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April 12, 2023

Submission Via Docket

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

Re: **Comments of the Joint Committee on Energy and Environmental Policy and the Western States Council of Sheet Metal Workers on the Draft Third Edition Guidelines for the CalSHAPE Ventilation Program**

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 (WSC-SMART) to comment on the Draft Third Edition Guidelines (Draft Third Edition Guidelines) for the California Schools Healthy Air, Plumbing, and Efficiency (CalSHAPE) Ventilation Program.¹

I. INTRODUCTION

In the next phase of the CalSHAPE Ventilation Program, the Commission will be providing local educational agencies (LEAs) who completed assessment and maintenance (A&M) projects with the opportunity to submit applications for upgrade and repair (U&R) projects to address HVAC upgrades, repairs, or

¹ California Energy Commission, Draft Commission Guidelines: California Schools Healthy Air, Plumbing, and Efficiency Ventilation Program Guidelines Third Edition (Mar. 2023) (Clean Version) (hereinafter "Draft Third Edition Guidelines"), *available at* <https://efiling.energy.ca.gov/GetDocument.aspx?tn=249481&DocumentContentId=84088>.

replacement above the 20% contingency amount allowed with A&M projects. We offer two 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 Draft Third Edition Guidelines state that the Commission reserves the right to limit eligibility, or include a priority application period or other funding conditions, to achieve the program's statutory requirements or other program goals.² JCEEP and WSC-SMART support 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. When it releases the first notice of funding availability for the U&R grant phase, the Commission should either limit eligibility for entire funding period to schools in underserved communities or give those schools the opportunity to apply for U&R grants before other eligible schools.

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.³ 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.⁴ Third, the Commission must prioritize schools near a busy roadway or Title V facility.⁵

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.⁶ In addition, the third funding round

² *Id.* at pp. 9, 30, 46.

³ Pub. Util. Code § 1612.

⁴ *Ibid.*

⁵ *Ibid.*

⁶ 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 4003-117j

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included an initial priority period that allowed schools in underserved communities, near a busy roadway, or near a Title V facility to apply before all other eligible schools.⁷ By limiting eligibility for the first U&R grant funding round to sites located in underserved communities, near a busy roadway, or near a Title V facility, the Commission will ensure compliance with the statutory requirements.

Moreover, this limitation benefits schools with the greatest need because underserved communities include disadvantaged communities,⁸ low-income communities,⁹ 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 Not Limit Hybrid Heating Systems to Climate Zones 1 and 16

For HVAC system replacements projects, the Draft Third Edition Guidelines require that U&R grant recipients install equipment that is either all electric equipment or electric equipment with a hybrid heating system. However, the Commission is restricting hybrid heating systems to only Climate Zones 1 and 16, as defined in Reference Joint Appendix JA2.¹⁰ JCEEP and WSC-SMART support the Commission's decarbonization efforts, but we disagree with the Commission's proposal to limit installation of hybrid heating systems to certain geographical areas.

The Commission has not demonstrated in this proceeding why hybrid heating systems should be excluded from much of the southern, central, and coastal portions of the state. A hybrid heating system consists of a reduced-capacity electric heat

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>.

⁷ 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>.

⁸ Pub. Resources Code § 75005.

⁹ Health & Safety Code § 39713(d)(2).

¹⁰ Draft Third Edition Guidelines at p. 41.
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pump paired with a natural gas furnace for auxiliary heats.¹¹ 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.¹² When compared to low NO_x gas furnaces, hybrid heating systems reduce annual CO₂ emissions by 67% and annual NO_x emissions by 96%.¹³ The Commission should revise the Draft Third Edition Guidelines to allow hybrid heating systems as an alternative to all electric systems regardless of geographical location.

C. The Commission Should Collect Manufacturer Information As Part of the HVAC Assessment Report

As part of A&M grants, qualified testing or adjusting personnel must prepare an HVAC Assessment Report. Among other things, the HVAC Assessment Report must include documentation of HVAC equipment model number, serial number, general condition of unit, and any additional information that could be used to assess replacement and repair options given potential for increased energy efficiency benefits.¹⁴ The list does not identify the HVAC manufacturer even though contractors normally collect this data, and this information could assist with an assessment of replacement and repair options. JCEEP and WSC-SMART recommend that the HVAC Assessment Report expressly include documentation of the HVAC manufacturer. To that end, we recommend the Draft Third Edition Guidelines be modified as follows:

Chapter 2, Section F.

The HVAC Assessment Report completed for each pathway shall include the following information as specified in Table 8, below, in the required form or formats.

[¶]

2. Documentation of HVAC equipment model number, **manufacturer**, serial number, general condition of unit, and any additional information

¹¹ Nelson Ditcher, Analysis of NO_x Emissions from Hybrid Heating Technologies in California (Feb. 14, 2020) p. 1, available at <https://wcec.ucdavis.edu/wp-content/uploads/Analysis-of-NOx-Emissions.WCEC-Technical-Report.2020-01.pdf>.

¹² *Ibid.*

¹³ *Id.* at p. 10.

¹⁴ Draft Third Edition Guidelines at p. 23.
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that could be used to assess replacement and repair options given potential for increased energy efficiency benefits.

Appendix B: HVAC Assessment Report Information

1. Overview Form (checklist)

- Unit/Model No./**Manufacturer**/Serial No./SEER Rating/Refrigerant

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,



Andrew J. Graf

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