



Municipal Services Agency

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DOCKET

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DATE 8/5/2009

RECD. 8/6/2009

August 5, 2009

California Energy Commission Staff:

RE: Comments on the Preliminary State Energy Program (SEP) Guidelines

On behalf of Sacramento County, we appreciate the workshop presentations on the draft SEP Guidelines. In addition to the comments received at each of the workshops, Sacramento County is providing formal written comments that we hope you will consider for inclusion in the final guidelines.

COMMENTS ON THE DRAFT STATE ENERGY PROGRAM GUIDELINES:

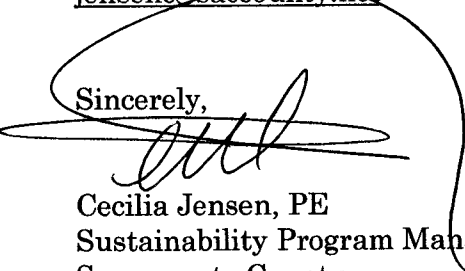
1. *Municipal Financing District, Program Structure* - There is ongoing uncertainty about how mortgage lenders will respond to the priority lien status of tax assessments implemented under an AB 811 program. Among the existing AB 811 programs, the approach to this issue has been handled very differently. In its final guidelines, it would be helpful if the CEC clarifies its expectations about how applicants will address the priority lien issue in their communities, and particularly if the CEC can provide resources, potentially some risk security and support to increase lenders' familiarity and comfort with the nature of AB 811-related liens.
2. *Municipal Financing District, Program Structure* - The CEC is clearly focusing on AB 811 programs which are well along the path to development, or already launched. Because AB 811 is a very recent tool, numerous communities in the state are actively developing AB 811 programs at the current time. In the final guidelines, it would be very helpful for the CEC to clarify its expectations about the timing of program launch relative to a successful CEC application. For example, must a program be in operation at the time a proposal is submitted, at the time an award is made, or within a specific amount of time following an award? If a program is not yet launched, are there other aspects of the application criteria that would enable it to receive a favorable review?
3. *Municipal Financing District, Program Structure* - The CEC guidelines require information about bond ratings and percentages of total program cost. At the same time, the guidelines note the benefits of a county-wide or region-wide program. However, a regional scope adds complexity to the bond rating and program cost question, as different jurisdictions will have different bond ratings. In the final guidelines, it would be helpful for CEC to clarify its expectations regarding bond rating information and percentages of total program cost when multiple jurisdictions are collaborating on a single AB 811 program.
4. *Municipal Financing District, Program Structure* - The matching funds criteria may be waived if a city or county has an unemployment rate higher than the state average. In the final guidelines it would be helpful for CEC to clarify its expectations regarding the unemployment rate – both the reference source that should be used (and the benchmark date), as well as an approved method for providing unemployment data for a multi-jurisdictional approach, where

unemployment rates may vary. For example, would CEC approve an average weighted by population per jurisdiction, or what the rate is for the county in that area, or is another approach preferred? Lastly, would a proposal be evaluated less favorably if the waiver option was exercised?

5. *Municipal Financing District, Evaluation Criteria* - The draft guidelines currently focus on energy efficiency followed by solar improvements, but do not mention water conservation opportunities. In the final guidelines, it would be helpful if CEC clarified whether water conservation measures are appropriate (even if not required) to include in an AB 811 program, and in particular, the CEC's view of water conservation and its relationship to energy efficiency.
6. *General Comment* - Please clarify whether submitting a proposal for more than one program would weaken either or all proposals (i.e. submitting a proposal for the Municipal Financing Program and possibly another proposal for the Comprehensive Residential Building Retrofit Program), or is there an expectation that each application will be built on the other creating a comprehensive program overall?
7. *General Comment* - Program leveraging is defined but does not mention funding for weatherization or other energy efficiency practices. It would be helpful for the CEC to clarify whether these practices can be considered and included as part of program leveraging.
8. *General Comment* - Low interest loans contribute to the viability and success of an AB 811 program or any loan program targeting energy efficiencies. As an alternative to developing and implementing multiple AB 811 programs statewide and establishing different funding mechanisms for each program, we request that the CEC consider the option of being the lending institution. The CEC currently provides loans to public agencies for energy efficiency improvements at 3% interest. A similar program for California residents at 5-6% interest to cover administrative and related costs would be extremely beneficial at getting a program off the ground statewide and address many financing issues jurisdictions are facing. Another suggestion would be for the State to work with certain lenders who would be willing to issue loans (not AB811 - related) to residents with a certain credit rating, perhaps tied to an equity line of credit on the home and buy down the interest rate to make it attractive to homeowners to participate.

We appreciate the opportunity to provide comment on the proposed guidelines. Please feel free to contact me if you have any questions or need additional information at (916) 875-3077 or at jensenc@sacounty.net

Sincerely,



Cecilia Jensen, PE
Sustainability Program Manager
Sacramento County