager or other planning fund uses. Is a Memorandum of Understanding (MOU) or other type of documentation required? Are schools that use funds to hire an energy manager only required to report out on that expenditure and how?
- May a district or charter school contract through an MOU with their county office for construction management services for their Proposition 39 program without requesting competitive proposals from private firms? In many cases the county office already handles the district or charter's financial services.
- Please clarify whether sole source language applies to work provided between COEs or districts and charters.
- How might Charter Schools document compensation to school districts, or vice versa, with Proposition 39 funding for energy assistance to meet program requirements?

Zero Net Energy Alternative SIR

- Currently requires that the *entire* school district or LEA meet the Zero Net Energy standard. This is a standard that no LEA is yet able to meet. We respectfully request that another standard be considered, such as by site rather than LEA-wide, and we would be happy to work with staff to come up with an alternative.

Correlating with Other Energy Programs and Agencies

- California Department of Education (CDE): In order to move projects forward, schools need to know how much of an allocation they have received. Schools would appreciate a faster turnaround time for annual allocations to be made once the budget is finalized in July. Currently the CDE has until November 30 of each year to do this. We would appreciate moving this date to September 30 so that schools may be better able to plan their construction schedules based on accurate funding.
- CDE: It would also be helpful to have a faster process for receiving funding once an EEP has been approved. CDE is currently making allocations on a quarterly basis - this could mean that a school would wait for over three months for funding after having an approved plan. We would suggest allocations be done on an every other month basis in the future and clearly posting the dates these allocations are to be made.
- It would be useful to have guidance on the changes to the state's Green Codes and Title 24 requirements for schools with Proposition 39 projects and meeting the SIR requirement. We support consideration being made on the concerns regarding lighting with regard to added costs due to Title 24 and look forward to reviewing related language, but believe a more comprehensive review may still be needed.

- Due to the recent CA Energy Code changes, IOU incentive programs across the state are in the process of being recalculated to align with the new code requirements. This may narrow the availability of rebates and other incentives for schools in the area of energy efficiency and change plans that schools may have to make projects work under the program. This could also affect projected savings under the SIR.

Final Reporting Process

- We urge that the Citizens Oversight Board (COB) provide a process for evaluating final reports that is clear, transparent and consistent, and that schools are fully informed as soon as possible as to what is expected with regard to the final review process. Projects are already moving through to completion without full knowledge of what information is going to be reviewed in final reporting and by the COB.
- Please also include information on how Proposition 39 projects or plans that have been amended will be reviewed.

Finally, we do not think it is premature to begin thinking about continuing the Proposition 39 program beyond its five-year term and would appreciate the opportunity to share some ideas for any funding that is not expended.

The Clean Energy Jobs Fund should continue to be replenished from the corporate tax revenue funding source created under Proposition 39.

We appreciate the ability to share our concerns with you and look forward to participating in the Guideline review process.

Sincerely,



Anna Ferrera
Executive Director
School Energy Coalition

c: Commissioner Andrew McAllister, California Energy Commission
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