

BEFORE THE STATE OF CALIFORNIA  
THE NATURAL RESOURCES AGENCY  
CALIFORNIA ENERGY COMMISSION (CEC)

**DOCKET**

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In the Matter of: )  
 ) Docket No. 10-IEP-1H  
Preparation of the 2010 Integrated )  
Energy Policy Report Update )

Joint Committee Workshop on State and Local Government Building Retrofit  
Projects Funded Through ARRA

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM A  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

THURSDAY, JULY 8, 2010  
10:00 A.M.

Reported by:  
Peter Petty

 **ORIGINAL**

Commissioners (and their advisors) Present (by WebEx)

Karen Douglas, Chairman and Presiding Member, IEPR Committee, Federal  
Stimulus Program (Ad Hoc) Committee

Galen Lemei, Advisor to Chair Douglas

Panama Bartholomy, Advisor to Chair Douglas

Anthony Eggert, Associate Member, Federal Stimulus Program  
(Ad Hoc) Committee

Laurie ten Hope, Advisor to Jeffrey D. Byron, Associate Member,  
Integrated Energy Policy Report Committee

Kristy Chew, Advisor to Jeffrey D. Byron, Associate Member, Integrated  
Energy Policy Report Committee

Staff Present:

Suzanne Korosec, IEPR Lead  
Deborah Godfrey  
Gabriel Taylor

**Also Present**

Presenters

David Terry, National Association of State Energy Officials (NASEO)  
Gabriel Karam, San Joaquin County  
Nancy Kerry, City of South Lake Tahoe  
Kathay Lovell, Mayor, City of South Lake Tahoe  
John Sherbert, Town of Moraga  
Tom Coburn, Nevada County  
Lewis Dean, Department of General Services (DGS)  
Maria Martinez, CA Department of Corrections and Rehabilitation

Public

Benjamin Peters  
Mary Kimberlin  
Michael Meacham, City of Chula Vista  
Erik Emblem, Cal SMACNA  
Harpreet Walaia

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1 P R O C E E D I N G S

2 JULY 8, 2010

10:06 A.M.

3 MS. KOROSEC: Good morning. I am Suzanne Korosec.  
4 I manage the Energy Commission's Integrated Energy Policy  
5 Report Unit. And welcome to today's workshop on Government  
6 Building Retrofit Projects that are funded by ARRA. This  
7 workshop is being held jointly by the Energy Commission's  
8 Federal Stimulus Program (Ad Hoc) Committee and its  
9 Integrated Energy Policy Report Committee.

10 Just a few housekeeping items before we get  
11 started. Restrooms are out in the atrium through the double  
12 doors and to your left. There is a snack room at the top of  
13 the stairs in the Atrium, on the second floor under the  
14 white awning, and if there is an emergency and we need to  
15 evacuate the building, please follow the staff out the doors  
16 to the park that is kitty corner to the building, and wait  
17 there until we are told that it is safe to return.

18 Today's workshop is being broadcast through our  
19 WebEx conferencing system, so parties need to be aware that  
20 we are recording the workshop. The audio recording will be  
21 made available on our website within a couple of days and we  
22 will also be posting our written transcript in about two  
23 weeks.

24 We have a number of presentations today and will  
25 have opportunity for Q&A after each presentation. We will

1 also have an opportunity at the end of the day for more  
2 general public comment. At that point, we will take  
3 comments from those here in the room first, and then we will  
4 turn to the folks listening in on WebEx. For those of you  
5 who are here in the room, if you have questions or comments,  
6 please come up to the center podium and use the microphone  
7 so that we can make sure that we capture your comments on  
8 the record, and it is also helpful if you can give the Court  
9 Reporter a business card so we can make sure that your name  
10 and affiliation are correct in our transcript.

11 For people joining us through WebEx, you can use the  
12 chat function at any time to let the WebEx Coordinator know  
13 that you want to ask a question or make a comment, and we  
14 will make sure to open your line at the appropriate time.  
15 We are also accepting written comments until the close of  
16 business on July 19<sup>th</sup>, and the notice for today's workshop,  
17 which is out at the table in the foyer, and also available  
18 on our website, outlines the process for submitting those  
19 written comments.

20 Today's workshop is the second of six public  
21 workshops that we are holding as part of the 2010 Integrated  
22 Energy Policy Report, or IEPR Proceeding. The first  
23 workshop covered the processes in place to ensure that we  
24 have transparency and accountability, and how ARRA funds are  
25 being spent for energy related projects. Next week, we will

1 be highlighting the Energy Commission's efforts to leverage  
2 existing program funds to bring additional ARRA funding to  
3 California, and how that infusion of additional funding will  
4 help us to better meet the goals of our existing programs.  
5 On July 21<sup>st</sup>, we will be talking about the various clean  
6 energy work force and training activities that are underway  
7 throughout California that will be expanding training and  
8 employment opportunities in the fields of energy efficiency,  
9 renewables, and clean transportation. The following day, we  
10 will cover the Energy Commission's Clean Energy  
11 Manufacturing Program, which is providing financial support  
12 to encourage production of clean energy technologies and  
13 fuels to vehicle fleet owners, businesses, technology  
14 developers, and whether that program will be enough to  
15 encourage manufacturers to locate here in California and, if  
16 not, what are the remaining barriers, and how they should be  
17 addressed. Finally, on July 29<sup>th</sup>, we will explore how ARRA  
18 funding is helping to increase the energy efficiency of  
19 existing buildings in California, consistent with our goal  
20 of achieving all cost-effective energy efficiency, and how  
21 those efforts can be a pilot or foundation for additional  
22 efforts in the future. And more information on each of  
23 these workshops will be posted on our website when the  
24 workshop notices are released, which is typically 14 days  
25 prior to the workshop date, and we also post our workshop

1 agendas about two days before the workshop.

2 Just some quick background on the IEPR. The IEPR is  
3 required by statute every two years, in odd numbered years.  
4 It takes a detailed look at California's energy markets,  
5 including expected energy supplies and demand, energy  
6 production, delivery, distribution, market trends, and the  
7 major energy policy issues that are facing the State. We  
8 also prepare an update to the IEPR in the intervening years,  
9 which is what the 2010 IEPR update is, that provides a  
10 progress report on past topics and also identifies any new  
11 developments or issues that are on the horizon.

12 This year, with the large influx of Recovery Act  
13 funding into California, the IEPR Committee has chosen to  
14 focus the 2010 IEPR update on examining the impacts of that  
15 funding, the benefits, the challenges, and the energy policy  
16 implications of this large investment of Stimulus funding  
17 into California's energy sector and how these funds are  
18 going to help us achieve our long term and environmental  
19 policy goals.

20 Our agenda today will begin with a presentation from  
21 the National Association of State Energy Officials that will  
22 be highlighting ARRA State Energy Program public building  
23 retrofit activities throughout the U.S., and discussing  
24 trends and changes going forward. We will then have an  
25 overview of the Energy Commission's Energy Efficiency and

1 Conservation Block Grant Program, including program design,  
2 summary of the funded projects, expected energy and  
3 greenhouse gas emission savings, and jobs that are being  
4 created, and then we will hear from some of the individual  
5 projects that have received awards under that program.

6 After hearing about the local and regional efforts,  
7 we will switch gears a little bit and talk about the State  
8 level efforts with the Department of General Services  
9 Revolving Loan Program, and then we will finish up with an  
10 opportunity for public comment. So, with that, I will turn  
11 it over to Chairman Douglas and Commissioner Eggert for  
12 opening comments.

13 CHAIRMAN DOUGLAS: Thank you, Suzanne, and good  
14 morning everybody. Welcome and thank you, those of you who  
15 have come here today to help inform the IEPR Committee and  
16 the ARRA Committee, and provide your perspective on the  
17 topics that we are covering today. Our role in  
18 administering ARRA has put us in the position of working  
19 very very closely with local governments up and down the  
20 entire state - counties and cities. This, particularly the  
21 Block Grant, is an unprecedented infusion of Federal funding  
22 to invest in energy efficiency in the State of California at  
23 the local government level, and one of the things that we  
24 certainly want to learn through this workshop is to get a  
25 sense of the benefits that this has provided to local



1 governments, the lessons learned, should this ever happen  
2 again, what might we have in mind, and what might we do  
3 better, what should we do in the same way. We are very  
4 interested also in the challenges that this funding  
5 presented to local governments and how they have organized  
6 to overcome these challenges. Through the administration of  
7 ARRA, we also -- the Energy Commission -- worked with the  
8 Department of General Services in the State Legislature to  
9 establish a Revolving Loan Fund for energy efficiency  
10 improvements in state buildings, and this is an  
11 unprecedented and yet very logical step and it is something  
12 that I think we wish we had done a long time ago, we are so  
13 pleased to have been able to do it, and we have high hopes  
14 for what that fund will be able to achieve both in terms of  
15 the \$25 million that we put into that initially, but also,  
16 and more importantly, in terms of providing a model that  
17 will allow the state to potentially expand on that model and  
18 to set a positive example for efficiency improvements going  
19 forward in state buildings, and the benefits that that  
20 should bring to the state. We are also very very pleased to  
21 welcome David Terry here from NASEO because it is of  
22 interest to all of us on the Commission and certainly to the  
23 people who we work with, and the Legislature, and local  
24 governments in other parts of the state, to know what other  
25 states are doing with Recovery Act money, how we compare,

1 how our programs compare with the goals that other states  
2 have set out for themselves and the types of policies they  
3 are pursuing, and the rationale for pursuing potentially  
4 different or, in some cases the same, the range of policies.  
5 So we are very interested in learning about that and being  
6 informed by that perspective as we move forward with this  
7 analysis of where we are and what we have set out to  
8 achieve, and ultimately through the 2010 IEPR Update, sort  
9 of this assessment of our ARRA programs. So, with that, I  
10 will turn this over to Commissioner Eggert to make some  
11 opening comments, but, again, I welcome all of you here at  
12 the Energy Commission and we very much look forward to  
13 hearing what you have to say.

14 COMMISSIONER EGGERT: Thank you very much, Madam  
15 Chair. I am very happy to be here today to join you for  
16 this workshop and also very much looking forward to the  
17 discussion. I think this is a tremendous opportunity to  
18 learn from each other, particularly how we are going about  
19 deploying these energy efficient and clean energy  
20 technologies, you know, this is kind of the shining lights  
21 of the California economy during some of these difficult  
22 economic times, you know, we have got a long history of  
23 seeing the significant benefits that can accrue from  
24 strategic investments, particularly in energy efficiency,  
25 providing significant benefits to the state in terms of

1 energy savings, pollution reduction, helping us to meet our  
2 climate change goals, and also sort of spawning new industry  
3 with respect to those companies that are producing the  
4 products, energy efficiency and clean energy products that  
5 are going to help us meet our energy and environmental  
6 goals.

7 I also just want to note that what is exciting is  
8 that we are starting also to see a significant number of the  
9 technologies we have invested through the Public Interest  
10 Energy Research Program that are now entering into the  
11 marketplace, that are being deployed through these programs,  
12 especially within state and local facilities, providing the  
13 benefits of those technologies. And because we are in this  
14 rapidly evolving sort of market, both with respect to the  
15 rapidly evolving technologies and the strategies for  
16 implementing those technologies, I think having a workshop  
17 of this type to sort of check in and get everybody's  
18 thoughts about what they have learned to date, and sort of  
19 where they see the greatest opportunities going forward, I  
20 think, this really is a tremendous opportunity. So, I guess  
21 with that, I will stop and I look forward to the discussion.

22 CHAIRMAN DOUGLAS: And, actually, before we turn  
23 this back to Suzanne, I will introduce the others up here on  
24 the dais. To my immediate right is Panama Bartholomy, my  
25 Advisor, and to his right, Laurie ten Hope, the Advisor to

1 Commissioner Byron, the Associate Member of the IEPR  
2 Committee. And with that, Suzanne, please, take as along.

3 MS. KOROSSEC: All right. David Terry has worked  
4 with NASEO in a variety of capacities since 1996, and leads  
5 NASEO's programs in support of the nation's 56 state and  
6 territorial energy offices. The organization communicates  
7 the state's views on virtually all national energy issues,  
8 including electricity policy, energy efficiency and market  
9 transformation, renewable energy development, energy  
10 assurance and reliability, building codes and efficiency,  
11 and climate oriented energy programs. Mr. Terry, go ahead.

12 MR. TERRY: Thank you, and thank you to the  
13 Commission for inviting me today. I apologize that I am not  
14 able to be there in person. I wanted to start by saying  
15 that this is sort of a unique opportunity in that, for many  
16 years, NASEO has been able to share with the other states,  
17 the innovative and robust programs that the Commission  
18 operates and that has really laid such great groundwork in  
19 California, that have been shared with the other states, so  
20 to be able to share some of the other things back with you,  
21 and we are pleased to do that.

22 I want to give just a brief overview of what I am  
23 going to cover today. I will touch on what we see across  
24 the country in the State Energy Offices from NASEO's  
25 perspective, in both the residential, commercial, and public

1 buildings area, I will spend a little bit more time on  
2 public buildings, and also some context with regard to ARRA  
3 and a little bit of discussion around financing issues which  
4 are of great interest, as the programs are implemented  
5 across the country in the buildings area, using stimulus  
6 funding, or ARRA funding. And then, lastly, just some  
7 things, some trends that we see looking ahead, so those are  
8 sort of the order and hopefully I will be able to touch on  
9 some of the high points that we see in the various states  
10 across the country. Next slide.

11           Again, just for some context, the State Energy  
12 Program is a federally funded program that the states carry  
13 out. All of our members, including the Commission, carry  
14 out this program. Under the Stimulus, it received \$3.1  
15 billion; \$4.7 billion additional dollars were leveraged with  
16 that by the states and their partners. In terms of the  
17 overall status of that money across the country, about \$2.5  
18 billion has cleared the NEPA environmental project review  
19 process with DOE, and about \$2.5 billion similarly has been  
20 committed or obligated by the states for specific programs  
21 and projects. I have listed each of the sectors today just  
22 to give you some context of the amount of money going into  
23 buildings, these are all broad categories - transportation  
24 programs, industrial, etc., and there is some overlap here,  
25 but you will note, the \$1.6 billion amount for buildings are

1 receiving the largest share of funds. And, within that, the  
2 early program plans, and this has shifted somewhat, it is  
3 not nailed down at the moment, but the early program plans  
4 in the states indicated about half of that \$1.6 billion was  
5 in the residential side of buildings, so, just to give you  
6 some feel for how the overall funds were spent. Next slide.

7           And I wanted to touch on just some very specific  
8 projects in each region in the country, and I thought it  
9 would give you a flavor for the variety. And I think that  
10 is not surprising in the different states, the very  
11 different needs not only from a climatic perspective, but  
12 also based on their demographics, the age of the population,  
13 and other programs that may operate that already target  
14 different segments of the market or population. So, Maine  
15 has a particularly robust rebate program, for example, where  
16 they are targeting homeowners for the most part with oil  
17 heat retrofit projects and efficiency projects, really  
18 trying to lower home energy bills, that is really sort of  
19 the focus. Going on to the Southeast, in Tennessee, they  
20 really took quite a different approach, and I included this  
21 even though it is not exactly a buildings oriented program,  
22 it does have a solar thermal and solar pv grant program for  
23 commercial and residential buildings, coupled with the  
24 Tennessee Solar Institute which is a research and technology  
25 institute that is linked with private solar manufacturers in

1 the state, so they are really trying to turn that entire  
2 sector in their state through this activity, so a very  
3 interesting approach that they have taken. And I think  
4 Georgia, a more typical program that many of the states are  
5 operating where they are doing a competitive grant program  
6 around commercial and residential efficiency, they have  
7 targeted that for particular types of retrofits in  
8 particular parts of the state, but it is a fairly  
9 straightforward program. Next page.

10 In the Mid-Atlantic region, there are a number of  
11 things going on. I have here a Revolving Loan Program, many  
12 of the states have set up Revolving Loan Programs, and I am  
13 going to revisit that when I talk a little bit about  
14 financing, but Maryland has been operating this program for  
15 some time, this is an expansion of it, actually. But the  
16 other interesting thing in the Mid-Atlantic region, the  
17 states have gotten together a number of times over the last  
18 year and recognized the need to coordinate their training  
19 activities in the residential retrofit area. For example, a  
20 number of the states had residential retrofit training  
21 programs for contractors that were working specifically on  
22 the Weatherization Assistance Program. This is a Federally  
23 funded program that targets low-income homeowners, and that  
24 was a different training program than there was for the rest  
25 of the residential market, and there was a recognition that

1 this should really be harmonized, not only within the state,  
2 but within the region, as people crossed - contractors  
3 crossed borders of states typically close together, to  
4 harmonize those training standards and the recognition of  
5 them, and to make sure that they are reciprocal. And that  
6 process is just now getting underway, but it is an  
7 interesting offshoot that I do not think would have happened  
8 absent the Stimulus money, where we had an entire region of  
9 states sort of moving together to change the market. So I  
10 think that is a particularly interesting one.

11 I would also mention one of the territories,  
12 American Samoa, I think, frequently the territories are  
13 overlooked in reviews, and there are many interesting things  
14 going on there, in American Samoa, in particular. Being an  
15 island, they import a great deal of their energy, virtually  
16 all of it, so they are making a very aggressive move on not  
17 only efficiency, but also in pv and wind and solar thermal.  
18 Much of that is geared toward buildings, actually, rooftop  
19 solar, rooftop solar hot water, community scale wind, so it  
20 has an aspect to it that is somewhat in the building area.  
21 Next slide.

22 And just to touch very quickly on Arizona, they have  
23 very robust Performance Contracting Programming in Arizona  
24 already and this project, \$19 million to upgrade 167  
25 schools, leveraged \$17 million. What is interesting about



1 this is how they used that additional amount of ARRA funding  
2 since they already had a Performance Contracting Program in  
3 place to address state buildings. It does not require a  
4 significant amount of external capital on these, they are  
5 financed off of the savings of the projects, but they wanted  
6 to do a few things, they wanted to incentivize the speed of  
7 the retrofit, they wanted to pay for technical assistance,  
8 hand-holding, if you will, of the end-user agencies and  
9 schools to get through this process, for schools in  
10 particular. It certainly is not their focus to be  
11 retrofitting buildings, so having somebody there to help  
12 walk them through the process was part of that, and also to  
13 add some innovative technologies that maybe are commercially  
14 available, but a bit further out in terms of any retrofit  
15 programs. So, they used that money in an interesting way,  
16 and, in fact, I had just spoken with Arizona within the last  
17 week or so, and they are moving forward. I believe most of  
18 these projects, they are almost ready to begin construction;  
19 a few have already begun construction, so that is moving  
20 quite quickly. And last on this slide, Hawaii. Again, a  
21 state known for its tourism and hotel industry. They have  
22 had a hotel program for some time, but they really ramped up  
23 their efficiency efforts in working with the hotels on the  
24 island, again, much like American Samoa, in that they import  
25 virtually all of their energy, so both from an efficiency

1 perspective and in reducing oil imports for power  
2 generation, it is really critical in the built sector in  
3 Hawaii. Next slide.

4           As I mentioned, a number of states have created  
5 Revolving Loan Funds, must as California has, as well.  
6 NASEO recently completed a database; I have left the  
7 resource on the slide there for the link of all the states'  
8 Revolving Loan Funds. We have separated those between ARRA  
9 or Stimulus funding and existing funds, and there is a  
10 little bit of gray area there, but about \$750 million worth  
11 of loan funds by our calculation, that is growing somewhat,  
12 but it is a difficult number to make extremely precise, but  
13 that is a fairly accurate robust database, and it explains  
14 what each of the states' funds are for. The lion's share of  
15 those funds, by our calculations, something in excess of 70  
16 percent are geared toward buildings. Much of that is in the  
17 commercial and public building sector, but also industrial  
18 efficiency, which includes both some process efficiency, as  
19 well as the structure, itself. So these revolving loan  
20 funds, I think, are one of the more lasting elements that  
21 will come out of the Stimulus funding, and we are really  
22 pleased at how these have popped up across the country and  
23 the way they are utilized. They really are, I think, an  
24 exciting and interesting area. We are going to continue to  
25 follow those. I think there is room for additional

1 innovation in this area as those funds mature and begin to  
2 revolve. There are discussions of ways to further leverage  
3 the funds that they are loaning out, so I think an area for  
4 much more discussion and examination. Also, other things  
5 that you would expect, interest rate buy-down programs and  
6 loan loss reserve funds, those also for the building sector,  
7 in particular, are targeting residential consumers. They  
8 have a number of advantages from a Stimulus perspective, a  
9 bit of detail here, but when funds are placed in a loan loss  
10 reserve from a Department of Energy and Federal perspective,  
11 those funds are expended almost immediately, so that is an  
12 advantage in terms of getting that designation from the  
13 Federal Government, it is also a very highly leveraged,  
14 great way to move projects, and move efficiency to scale in  
15 the state, so worth noting. And also, just to mention that  
16 the Energy Programs Consortium, the acronym you see there,  
17 EPC, and our organization, NASEO, is very engaged in these  
18 financing areas, generally, but in particular in secondary  
19 markets of buying loans, setting up mechanisms for loans to  
20 be resold into the secondary market for residential  
21 retrofits and thus essentially revolving funds, again, to  
22 further expand their reach.

23 I also included the PACE Programs, the property  
24 assessment loan approach in terms of the residential sector  
25 and commercial sector. It has been widely talked about in

1 the media, at least in the Energy press over the last week  
2 or so, the statement by the FHA and Freddie and Fannie Mae  
3 that essentially they are not going to support a PACE  
4 approach, and without getting into too much detail here,  
5 that is a major barrier in that many hundreds of millions of  
6 dollars across the country, part of the State Energy Program  
7 funds, but also other funds distributed by the Federal  
8 Government to states and localities to carry out residential  
9 programs were tied to this type of financing approach, and  
10 that is clearly not going to go forward from a Federal  
11 perspective, so we are rapidly revisiting how to address  
12 that need, and there are some other options, but it is  
13 certainly a new barrier that has come up that we are all  
14 going to have to work through together.

15           And lastly, a very active area that NASEO has been  
16 involved in really since its inception nearly 30 years ago,  
17 energy savings performance contracting. As I mentioned,  
18 many of you are probably familiar with it already, but in  
19 the public sector for both local and state buildings and  
20 schools, retrofitting the building using the stream of  
21 savings to pay for most or all of those improvements. And  
22 it is a great financing tool; it has evolved greatly over  
23 the last decade, in particular. And I am going to spend a  
24 little time on the next slide, I believe it is just talking  
25 about some of the different ways that states are approaching

1 that, that are worth visiting, I think, just because of the  
2 innovation occurring there. Next slide.

3 As I mentioned, there is a lot of innovation  
4 occurring in the public building retrofit program area,  
5 combining Revolving Loan Funds with performance contracting,  
6 or combining them with other streamlined approaches for that  
7 process, by working, for example, with state GSA equivalents  
8 and landlord agencies, and I included these nine items,  
9 actually 10, I think there is a number here on my slide,  
10 sorry, these are elements that were called out by a number  
11 of organizations working with NASEO, including the Energy  
12 Services Coalition, the National Association of Energy  
13 Services Companies, and our own members, to identify those  
14 state programs that had really streamlined this process, the  
15 performance contracting process, in particular. And you  
16 will see enabling legislation which most states do have, but  
17 much of this comes down to adopting and adapting other  
18 states' best practices, for example, pre-qualifying the ones  
19 that perform these retrofits, having a common contract with  
20 agreed upon provisions that meet the states' needs first and  
21 foremost to get results, but also that are presented in a  
22 way that helps to execute the process more quickly. So, we  
23 have a great more detail in this area that we could go into,  
24 but I wanted to raise it because, as Stimulus funding ramps  
25 down, we need to begin to think about other sources of funds

1 to continue the kind of retrofits that are underway. And  
2 while this is not a new idea, I do think the evolving nature  
3 of it and the innovation that has occurred in the last few  
4 years, and improvement, frankly, in the results, makes it  
5 worth revisiting and considering. Next page.

6 As I mentioned, I thought it was important to spend  
7 a little more time in this area, and we use the example in  
8 Kansas frequently, partly because it is a very successful  
9 program, but also, as you might guess, not a state with  
10 tremendous financial resources, it is not a particularly  
11 large state in terms of population, but the Performance  
12 Contracting Program and their Public Buildings Program was  
13 initiated, I believe, about seven years ago, and with a  
14 staff of four or five people, they managed to retrofit  
15 through their program nearly 70 percent of the state-owned  
16 building stock in Kansas with virtually no investment from  
17 the state. And they had a somewhat narrower scope of the  
18 retrofit, it was certainly not only low-hanging fruit, it  
19 was a full building retrofit, but they did have a somewhat  
20 narrower scope. But the elements of this program, some of  
21 which were on the previous slide, had a lot to do with the  
22 ability to move forward quickly and result in the retrofits  
23 it did; but, probably the most important mechanism is the de  
24 minimus portion of each retrofit project goes back into the  
25 program to pay for technical assistance and help for those

1 end use agencies that are involved in the retrofit, so that  
2 they have some assistance in getting that work done. And,  
3 again, a program that is very closely tied with their GSA  
4 equivalent agency in the state, and just a good example of a  
5 strong partnership across state agencies. Next slide.

6           The residential area, one trend that we are seeing,  
7 and this was occurring, frankly, before the advent of  
8 Stimulus and ARRA, but is really accelerated. In the Home  
9 Performance with Energy Star Programs, there are, I believe,  
10 some 21 or 22 states now that have these programs. They  
11 have certainly expanded with the use of ARRA funds. I would  
12 say virtually every state that is operating this program has  
13 added Stimulus money to the State Energy Program to it. For  
14 those of you not familiar, this is a somewhat standardized  
15 program that takes a very holistic approach to ensuring that  
16 contractors that do retrofits meet certain training  
17 standards that the state helps set up, it helps market the  
18 concept of the retrofit, and it helps educate consumers.  
19 The state is very engaged in the program and it is obviously  
20 built around the Energy Star brand which has gained great  
21 respect with consumers, they understand what that means. I  
22 think this is a trend that appears to be here to stay.  
23 There are some excellent programs, I happened to mention New  
24 York's just because it was a very early adopter and they  
25 have refined their program a great deal over the years, and

1 they have expanded dramatically with ARRA funds. And it  
2 also mentions Maryland, again, because one of the earlier  
3 slides I talked about the harmonization of training  
4 standards throughout the Mid-Atlantic Region, and much of  
5 that idea was generated from Maryland's desire to do that  
6 and the experience that they had through operating the Home  
7 Performance Program prior to ARRA, and then seeing the  
8 opportunity that these additional funds brought. They  
9 recognized that they really needed to streamline their  
10 process and take it to the next step, and that is kind of  
11 how that happened.

12 Just a couple of other quick items here, another  
13 acronym, NHPC, I should have spelled out, the National Home  
14 Performance Council, this is a relatively new educational  
15 organization that has been set up to help states and the  
16 private sector improve and refine these Home Performance  
17 with Energy Star Programs in partnership with the Department  
18 of Energy and the U.S. Environmental Protection Agency.  
19 They are becoming a great resource in this area and NASEO is  
20 working closely with them. And lastly, we are in the middle  
21 of developing a report on these programs across the states,  
22 and I think that will be very beneficial; unfortunately that  
23 will not be ready until sometime in late September, but we  
24 would be happy to make it available to those that are  
25 interested. Next page.



1           And just a quick summary. I think, in general, with  
2 the use of the ARRA funds and building programs, many, if  
3 not all, states saw a need to incorporate some portion of  
4 their funds towards self-sustaining programs, whether that  
5 is a revolving fund, or performance contracting, or other  
6 on-bill financing. As I mentioned, the change in the PACE  
7 program for the residential sector has been the blow in the  
8 last week in that it is not moving forward, it is uncertain  
9 how that will affect the commercial sector, but, still,  
10 these self-funding or self-sustaining programs, I think, are  
11 really a major trend in the building area across the state  
12 programs using Stimulus funds, and that is not the entire  
13 picture, but it is an important element and helps carry  
14 those programs forward.

15           Another item I just wanted to touch on briefly, that  
16 there is increasing interest in, and that is that market for  
17 individual products such as high efficiency air  
18 conditioners, heat pumps, furnaces, those things that are  
19 turned over every year in the residential sector because  
20 they break down or wear out, and by our estimate, about 4.9  
21 million air-conditioners a year are changed out because they  
22 break, similarly, the other products listed here. And we  
23 are working with the Energy Programs Consortium and other  
24 national nonprofits around developing lower interest rate  
25 loans that would incentivize buying more efficient models at

1 the time of purchase, and these are very short term turn-  
2 around items, it has to be a very streamlined program, but I  
3 think it is an interesting area where we are trying to  
4 intercede in the market before somebody buys a lower  
5 efficiency unit at the time and at a point in time when they  
6 need to probably replace something quickly, for example, in  
7 hot weather climate, air-conditioning, or cold weather  
8 climate, heating.

9           And a few other areas here, we are beginning to look  
10 at some commercial buildings for leases, for the lease  
11 tenants expanding the use of energy efficient or sometimes  
12 called "green leases," not a new activity, but one that I  
13 think holds a lot of promise to be expanded, and we are  
14 seeing a number of states in the Northeast and the Midwest  
15 interested in that, and certainly, I believe, I have seen  
16 that in the West Coast in California, as well. And lastly,  
17 just to reiterate, in the public buildings area, this is, I  
18 think, one of the most important things that we can do in  
19 that it provides the benefit of improving the structure  
20 owned by the taxpayers and operated on their behalf, and  
21 also lowering those energy costs and related emissions and  
22 other things associated with the increased energy efficiency  
23 over time, and reduces the burden to the taxpayer over time  
24 for maintaining those facilities. So, it is just an  
25 excellent choice whether that is schools, or hospitals, etc.

1 Next slide.

2           And I just wanted to offer our success stories. We  
3 have on the NASEO website -- most, but not all of these, do  
4 cover the buildings area. We have about two dozen of them,  
5 and would invite you to see them. They give you a good  
6 sampling of the kinds of things states are doing with  
7 stimulus funding. These are all SEP Stimulus-related. We  
8 also have some in the Block Grant area and some interesting  
9 financing approaches. I am not sure if you can see on this  
10 screen, but to the right is Kentucky's Green Bank which is  
11 geared very much towards public buildings and they have a  
12 residential complement, as well, but a very innovative  
13 program in Kentucky that they have developed on financing.  
14 Next slide. And just our summary contact information for  
15 NASEO and website, and I would certainly be happy to take  
16 any questions or follow-up by e-mail.

17           MS. KOROSK: All right.

18           CHAIRMAN DOUGLAS: Well, I would like to start by  
19 thanking you for that thorough overview; it has been very  
20 helpful to us sitting here. A quick question: you said that  
21 NASEO is going to produce a report probably in September  
22 describing or providing some detail on state programs, and I  
23 was wondering if you could give us a little more detail on  
24 what your report is actually looking at and the level of  
25 detail - I guess the depth vs. the attempt at breadth of

1 coverage that you are going to try to achieve.

2 MR. TERRY: You bet. That is a very good question.  
3 We are taking sort of a dual approach to that, we are doing  
4 a simple inventory of all the State's residential and  
5 commercial building programs, so we have a quick synopsis of  
6 all of them, so not very much depth, in a portion of the  
7 report. And another portion is going to be very in-depth on  
8 the Home Performance with Energy Star Programs in the  
9 residential sector, how well they are working, how they  
10 changed as a result of Stimulus funding, the barriers that  
11 states are seeing, but the audience for that is intended to  
12 be state officials attempting to implement that program, so  
13 there will be a lot of depth on the residential portion in  
14 that area, and then a very broad overview just to give  
15 people a sense of the variety of residential programs beyond  
16 that.

17 CHAIRMAN DOUGLAS: Okay, that is helpful. Another  
18 question, you mentioned that a number of states were setting  
19 up Revolving Loan Funds, or a very significant number of  
20 states, and most of those were in the area of buildings. We  
21 have established a Revolving Loan Fund for clean energy  
22 manufacturing and I was wondering if you know if other  
23 states have done Revolving Loan Funds outside of the  
24 building retrofit area and what some of those are.

25 MR. TERRY: Yeah, and I do not have very good

1 summary data on it, some anecdotal, though, absolutely there  
2 are, they are certainly fewer, but some of the Revolving  
3 Loan Funds that make this a challenging question, Texas is a  
4 good example, originally an existing fund that was focused  
5 purely on buildings, they expanded that to include  
6 industrial projects and industrial innovation, and renewable  
7 energy manufacturing loans, so it is a very broad loan fund  
8 that covers many areas. There are a number of other states  
9 - Michigan and, I believe, Illinois, that have set up - and  
10 Maryland - have set up smaller, but specific Revolving Loan  
11 Funds for essentially retooling or helping to move existing  
12 manufacturing into a renewable or efficiency technology that  
13 they are working on, or well suited to. So, there are, and  
14 I am sorry to say we do not have very good data on how many  
15 there are, but it is certainly, I would say, at least 10  
16 percent of those 32 states have some sort of a Revolving  
17 Loan Fund component that would address clean tech  
18 development and that sort of thing.

19 CHAIRMAN DOUGLAS: Well, good, thank you. That is  
20 probably more than I would have guessed, but it does make  
21 some sense.

22 MR. TERRY: And many of those did end up in the  
23 Midwest, if you think about retooling and all their  
24 manufacturing, and there is maybe a little bit more legacy  
25 or sensitivity to that issue in the Midwest, and I think

1 that may be why.

2 CHAIRMAN DOUGLAS: Okay, thank you. Now, I have one  
3 more question and I think others at the dais also have  
4 questions. Our first workshop when we started the IEPR  
5 update workshops on this topic was on MV&E requirements  
6 under ARRA, the efforts that the state is taking to meet  
7 those requirements, the extent to which they represent  
8 changes from past practices, the extent to which they are  
9 lessons learned, or changes being required, or initiated  
10 through ARRA that are likely to become standard practice  
11 either because it just becomes standard practice in federal  
12 grants, or because the states see great value in some of  
13 this and implement it more broadly within their own  
14 programs. And I was wondering what NASEO's role is in this  
15 and whether some of these issues will also be covered,  
16 either in your report in September, or in some other forum  
17 at NASEO.

18 MR. TERRY: You bet. It is an area of great  
19 interest and, in fact, I left a NASEO Board meeting earlier  
20 today where we discussed this very topic, so it is timely.  
21 I think maybe the bad news is that it is something we have  
22 been working on for a long time in fairly small ways as an  
23 organization through our Buildings Committee, but with  
24 regard to ARRA and, I think, broader interest, our work in  
25 this area is really just beginning. We are working through

1 a DOE organized working group and task force on MV&E, and we  
2 are essentially challenged with wanting to present states  
3 with good options, but making sure that there is some  
4 continuity so that we get at best practices in that area,  
5 and also some coordination with a significant activity that  
6 DOE is doing in this area, trying to create models, as well,  
7 that are useful not only to states, but to others. And we  
8 are really at the beginning of that process, frankly, and  
9 there certainly are examples of what states are doing in  
10 this area. But we are fairly early in the process. I wish  
11 we would have had the opportunity, we are frankly very  
12 absorbed in getting the ARRA funds moving and helping with  
13 early implementation, and this is an area that I wish we  
14 could have addressed six months ago, but we are really just  
15 now drilling down on it, so I am afraid we do not have  
16 anything right now that would be a huge help, except for  
17 some individual states that we could certainly put you in  
18 touch with. But, in terms of a report or outcome of the  
19 work with DOE, it is just fresh and beginning.

20 CHAIRMAN DOUGLAS: Well, as you know, this is an  
21 ongoing process, and we are still actually quite early in  
22 it, particularly as far as the MV&E component is concerned.  
23 And so, we will look forward to exchanging information with  
24 you and working with you as we go forward on our parallel  
25 tracks here, so sharing lessons learned with other states.

1 This IEPR Update is focused on IEPR Programs, really, at an  
2 early stage. We are writing this first assessment over the  
3 summer at a time in which not all of the contracts have been  
4 executed to go forward with doing the work, at a time in  
5 which we are ourselves dealing with how to respond to the  
6 new rules put in place for PACE programs, just over the  
7 weekend, really, or on Monday this week. So, this is an  
8 early look for us, just as it is for you, and we are  
9 encouraged and pleased that you are doing it. And so, we  
10 will look forward to working with you. Commissioner Eggert,  
11 do you have questions?

12 COMMISSIONER EGGERT: Yeah, thank you, Madam Chair.  
13 And thank you very much, Mr. Terry, for sharing this with  
14 us. I actually have a couple of follow-up questions to the  
15 Chair's question, having to do with the MV&E and your role  
16 sort of going into the future. Is it the plan for NASEO to  
17 remain engaged in evaluation taking data back from the MV&E,  
18 the results of the evaluation of these programs for future  
19 reports?

20 MR. TERRY: I think, frankly, it is probably a to-  
21 be-determined yet. I think, at this stage, we are more  
22 interested in helping states work through their own models  
23 and processes than getting too engaged in the data. We do  
24 have somebody that we are bringing on board that is a  
25 specialist in this area; it is not my area of expertise, as



1 you might guess. But right now, we are more focused on  
2 finding out what the states' needs are, what kinds of models  
3 they have in place, and where we can find some common area  
4 with DOE.

5 COMMISSIONER EGGERT: Excellent. And then, given  
6 sort of this recent challenge that we are facing with the  
7 latest guidance from FHFA, I guess I would ask if you have  
8 any thoughts on what other financing models we should be  
9 considering, based on your evaluation of others that are  
10 currently being pursued.

11 MR. TERRY: I do. I think - and these are  
12 preliminary, there is certainly not an easy answer. We were  
13 certainly hopeful that this would move forward and continue  
14 to work on that, though it does not look promising. Several  
15 areas we think will need a new look, more look, more  
16 innovation. I think on-bill financing certainly will need  
17 to be re-evaluated, all modified PACE approaches - Maine  
18 comes to mind - Maine or New Hampshire, I apologize, I do  
19 not remember which - where they have legislation that  
20 essentially puts the PACE financing after the mortgage so  
21 that that issue that Freddie and Fannie have, in particular,  
22 is mitigated. That is a little bit to-be-determined, how  
23 all that will work, but that is just emerging, so that is  
24 another area. And the third one that we have interest in  
25 and some hope for, there is an existing HUD program, a

1 retrofit program, a particular title, that is fairly  
2 commonly known throughout the residential bill state market,  
3 which is a positive good thing, it is operated through  
4 banks, and it is supported by HUD and well funded. It does  
5 include provisions for efficiency retrofits, but it is not  
6 streamlined at this point in a way that would be user-  
7 friendly for the consumers, so that that remains a major  
8 barrier, but those are essentially three areas that we are  
9 focused on right now, in addition - in terms of the whole  
10 house retrofit, or a major retrofit. As I mentioned, the  
11 secondary market project we had is really geared toward  
12 those urgent or immediate replacements of specific HVAC  
13 systems, or water heaters, that sort of thing, and that is a  
14 much narrower project, though.

15 COMMISSIONER EGGERT: And then, I guess my last  
16 question has to do with other pending Federal legislation,  
17 and I am curious as to whether or not NASEO is either  
18 currently or plans to get involved in taking some of these  
19 lessons to help shape future Federal legislation, either for  
20 incentive programs or otherwise.

21 MR. TERRY: Absolutely. We are very engaged  
22 currently, and probably the best example I could give you is  
23 the much talked about Home Star Program, which has been  
24 working its way through Congress over the past year. We  
25 have been informing the development of that legislation,

1 both from the perspective of how states would find it most  
2 useful, making sure that it is flexible, for example, and  
3 can be implemented by states in the way that they choose,  
4 but also informing it with very specific details that we  
5 have learned, frankly, from ARRA and the Stimulus funding  
6 where states have had to ramp programs in dealing with  
7 certain regulations and provisions that slowed the  
8 implementation of those retrofit programs greatly; also,  
9 looking at the contractor training and certification, as  
10 well. So, that process has really been one that has  
11 informed it along the way. The other area I think that is  
12 probably most appropriate here is just the idea of more  
13 Revolving Loan Funds, perhaps tagging Federal and State  
14 Revolving Loan Funds, or creating a funding stream to create  
15 additional Revolving Loan Funds is another area that is  
16 being looked at. In the commercial building area, and in  
17 residential also, we have also been very active in building  
18 Codes and promoting funding for implementation of Codes at  
19 the local level and support for states in doing that. So,  
20 really, sort of two sides to that.

21 COMMISSIONER EGGERT: Well, thank you very much. It  
22 is clear that NASEO is doing a lot of extremely useful and  
23 important work and, again, we really appreciate your joining  
24 today.

25 MR. TERRY: Thank you.

1           COMMISSIONER EGGERT: And I am going to sort of look  
2 over across the dais here to see if there are others who  
3 might have questions.

4           MS. KOROSEC: All right, do we have any questions  
5 from anyone here in the room? All right, we do have several  
6 questions on WebEx. Our first is from Benjamin Peters.  
7 Donna, can you open Benjamin's line? All right, Benjamin,  
8 you are alive.

9           MR. PETERS: Hi there. I had a question about PACE  
10 Program, specifically. I wanted to know, given that all the  
11 funding that had been allocated for the PACE Program is now  
12 looking to be moved elsewhere, you had mentioned this  
13 briefly, but could you expand on that? Is the money going  
14 to be used for the low interest loan programs or allocated  
15 to different incentive programs? Or where can we stay up to  
16 date on where the PACE money is going to be resolved to?

17          MR. TERRY: The fast answer is that the discussions  
18 are underway currently and because the money is in different  
19 programs and different hands, as an example, the money that  
20 went to the State Energy Program that states have determined  
21 to put in the residential area, some of which went to PACE  
22 oriented programs, that will be up to the state to determine  
23 how to reallocate or use that in the residential area, and  
24 there may be other program that they have, that they feel  
25 would be more expeditious to shift to. So that is really a

1 state-by-state decision. There is also a large chunk of  
2 funds, I believe nearly \$400 million, that was competitively  
3 awarded by the Department of Energy, much of it to Regional  
4 consortium or local community groups, and much of that was  
5 dedicated to PACE, and I think that is a much more  
6 challenging one in that so many of those organizations  
7 really built their program or process around PACE, and I  
8 think it is too early to tell at this point, but clearly, to  
9 be productive with the money, they will need to use it in a  
10 different way, at least that is my read of it, and I think  
11 most people's. And I am not sure what the Department of  
12 Energy will do, that is a little bit different kind of money  
13 that the Department will have say-so about how that is used.  
14 The state funds, it will be up to the State Energy Program,  
15 that will be up to the state to determine how best to  
16 allocate those resources.

17 MS. KOROSEC: All right, Sunil [phon], can you go  
18 ahead and ask your question? All right, I do not know if  
19 he is able to get through, but the question he sent us is,  
20 "How much funding is going to energy efficiency like  
21 lighting, etc.?"

22 MR. TERRY: Out of the Stimulus funds, we do not  
23 have that level of detail. Within the State Energy Program,  
24 we really do not have that level of detail on a national  
25 basis. I would expect that the vast majority of that is, of

1 course, within the building sector, and I would think it  
2 would be a minority of the amount; however, in the Block  
3 Grant area, there was a substantial amount of funding used  
4 by local ordinances and cities for LED street lighting, for  
5 example, and that was one of the technology areas that was  
6 actually recommended or suggested as a part of that program,  
7 so many cities and localities took advantage of that. Some  
8 of the states did, as well. But, in the Block Grant  
9 Program, you would have seen solid state lighting figure  
10 more prevalently in terms of a percentage of the program. I  
11 do not think there is good data on that yet either. The  
12 Department of Energy would certainly be the best source on  
13 that program, though.

14 MS. KOROSSEC: All right, our next question is from  
15 Mary Kimberlin. Mary, your line is open.

16 MS. KIMBERLIN: I am just interested in upgrading my  
17 house, I originally thought I was going to buy into solar  
18 packages when they were building, but [inaudible] just  
19 wondering what the program -

20 MS. KOROSSEC: Mary, I am sorry, your line is cutting  
21 in and out. Could you please repeat the question?

22 MS. KIMBERLIN: I just need to know how to answer  
23 individual homes, [inaudible] I need to know what to do  
24 about upgrading.

25 MR. TERRY: That is probably a challenging question

1 for me to answer in a very useful way, but I guess the first  
2 thing I would say, certainly, is to visit with your  
3 resources in California, either the Commission's website as  
4 a start, or people they would recommend. But, in general,  
5 if you can find a state or local residential efficiency  
6 program that might offer some recommendations or guidance,  
7 or some sort of contractor certification program where you  
8 would have some comfort in knowing that you were dealing  
9 with somebody who really understood efficiency retrofits in  
10 your home, I think that would be probably my suggestion as a  
11 place to start. It is not an easy answer, but I think the  
12 level of activity in California, in particular, with utility  
13 programs and the Commission's efforts, it would probably  
14 make it easier than many states. But that is where I would  
15 start.

16 MR. BARTHOLOMY: Mary, this is Panama Bartholomy  
17 from the Energy Commission. Where do you live?

18 MS. KIMBERLIN: Moreno Valley in California,  
19 Riverside County.

20 MR. BARTHOLOMY: And so, do you get your electricity  
21 from Southern California Edison?

22 MS. KIMBERLIN: Yes, uh huh.

23 MR. BARTHOLOMY: I am sorry, could you repeat that?

24 MS. KIMBERLIN: Yes, I do.

25 MR. BARTHOLOMY: Your best resource is going to be

1 call up Southern California Edison for the rebates that they  
2 provide and, then, in September they are going to be rolling  
3 out a brand new home retrofit program that will provide up  
4 to \$3,500 per home for a comprehensive home energy retrofit,  
5 and they are going to be working to coordinate it with all  
6 of the other retrofit funds and the tax credits at the  
7 federal level, as well. So, the best thing you can do is to  
8 go onto the Southern California Edison website and, under  
9 the Efficiency tab, contact the person under that number,  
10 under that tab. But, at this point, your utility is going  
11 to be your best contact.

12 MS. KIMBERLIN: Thank you. I will do so.

13 MS. KOROSEC: Great, I think we have time for one  
14 more question from the City of Chula Vista. Could you go  
15 ahead and open the line, Donna? All right, your line is  
16 open, go ahead and ask your question.

17 MR. MEACHAM: Yes, this is Michael Meacham with City  
18 of Chula Vista, and I am here with representatives from  
19 Council Member Benoussan and Castaneda's Office. Our  
20 question was about the PACE Program and I know there has  
21 been some dialogue about this locally, but we wanted to make  
22 sure it was discussed at the state and federal level, too,  
23 and that is with regards to the loan position; we wondered,  
24 from a city standpoint, if we are doing these funds, is it  
25 actually not more important for us that we have the sense of



1 security that we know we are eventually going to get paid,  
2 particularly if, even in the worst of circumstances or  
3 times, we are talking about 10 or 15 percent of the homes,  
4 if we have a large number of people that actually pay the  
5 loans, we can plan for that kind of delay as long as we know  
6 that eventually people will pay? So that, if it is treated  
7 more like an assessment and that the debt is with the parcel  
8 and transfers from owner to owner, then the city or  
9 jurisdiction knows that eventually they will get reimbursed,  
10 we would be able to work with that kind of a process. Is  
11 anybody looking carefully at that, at a broader level at the  
12 state or federal government?

13 CHAIRMAN DOUGLAS: Thanks for that question. I will  
14 jump in. This is Karen Douglas. The Energy Commission has  
15 been looking closely at all of the possible permutations of  
16 PACE or PACE-like, and we are not prepared, I think, at this  
17 time to make recommendations about what the best options out  
18 there are, but as you note, there certainly are options and  
19 there are permutations, and so I think we may be in a  
20 position in the future, and we would certainly like to work  
21 with local governments who have on-the-ground experience  
22 with these programs and talk about what some of these  
23 options are.

24 MS. KOROSEC: All right, I think, with that, we will  
25 be ready to move on to our next speaker. Thank you, Mr.

1 Terry.

2 MR. TERRY: Thank you.

3 MS. KOROSEC: Next, we will be hearing from Deborah  
4 Godfrey, Energy Commission staff, who is going to give us a  
5 review of the Block Grant Program.

6 MS. GODFREY: Good morning. I am Deborah Godfrey  
7 with the Special Projects Office of the California Energy  
8 Commission. The Energy Efficiency and Conservation Block  
9 Grant, as Chairman Douglas mentioned, was an enormous task  
10 for us and I think we have done quite well overall with this  
11 and I am real pleased to present some evidence to show that.  
12 I will be briefly going over the Block Grant Program, the  
13 program design, the summary of the funding efforts, and then  
14 taking some questions at the end.

15 As we all know, the Federal has imposed quite a bit  
16 of regulation on this project and, also, they had a very -  
17 they had some goals, to reduce the fossil fuel emissions  
18 created within the jurisdictions in a manner that was  
19 environmentally sustainable, to the extent practicable, to  
20 maximize the benefits for local and regional communities, to  
21 reduce the total energy use of the eligible entities, and to  
22 improve energy efficiency in the transportation sector, the  
23 building sector, and other appropriate sectors. The Federal  
24 requirements were, of course, accountability and  
25 transparency, prevailing wage, buy American, and there are

1 some strict reporting requirements, and some funding  
2 prohibitions - gambling establishments, aquariums, zoos,  
3 golf courses, and swimming pools. And recipients needed to  
4 have a Dun & Bradstreet number and be registered with the  
5 Central Contract Registration. While that might not appear  
6 to be a problem when you consider that the Commission was  
7 responsible for the small cities and counties in California,  
8 some of them were so small that they did not have Dun &  
9 Bradstreet numbers. The U.S. DOE's portion covered the  
10 large cities and counties, and those were with the cities of  
11 a population greater than 35,000, or counties of greater  
12 than 200,000, and we were not involved in that portion,  
13 those cities needed to apply directly to the Department of  
14 Energy.

15           We received \$49.6 million. Of that \$49.6 million,  
16 there was a requirement that 60 percent needed to pass  
17 directly through to the small cities and counties not  
18 receiving their allocation from the Department of Energy,  
19 and the remainder was at the discretion of the Commission.

20           For the program design, we went and did about 48  
21 workshops throughout the state and solicited comments from  
22 all of the affected jurisdictions and tried to determine  
23 which way they all thought would be the most fair,  
24 considering that we were dealing with cities as small as a  
25 population of 90 up to the maximum of 34,998 for one city.

1 We needed to establish the minimum funding levels to make  
2 this worth some of the small cities' and counties' effort,  
3 especially considering their budget cuts and staffing cuts.  
4 We, of course, required the - it needed to be cost-effective  
5 energy efficiency, and so, because of those readings, we  
6 decided that the best way to go for the extremely small  
7 cities and counties, we needed to come up with something  
8 that would work for them, so we came up with three types of  
9 applications: those with the direct equipment purchase, the  
10 energy efficiency projects, and municipal financing  
11 programs, or combinations of either direct equipment  
12 purchase or energy efficiency coupled with the municipal  
13 financing program. Of course, that may now be up for  
14 review.

15           The types of applications, you can refer to Exhibit  
16 2 of our grant application packet for the list of items that  
17 were available under the direct equipment purchase. The CEC  
18 staff already historically knew that these measures were  
19 cost-effective, and it was made easier for the small cities  
20 and counties to pick some items from this list and implement  
21 them within their jurisdiction. The energy efficiency  
22 project, the second application type, required the  
23 jurisdiction to conduct and submit a Feasibility Study  
24 similar to what they do for any of our other programs and  
25 for ARRA loans, as well. And, of course, the municipal

1 financing program.

2           In trying to keep this similar to what the  
3 Department of Energy was doing for the large jurisdictions,  
4 we did a base allocation of \$5.00 per person, we were  
5 required to use the Department of Energy's population  
6 estimates, which were slightly different than those  
7 available from the California Department of Finance. We  
8 also, because of the current economic situation in  
9 California, also added a multiplier based on the county  
10 unemployment rate. Minimum funding levels we came up with  
11 were \$25,000 for the cities or towns, and \$50,000 for the  
12 counties. Some of our criteria we established for the small  
13 cities and counties, or be allowed for designated  
14 partnerships, sometimes some of those cities were so small  
15 and so tiny that they just did not have the resources  
16 available to do anything by themselves, so we required them  
17 to couple up with the another small city or county, and pick  
18 whichever one seemed to have the most resources and go with  
19 them to head up their efforts. The focus was also on energy  
20 efficiency and cost-effectiveness, and also based on the  
21 ability to effectively administer the project. As we  
22 mentioned before, there were some serious reporting and data  
23 collection requirements, they had to adhere to the  
24 administrative expense cap, and they had to complete the  
25 project within the required timeframe.

1           For the cost-effective energy efficiency projects,  
2 we determined that it needed to be based on energy saved per  
3 dollar spent, not dollar saved, so utility rates did not  
4 matter in this case. It needed to be a minimum of 10  
5 million source BTUs saved per thousand dollars of EECBG  
6 money spent, and a Feasibility Study was required to verify  
7 the energy savings. The direct equipment purchase, one of  
8 the types as I mentioned available as Exhibit 2 in our grant  
9 solicitation, were already pre-defined for the Applicant.  
10 We used things that we knew them to be historically the most  
11 cost-effective for the direct equipment purchase, such as  
12 the lighting retrofits and controls, street lighting - and I  
13 did hear a question about that - and traffic signals, HVAC  
14 modifications and controls, automated energy management  
15 systems, motors, variable speed drives and pumps, water  
16 wastewater systems processes and controls. This is not a  
17 definitive list. We also offered at these seminars and the  
18 webinars and our individual meetings our assistance either  
19 with identifying projects, or in the grant application  
20 itself, and we did spend countless hours working on these  
21 areas. We provided assistance over the phone whenever those  
22 cities could not come to us, or we could not go to them, we  
23 made numerous site visits, and we evaluated projects and  
24 helped them narrow down what they wanted to do. There were  
25 no cities out there that did not have a lot of things they

1 would like to do, but unfortunately with the limits of the  
2 amount, \$25,000 or \$50,000, it made some projects not  
3 feasible. And we also provided up to \$20,000, which is our  
4 standard approach to enable jurisdictions to identify some  
5 of those projects that they may have.

6 We encouraged match funding and partnerships, and I  
7 was quite pleased to notice that many of our jurisdictions  
8 actually did come up with some cost share, themselves, which  
9 is pretty impressive considering the economic times. We  
10 also encouraged the use of utility incentives and we also  
11 made available our 1 percent ARRA loans, which are for this  
12 program, as well, and our 3 percent ECAA loans, which are  
13 our standard loans that we offer. And also, we encouraged  
14 bonds and other sources of funding.

15 Again, we encouraged partnerships because it could  
16 reduce the overhead and reduce the administrative burden,  
17 and provide some expertise for the extremely small and - I  
18 hate to use the word "unsophisticated," but some of the  
19 really tiny jurisdictions out there. Again, with prevailing  
20 wage, that has been something of an issue, there are some  
21 differences between the federal and the state  
22 classifications of jobs. The Buy American, we needed to get  
23 some clarification on a number of items and products that  
24 appeared to be American-made that were not. While we did  
25 not have problems with gambling establishments, aquariums,

1 or zoos, there were a few times where we did have some  
2 community centers that had a swimming pool or a golf course  
3 that was connected to some other building in such a way that  
4 could possibly cloud the issue as to whether or not this  
5 money would potentially be going towards a swimming pool  
6 when, in fact, it might be going towards the senior center  
7 that was on the other side of the wall. But we were able to  
8 get around those.

9 CHAIRMAN DOUGLAS: And, Ms. Godfrey, the swimming  
10 pool prohibition, of course, we have been doing our best to  
11 honor to the extent that it makes sense for us, but that is  
12 not statutory, right? That is just broad guidance?

13 MS. GODFREY: Yes. And, in fact, there is one that  
14 I noticed in their award, it was listed as a pool, but it is  
15 a carpool, quite different. But, no, with community  
16 centers, we did have some that, of course, because it is  
17 California, and I think this restriction was meant by the  
18 Feds to ensure that all of us Californians were not lounging  
19 about the pool, and in the Midwest, they needed possibly  
20 more energy efficiency measures. But, we did not have too  
21 many, most people understood immediately the restrictions.

22 We also had a pretty tight schedule. Our  
23 application went to DOE in June of last year, so just a  
24 little over a year ago. We received the money in September  
25 of last year. We released our funding solicitation in



1   October, we encumbered the money by May 12<sup>th</sup> at the Business  
2   Meeting, and all the projects have until September 12 to be  
3   completed and paid.

4           Well, this is what we did. As I mentioned, we had  
5   to get at least 60 percent of the money out to the small  
6   jurisdictions, and because we knew that there would be some  
7   under-subscription, we allocated actually 71.48 percent, and  
8   that was not a magic number, that was just the \$5.00 per  
9   head plus the multiplier for the unemployment rate, so we  
10   had a potential of 309 eligible cities and counties, which  
11   is quite a lot considering there are 478 cities in  
12   California, and 58 counties. So, we ended up with 44 of the  
13   58 counties, and 265 of the 478 cities, so we ended up with  
14   a good portion of all the cities and counties out there,  
15   which I think is somewhat counterintuitive to what everyone  
16   considers the way California looks. I think everybody out  
17   there thinks California is nothing but these big huge  
18   cities, and actually we have so many that are so tiny, we  
19   have some that are as small as 90 people. So, altogether,  
20   we allocated \$35.454423 million towards the Block Grant, and  
21   out of that, out of the 309 potential Applicants, we  
22   received applications representing 279 of them, which is  
23   pretty good. I think it demonstrates that our efforts at  
24   the seminars and the meetings that we conducted at numerous  
25   locations up and down the state before we were developing

1 the program, while we were developing the program, after we  
2 developed the program, I think it shows that it really did  
3 pay off. So, we received the applications from 237 of the  
4 cities and towns and 42 of the 58 counties. So, we had -  
5 and, as I mentioned, we encouraged collaborations, so we  
6 ended up with nine collaborations, and they ranged from  
7 three entities up to 26 entities. So, altogether, with the  
8 under-subscription that we knew would happen, we still ended  
9 up with getting about 67 percent of the money out where we  
10 were required to get at least 60 percent.

11 Of the applications that we received, of the 210, we  
12 had 126 that did go for the direct equipment purchase and,  
13 as I mentioned, this made the most sense for some of the  
14 small cities and counties. We had 82 of the energy  
15 efficiency projects. Again, many of those items that were  
16 technically on an energy efficiency project application were  
17 actually items that were on the direct equipment purchase,  
18 as well, but because they coupled them maybe with one small  
19 other project that was not on the direct equipment purchase,  
20 it required their application to become an energy efficiency  
21 project, and required the full Feasibility Study. We only  
22 had one that went for a straight Municipal Financing  
23 Program, and we had one that did a combination of a  
24 Municipal Financing Program and a direct equipment purchase.  
25 So, altogether, it really is not as bad as it looks. We

1 ended up with roughly \$1.2 million going to municipal  
2 financing because of the one that was a combo of the  
3 Municipal Financing Program and the direct equipment  
4 purchase, \$300,000 of that was for the direct equipment  
5 purchase, so that lessened that somewhat.

6           We also encouraged leverage of funds. With our ECAA  
7 3 percent loans, we ended up with eight loans for over \$4  
8 million, with the 1 percent loans, which were quite popular,  
9 and I really was quite impressed with some of these  
10 jurisdictions' willingness to go out and take out loans to  
11 accomplish a much larger project than they could using  
12 solely Block Grant funds, so we ended up with 10 of those  
13 for almost \$10 million, which is quite impressive. And  
14 match share, which was even more impressive, we ended up  
15 with almost \$20 million of match share from these cities and  
16 counties, and considering how financially strapped all of  
17 them are, to be able to put up with some money, I think,  
18 certainly demonstrates their interest in energy efficiency.  
19 It is quite commendable.

20           The energy savings - and this is an estimate for one  
21 year - kilowatt savings are almost 35 million, therms -  
22 652,000, and CO<sub>2</sub> reduction of almost 16,000 tons. And, most  
23 impressively, we estimate that there were approximately 362  
24 jobs created through the Energy Efficiency Conservation  
25 Block Grant.

1           Of course, as I mentioned, we have 30 that did not  
2   apply and, so, when asked what we would do differently,  
3   there is not a lot that I think we could have done  
4   differently short of having a lot more money to give them,  
5   which of course was not up to us. The 30 applicants that  
6   did not apply decided that they did not have the resources,  
7   again, though we attempted to keep the application as simple  
8   as possible, sometimes looking at a packet from any  
9   government entity is intimidating, and they either said they  
10   did not have the grant writing experience, or did not have  
11   the time, or did not have the personnel. In fact, one city  
12   said that, because of budget cuts, one gentleman that would  
13   potentially be writing the grant was also at that point  
14   literally the one that opened the City Hall and, in the  
15   morning, was the dog catcher, the head of the garbage  
16   department, and was actually doing 17 jobs. So, when they  
17   said they did not have time, you can understand they truly  
18   did not. We did offer assistance, but unfortunately it  
19   still required them to apply, to go before their City  
20   Council to get a resolution, and submit the application to  
21   us and, then, of course some of the other problems were they  
22   could not - they found the reporting requirements just more  
23   than they could do, considering their staff productions.  
24   And there were a couple that said that they could not even  
25   identify any projects in their cities and counties, and

1 those were because they had all brand new buildings, or were  
2 so small they literally did not have any stoplights, any  
3 street lights, nothing that they could use any of our money  
4 for. And that is it. Do you have any questions? Okay,  
5 thank you.

6 COMMISSIONER EGGERT: Actually, just a quick  
7 question. Thank you very much, Deborah. You know, I think  
8 it is impressive with respect to the number of different  
9 entities, 279 cities and counties that had actually applied  
10 and received the funds. I know one of the sort of  
11 evaluation criteria, I believe, or if I remember correctly,  
12 was sort of the payback period for each of these projects,  
13 and do you have kind of a sense of what the payback period  
14 average or range of paybacks for these?

15 MS. GODFREY: The projects were so diverse, I do not  
16 have a number; for each major, I can get back to you with,  
17 say, for lighting, most of them I think for the lighting  
18 were about six years.

19 COMMISSIONER EGGERT: Okay.

20 MS. GODFREY: And that was the most common use of  
21 these funds.

22 COMMISSIONER EGGERT: Yeah, I mean, one of the  
23 advantages of the way this program was designed and the  
24 investments that are being made is that, you know,  
25 subsequent to that payback period, you know, not only would

1 the benefits of that investment accrue, the savings will  
2 continue to accrue throughout the life of the equipment.

3 MS. GODFREY: Yes. Most of these projects should  
4 have at least a 25-year life.

5 COMMISSIONER EGGERT: Excellent. Thank you.

6 CHAIRMAN DOUGLAS: Actually, that reminded me of a  
7 question I had, as well. I would be really interested in  
8 seeing information, and you may have provided it outside of  
9 this presentation, but really breaking down what the local  
10 governments did, you know, categorizing them in some way so  
11 we have a sense of certain percentage pursued, X type of  
12 project, and it had a certain related payback period and I  
13 would be interested in knowing particularly with a program  
14 like this that was so driven by the local governments' own  
15 decision about what they wanted to spend the money on, to  
16 see what, in fact, the money was spent on and how that broke  
17 down across the different local governments that  
18 participated.

19 MS. GODFREY: I can certainly provide that. As I  
20 mentioned, the 126 applications that were under the direct  
21 equipment purchase are very easily measured. The energy  
22 efficiency projects are a little more convoluted because  
23 they have some components of the direct equipment purchase  
24 and maybe a couple of other little oddities exclusive to  
25 their jurisdiction, but I can certainly provide you those

1 numbers.

2 COMMISSIONER EGGERT: Actually, just a follow-up  
3 under that one. I am curious - and maybe this is a part of  
4 the MV&E, but is there any plans to do future surveys?

5 MS. GODFREY: Oh, yes. It is part of the MV&E, yes.  
6 They will be conducted, and also, because of the reporting  
7 requirements, we will be looking at a lot, and we have  
8 already informed the cities and the counties that they need  
9 to make available the sites at any time, and document and  
10 pictures, and we will be there looking.

11 COMMISSIONER EGGERT: I am curious even potentially  
12 like along the lines of where - in terms of where they made  
13 their decisions about what to invest in, like what types of  
14 resources did they tap into, where did they get the  
15 information.

16 MS. GODFREY: Well, a lot of them, for the lighting,  
17 of course, use our California Lighting and Technology, which  
18 is some of our efforts here with the Energy Commission, and  
19 also with some of the other measures such as pumps and  
20 things like that, they contacted their utilities, and there  
21 were a number of private entities out there that were also  
22 providing some guidance.

23 COMMISSIONER EGGERT: Thank you.

24 CHAIRMAN DOUGLAS: And Commissioner Eggert may have  
25 asked this, but just asking it in a different way, I think

1 we would like to see information on where the retrofits that  
2 were undertaken in a block grant program drew on some of the  
3 cutting edge new technology, which in many cases I think  
4 they did, although many other very very good projects were  
5 just a matter of basic upgrades to very old systems, and  
6 certainly need not use the most advanced technology to  
7 provide huge energy savings.

8 MS. GODFREY: Well, I do know that some of the  
9 jurisdictions and the east of San Diego did some extensive  
10 lighting comparisons by installing, say, one or two of each  
11 - or of a variety of things that were offered to them  
12 through the Lighting and Technology Center and then, using  
13 public comments and staff appraisals, they made a  
14 determination as to which was the most effective and most  
15 appropriate for their jurisdiction.

16 CHAIRMAN DOUGLAS: Well, you know, that would be  
17 valuable if we get that in the docket in the IEPR so that we  
18 can take a look at that, some of the lessons learned, and  
19 some of the real potential that can come in the future in  
20 analyzing the Block Grant Program would help, it would help  
21 to have that information.

22 MS. GODFREY: We will certainly get it to you.

23 CHAIRMAN DOUGLAS: Great, thank you.

24 MS. KOROSEC: All right, we have no questions on the  
25 WebEx, we will move directly to our next speaker, who is Mr.



1 Gabriel Karam from San Joaquin County.

2 MR. KARAM: Good morning, Madam Chair and Committee  
3 members. Before I begin my presentation, I would really  
4 like to thank you, the Commission, for granting San Joaquin  
5 County this grant, and the staff that have worked with us  
6 from the beginning and their amazing support and guidance  
7 throughout this. I would like to mention their names again  
8 because I really really appreciate them, and I want to make  
9 sure they are recognized. We started back in December  
10 meeting with Adel Suleiman and Deborah Godfrey, thank you,  
11 Deborah, and later on continued support and answering  
12 questions for us over the telephone and meetings with,  
13 again, Adel, Deborah, Haile Bucaneg, Phil Dyer, Renee  
14 Webster-Hawkins, Kevyn Piper, Chris Scott, and Michelle  
15 Messinger. So, I just wanted to make sure I say their names  
16 because, if it was not for them, San Joaquin County would  
17 have lost more jobs, at least in my department, and this  
18 grant would not have been possible, so thank you again.

19 I am the Director of Facilities Management in San  
20 Joaquin County and this grant is being administered by my  
21 department. This presentation objective is to review San  
22 Joaquin County's efforts to improve energy efficiency  
23 through equipment replacement, using CEC grant funds.

24 I want to tie the San Joaquin County policies, to  
25 relate them to the same policies that California has and

1 also the Federal Government of being green. And back in  
2 February of 2008, San Joaquin County Board adopted a Green  
3 Purchasing Policy that promotes sustainability of the  
4 environment. It states the County shall purchase energy  
5 efficient equipment with up-to-date energy efficient  
6 functions, County shall replace inefficient lighting with  
7 energy efficient equipment, County shall purchase products  
8 for which USEPA Energy Star certification is available, and  
9 meets Energy Star certification.

10 San Joaquin County is committed to being green.  
11 Last year, my department completed the construction of the  
12 San Joaquin County Administration Building, which is a  
13 250,000 square foot building, it has over 500 staff in it,  
14 14 departments, and it has been certified by the U.S. Green  
15 Council as a LEED Gold building, and it is the first LEED  
16 Gold building in Stockton. And we are very proud of it. I  
17 hope that, if you are ever in the area, please stop by, I  
18 would love to give you a tour, it is a really amazing  
19 building, we are very proud of it. This building has on the  
20 roof, as you see here in an area of the photo, it shows the  
21 solar panels on the roof, which help us get extra points  
22 towards the certification. We were able to fit only about  
23 300 solar panels because of adjacent building and the  
24 shading on the roof, so that is the maximum we were able to  
25 fit, and it produces about 5 percent of the total energy

1 building needs.

2 Facilities Management budget is \$16.4 million, and  
3 staffing this week is 50, two weeks ago, I had 63 staff  
4 members, so I had to, because of the economy, we had to lay  
5 off 13 people, and if it was not for this grant, I would  
6 have been at about 45-46, so, again, thank you for the  
7 grant, for saving a few of my internal staff hopefully at  
8 least for two years, and hopefully in the next two years,  
9 the economy will improve and I will be able to keep them -  
10 unless you give me more money, that would be even greater,  
11 thank you!

12 The total number of structures we maintain are 416  
13 in San Joaquin County, approximately 4 million square feet.  
14 The amount of grants San Joaquin County qualified for is  
15 \$836,781. The grant funds will be expended as follows: we  
16 elected to go with direct purchase of equipment, \$644,800,  
17 total labor is \$411,000, and the overhead is \$30,781. Now,  
18 the county is sharing in the labor cost, our total share in  
19 the labor cost is \$250,000. And I obtained these grants - I  
20 mean, the \$250,000 is from an energy fund that we have  
21 accumulated over the years from rebates on other energy  
22 projects and so we combined them with this to be able to do  
23 all of these projects here.

24 This grant will assist the county with projects to  
25 reduce fossil fuel emissions and improve energy efficiency

1 in buildings, and these are the same goals that the Federal  
2 Government has, the State of California has, and San Joaquin  
3 County, Board of Supervisors has. So, we all have the same  
4 goals and this grant will help us get there.

5 As I stated, the county selected to go with the  
6 direct equipment purchase. We have assembled a team to  
7 evaluate and determine equipment and locations. We found  
8 out six locations were installing variable frequency drives  
9 for pumps and air handling units, 17 locations were  
10 replacing 70 HVAC units, and the sizes vary between 2 tons  
11 and 10 tons. These are some of the buildings, older  
12 buildings, this is a small branch of the Agriculture  
13 Department in Lodi. We are replacing old units in there,  
14 and the Sheriff Administration Building, Juvenile Hall, and  
15 this is a typical unit that we have on these buildings, and  
16 these students are between 15 and 20 years old, and they  
17 have a Seer rating of about 8 or 9, which are very  
18 inefficient. This will be installing 13 variable frequency  
19 drives, mostly at the jail and the Sheriff Administration  
20 Building. And these are the locations we are installing 70  
21 HVAC units that vary in size between two tons and 10 tons,  
22 at several locations throughout the county, at Public Works,  
23 road maintenance, community centers, at the Veterans  
24 Offices, at the museum, library, and juvenile probation, and  
25 sheriff kitchen.

1           Again, when I first talked about your staff's  
2 support, and I want to thank they again, without them and  
3 their guidance and assistance, we would not get this, be  
4 here. Again, thank you. The award amount is \$836,781 that  
5 was awarded by your Commission - thank you, Commissioners -  
6 in April. What this award will do is it will sustain  
7 manufacturing jobs in the U.S. The contracted portion, we  
8 will be doing most of the work ourselves, but some of it,  
9 the large variable frequency drives, we will be contracting  
10 that work, and that will sustain our support for local  
11 business and also for the private sector. The award will  
12 help retain jobs within facilities management, as I  
13 mentioned earlier. I am utilizing experienced staff of over  
14 75 years of experience. We expect to keep as much work  
15 internally as possible. The anticipated energy savings -- I  
16 do have a mistake on this slide, and also in the published  
17 documents, I would like to correct this -- the estimated  
18 energy savings will be half a million kilowatt hours. The  
19 avoided CO<sub>2</sub> are actually 750,000 pounds and it is not 4.5  
20 million, so it is 750,000 pounds annually. After  
21 installation of the new equipment, the County estimates  
22 energy cost savings of about 20 percent.

23           The project timeline, we started back in November of  
24 the potential award. In December, we meet with the staff,  
25 we attended the workshop here, that was very helpful, again,

1 with Deborah and Adel, and it helped us get the process  
2 going. We did assessment of equipment needs and, by  
3 January, we finalized our application and the equipment  
4 needs. The approval process, we received approval from you  
5 in April, the equipment order, we started it already, we are  
6 ready to put the final order on it very soon after our  
7 meeting with the CEC staff, hopefully in a couple of weeks,  
8 to finalize the order and make sure they approve everything.  
9 And we expect to get the equipment in about six weeks,  
10 hopefully by mid-September. We begin installation by the  
11 end of September of this year and we will finish in February  
12 2012. We will submit a draft report in April or May of  
13 2012, and a final report to you that will have all the  
14 pictures and discussions about energy savings, etc. at that  
15 time, in June of 2012.

16           What the expected outcome here, after the  
17 installation of new equipment, the County estimates energy  
18 cost savings of about 20 percent, and what is really the  
19 hidden savings here is that, right now, all of this  
20 equipment, we spent a lot of time maintaining them. And we  
21 estimated at least \$25,000, I think it is really more to  
22 maintain all this old equipment, so we do not have to do  
23 this anymore for at least the first few years, we estimate  
24 \$25,000 per year for the first few years of savings. The  
25 estimated energy savings will be a half million kilowatt

1 hours and avoided CO<sub>2</sub> is 750,000 pounds annually.

2           Some of the challenges, and I do not know if really  
3 this can be done, would be the processing time of the  
4 application. By the time we were notified, the workshops,  
5 we got it done and, honestly, if it was not for your staff,  
6 there is no way we could have done it. So, again, your  
7 staff were just amazing, gave us the help, I do not know  
8 because there are so many hundreds of applications here, I  
9 do not know if it can be done, but just a thought if there  
10 is anything, I do not know how it can be, but maybe.

11           The challenge we are going to have is that all these  
12 buildings are occupied, so how do we stop the units from  
13 working for the several days it takes to replace them, while  
14 having people in them? So, these are some of the challenges  
15 we will be facing as we do this project in the next 18  
16 months. Again, as I said earlier, I have my staff, they are  
17 13 people less this year, and I am going to take about three  
18 to four staff members, dedicate them for this project, so  
19 this is going to - the challenge is how do we continue doing  
20 business and maintaining the other 4 million square feet I  
21 have, but this is a challenge and we will have to get it  
22 done.

23           Some of the regrets? Again, I say, if you have more  
24 money, please give it to us, I would love that! Improvement  
25 areas? Notification of availability of grant and deadline

1 to submit application was too short to meet detailed  
2 application requirements. And I think Deborah talked about  
3 some of the challenges some of the smaller cities had, not  
4 enough time, but again, what do you do? We have to get this  
5 done. Some people were able to do it, very few were not,  
6 and I do not know if that can be improved or not.  
7 Processing time for review and award of grants? If that can  
8 be shortened a little bit, but how do you do this with  
9 several hundred - just some thoughts on this.

10           The next four slides, I will be talking about how  
11 San Joaquin County contributes to the California Energy  
12 Commission Guiding Principles for ARRA funds, so I will ask  
13 a few questions and I will answer them. How does this  
14 project create and stimulate jobs in California? And it is  
15 really very simple, it is just the majority of grants spent  
16 on equipment purchases sustains manufacturing jobs, creates  
17 business for distributors in California, and supports local  
18 businesses for contracted portions of the projects. So this  
19 is really going to help the people delivering the equipment  
20 - the crane operators at the local level and the private  
21 sector, so overall it will be helpful, very helpful to us  
22 and the local businesses.

23           How does this project achieve lasting and measurable  
24 energy benefits? And I have talked about it earlier,  
25 basically we are replacing 70 very old HVAC units with - we



1 are replacing them. I think the existing ones have a Seer  
2 of 8 or 9, and we are going to about a minimum of 13, so the  
3 energy efficiency between the old and the new is between 30  
4 to 40 percent more efficient. We are installing 13 variable  
5 frequency drives on pumps and air handlers. This will  
6 achieve significant and measurable energy benefits for the  
7 county. And I am pretty sure, in the final report, all of  
8 this information will be provided after we finish the  
9 installations. We have specific equipment installations,  
10 what the old used to be, what the new are, all of this will  
11 be in the final report with pictures and calculations, and  
12 giving these estimates to you.

13           How will this project expend money efficiently, with  
14 accountability, and minimal administration burden? By  
15 keeping most of the work in-house, I believe we will have  
16 more control and better accountability, and we will outline  
17 all of this in the final report to you. How will this  
18 project contribute to meeting California's energy and  
19 environmental policy goals? Through the replacement and  
20 installation of the large number of HVAC units and variable  
21 drives, this project will extensively reduce the emissions  
22 of CO<sub>2</sub> and provide significant savings in kilowatt hours.

23           What next? I am hoping in the next couple of weeks  
24 we will meet with the Commission Project Manager and Grants  
25 Officer, hopefully before the end of July. We will order

1 equipment because I need their approval before I order the  
2 equipment, so I am hoping this will happen very quickly, we  
3 would order the equipment in July, we would begin  
4 installation in September, complete installation in  
5 February, draft the final report in April 2012, submit final  
6 report in June 2012. And time flies, believe me, we will  
7 get there very quickly.

8 Any questions?

9 CHAIRMAN DOUGLAS: A few. Mr. Karam, thank you so  
10 much for being here, and I remember that you also, I  
11 believe, visited us at a Business Meeting some time ago and  
12 we really appreciated hearing from you there. And obviously  
13 we wanted to hear more and ask you back, so thank you.

14 MR. KARAM: Thank you.

15 CHAIRMAN DOUGLAS: I do have a few questions. I  
16 think one question I had is that one of our goals is to  
17 really get a handle on actual jobs created and not rely  
18 solely on the Department of Energy formula, but to get a  
19 sense of what I expect will be varying experiences in the  
20 field in terms of jobs per dollar for these projects. And  
21 so I heard you say that you avoided five lay-offs in a two-  
22 year period?

23 MR. KARAM: It is actually about three, but I have  
24 also some people that are working like administration, half  
25 the time, or a quarter of the time, and another analyst

1 maybe a quarter of the time, so three to four people,  
2 approximately.

3 CHAIRMAN DOUGLAS: I see, so three to four, that  
4 makes sense. And in addition, you will be doing - while you  
5 will be doing most of the work in-house, can you give a  
6 sense of the magnitude of the work that you might be  
7 contracting out?

8 MR. KARAM: We have the variable frequency drive, a  
9 couple of them are very large, I think they are over 400  
10 horsepower, and these two locations will for sure be  
11 contracted out because of the large amount of work that will  
12 be needed at that location.

13 CHAIRMAN DOUGLAS: And in terms of potential  
14 percentage of the grant, or percentage of the work, do you  
15 have any sense of that?

16 MR. KARAM: I really do not at this point, but I  
17 will have it in the final report. If you invite me back, I  
18 will have a detailed description of everything to you.

19 CHAIRMAN DOUGLAS: Great. In your detailed  
20 description of everything, are you, I hope, going to have a  
21 detailed description of avoided maintenance costs and other  
22 benefits like that of these projects?

23 MR. KARAM: I will.

24 CHAIRMAN DOUGLAS: Great. When you talked about  
25 struggling to meet the deadline, I do not actually recall,

1    how much time did we give you to prepare the application?

2                   MR. KARAM:  I think, because the guidelines were not

3    completed, I believe until - was it the end of November, do

4    you remember?  October.  So, we received them, but by the

5    time we started them, it was really confusing at first.  We

6    came to a workshop here - was it the end of November, or

7    early December, I think, in early December, and the workshop

8    was really very very well done, and then after the workshop,

9    Deborah and Adel spent about two hours with us going through

10   our application in detail, that helped us - made more sense

11   for us.  And what happened is, we selected the direct

12   purchase of equipment because you do not have to do all

13   these other studies and analyses.  And, at first, we were

14   told it was really simple, you just select direct purchase,

15   we completed the application within a couple of weeks after

16   this workshop and meeting, but then some more guidelines

17   kept coming from the Federal Government - sorry to say this,

18   but that is what happened.  So we were originally told that

19   our application was going before the Commission in January,

20   so I thought, great, this is fantastic, we are ready to go,

21   and then it became February, March, and April, so we get

22   getting, "Wow, is this really going to happen?"  So that is

23   really the only thing that happened there, but I understand

24   the Federal Government - the bigger the Government is, I am

25   sorry to say this, the more things they want and request

1 more things. So, for direct purchase, some of the things  
2 they were asking for, it did not make sense. I mean, God,  
3 people, think out of the box a little bit, you are taking an  
4 old unit, putting a new one in there, why do you have to do  
5 all these other investigation about the historical thumping  
6 we had to do? And that stopped the application process.  
7 Wow, I am just taking an air conditioning unit, taking an  
8 old one and putting - why do I have to do all this other  
9 stuff?

10 CHAIRMAN DOUGLAS: Was it a historic air-  
11 conditioning unit?

12 MR. KARAM: It is, actually. Yeah, we should  
13 actually put it in a museum. So, you know, little things  
14 like this happen and sometimes we say, "oh, wow, that is the  
15 way Government is," but I am so sorry, I wish we could do  
16 things better, more efficiently, and say, "You know, this is  
17 ridiculous, let's just say no, let's move on." Anyway...

18 CHAIRMAN DOUGLAS: No, I understand. On a similar  
19 vein, how much - how did you find - I sense from some of  
20 your comments that at least some of the requirements you are  
21 talking about are related to reporting requirements,  
22 although not all of them, necessarily, but what is your  
23 sense of the reporting requirements and the level of detail?  
24 Are there things that you will be tracking that are not in  
25 them? For example, avoided maintenance costs? I do not

1 know if that is in them or not. Are there requirements in  
2 the report that are difficult to meet or that seem  
3 excessive?

4 MR. KARAM: I think most of them are reasonable.  
5 Honestly, I have not looked at it again, but we will when we  
6 sit down in a couple of weeks with the staff, before we  
7 begin the project, and find out exactly. Because it needs  
8 to be clear to both me and my staff, I will bring them with  
9 me to make sure we cover everything from the beginning, we  
10 do not want to miss anything.

11 CHAIRMAN DOUGLAS: That is great -

12 MR. KARAM: But, at this time, I say I think they  
13 are reasonable. But, again, once I look at the details, if  
14 I find something unreasonable, when I come back here, I will  
15 tell you.

16 CHAIRMAN DOUGLAS: We hear you. We may or may not  
17 be able to help, depending on where the requirement came  
18 from, but we would like to know in any case.

19 MR. KARAM: Yes.

20 CHAIRMAN DOUGLAS: I do not think I have any more  
21 questions. Commissioner Eggert?

22 COMMISSIONER EGGERT: Just, I think, a short one.  
23 Again, very much appreciate you coming in today. The energy  
24 cost savings estimate, the 20 percent per year is a pretty  
25 impressive figure. Is that across all operations, just for

1 those facilities, or just for the equipment?

2 MR. KARAM: This is an average per building. If we  
3 look at the units themselves, each unit will have a savings  
4 between 30 -- are more efficient -- between 30 percent to 40  
5 percent. So the average is the impact on the overall  
6 building operations. Some buildings are occupied 24 hours a  
7 day, so these units are running 24 hours, seven days a week.

8 COMMISSIONER EGGERT: That is an impressive figure.  
9 Do you have any sense of what you are going to do with that  
10 money you save on an annual basis? Reinvest it in some  
11 areas?

12 MR. KARAM: I think, I am hoping to be able to  
13 retain staff when next year's budget comes, and if we spend  
14 less on energy, that is savings to the overall budget I  
15 have, and I will be able to retain staff.

16 COMMISSIONER EGGERT: So that would be part of the  
17 jobs calculation.

18 MR. KARAM: Yes.

19 COMMISSIONER EGGERT: Okay, thank you.

20 CHAIRMAN DOUGLAS: Actually, I have one more  
21 question. I am glad you asked those questions, that was  
22 very helpful. How did you go about developing your project?  
23 You said you went to the direct buy and part of the appeal  
24 of that was that, at least initially, it seemed quite  
25 simple. But did you draw on an existing facilities plan?

1 Did you - to what degree did the requirements of the program  
2 either facilitate exactly what you wanted to do, or lead you  
3 in potentially a different direction than you might have  
4 done with money that was purely discretionary and did not  
5 have some of the ARRA timelines and requirements?

6 MR. KARAM: We have - we do every year a  
7 preventative maintenance program, and we have a listing of  
8 all these equipments and the age and how much maintenance it  
9 costs us to do this, so when I gathered my staff, I said we  
10 need to do this quickly, we do not have a lot of time. So  
11 we brought the list out, we actually went and visited each  
12 one of those areas, took some pictures, and decided because  
13 we have a lot more, so if you give me more money, I will be  
14 able to do the rest of them - I keep repeating this! So, we  
15 basically made a priority list, which ones are the worst,  
16 and this is what we put in before you. The larger areas,  
17 the variable frequency drives, these are requests that come  
18 to me from my staff every year, and I keep telling them I do  
19 not have money to do this, but this grant really helped us  
20 do a replacement and installed variable frequency drives.

21 CHAIRMAN DOUGLAS: So you would say that, while  
22 there are many more worthy projects that could be done were  
23 there more money, you are least relatively satisfied that  
24 the list that you generated under time pressure was a pretty  
25 good list?



1           MR. KARAM: I am very satisfied, yes. And we are  
2 really very grateful to be getting rid of all this old  
3 equipment and putting more energy efficient ones. Thank  
4 you.

5           CHAIRMAN DOUGLAS: Thank you very much. Thanks for  
6 being here.

7           COMMISSIONER EGGERT: Thank you.

8           MS. KOROSEC: We do have one question from an online  
9 person and I am going to read it because of the phone  
10 issues, "What kind of maintenance costs are covered in new  
11 energy installation and guarantees applied?"

12          COMMISSIONER EGGERT: I note there is also a  
13 question about recycling.

14          MR. KARAM: We - maintenance costs covered - I am  
15 not really sure what he means by this. The installation  
16 costs that we outlined, I outlined installation costs for  
17 labor in the presentation and we are looking at -- the  
18 installation cost of the overall project are about 40-45  
19 percent.

20          CHAIRMAN DOUGLAS: I think what she might be getting  
21 at is the issue of to what extent maintenance costs - the  
22 comment that you made that avoided maintenance cost was  
23 another benefit of the project, maybe you could talk about  
24 that.

25          MR. KARAM: Yeah, we estimated the maintenance cost

1 avoidance, once the new equipment is installed, is about  
2 \$25,000 per year, and hopefully we will be able to verify it  
3 at least from the first buildings we install, that gives us  
4 about a year to monitor it, and we will be able to document  
5 this. Yes.

6 COMMISSIONER EGGERT: And actually, I do note that  
7 Ms. Kimberlin has a question on recycling. I know that this  
8 is something that is important to us in our appliance  
9 programs, to make sure that especially the HVAC units -

10 MR. KARAM: Yes. Right now, we are developing a  
11 waste disposal plan that we have to submit to the CEC staff  
12 before they approve us to go ahead and purchase the  
13 equipment. We are developing this plan right now, and  
14 basically we will find a recycler - we are talking to a few  
15 of them - that will take the units, extract the innards from  
16 them, and recycle the copper and any metals that can be  
17 recycled and dispose of the rest. This is one idea that one  
18 of the people talked to me about. I still need to listen to  
19 a couple more, and then we develop a plan and submit it to  
20 the CEC staff before the end of July.

21 COMMISSIONER EGGERT: Thank you very much.

22 CHAIRMAN DOUGLAS: Well, thank you. And I see that  
23 our next speaker has asked a question on the WebEx about  
24 whether we are going to break for lunch or go ahead.  
25 Suzanne, Commissioner Eggert and I were thinking that we

1 would like to just keep going into the lunch hour --

2 MS. KOROSSEC: All right.

3 CHAIRMAN DOUGLAS: -- if that is possible, and if  
4 nobody else here is faint from hunger.

5 MS. KOROSSEC: All right, then we will go ahead and  
6 move forward with Mayor Kathay Lovell from South Lake Tahoe.  
7 Mary, your line is open, go ahead.

8 MS. KERRY: Well, good morning. Actually, this is  
9 Nancy Kerry. I am a South Lake Tahoe staff member and  
10 Sustainability Liaison. Here with me is Kathay Lovell, and  
11 I would like to introduce her to you. Mayor Lovell is in  
12 her eighth year as our Council member for South Lake Tahoe's  
13 community. She has been elected Mayor by her colleagues  
14 more than once. She has been a driving force and a champion  
15 in the community behind Sustainability concepts, energy  
16 efficiency, and getting the community involved. Between  
17 2007 and 2008, Ms. Lovell was, with support of our City  
18 Council, asked to hold a workshop throughout our community  
19 to get ideas from our community members about what they  
20 think sustainability is. As you know, without their  
21 assistance and taking ownership of it, it is not going to  
22 happen. So the Council adopted the Comprehensive  
23 Sustainability Plan in November of 2008, which she is going  
24 to tell you a little bit more about. But that plan did not  
25 sit on a shelf; they immediately encouraged and supported

1 the establishment of a Sustainability Commission, who have  
2 been in place for over a year now. Mayor Lovell will speak  
3 a little bit more on these issues and with that, I would  
4 like to turn this over to her, who will lead our  
5 presentation today.

6           MAYOR LOVELL: Well, good afternoon, everyone, and  
7 thank you so much for this opportunity. As you know from  
8 the slide that we have before us, that the City did provide  
9 for the maximum amount available, and I understand this was  
10 formula-based. I would just like to briefly comment on  
11 that, is that we understand that it is based on population,  
12 but just to give you some context of how we are somewhat  
13 unique to other cities that have a fixed population base,  
14 since last weekend, we had over 250,000 visitors here for  
15 the 4<sup>th</sup> of July weekend, and on any given holiday weekend, or  
16 throughout the summer, our population is an average of about  
17 100,000 people. So, the resources that we have, that we  
18 have to be able to provide a type of services to accommodate  
19 that type of an influx of people, really has a big impact on  
20 our city services, energy being one of those primary ones.  
21 So, I just wanted to provide that information to you, the  
22 populations for us is a huge variance from what other  
23 communities and cities do that apply for this on a fixed  
24 population basis. The City is very grateful for the award  
25 of \$131,000 for the retrofit of the pedestrian walkway

1 light, the LED, and so it will be two replaced fluorescent  
2 lights with LED in the City Motor Pool Building and City  
3 Offices. Our Motor Pool is our shop area that does all the  
4 repair on all our fleet vehicles, our snowplows, our fire  
5 trucks, all of our vehicles to keep the city functioning  
6 year-round, especially in the winter time with the high  
7 demand for snow removal equipment and repair. So, this is a  
8 shop that is quite large and has a lot of lighting. The  
9 standard wall switches with the motion detectors is another  
10 one - next slide, please - and staff has come up with this  
11 great comment, and I want to give them kudos, "Change Your  
12 Lights, Change the World," and I think that is very  
13 appropriate because when you start to set the example, then  
14 other people will follow, and we have tried to do that in  
15 many instances, along with our sustainability.

16 Our Council adopted a Sustainability Plan back on  
17 November 8<sup>th</sup>, and a Sustainability Commission in '09, and we  
18 do have a Vision Statement, and when we adopted this Vision  
19 Statement back in 2008, it was at the lawns of the  
20 Environmental Summit, but at that time Senator Feinstein,  
21 Senator Reid, and Senator Ensign, posted here at Tahoe, and  
22 every year there is an Environmental Summit and we passed  
23 out energy efficient bulbs that we received from Sierra  
24 Pacific Power, complimentary along with the sustainable  
25 green bags with our sponsors, in trying to educate the

1 public, along with Camelback water bottles, in fact, I have  
2 one sitting in front of me here today that, you know, our  
3 theme is Reduce, Reuse and Recycle, and we are trying to  
4 provide all of this - we have provided all of these bags  
5 with the bulbs and not only to over 500 of the attendees  
6 from all over the state and nation, but as well to our  
7 Environmental Magnet School and a couple of the other  
8 schools, and our Sustainability Commission because we want  
9 people to be able to understand and be the leader in showing  
10 them how to be sustainable. So, we focused on different  
11 demonstration projects that had provided opportunity for  
12 businesses and residents that can replicate in their own  
13 properties and their own homes. The City has met with the  
14 CEC staff, focused on lighting, and lighting proposed  
15 projects do demonstrate energy efficiency to a public  
16 community through the simple concept, as Nancy had put  
17 earlier, "Change Your Lights, Change Your World." And,  
18 again, being in a mountain community where we have very long  
19 winter months, where the sun sets very early in the day, it  
20 seems like it is about 2:00, but it is actually about 4:00,  
21 but we have less daylight than most places in the state that  
22 are not in mountain communities. So, again, we have the  
23 lights on quite a bit, so we need to be as efficient as we  
24 can. Next slide, please.

25 The energy savings projected by CEC is 35 tons of

1 GHG annually, and we intend on finishing this project by  
2 December of '09, again, because we have a long winter ahead  
3 of us and we want to get ahead of the game and realize the  
4 savings as soon as possible -

5 MS. KERRY: December 2010.

6 MAYOR LOVELL: Excuse me, I do not know why. I beg  
7 your pardon, thank you.

8 MS. KERRY: The Skin Run Blvd. is an important  
9 roadway in our city, it is a boulevard that is in the center  
10 of town and it connects Heavenly Ski Resort to the Lake, and  
11 it is a main thoroughfare where there has been a skin run  
12 business improvement district, and the lighting is critical  
13 in this area because it is a mixed use area, the only one  
14 that we have here in the City, and it traveled by both  
15 residents and visitors, there are ski shops and restaurants  
16 and homes, and hotels, and a whole variety of different  
17 businesses here, and the lighting is not only a safety  
18 issue, but it is important for an energy efficient issue.  
19 There is approximately 600,000 cars that travel up and down  
20 Ski Run Blvd. every winter, and the business improvement  
21 district has just recently branded their district as "On The  
22 Run," the Ski Run Blvd., and they will be hosting for the  
23 first time events throughout the year, particularly in the  
24 winter months during the evening, there are 88 tall  
25 decorative pedestrian lights, and the current usage is 170

1 watts, replaced with LED 56 watts, and the demonstration of  
2 outcome is the LED cost benefit and pedestrian impact on the  
3 lighting opinions, it is a huge safety issue for us. Next  
4 slide, a few pictures of the area for you.

5 MAYOR LOVELL: So, you can see the LED retrofit and  
6 this is a critical roadway, as we mentioned.

7 MS. KERRY: Next slide.

8 MAYOR LOVELL: And here is what the retrofit looks  
9 like.

10 MS. KERRY: And you see the pedestrian lights on  
11 your right there, circled in red.

12 MAYOR LOVELL: And we have a standard with our -  
13 since we are the most regulated environmental community in  
14 the nation, and so we have standard lighting that we have to  
15 uphold, and the type of lighting, and how much lighting, so  
16 the new LED custom retrofit is a great example of meeting  
17 that standard and exceeding it.

18 MS. KERRY: Next slide, please.

19 MAYOR LOVELL: So, you can see the custom LEDs that  
20 Mayor Lovell was just speaking about, so one on the right is  
21 a sample, the one on the left is what it currently looks  
22 like.

23 MS. KERRY: Next slide.

24 MAYOR LOVELL: The City has high wattage fluorescent  
25 lights in most of the buildings similar to most businesses,



1 but what is a little bit unique for us is our city  
2 essentially was built up during the '60s for the Winter  
3 Olympics over at Squaw Valley. All the motels and  
4 businesses are - and city buildings, for that matter - are  
5 over 50 years old, or reaching that life span, and so this  
6 is a great opportunity to start to help our community and,  
7 in our own city, we have seven different buildings because  
8 we never were able to build the City Hall. Our city offices  
9 are here at the Airport and, of course, we have three fire  
10 stations, the Motor Pool Buildings that we talked about,  
11 that is our auto shop area, and we have Administrative  
12 Offices in another location, Building and Planning, so the  
13 lighting is critical because we are so spread out. So, we  
14 are trying to reduce our carbon footprints as much as  
15 possible, but lighting is one of those areas of being more  
16 efficient. So we replaced the fluorescent lighting with  
17 those LED lights in the Motor Pool Building, and right now  
18 the workers are under these extremely bright lights all day  
19 long, and to replace the standard, all switches with motion  
20 detector switches, which are the Wattstoppers.

21           The demonstration outcome? The LED cost benefit.  
22 Wattstopper cost benefit, employee impact. I also want to  
23 point out that the Motor Pool Building is not a pool,  
24 because we had some questions about that - it is not a pool,  
25 as you can see on the next slide, that is a picture of that

1 building and I talked about those lights there.

2           So, you can see from those pictures how valuable  
3 this grant will be, to be able to replace these lights in  
4 this area that is used, and these guys start at 7:00 in the  
5 morning and often work until the late hours of the night,  
6 depending on if we have breakdowns with the snow equipment  
7 in the winter time.

8           MS. KERRY: Next slide, please.

9           MAYOR LOVELL: The overall projection outcomes,  
10 which is the demonstration project will evaluate the  
11 financial cost benefits, including the maintenance, the  
12 installing of the LED to provide community evidence for our  
13 own LED projects, the demonstration will evaluate energy  
14 cost savings compared to actual providing evidence to the  
15 community. The CEC estimate of 30 tons, 35 tons GHG  
16 reduction, and the 6,000 direct energy savings, which is the  
17 maintenance savings could be as much as another \$5,000 a  
18 year, expect increased percentage in property owners  
19 installing LED, again, it is education and providing them -  
20 showing them the leadership and that we are going to  
21 demonstrate how valuable the savings can be. The jobs  
22 created from the \$131,000 includes supporting the LED  
23 manufacturing retrofit companies. But it is even more than  
24 that, it will help keep employee jobs because we are going  
25 to be doing all the installation ourselves with our Parks

1 and Recs and Public Works Departments. So, it is not just  
2 about changing the lights.

3 MS. KERRY: Next slide, please. So, I will just  
4 mention that you had asked what the challenges were  
5 regarding this grant process, the only one I really would  
6 mention is that it took quite a while to get an actual  
7 formal notification of the award, and that delayed - we have  
8 to amend our budget, so, you know, two different governments  
9 trying to work together, that is all. And next slide,  
10 please.

11 MAYOR LOVELL: So the next slide talks about our  
12 City Sustainability Project, again, and the South Lake Tahoe  
13 City focus has been to really take the lead here and the  
14 establishment of not only a Sustainability Plan, Commission,  
15 the efforts to adopt these green building standards and  
16 policy, that the City's energy challenges stem from being  
17 spread out among, as I mentioned before, many buildings  
18 throughout the community. Currently on the list of energy  
19 audits from CEC, which is really important to us to be able  
20 to get funding to do this energy audit, and recently the  
21 Parks and Rec Department utilized the California Energy  
22 Commission's State Energy Program loans to construct an  
23 innovative energy project that leverages energy from one  
24 building to warm and cool the other building. This is the  
25 city's future, and energy efficiency will depend on

1 consolidating operations to locations improving these very  
2 old buildings. One of the Fire Departments, well, when I  
3 was a little girl, it was an old building and you cannot see  
4 me there, but that was a long time ago.

5           So we appreciate everything that you have done to  
6 assist us and we look forward to working with you in the  
7 future, and hopefully that we will be able to provide to you  
8 how much we want to be able to make these changes. I would  
9 like to just quickly read the Vision Statement that the City  
10 has, and it says, "By 2028, South Lake Tahoe is an  
11 efficient, clear, complete connected biodiversity, healthy,  
12 aware local and green community. Looking back from the year  
13 2028, South Lake Tahoe will become a national story,  
14 successful because communities and public agencies made a  
15 concerted effort to invite investment that improved the  
16 region's competitive position and image, while moving the  
17 city towards a more sustainable future. Gateways and places  
18 have been enhanced, and Highway 50 has been transformed into  
19 an interconnected series of pedestrian oriented, mixed use  
20 interest, served by efficiency," and lighting is part of  
21 that efficiency, "...and convenient transit and connected to  
22 adjacent neighborhoods. South Lake Tahoe has become a  
23 nationally recognized and bicycle friendly community." But  
24 we have to have good lighting for that. "By 2028, the City  
25 has made significant advances towards sustainability that

1 meets by 2028. The City has made significant advances  
2 toward sustainability that meets the needs of present  
3 communities without compromising the needs of future  
4 generations." And the City Council has just recently added  
5 that we are going to select two students from our  
6 communities to also sit on our Sustainability Commission,  
7 because if we start with our youth, we show them how and  
8 what we are doing to be more energy efficient, it will be  
9 common for them. Thank you very much.

10 CHAIRMAN DOUGLAS: Well, thank you very much, Mayor  
11 Lovell. And I really appreciate your being on the phone to  
12 tell us about your great questions, and I have a few  
13 questions for you.

14 MAYOR LOVELL: Do you mind if I allow staff to  
15 answer those? I have another meeting up here.

16 CHAIRMAN DOUGLAS: Absolutely.

17 MAYOR LOVELL: Okay. Thank you so very much and  
18 staff has done a fabulous job and I want to thank them so  
19 much.

20 CHAIRMAN DOUGLAS: Absolutely. Thank you.

21 MS. KERRY: Thank you, Mayor. We are here to answer  
22 your questions.

23 CHAIRMAN DOUGLAS: Yes, so one question is, it  
24 sounded to me, but I wanted to verify that, in your case,  
25 you identified the project or the lighting focus of your

1 project out of a sustainability initiative, including  
2 community forums, and so on, that really predated the ARRA  
3 funding being available, and was part of your own city  
4 planning processes?

5 MS. KERRY: That is partly correct. That community  
6 forum and process, and the plan that resulted from that,  
7 produced a pretty comprehensive overall look at  
8 sustainability, which part of that obviously was energy  
9 efficiency. We had that on our radar screen, but it was  
10 actually the Energy Commission staff that came out here, and  
11 met with us to put together a really great meeting with  
12 people from all different parts of the community, and they  
13 came and we asked them, "Well, what do you think is actually  
14 the key to getting energy efficient, if you could just pick  
15 one thing?" And they said lighting. And they brought a  
16 great presentation and they showed us that basically that is  
17 where we came up with the phrase "Change Your Lights, Change  
18 the World." It is amazing to us that, if all you have to do  
19 is change your lights to get a reduction in GHG, maybe we  
20 could inspire the rest of our community to do it, but the  
21 cost of LED was prohibitive, then the grant comes out and we  
22 see that as an opportunity to connect the dots, taking grant  
23 funds, implementing a project the CEC thinks is a great  
24 idea, and they have already got the evidence to support it.  
25 We will show the community how they can do it in their

1 businesses, and then their own lighting opportunity, and we  
2 just kind of connected the dots that way.

3 CHAIRMAN DOUGLAS: Thank you, that is great. And I  
4 also asked the previous presenter, what detail can you give  
5 us about actual jobs created, so stepping back from the DOE  
6 formula for the moment, you mentioned that you are trying to  
7 do as much as possible to work in-house, can you give us a  
8 sense of how many FTE, Full Time Equivalent, or how many  
9 people that is over the next year or two?

10 MS. KERRY: I can. You know, our grant was only  
11 \$131,300, so we are not going to create a job with that  
12 because we spent all the money on the job, so we are taking  
13 in-house staff and helping to offset their salaries with  
14 just a little over \$29,000 is directed towards  
15 administration, the salaries to install the equipment,  
16 leaving \$100,000 for all the lights and equipment. So, we  
17 are saving the current jobs, obviously. State cities are  
18 suffering financially, so that is going to offset our  
19 General Fund by \$30,000, just about, but we are also driving  
20 those funds - that \$100,000, then, is going to help small  
21 businesses that are producing these lights. So we see that  
22 job creation is on both sides - saving current jobs, but  
23 stimulating the small business.

24 CHAIRMAN DOUGLAS: And the small businesses that are  
25 manufacturing these lights, can you tell us, or do you have

1 specificity on who they are, and where they are at this  
2 point?

3 MS. KERRY: We do, and that is we have been seeing a  
4 lot of interest. Once we got the grant funds and put out  
5 our press release, in fact, even today someone pulled our  
6 presentation off your website and contacted us, so we have  
7 not contracted with anyone yet, we just signed a standard  
8 agreement about a week and a half ago, and we will go out  
9 for bids, but we are asking, you know, obviously, all the  
10 small businesses - we are putting the word out we want to  
11 contract with them, and I am sure it would help them quite a  
12 bit.

13 CHAIRMAN DOUGLAS: I am sure it would. Thank you.  
14 That is all of my questions. Are there other questions?

15 MS. KOROSEC: Any questions from anyone in the room?  
16 We have nothing on WebEx, so I think at this point, I would  
17 suggest we break for lunch and reconvene at 1:15 if that is  
18 all right.

19 CHAIRMAN DOUGLAS: That is great.

20 MS. KERRY: Thank you.

21 MS. KOROSEC: Thank you.

22 (Adjourned at 12:16 p.m.)

23 (Back on the record at 1:23 p.m.)

24 MS. KOROSEC: Let's go ahead and get started and  
25 then, I believe, Chairman Douglas will join us when she is



1 able to do so. So, welcome back after lunch. Our first  
2 speaker here after lunch is going to be Mr. John Sherbert  
3 from the Town of Moraga. Mr. Sherbert.

4 MR. SHERBERT: Thank you for the opportunity to  
5 share our experience with the EECBG grant process. I am  
6 first going to have to ask you to kind of adjust your scope  
7 and scale of things downward, after looking at some of the  
8 prior presentation material. We are not in that same  
9 ballpark. We are a small community. We have got a total of  
10 16,000 some odd residents, about 50 square miles, so we are  
11 talking pretty small, and basically a commuter or a bedroom  
12 community, if you would, to the San Francisco area. We have  
13 got seven town buildings, so not a lot of floor space to  
14 deal with, we also have 38 total employees, this is  
15 inclusive of the Police, Public Works staff, everybody. So  
16 we do not work with a lot of resources. Our typical annual  
17 total operations budget is around \$6.5 million, so, when we  
18 see an opportunity to use grant funds to resolve some of our  
19 outstanding problems, we wanted to jump at it.

20 In approaching the potential or the possibilities,  
21 we had already been looking at some of the buildings that  
22 have a lot of high energy use and trying to figure out how  
23 we might reduce that. In our particular case, the three  
24 largest buildings in town would be the Library, the Town  
25 Office and Police Department, and finally, the Parks and

1 Recreation Building. We looked at how we might focus in on  
2 what was causing our high energy use and, in large part,  
3 that was, as is typical, and as you have heard before, HVAC  
4 systems that were not particularly efficient, or somewhat  
5 old, our exterior lighting, and our building insulation  
6 which was suspect since the buildings were built 30 to 40 to  
7 50 years ago. Standards were considerably different at that  
8 time, so the insulation levels in the buildings are modest.  
9 Our interior lighting had been upgraded a couple years ago  
10 based on another project sponsored by PG&E and ABAG.

11           So, when we started looking at the opportunity  
12 provided to us with the grant funding, we started rank  
13 ordering the number of projects that we had to work with.  
14 We kind of assumed that we would have many more projects  
15 than we had funding, and that was typically the case, so we  
16 had to focus in on the heavy hitters, and in our case we  
17 selected a list of projects, as you see in front of you,  
18 HVAC upgrades for two buildings, to the tune of a little  
19 over \$100,000, lighting upgrades in our parking lots, and  
20 interior control system for lighting to the tune of  
21 approximately \$60,000, upgrading our building insulation in  
22 the Library and Parks and Recreation Building, and finally,  
23 our big splash, putting pv panels on top of our Town Hall  
24 and Police Department to help offset some of our electrical  
25 usage. The total came to about \$390,000 and, to fund all of

1 that, we first looked at the EECBG Grant of \$93,400, this  
2 was the maximum allocated to us, then we went for California  
3 Energy Commission's 3 percent loan, and by the time we added  
4 the utility rebates and the small portion the town could  
5 actually allocate, we managed to reach the total so that we  
6 could actually fund these projects. There were other  
7 projects we looked at that either did not have the payback  
8 or did not have adequate funding by the time we ran out of  
9 money.

10 Now, after we get to implement all of these  
11 projects, we are looking at the potential savings for us, a  
12 lot of money, to the tune of about \$21,000 per year. Put  
13 this in the context that, for major buildings, our  
14 expenditures are around just shy of \$70,000, so this is a  
15 major savings for the town. And in the context of that \$6  
16 million budget, this is a real benefit. That breaks down in  
17 terms of about a 17 percent reduction in electrical usage,  
18 about a 30 percent reduction in natural gas -- I will add a  
19 few points to that in just a second -- and following with  
20 the request, we reduced our greenhouse gas by about 88  
21 metric tons. So, for our small footprint, that was a  
22 significant savings. I talk about reducing the natural gas  
23 by what appears to be a disproportionate share, one of our  
24 buildings - actually, our Park and Rec Department Building -  
25 two-story, built sometime in the '20s, modified many many

1 times over, heated by forced air gas heating, our furnace is  
2 downstairs, to say that they are inefficient and functioning  
3 poorly is being generous. This past winter, we were able to  
4 reach 50 degrees downstairs with electric heaters plugged  
5 in. So this is a substantial benefit for us, and one the  
6 town could not have afforded without benefit of this  
7 program. So, when I say we really appreciate the  
8 opportunity, we really appreciate the opportunity! So, we  
9 are improving the building's efficiency at the same time of  
10 making that particular building much more useful. It  
11 represents our shared space for community uses, as well as  
12 our park and recreation office. In our Library, for  
13 example, it was built in the '70s, and for whatever reason,  
14 they did not insulate the roof, so essentially we were  
15 heating and cooling the attic in the main building, so I am  
16 anticipating that we are going to save potentially even more  
17 than the numbers are reflecting.

18 In terms of adding jobs, it is very difficult at our  
19 scale to really reflect how many jobs we added because we  
20 are really not that large, so I represented it as 130 days,  
21 that is eight-hour days, of work that we are adding to the  
22 local economy. Again, hard to put into terms of a full-time  
23 worker.

24 Some of the challenges that we ran into with this  
25 program, however, as probably other speakers have mentioned,

1 the changing requirements, as the application documentation  
2 was being finalized, we had already started the process of  
3 trying to assemble the material and put the application  
4 together, so we had to back out and do a lot of extra work,  
5 and then, when we got the request for including prevailing  
6 wages as a part of the application, it pretty much stopped  
7 us in our tracks. At this point, we had not officially bid  
8 any of these jobs, they were strictly on the design stage of  
9 the process. So, to add this level of detail required of us  
10 to go work with small contractors in the local area, request  
11 that they informally bid these jobs so that we could  
12 assemble the titles, the prevailing wage rates, and actually  
13 feed this information into the process, this is all done  
14 without compensation to these contractors, we are  
15 essentially looking at small mom and pop outfits that could  
16 ill afford to take that extra time - not that we could, we  
17 kind of had to put everything on hold during the months of  
18 December and January in the Engineering Department to be  
19 able to respond to this.

20 The other issue is trying to determine what the  
21 projected savings might be. We had elected to go the route  
22 of energy efficiency project rather than the ordering off  
23 the shelf. Part of this was because of the need to insulate  
24 our buildings, upgrading the HVAC would not really be very  
25 effective if we had not insulated, so we wanted to do a

1 total package, but that required considerably more or a  
2 higher level of analysis, and many of the tools just are not  
3 available to small agencies like us. We accessed the Web  
4 and did our best in terms of finding Web resources, and we  
5 had some mixed success. And at this stage, I have to throw  
6 a plug in to the Energy Commission staff because they were  
7 really helpful, did not always have the answers for us when  
8 we needed them, but they really put out the effort.

9           The third item I wanted to point out was the issue  
10 of contracting. For the Town of Moraga, since we are so  
11 small, and our projects are typically going to be small,  
12 contracting is going to be an issue for us. The Federal  
13 requirements, as currently published, typically include  
14 paragraph after paragraph after paragraph, and sometimes  
15 page of required clauses in order to meet the prevailing  
16 wages, the equal opportunity, and so on. While I absolutely  
17 agree with the need to ensure that those programs are met,  
18 adding this level of detail to our contracts represents a  
19 significant burden to the very target contractors that we  
20 are looking at. Again, typically we are trying to keep this  
21 in the local area, and most of these contractors are small.  
22 They might have half a dozen workers and maybe two or three  
23 office staff. In addition to the burden it places on the  
24 town staff to be able to coordinate all of this, each one of  
25 those contractors has to also put additional staff,

1 administrative burden, on their project to try to respond  
2 back to us and maintain all of the reporting requirements  
3 and so on. What this has resulted in is our loss of a  
4 number of the universe of contractors, they just flat out  
5 will not bid because it is just too small for the amount of  
6 profit they are liable to get to be able to support the  
7 level of overhead. That poses a little bit of a problem.

8           One of the other issues that I will throw out there  
9 is competitive requirements. We clearly stated that we have  
10 to go out for bid and go through this whole process. No  
11 argument with that, whatsoever. Ah, speaking a little  
12 softly, am I? Okay, one of the other issues we have is for  
13 the town. We contract our streetlight maintenance through  
14 PG&E and they do the installation, they do the maintenance,  
15 and everything else. At this stage, I am not sure we even  
16 have the opportunity to competitively bid that because the  
17 PG&E rates for those streetlights includes that maintenance.  
18 So, for us to go out on a competitive basis, I suspect,  
19 would run afoul of those rates. So, we are going to have to  
20 work through that somehow.

21           Some of the just general observations at this point,  
22 the grant, the loan, the combination of rebates, and so on,  
23 is going to give us the opportunity to save some significant  
24 money on energy. I mentioned before that the Energy  
25 Commission staff has been very helpful in helping us get

1 from the application stage to the award stage. But now is  
2 where the real burden comes in. For smaller agencies using  
3 a federally funded grant is almost too much. I represent -  
4 well, there is the Town Engineer, there is me as the  
5 supporting engineer, and a staff person, or Staff Clerk.  
6 That is our Engineering Department. We have to maintain the  
7 town and, at the same time, we are trying to take advantage  
8 of this opportunity. The paperwork is basically going to be  
9 done on my time. And, you know, I am not sacrificing for  
10 that, I really believe in this, but I want to be very clear  
11 that this is a burden and for it to be a real help to all of  
12 the agencies, being very much aware of the administrative  
13 burden. The other thing that we concluded is, the whole  
14 process seems to be very heavily oriented towards the larger  
15 contracts, the larger agencies, where even the contract  
16 process speaks to contracts in excess of \$100,000. We will  
17 have one contract that will be over \$100,000. Most of our  
18 contracts will be between \$2,000 and \$5,000. By the time I  
19 wrap in all of these processes, I am just hoping I get some  
20 bids.

21           Every time the process changed from either the  
22 federal level or the state level, it required a lot of churn  
23 in the application in providing additional detail, and so  
24 on. That represents an unrecoverable administrative burden  
25 to the agencies. While in many cases that may not be



1 significant, in ours, it was very significant. So, I would  
2 ask that, going forward, that as a whole, the whole process,  
3 we should look at minimizing the changes once this process  
4 starts, not only in terms of the levels of detail, but also  
5 in terms of the scope. We need to differentiate between  
6 what is nice to be able to report and what is really  
7 required. Nice to have stuff -- maybe what we need to do is  
8 establish thresholds. If you are a larger agency, report  
9 this stuff; if you are a smaller agency, it may not be  
10 significant in the greater scheme of things, so let's not  
11 have to go through the process and the push-ups of  
12 accumulating. Seriously, when we add all of the  
13 administrative burden, it does start to make me wonder if  
14 the reporting requirements have not exceeded the value of  
15 the grant. So, with that, are there any questions?

16 COMMISSIONER EGGERT: That you very much, Mr.  
17 Sherbert. And I appreciate your candor on all the  
18 challenges and observations. I think, you know, trying to  
19 find that balance between process, oversight, quality  
20 assurance, and you know, ensuring that the money is spent  
21 properly and such, is definitely one that I think is sort of  
22 a constant challenge, and particularly for the smaller  
23 projects and jurisdictions like yourselves. One question I  
24 had, I noted that you were able to combine the Block Grant  
25 with the 3 percent - I assume that is an ECAA loan - and

1 could you say anything about how difficult or easy or  
2 bringing those two sources of funding together to actually  
3 execute this program and this project?

4 MR. SHERBERT: That was an issue for us. Given the  
5 two requirements are somewhat different requirements for the  
6 loan, the loan had to be paid back through savings, so that  
7 was its predominant screening device. The grant was trying  
8 to save through the BTU, so I went through many iterations  
9 of spreading the payment, or the funding, for each  
10 individual project across the rebates, Town funds, loan, and  
11 Block Grant, so that I could, in fact, meet all those  
12 thresholds and be able to secure the funding for the total  
13 project. I think we ended up with six iterations to match,  
14 or to make it match, which was difficult enough on the front  
15 side in the implementation now, I am going to have to follow  
16 that for all of my reporting, so I am going to be breaking  
17 down each contract by its proportionate share of loan  
18 amounts and grant amounts, so that I am following the  
19 reporting to match my obligation.

20 COMMISSIONER EGGERT: So I imagine you have a pretty  
21 sophisticated Excel spreadsheet somewhere that you are -

22 MR. SHERBERT: It is about 12 layers thick.

23 COMMISSIONER EGGERT: So, you had also talked a  
24 little bit about some of the tools, you know, trying to  
25 search for specific tools and evaluating, I guess, it was

1 sort of the opportunities that might exist for investment in  
2 the efficiency changes. Can you maybe spend a little bit  
3 more about what you were able to find, what worked, and what  
4 did not work in that context?

5 MR. SHERBERT: Okay. Let's just kind of go through  
6 the listings for the HVAC. Those kinds of projects, we were  
7 not really able to find any tools other than going to both  
8 the potential vendors and we have a mechanical engineer that  
9 we have on contract to be able to determine what the likely  
10 improvement in efficiency and therefore cost savings would  
11 be. That one was perhaps the most troublesome, just because  
12 it required all the inputs from a number of different other  
13 folk. The insulation was an interesting one in that there  
14 are a lot of tools out on the Web to estimate savings from  
15 increasing insulation, most of which are oriented towards  
16 residential. So, we made them work, but I think it was  
17 somewhat creative to try to get the inputs to fit. The  
18 lighting was pretty straightforward, most of the vendors  
19 that are out there do provide energy savings in terms of  
20 conversions from conventional high intensity discharge-type  
21 fixtures to either LED or induction, so we were able to work  
22 with that one pretty directly. And then, the photovoltaic,  
23 that has always been a hard word for me to put together, we  
24 used a number of - we had three different contractors we  
25 talked with and each, of course, gave us a slightly

1 different version, so we had to interpolate between those,  
2 and then I worked with the Commission staff to refine the  
3 numbers based on the Commission's experience with the actual  
4 implementation. So, there was a lot of engineering  
5 judgment, shall I say?

6 COMMISSIONER EGGERT: And then you had - that is  
7 actually really helpful - you had also mentioned the issue  
8 with the street lights and the PG&E contract. I know this  
9 has actually come up in other projects and I would be  
10 curious if - you said there might be issues of the terms of  
11 that contract and the ability to go to other parties for  
12 upgrades. Maybe at some point you could share those - if  
13 you would be willing to share those with us, I think we  
14 would be interested if that does become a problem, or a  
15 challenge, I should say.

16 MR. SHERBERT: Well, I think it is going to be a  
17 problem right from the initial work. We have a proposal  
18 from PG&E to do the change out of our arterial streetlights,  
19 all 48 of them, for changing to LED's. As I understand,  
20 however, there is the clause that I am supposed to go out  
21 for competitive bid, and I am really not sure how I can do  
22 that since PG&E owns the poles, so I cannot very well say I  
23 am going to have an independent contractor working on a PG&E  
24 pole for a PG&E - for a Town owned streetlight that PG&E  
25 maintains. I have asked PG&E what their thoughts have been,

1 I have not heard back as yet, but I suspect they are  
2 struggling with that question, as well. We would certainly  
3 be open to guidance from the Commission. The requirement  
4 for competitive bid there just does not seem feasible for  
5 us.

6 COMMISSIONER EGGERT: Okay, and hopefully our staff  
7 can follow-up on that item. I think those are all the  
8 questions I had. I do not know if, Laurie, if there are  
9 any. Again, I really appreciate your taking the time to  
10 come in and, I think you are right, the unique challenges  
11 that exist on these smaller projects, it looks like you were  
12 able to overcome some of those challenges and put together  
13 what looks like a great package of activities. So, thanks.

14 MR. SHERBERT: Thank you.

15 MS. KOROSEC: All right, we will be moving on now to  
16 Mr. Coburn of Nevada County.

17 MR. COBURN: Good afternoon. My name is Tom Coburn,  
18 I am the Facility Manager for the County of Nevada. I would  
19 like to thank you for the opportunity to come here to tell  
20 you about some of our experiences through the loan program  
21 and for the EECBG grant opportunities.

22 I want to give you a quick overview of Nevada  
23 County. We have a population of 98,000 people, 978 square  
24 miles, three cities, Nevada City, Grass Valley, and Truckee.  
25 We have 500,000 square feet of facilities, 60,000 square

1 feet of lease space, 836 full-time employees, and our annual  
2 balanced budget is \$180 million. I am going to kind of run  
3 you through the process. It has taken almost three years  
4 for us to get to this point. We want to focus on our two  
5 largest facilities, our Administration Building and our  
6 Jail. In 2007, the Energy Commission commissioned an energy  
7 study for the Administration Building and the Correctional  
8 Facility. The study covered replacement of HVAC equipment  
9 package units, lighting, boilers, HVAC controls, vending  
10 machines. We also did a study of the possibility of a  
11 central plant serving both facilities since they were on a  
12 joint campus, but that proved not to be a feasible  
13 opportunity because of the cost. But the Energy Commission  
14 was very willing to investigate that and come back with the  
15 facts, and we really appreciate that.

16           This is a picture of our Eric Rood Administration  
17 Building, 103,000-square-feet, it was built in 1988. The  
18 HVAC equipment in the building is 22-years-old, the lighting  
19 is first generation T8, no occupancy sensors, and no LED  
20 exit signs. The building was designed to have two 1.25  
21 million Btu boilers, but they only put one on the roof, so  
22 energy savings there, but the system did not work very well  
23 for the last 22 years. It does have a digital control  
24 system, but it is kind of inadequate to run the building as  
25 it should be ran.

1           Here are some of the equipment we have roof-top HVAC  
2 package unit and our boiler system. This is our Jail  
3 facility, Wayne Brown Correctional Facility, 69,000-square-  
4 feet, opened in 1991. The study showed that the HVAC  
5 package units were at the end of their lifecycle, about 19  
6 years running 24 hours a day, they were about there. First  
7 generation T8 lighting, domestic hot water boilers were  
8 inefficient, and the HVAC controls were outdated. Here is  
9 kind of a picture of the equipment on there, again. Again,  
10 HVAC, air handlers, boilers. These are three trucking  
11 facilities that we have, they are all on the same campus,  
12 all the lighting that they have for those three facilities,  
13 they have never done an upgrade all at once, and they have  
14 been onesies, twosies. There is a Sherriff's facility, a  
15 Library, Administrative Building, and Courts facility on  
16 that campus, so we plan to upgrade all of that.

17           In 2009, the Board of Supervisors adopted the Nevada  
18 County Energy Plan. I recommended everybody have an Energy  
19 Plan, it is a great way to get everybody on board, on the  
20 same page, it is easier to take back things and say, "It's  
21 in the Energy Plan, that's why we're moving forward this  
22 way." The goals of the Energy Plan was to improve energy  
23 efficiency, reduce greenhouse gases, address renewable  
24 energy, improve transportation efficiencies, and water  
25 conservation.

1           So, Nevada County felt it was in our best interest  
2   for us to partner with somebody, so we solicited for an  
3   energy service company, an ESCO. We did a competitive RFQ.  
4   There were two parts to this RFQ, one was the first phase,  
5   it was a new boiler and chiller in our Courthouse, phase two  
6   would be the Administration Building and the Jail facility.  
7   We did complete the Courthouse facility in 2009, and the  
8   project went very well, without any surprises. So we had a  
9   need, we had an assessment done, we had an Energy Plan, we  
10   had identified an ESCO, but we will did not have the money  
11   to move forward and go with our projects until this time.  
12   So, with the introduction of the Stimulus funds, it gave us  
13   a bump to get the ball rolling. We felt that, if we did not  
14   apply for the energy loan at that time that the funds would  
15   not be available for very long and that has kind of held  
16   true, the funds got used up in the loan programs, so we were  
17   fortunate to be able to get a portion of that. Our loan  
18   amount is about \$1.486 million and \$273,291 in EECBG grant  
19   dollars. This allowed us to move forward with our project.

20           So, the Administration Building was 100 percent  
21   funding through the energy loan, the Jail facility was 48  
22   percent EECBG, and 52 percent energy loan, and the Trucking  
23   is 100 percent EECBG. So, we have already started our  
24   Administrative Building, the work on there, because that is  
25   purely loan, and we are holding off on the other facilities



1 until we get the final go ahead to proceed with those  
2 projects.

3 Kind of a timeline, in September of '09, we  
4 submitted our loan application. It was approved in March  
5 2010, and work started in May of 2010. We have completed  
6 our lighting retrofit of the building, the boilers have been  
7 replaced, and the HVAC equipment should be here by the end  
8 of the month, we will continue to put that on. The total  
9 project should be done by the end of September.

10 Our timeline for EECBG grant, in November we  
11 submitted our application, we were the first county to  
12 submit our application in the process. In April, we had the  
13 CEC approval of our application, and yesterday, a great day  
14 yesterday, the application was signed. So I have not seen  
15 it yet, it is in the mail.

16 So our project outcome - what do we get for all this  
17 effort? We now have an annual loan payment of \$166,700 for  
18 the next ten years, but our annual savings will be \$181,743,  
19 and greenhouse gas reduction of 704 tons per year, plus the  
20 fact that we have the new equipment on the roof, comfort  
21 levels for the staff and employees are much better,  
22 maintenance is much easier on the equipment, so it is good  
23 all around.

24 So key insights, let me start off by thanking the  
25 Energy Commission staff, they have all been helpful and

1 responsive, especially Akasha [phon], she has done a  
2 wonderful job in getting us the information; she may not  
3 have the answer, but all the staff have gotten back within a  
4 short period of time with the current status of things, and  
5 kept us updated. That was a refreshing part of this  
6 challenge that we have been in.

7           One of the challenges that we have faced, as we  
8 turned in the application, you think you turn in an  
9 application and you are done with the process, but the  
10 process just went on and on and on and on. Lots of changes,  
11 lots of updates, lots of changing dates because the dates  
12 you would put in before had now passed. That made it a  
13 little bit difficult, a little discouraging in where we were  
14 going and what we were doing.

15           What would we do different in the future? I do not  
16 know in the future if I would strive to have the first  
17 application in, to work that hard, because we kind of became  
18 a guinea pig for everybody else. It was scrutinized  
19 thoroughly, everybody had input on it, but it seemed to be a  
20 bit over-scrutinized, and so I do not know if I would do it  
21 that way again, I think I would wait and be the middle of  
22 the pack kind of guy.

23           And what would we suggest the Energy Commission do  
24 differently in the future? Again, the scrutiny of the  
25 projects, the Jail design was scrutinized by the Energy

1 Commission when they did the initial study, it was looked at  
2 again by the Engineers from the ESCO company as they  
3 designed the feasibility study, it was looked at again for  
4 the EECBG grant, and it was looked at again for the loan.  
5 So there is a lot of looking at the same thing. I would  
6 agree that, if we could parallel the grants with the loans,  
7 then the requirements and information would have been a much  
8 better process to bring things together. It would have  
9 helped if the design had been cemented better from the  
10 beginning on the process, it would have helped us to keep  
11 our feet on the ground and know what to expect, and keep the  
12 surprises down. I know it was a very difficult time. The  
13 dates were thrown out there and the push was to get it done.  
14 It would have just been much easier to have been a little  
15 later and had more of a concrete package to be able to turn  
16 in to you.

17           And then, another scary part coming up is the  
18 frequency of the reporting, you know, I know we need to  
19 gather this information, it is very important, but having  
20 the information due three days after the end of the month, I  
21 do not know how I am going to be able to really do that,  
22 especially on the prevailing wage reporting, to get the  
23 contractors to get all their information, all the way down  
24 to the subcontractors in. It may be difficult.

25           So stimulating the economy and create and retain

1 jobs in California, we are fortunate with Aircon Energy of  
2 Sacramento, that is our ESCO, they are willing to use our  
3 local suppliers for the performance of their work, it has  
4 worked out very well in the past and helped our local  
5 economy. I am sure we would not be ordering these HVAC  
6 equipments, boilers and chillers, or boilers and lighting  
7 retrofit products, if the Stimulus package had not gone  
8 forward, it would have been down the road when we found  
9 additional funding. So, it did stimulate the economy across  
10 the nation in the manufacturing industry and other places.  
11 Aircon Industries is out of Sacramento, so there is local  
12 Sacramento stuff that is purchased, and employees and things  
13 that continue to grow.

14           One of the questions asked was the number of jobs  
15 created, and it is really a difficult thing to - there are  
16 some formulas that are floating around over there to use, it  
17 is going to have to be an exit poll for us. We are going to  
18 poll each of our contractors, subcontractors, and suppliers,  
19 and we are going to try to determine from them if it saved  
20 any jobs. I know a couple examples that it has saved some  
21 positions and extended them on out, people that were going  
22 to be laid off now still have the job because of these  
23 projects, so there are success stories out there, I just  
24 cannot get those stories at this point, I have to wait until  
25 we get done with the project before we can supply those.

1           The last thing, achieving measurable energy  
2 benefits. Our philosophy in Nevada County is to do things  
3 that will help the people 20 to 40 years from now. Our  
4 actions today for this retrofit will save the county \$3.7  
5 million over the next 25 years in energy costs, alone. If  
6 these retrofits are successful, and the public can see that  
7 you can save money by investing in energy saving  
8 opportunities today, when they can be paid for with energy  
9 savings in the future, so hopefully that will continue on  
10 and we will continue to have projects. With challenges that  
11 come forth, "Why are you spending money on this kind of  
12 project?" We can lay that out and say, "This is proven  
13 evidence that this works and this is why we are doing that."

14           The other question was how to expend money  
15 efficiently with accountability and minimal admin burden.  
16 That is a tough question. The amount of time spent on the  
17 application through all parties, and the amount of time that  
18 is spent on monthly reports, is a huge burden and takes away  
19 from the amount of money that could be spent towards energy  
20 projects. With that said, as a public agency, we have to be  
21 held to the highest standards of accountability. If one  
22 dollars is misappropriated through poor oversight, then  
23 shame on the Energy Commission and shame on us sub-grantees.  
24 We just cannot stand for that to have any of the money  
25 wasted. But with that said, the oversight has just been

1 huge on these projects and we cannot help but think that  
2 money could have been saved by not having so much oversight  
3 into these projects.

4           Contributing to meeting California's energy and  
5 environmental goals? Nevada County is a small county, and  
6 the energy and environmental impact is minimal. In the big  
7 picture of things, we have to do our part. Our part is not  
8 going to be very much, but we have to still be there, and we  
9 have to do it. We need to save energy, reduce greenhouse  
10 gases, protect the environment, but it needs to be done in a  
11 cost-effective and responsible manner. This loan program  
12 and EECBG grant allows us to do our part in a very fiscally  
13 responsible way.

14           And then leveraged federal, state, local and private  
15 financing through partnerships. We were not able to do this  
16 on this program. We did apply for an SEP grant through  
17 cooperation with Nortec, but unfortunately we were not  
18 successful in that program. But we still are looking for  
19 other opportunities to partner with local cities, government  
20 agencies, anybody else we can partner with, to help them.  
21 And that is all I have. I can answer any questions you may  
22 have.

23           COMMISSIONER EGGERT: Thank you very much, Mr.  
24 Coburn. Let's see, I do have a question relating to the  
25 work that you did with the ESCO on the County Courthouse,

1 that was prior to?

2 MR. COBURN: That was prior to.

3 COMMISSIONER EGGERT: Okay. What was their role in  
4 the other projects? Or what is going to be the ESCO's role?

5 MR. COBURN: Well, the ESCO role, they do all the  
6 engineering and then the construction and installation of  
7 the projects, so they do the Feasibility Study, and then,  
8 when that is approved and moved forward and okay to go, then  
9 they will sign a contract to go ahead and do the  
10 installation on the work.

11 COMMISSIONER EGGERT: Good. For the County  
12 Courthouse activity, was that funded primarily through the  
13 energy savings in the contract with the ESCO?

14 MR. COBURN: Well, in order to be an ESCO, the  
15 energy savings has to pay for the project. That particular  
16 project was funded through courthouse construction funds and  
17 the County of Nevada funds, so, as the courthouse took over  
18 in that switch there. So that was prior to any of the  
19 Stimulus stuff going on, and any of that kind of money.

20 COMMISSIONER EGGERT: And then, do you anticipate  
21 using them or others for future projects along those lines?

22 MR. COBURN: As we move forward, yes. This will be  
23 the largest projects that Nevada County will take on, we do  
24 not have that many facilities of that size that we will need  
25 to take on this large a project for, so this is kind of the

1 big part.

2 COMMISSIONER EGGERT: Okay, well, we very much  
3 appreciate you being the guinea pig and, again, you know,  
4 recognize that, as we have heard, it was a challenging  
5 process with changes occurring throughout, some of which  
6 were pushed down upon us from the federal level, as well,  
7 and some, I suspect, that we made during the process. So  
8 getting these lessons for future activities is really  
9 helpful. So do we have any questions in the audience? Or  
10 online? No? All right, thank you very much for coming.

11 MR. COBURN: All right, thank you very much.

12 MS. KOROSEC: All right, now we will shift gears a  
13 little bit and move on to state level efforts, starting with  
14 Gabe Taylor of our Energy Commission staff, who is going to  
15 introduce our next two speakers.

16 MR. TAYLOR: Good afternoon, Commissioners,  
17 Advisors. My name is Gabriel Taylor, I am the Project  
18 Manager for an Interagency Agreement with the Department of  
19 General Services for a \$25 million Revolving Loan Fund.  
20 Pursuant to Public Resources Code Section 25471, \$25 million  
21 of the Commission's ARRA funding was transferred to the  
22 Department of General Services to achieve efficiency in  
23 state-owned buildings and facilities, and to long-term  
24 efficiency, energy conservation, energy cost and use and  
25 avoidance. The Department of General Services is primarily



1 responsible for the management of these funds, although I do  
2 sit on, along with my colleagues at the Department of  
3 General Services, on the committees approving the loans and  
4 reviewing the technical quality of these loans. I am going  
5 to turn this over to my colleague here, Lewis Dean, in a  
6 moment. But I did want to take this time to say real  
7 briefly, I would like to thank - sincerely thank - my  
8 colleagues at the Department of General Services,  
9 specifically Lewis Dean, Barbara Brown, and Patrick McCoy,  
10 for simply being incredibly reliable and enjoyable to work  
11 with, and for the professionalism and their energy in this  
12 project, and in addition, I would like to thank Maria  
13 Martinez, as well, for the same reasons. I think we have a  
14 really remarkable team in any large project like this  
15 between large state agencies. There can be many differences  
16 in culture and difficulties, but in this case, it has been  
17 really painless and very enjoyable. Lewis, I would like to  
18 turn this over to you now. And, also, after Lewis speaks,  
19 Maria Martinez from the Department of Corrections and  
20 Rehabilitation will speak, and I will pass her presentation  
21 out to the members on the dais.

22 MR. DEAN: Good afternoon. As Gabe mentioned, my  
23 name is Lewis Dean. I serve as a Program Manager for the  
24 Department of General Services. I have been involved with  
25 this program almost a year now, since last July, my Deputy

1 asked me to take it on and to work with the California  
2 Energy Commission in establishing the Interagency Agreement  
3 to collaborate with the CEC and the allocation of the \$25  
4 million of that DGS received. It has been exciting and very  
5 challenging, and I can relate to some of the comments that  
6 the gentlemen previous to me have relayed to the Commission  
7 about some of those observations and those challenges.

8           As Gabe mentioned, Public Resources Code 25471  
9 authorized Department of General Services to administer the  
10 loan fund for energy projects and state owned facilities, to  
11 achieve greater long term energy efficiency. The \$2.5  
12 million was provided to Department of General Services out  
13 of the \$226 million from the California Energy Commission  
14 American Recovery and Reinvestment Act of 2009. As I go  
15 through the presentation, I want to touch on - maybe  
16 highlight certain areas, what the objectives are of the  
17 program, how you can participate in the program, and what  
18 some of our successes are in terms of the energy savings of  
19 the loans that we have encumbered to date. In the  
20 Interagency Agreement with the Department of General  
21 Services and California Energy Commission, it was required  
22 that the Department of General Services establish a  
23 marketing program, so once the agreement was executed, about  
24 December of last year, we engaged in a marketing program  
25 with those particular departments that had substantial

1 portfolio buildings throughout the State of California. I  
2 have highlighted on this slide some of those departments,  
3 the Department of Motor Vehicles, Highway Patrol, Caltrans,  
4 Mental Health, Developmental Services, Parks and Recreation,  
5 Department of Corrections, and the California State  
6 University System.

7           The Interagency Agreement and the codification of  
8 the Public Resources Code criteria mandated that DGS  
9 administer this program to achieve certain criteria. In our  
10 administration of the loan fund in the State buildings, we  
11 were looking to achieve long term efficiency, energy  
12 conservation, energy cost reduction, and use avoidance,  
13 preserve and create jobs, invest in economically distressed  
14 areas, reduce greenhouse gas emissions resulting in lower  
15 energy usage, improve indoor air quality and worker comfort,  
16 economic stimulus by developing energy efficient projects to  
17 purchase 91 percent of domestic products and services, and  
18 make investments that have long term economic benefit.

19           In recent reports that we have done for the loans  
20 that we have encumbered to date, the job creation has been a  
21 big piece, I think, of the interest for the Federal  
22 Government, as well as the State Government, and based upon  
23 the formulas that have been provided to us, April, May and  
24 June, it has been an accretion of about 3.5 to 4 jobs for  
25 the loans that we have created to date for about \$1.3

1 million dollars.

2           How can departments participate in the program? On  
3 this slide, I have kind of highlighted some of the main  
4 elements of their participation and I get a little deeper in  
5 slides to follow as to what they have to do, specifically.  
6 Departments and agencies can utilize the loan program by  
7 submitting project information, as requested in the loan  
8 application. They must identify benchmarking criteria and  
9 energy audits where possible and necessary. The benefit of  
10 the loan program is that the departments must pay back the  
11 loan to the Department of General Services, but it is done  
12 at a revenue neutral position for those departments.  
13 Because of the energy savings, we work with the Department  
14 of Finance to benefit the departments from the standpoint  
15 that they would not need to augment any of the  
16 appropriations to use to pay the loans for this particular  
17 program. And that last bullet kind of says that the loan  
18 payments are structured to be cash flow neutral for the  
19 departments.

20           I will get into a little more detail now in terms of  
21 how a department can participate in the program. The loan  
22 application itself that we shared within our marketing  
23 program provided to the departments an application form, it  
24 highlighted the need for an Executive Summary that needed to  
25 highlight how the energy measures, that they were requesting

1 the loan information for, how the decision was made, and the  
2 technical information associated with that. It is very  
3 important for us that the commitment from that department or  
4 agency was from an authorized person who signed the loan  
5 agreement and contract that we would be entering into with  
6 the Department of General Services, and it was very  
7 necessary that calculations and assumptions to support the  
8 technical feasibility of the energy savings of the  
9 recommended projects also be a part of the loan package.  
10 That has proved to be very beneficial for us because, with  
11 the California Energy Commission, we have had several  
12 meetings with the Department of Energy Inspector General,  
13 and I think we can say, and Gabe can support me on this, is  
14 that, as we laid out our program to them, they felt that the  
15 way we had outlined our program and so forth, it would meet  
16 the test of an audit coming from the Inspector General for  
17 the Federal Government.

18 Continuing on how to participate in the program, we  
19 have a summary spreadsheet of energy measures in the loan  
20 package that highlights the project measures, identifies the  
21 payback period, identifies the energy savings, the life  
22 expectancy of the equipment that is anticipated to be  
23 installed, and identifies the rebate activities that the  
24 utility companies can be provided to buy down the loan,  
25 itself. And I must say that the utility companies, investor

1 owned utility companies and publicly owned utility companies  
2 have been very supportive of this program, have been working  
3 with the departments to benefit the programs in terms of  
4 buying down - to marry their programs and benefit the  
5 Department's programs for buying down the cost of the  
6 projects.

7           Also, we asked for the departments to get the  
8 estimated cost information for the purchase of the  
9 equipment, which flows into the actual project of the  
10 development which we include not only the hard costs, but  
11 also the soft costs associated with the delivery of the  
12 project, and the contracting process. We have, in the  
13 development of this program at Department of General  
14 Services, we kind of took two approaches. We had in place  
15 retro commissioning contracts that benefitted a quick start  
16 to get projects started quickly and ongoing, those projects  
17 were done via what we call a 45/25 selection process where  
18 we selected Airco and Cogent, which are energy companies to  
19 come in, that had already done audits on our buildings, so  
20 that we could translate those audits into very timely  
21 projects. The previous gentleman also talked about ESCOs,  
22 we also entered into an agreement with Johnson Controls,  
23 which is an ESCO company that Department of General Services  
24 can use with all the departments to benefit a timely audit  
25 and development of projects in their particular buildings.

1 Also, we had to comply with NEPA, the National Energy  
2 environmental process and also the California energy process  
3 for all projects.

4 We kind of described the initial \$25 million as the  
5 first cycle of funding and, in the first cycle of funding to  
6 date, we have entered into for the DGS Managed Buildings  
7 program about \$1.2 million towards the projects. We  
8 currently have a loan application in for \$2.6 million that  
9 is being reviewed by the Project Selection Committee that  
10 Gabe touched on earlier, that is a collaboration of  
11 Department of General Services and the California Energy  
12 Commission. We have also entered into a loan agreement with  
13 the California Department of Corrections for \$4.1 million  
14 worth of projects.

15 We are currently -- the ESCO that I described a  
16 second ago, which is Department of General Services hired  
17 Johnson Controls - in what we described as the DGS small  
18 buildings program, which we anticipate opportunities of  
19 about \$5.9 million. We will be receiving loan applications  
20 starting mid-July through the latter part of August for the  
21 Departments that you see on the screen now, with the  
22 allocations, DMV sites for \$2 million, Department of Water  
23 Resources, four sites, for approximately \$1.5 million of  
24 projects, California Highway Patrol, 36 sites, for  
25 approximately \$2 million of projects, Calfire, which is

1 California Department of Forestry and Fire Protection, three  
2 sites for about \$500,000, Department of Developmental  
3 Services on three campuses for approximately \$6 million of  
4 projects, and Department of Mental Health on three campuses  
5 for approximately \$3.4 million worth of projects. And with  
6 this activity, we hope to - it is going to be very  
7 challenging, but we are going to get it done in terms of  
8 meeting the spending of the \$25 million for that first cycle  
9 of funding. Some of the energy savings criteria in the  
10 initial loans that we have in place, and this is for the  
11 Department of General Services projects that we have and for  
12 the California Department of Corrections, we have total  
13 loans for projects encumbered about \$5.4 million with an  
14 annual energy savings of about 8.1 million kilowatts per  
15 hour, per year, with an anticipated annual cost savings of  
16 \$1.3 million.

17           What I would like to truly highlight, though, is  
18 that there is an abundance of opportunity in state buildings  
19 across the many departments for additional monies, if  
20 available. For instance, we have reached out to the  
21 California State University System, they have 23 campuses  
22 statewide, 85 million square feet of buildings, with  
23 approximately \$140 million of projects with an anticipated  
24 energy savings of \$19 million per year. We hope that they  
25 will be providing to us shortly, as well, about \$10 million



1 worth of opportunity that, in case there is some shortfall  
2 with the DGS buildings and those other departments  
3 mentioned, that we can use those projects as fillers in case  
4 all the projects that are reviewed by the committees do not  
5 necessarily meet the test, that we have a little reserve  
6 there. Also in the DGS Managed Building Program, there is  
7 an additional opportunity for the Office of Chief  
8 Information Officer of about \$2.5 million worth of projects  
9 and also with Caltrans District 11 for about \$1 million  
10 worth of projects. The DGS Small Buildings Program that the  
11 Johnson Controls ESCO is working on with us, they are  
12 bringing \$15.9 million worth of projects, but what they are  
13 sharing with us is that those departments like Department of  
14 Motor Vehicles, California Highway Patrol, etc., we are only  
15 touching on about 30-40 percent of the buildings that they  
16 really own and occupy, so potentially there is another \$20  
17 million out there of need and opportunity for the State of  
18 California to participate if the dollars are available, and  
19 if the dollars are not currently available, what we hope to  
20 do with the revolving loan program, as the monies are  
21 regenerated for the program, as loans are paid back, those  
22 departments and projects will be poised to take advantage of  
23 the program itself. That concludes my presentation, if you  
24 have any questions.

25 COMMISSIONER EGGERT: Thank you very much, that was

1 a nice overview. A couple questions about certain design  
2 aspects. You were mentioning that the payback period is  
3 designed to meet or equal the savings, approximately?

4 MR. DEAN: No, the loan payments that will be  
5 developed for the various departments should be revenue  
6 neutral, such that the departments' budgets would not be  
7 impacted by having to be augmented with additional  
8 appropriation.

9 COMMISSIONER EGGERT: Okay, then looking back at, I  
10 guess, your second to last slide, you have the projects  
11 encumbered by loans to date is about \$5.5 million,  
12 anticipated annual cost savings is about \$1.3 million, my  
13 rough calculation it is about a 4.5 year payback or so,  
14 which is a pretty impressive payback period for that  
15 investment. Do you have kind of a breakdown of what the  
16 majority of the projects are in terms of, you know, lighting  
17 vs. HVAC vs. -

18 MR. DEAN: Yes, I do. And then my colleague, Maria,  
19 is going to share some of that information with you, a well.  
20 I will just talk about the DGS projects because she will  
21 share the Corrections projects. Some of the projects, for  
22 instance, in the Secretary of State Office building, we had  
23 a chiller replacement, lighting controls, replaced the air  
24 filters and HVAC coil cleaning. In our Basin State Office  
25 Building, we did lighting controls, air filter replacement,

1 and also coil cleaning. In our Jesse Unruh State Office  
2 Building, which is located in Capitol Mall, it is similar  
3 project types, and here in the California Energy Commission,  
4 we replaced an air handler, we also rescheduled some planned  
5 replacements, occupancy sensors were replaced, and I think  
6 we are concluding some of those projects as we speak, and  
7 also some lighting sensors within the building. So those  
8 will be some types of the projects that we are engaging in.

9 COMMISSIONER EGGERT: And you are saying, as the  
10 money comes back in from repayment, that would then be  
11 available for future projects. Is that going to be sort of  
12 an open solicitation? Or are you going to wait for it to  
13 build up to a certain amount and then do a new RFP? How do  
14 you manage the fund?

15 MR. DEAN: Now, in terms of the contracting, or the  
16 actual dollars itself?

17 COMMISSIONER EGGERT: So, once sort of the first  
18 cycle, the \$25 is spent, it is going to start to accumulate  
19 based on payment, how do you manage in terms of new project  
20 proposals?

21 MR. DEAN: Well, I think, as I had mentioned, we  
22 hope to have more than the need as we speak today, for  
23 instance, of our requested from the Department of  
24 Corrections, a submission of additional projects with the  
25 recognition that this first cycle of funding for the \$25

1 million may not be available; however, because we will have  
2 that already assessed, they will probably be first in line  
3 to be available for those dollars as the monies are  
4 replenishing the fund. Similarly, with the California State  
5 University System, they also recognize that, potentially,  
6 their submission of a loan application may or may not be  
7 able to be encumbered in this initial \$25 million, or at  
8 least not all of it, so those projects that we cannot allow  
9 to proceed in this initial cycle, we hope to be readily  
10 available in that second cycle because they already are in  
11 place and have been reviewed. Now, as other departments -  
12 we do other departments - we have not necessarily thought  
13 through the total encumbrance as it recycled, but I think we  
14 will have sufficient projects, I think upwards to maybe \$10-  
15 50 million for a second cycle, immediately, if all goes  
16 well.

17 COMMISSIONER EGGERT: And then my last question  
18 actually has to do with the total potential demand or need,  
19 which looks like it could exceed well over \$100 million, has  
20 there been any thought given to the possibility of bringing  
21 in additional private financing to supplement this fund in a  
22 way that would also have a return, obviously, for the  
23 investors?

24 MR. DEAN: Not at this time. The Department of  
25 General Services did have a GS Smart Program with the

1 private sector of funding, but for whatever reason, and I do  
2 not know the particulars, so I cannot really say, it did not  
3 necessarily gain steam. But that is something we can look  
4 into as an opportunity.

5 COMMISSIONER EGGERT: Yeah, because - does the \$25 -  
6 does it pay back with interest? Or is it just a straight -

7 MR. DEAN: With interest.

8 COMMISSIONER EGGERT: What is the rate?

9 MR. DEAN: The language allows the Department of  
10 General Services to have a flexible rate, but not less than  
11 1 percent. What we have done, we have analyzed other  
12 programs across the nation in terms of Revolving Loan Funds,  
13 and see how they have developed their programs. Some have  
14 had a flat rate, some have been a flexible rate, and  
15 currently right now we are looking at a more flexible rate,  
16 depending upon the payback period of the projects to be  
17 submitted and the annual payment such that it does not  
18 exceed the anticipated annual cost of the projects.

19 COMMISSIONER EGGERT: Did you have a question,  
20 Kristy?

21 MS. CHEW: Actually yes, hi. Back on slide 8, you  
22 had mentioned that the utilities had helped with some of the  
23 program design, and I was just wondering what kinds of  
24 things that the utilities partnered with the state on.

25 MR. DEAN: I do not have the specifics, but in some

1 instances, and I think my colleague, Maria, will have more  
2 specifics on that for the Corrections Program, but they have  
3 lighting programs and also HVAC programs that the  
4 departments can benefit from in terms of the offset or  
5 rebates for their projects.

6 MS. CHEW: The rebates, okay. And then, something  
7 you just responded to Commissioner Eggert on, you said that  
8 some of the projects that were funded were coil cleaning on  
9 HVACS and the air filter replacement. I was just curious,  
10 isn't that part of typical routine maintenance on a  
11 building, and it would not be a separate project identified  
12 for ARRA funds? Or is that usually not typical maintenance?

13 MR. DEAN: Yes, but it is still a benefit in terms  
14 of energy savings and I think today all public sector  
15 budgets are pretty challenged, so when my colleague for the  
16 Building and Property Management Section brought for the  
17 projects, he analyzed them based upon the retro  
18 commissioning agents' recommendations, and so he brought  
19 forth those projects to the program.

20 MS. CHEW: Thank you.

21 COMMISSIONER EGGERT: Are there any questions on the  
22 online?

23 MS. KOROSEC: Yes, we do have a question from Jeff  
24 Rauenhurst, "How long is the review and approval cycle by  
25 the Committee for the loans?"

1           MR. DEAN: We try to have a quick turnaround of no  
2 more than two to four weeks for review of the loan  
3 applications. We have a Project Selection Committee and we  
4 have a Loan Review Committee. As Gabriel mentioned earlier,  
5 Department of General Services has three members, myself,  
6 Patrick McCoy, Barbara Brown, and Gabriel Taylor, is the  
7 Project Selection Committee. For the Loan Review Committee,  
8 we added one more person, and that is Marissa Betts, who has  
9 extensive banking background to assess the loan applications  
10 in the financing component. And that, the loan application,  
11 also takes about a two-week review period, so, collectively  
12 anywhere from three to four weeks.

13           COMMISSIONER EGGERT: We have a question here in the  
14 audience. Please state your name and affiliation.

15           MR. EMBLEM: Yes, Commissioner. My name is Eric  
16 Emblem. I am here representing today California SMACNA, the  
17 Sheet Metal Air Conditioning Contractors and the California  
18 Locals and Sheet Metal Workers Union. And I had more of a  
19 suggestion than a question. I want to compliment the  
20 presentation, great presentation. I sit on a committee with  
21 the California HVAC Performance Alliance, which is hosted by  
22 the Western Cooling Efficiency Center at U.C. Davis, and we  
23 are working on some projects on identifying quality  
24 insulation and maintenance projects for HVAC in accordance  
25 with strategies and goals identified in the state's long

1 term plan. And what we are finding is that it is hard to  
2 collect data, and take this data and use the data moving  
3 forward, and one of the areas we thought would be kind of a  
4 goldmine of data would be DGS. What I found was, and I  
5 spoke with Dan Borguynne over at DGS, is that we were looking  
6 for Commissioning Reports, and we were looking for Balance  
7 Reports to do some baseline assumptions and possibly going  
8 back in and measuring the effectiveness of some of the  
9 interventions done with ARRA funds, specifically, from our  
10 perspective, with HVAC, but there are similar task groups  
11 working on the lighting, in the same processes with the  
12 Lighting Efficiency Center. What we found is that these  
13 reports are just scattered throughout and housed at each  
14 building, and there is no central repository for these  
15 reports within DGS or a process of getting them there. I  
16 would think that, with the ARRA funds, specifically in the  
17 State Buildings - I know it is really hard to do with the  
18 private sector - but with public sector building, that  
19 information is invaluable to researchers, to the industry to  
20 look at to see if the interventions that we have put in,  
21 whether it be HVAC, whether it be lighting, and measure over  
22 a period of time, 1) were the assumptions correct, and 2)  
23 where is the degradation of those systems over time? And  
24 part of it is to measure quality vs. substandard  
25 installation practices and equipment, so I guess it is a



1 suggestion more than a question that the CEC consider  
2 somehow working with DGS and the state agencies of creating  
3 this repository of information that would be accessible to  
4 some of these working groups that are working on  
5 establishing more efficient things, moving towards the 2020  
6 goals and the 2030 goals.

7 COMMISSIONER EGGERT: Yeah, and I really appreciate  
8 that comment and also thank you for your previous  
9 participation in our Business Meeting. Actually, I think it  
10 is an excellent comment and suggestion, and we have heard  
11 this from other parties, which is, you know, we are  
12 undertaking a bit of a fairly broad experiment here because  
13 we have now gotten a significant amount of activity  
14 occurring. Within those facilities, we are introducing new  
15 technologies and new strategies, you know, lighting, these  
16 new lighting sensors, bi-level controls, etc., and I guess I  
17 would maybe turn the question back to Mr. Dean as, is there  
18 an opportunity to collect this in a centralized fashion,  
19 basically the pre- and post-construction information, to  
20 provide that to outside parties for evaluation, lessons  
21 learned?

22 MR. DEAN: Well, I think there is always an  
23 opportunity for better measurement and verification and  
24 collection of information. I would like to say that the  
25 contract that Department of General Services entered into

1 with Johnson Controls is a performance-based contract, with  
2 a measurement and verification component to it, a validation  
3 of the energy measures, that are expected. But with that  
4 being said, I still think the assimilation of that  
5 information, of a centralized clearing house for DGS would  
6 be a good idea, and what I can do to support that suggestion  
7 is relay that to my building and property management section  
8 to see what opportunities can be provided to support your  
9 suggestion.

10 COMMISSIONER EGGERT: Yeah, I think that is going to  
11 be really helpful in terms of supporting the future  
12 investments, just to be able to communicate that in a way  
13 that is sort of clear and understandable. But I did also  
14 just want to thank you again. Gabe had mentioned in the  
15 introduction, but we really do appreciate the partnership  
16 that we have been able to establish with DGS on this program  
17 and, you know, among all the partnerships that we have been  
18 able to create through the Stimulus Program, particularly  
19 with DGS, I think we have got a great model here, and we are  
20 looking forward to seeing it flourish.

21 MR. DEAN: Thank you.

22 COMMISSIONER EGGERT: Thanks.

23 MS. KOROSEC: All right, next we will be hearing  
24 from Maria Martinez from the California Department of  
25 Corrections and Rehabilitation.

1 MS. MARTINEZ: Hello, good afternoon. My name is  
2 Maria Martinez. I work with the Department of Corrections  
3 and Rehabilitation. Today, my supervisor, Mark Hardcastle,  
4 is here with me, and we are going to be going over the types  
5 of projects that we apply for, for loans using the DGS Loan  
6 Program.

7 We funded a little over \$4.1 million worth of  
8 projects and those projects basically are composed of four  
9 different sites. Corcoran State Prison has two projects,  
10 California Correctional Institution we have one project,  
11 Salinas Valley State Prison, and the Correctional Training  
12 Facility. Our projects are pretty much shovel-ready  
13 projects, the type of projects that ARRA was basically  
14 looking for. The completion time for all of our projects,  
15 as stipulated in our escrow contracts, is basically six  
16 months. For our Corcoran facility, and I was able to pull  
17 out a Website picture, an aerial view picture of our  
18 facility, you can see that each of our facilities is, in  
19 terms of square footage, substantially big. They are also  
20 old, some of them. Corcoran State Prison opened in 1988 and  
21 it currently houses Level 1, 3, 4, Administrative  
22 Segregation, and Security Housing Units for approximately  
23 over 5,500 inmates. It is designed for 3,396 inmates. It  
24 has over 1.7 million worth of square footage, so that is  
25 substantially big. Our annual usage for our Corcoran

1 facility, it is over 65 million kilowatt hours per year.  
2 Now, the way our facility is set up in terms of usage and  
3 metering is our Corcoran facility and our substance abuse  
4 treatment facility are combined under the same meter, so  
5 this is a little bit - this usage is not just for our  
6 Corcoran facility, it is also for our CTF facility. It  
7 costs close to \$6 million a year and we pay about \$.91 per  
8 kilowatt hour in terms of electricity. Our gas usage, it is  
9 only for our Corcoran facility, this is not combined with  
10 our CTF facility. We use 1.9 million Therms per year and  
11 1.5 in terms of cost. About \$.79 per therm is what we  
12 actually pay right now. The types of projects that we  
13 funded under the ARRA Loan Program are the first project is  
14 an A2D lighting retrofit, we are replacing over 2,000 HID  
15 lights with new induction fixtures. The majority, 95  
16 percent of them, are interior, 5 percent are exterior, and  
17 it is basically our perimeter lighting. The cost of the  
18 project is \$1.6 million. We are using 1.1 with the ARRA  
19 loan and \$475,000 with the partnership that we have with the  
20 investor-owned utilities. The savings for this lighting  
21 project will be a little over \$180,000 a year, and 1.9  
22 million kilowatt hours per year. Our demand will be reduced  
23 approximately 366 kilowatts.

24 The second project at our Corcoran facility is going  
25 to be the completion of our energy management system. About

1 a year and a half ago, we started putting controls at this  
2 facility, but our funding limits only allowed us to complete  
3 half of the institution, this loan will allow us to complete  
4 the entire facility. We are adding controls to 244 HV and  
5 hot water pump system units, it is over 800 tons of  
6 mechanical cooling capacity and 80 horsepower of hot water  
7 pumps. The cost of this project is a little over \$1.4  
8 million. The ARRA loan will cover \$764,000, and the IOU  
9 partnership will cover approximately \$700,000. The cost  
10 savings for this project are \$282,000. The kilowatt hours  
11 saved are a little bit over \$2.6 million, the therms saved  
12 are 66,906, and the kilowatt hours saved are 41 - I am  
13 sorry, the kilowatt demand. Now, the demand for this is  
14 relatively small compared to the size of the project because  
15 most of our cooling at this facility, it is not mechanical  
16 cooling, they are evaporator coolers.

17 The other project that we funded is at our  
18 correctional institution in Tehachapi. This project, this  
19 institution reopened in 1954, it currently houses Level 1,  
20 3, RC4, and Security Housing inmates. The design capacity  
21 for this institution is 2,781, but the actual count of  
22 inmates is over 5,700. The square footage of this facility  
23 is over 1.4 million. Now, what you can tell in the picture  
24 is the facility is really spread out. This specific  
25 project, it is mainly for gas savings, and I will go over

1 that in a little bit. The annual usage and cost of  
2 electricity is over 2 million kilowatt hours and 1.7 million  
3 in costs, giving us an average rate of \$.087. The gas is  
4 over two million therms with the cost of over \$1.5 million  
5 and \$.81 therm. The scope of the project, actually, is the  
6 central steam pump provides domestic and space heating water  
7 to levels 1 of 4. I am going to walk over here. So, the  
8 portion of this project is actually retro commissioning  
9 right here, the central plant is over here. And we actually  
10 have a heating loop that goes all the way and travels  
11 approximately three miles, a little over three miles, to  
12 feed level 4A and 4B, so the heat loss of this travel space  
13 is substantially high for us; we are going to actually  
14 remove Level 4A and 4B, housing units from the central steam  
15 loop, and install high efficiency boilers locally at level  
16 4A and 4B. The cost of the project is over \$1.2 million.  
17 We are using the loan, \$786,000 of ARRA funds. The  
18 partnership is providing approximately \$450,000 for this  
19 project. The estimated annual savings are \$317,000 a year,  
20 saving 430,000 kilowatt hours, and approximately 345 Therms,  
21 and 49 kilowatts.

22 The other project that we have is for our  
23 Correctional Training Facility. Our Correctional Training  
24 Facility opened in 1946, it currently houses Level 1 and  
25 Level 2 inmates. The actual count of inmates is close to

1 7,000, although it was designed for 3,300 inmates. The  
2 square footage of this facility, it is over 1.3 million  
3 square feet. The annual usage and cost for electricity is  
4 over 14 million kilowatt hours, and it costs the Department  
5 of Corrections and Rehabilitation over \$1.3 million a year  
6 for \$.10 a kilowatt hour. Gas, we use approximately 1.4  
7 million Therms a year, and it costs us \$1.2 million for our  
8 cost of \$.84 a Therm.

9 Salinas Valley State Prison opened in 1996 and it  
10 currently houses Level 1 through 4 inmates. It is designed  
11 to house 2,200 inmates, but we are double that at 4,500  
12 inmates. The square footage of this facility is a little  
13 over 1.2 million square feet. The annual usage and cost for  
14 electricity for Salinas Valley State Prison is over 19  
15 million kilowatt hours, \$1.7 million at \$.9 a kilowatt hour.  
16 Gas, the facility uses approximately 424 Therms a year, it  
17 costs us \$350,000 a year at \$.84 a Therm. Now, the way we  
18 approach the loan for these two facilities is we are using  
19 the same ESCO company to do both facilities, they are very  
20 close in proximity. You can see from this picture that our  
21 facility - CTF facility - starts here, and this is CT. The  
22 scope of the project is, for Salinas Valley State Prison, is  
23 to replace T12's to T8 lighting, to replace the HID lighting  
24 to T5, the replacement of water heaters for our housing  
25 units, and to replace the condensers in our HVAC units. At

1 CTF, we are going to actually replace very old inefficient  
2 boilers with new energy efficient boilers and controls,  
3 replace the air handler unit mortars, and upgrade the  
4 building controls and sensors in our South Administration  
5 Building. The combined cost to retrofit these two  
6 facilities for these projects is a little over \$1.2 million.  
7 The ARRA loan is going to be - sorry, I think there is a  
8 typo in there - but it is going to be a little bit under  
9 \$600,000. The Partnership is going to pay a little bit over  
10 \$568,000. The combined annual savings are going to be  
11 \$361,000 a year, with the savings of over 1 million kilowatt  
12 hours a year, and 319,000 Therms, with a demand reduction of  
13 191 kilowatts. That is it for us.

14 I do want to mention that the Department of  
15 Corrections, in the past, has participated in the DGS GS  
16 Dahmer [phon] Program, however, because of the state of the  
17 economy, a lot of those lenders that were doing private  
18 loans to state agencies ended up pulling back, so that  
19 option for our department, it is no longer available. If it  
20 were not for the ARRA loan program, none of these projects  
21 would be basically getting implemented. Any questions?

22 COMMISSIONER EGGERT: All right, thank you very  
23 much. So you guys are doing quite a bit of activity. One  
24 question I have is, how is the process for you in terms of  
25 putting together the proposal and actually getting to the



1 point of - you have actually received the funds?

2 MS. MARTINEZ: We do have a hiccup right now with  
3 the process. The funds have been approved, the loan  
4 contracts have - agreements have been signed by both CDCER  
5 and DGS, there is a mechanism that we need to establish with  
6 the State Controller's Office to be able to have DGS make  
7 the payments to our contractors, directly, and that is where  
8 the hiccup is right now.

9 COMMISSIONER EGGERT: And, I guess, is there a  
10 solution for that? It is just -

11 MS. MARTINEZ: We are trying to work out the  
12 language. What we have heard from the State Controller is  
13 that we have to amend the contract to either put DGS as a  
14 co-agency, or put some kind of invoicing procedures in our  
15 contracts. At this point, we are actually working with our  
16 legal teams to be able to have the language approved by the  
17 State Controller's Office.

18 COMMISSIONER EGGERT: That is a payment to the  
19 ESCOs?

20 MS. MARTINEZ: A payment to the ESCOs.

21 COMMISSIONER EGGERT: I guess one question that  
22 relates back to the previous commenters' point about the  
23 value of providing sort of the as-built performance of these  
24 systems, is that something you see as being readily  
25 straightforward or any challenge with respect to actually

1 recording the performance of these improvements and  
2 providing that back?

3 MS. MARTINEZ: No, that is not a problem at all for  
4 us. We have an extensive partnership with the investor-  
5 owned utilities, and they have actually hired a partnership  
6 administrator who is Newcomb, Anderson, McCormick, to  
7 actually keep track of all the validation measurement and  
8 the savings, and everything else that gets done for the  
9 partnership. The process that we have is verification after  
10 verification after verification, we actually hire on behalf  
11 of CDCER an A&E firm that validates the savings of the  
12 ESCOs. On top of that, PG&E comes, or Edison, or Southern  
13 California Gas & Electric, SDG&E, come in and say, "Okay,  
14 give us all your design drawings, all your scope issues,  
15 costs, everything," and they come in and verify the  
16 installation and engineering design, as well, to ensure that  
17 we have met the requirements for the rebates and for the  
18 incentives. So we continue to verify one after another.

19 COMMISSIONER EGGERT: And then, this is just a  
20 curiosity, I think. When you are talking about the Corcoran  
21 State Prison, you had mentioned that it uses evaporative  
22 cooling. Is that a direct or indirect evaporative cooling?  
23 What is the actual technology?

24 MS. MARTINEZ: We have both.

25 COMMISSIONER EGGERT: They are both -

1 MS. MARTINEZ: Yeah, it just depends on the  
2 institution.

3 COMMISSIONER EGGERT: Okay, and then you had also  
4 mentioned distributing some boilers for process heat - or I  
5 guess process heat or space heating - do you have any waste  
6 heat sources anywhere within the system that you could  
7 capture to either reduce the energy requirement of the  
8 boilers or take advantage of?

9 MS. MARTINEZ: The current boilers -- I am assuming  
10 you are referring to CTF, which is our Salinas facility, it  
11 is one of our oldest facilities -- are actually oversized,  
12 so the new boilers that were installed are a lot smaller and  
13 will fit the capacity that is required during the peak,  
14 which is the winter, no more than that.

15 COMMISSIONER EGGERT: Gotcha. Are there any other  
16 questions from up here? No. Anybody in the audience or  
17 online? No. All right, well, thank you very much.

18 MS. MARTINEZ: Thank you.

19 MS. KOROSEC: All right, we have come to the end of  
20 our formal presentations, so now it is time to open it up if  
21 anybody in the room does have any kind of public comment or  
22 if anybody online has anything they would like to say. So,  
23 first, anyone here in the room, a burning need to speak?

24 COMMISSIONER EGGERT: C'mon, Wolfgang.

25 MS. KOROSEC: All right, Donna, can you go ahead and

1 just un-mute everybody's lines? Okay, everyone who is un-  
2 muted, is there anyone who would like to make any kind of  
3 public comment?

4 MS. WALAIA: Sure. Which ESCO was used for the  
5 Correctional Training Facility?

6 MS. KOROSEC: Yeah, can you identify your name,  
7 please?

8 MS. WALAIA: Sure. My name is Harpreet Walaia.

9 MS. KOROSEC: All right, could you spell that for  
10 our transcriber, please?

11 MS. WALAIA: Absolutely. The last name is W-a-l-a-  
12 i-a, and my first name is Harpreet, H-a-r-p-r-e-e-t.

13 MS. KOROSEC: Great, thank you. Aircon Energy is  
14 the ESCO.

15 MS. WALAIA: Aircon Energy, thank you.

16 MS. KOROSEC: You are welcome. Any other comments?  
17 All right, I think we are -

18 COMMISSIONER EGGERT: Actually, one question for  
19 folks who might think of something after this and want to  
20 supply - is there any opportunity to provide input into the  
21 Docket?

22 MS. KOROSEC: Yes, we do have written comments, an  
23 opportunity to take those, and then those, I believe, are  
24 due on July 19<sup>th</sup>. I believe that is the due date. It is in  
25 the Notice for the workshop, which is posted on our website,

1 it tells you how to submit the comments and the due date for  
2 those. Yes, it is July 19<sup>th</sup>.

3 COMMISSIONER EGGERT: Well, I want to thank  
4 everybody for their participation in today's workshop. As  
5 it says in the Notice, part of the intent of this workshop  
6 is to gather information to be incorporated into the 2010  
7 Integrated Energy Policy Report Update, and we will be  
8 having a number of other workshops over the next several  
9 weeks on other topics relevant to that update, and would  
10 welcome everybody to come back and join us for those, as  
11 well. Certainly, for myself, this has been quite  
12 informative and educational. And, again, we really  
13 appreciate the frankness and the contributions about some of  
14 the challenges and opportunities that everybody faces in  
15 carrying out these programs. And hopefully, if we all learn  
16 from each other, it will make both the implementation of the  
17 current programs smoother and make the design of future  
18 programs all that much better. So, thanks again, and have a  
19 great day.

20 [Adjourned at 2:58 P.M.]

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# REPORTER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF,

I have hereunto set my hand this 13th day of July, 2010.

A handwritten signature in cursive script, reading "Peter Petty", is written over a horizontal line.

PETER PETTY  
CER\*\*D-493  
Notary Public