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VIA E-MAIL

California Energy Commission
Special Projects Office
1516 Ninth Street
Sacramento, CA 95814-5512

ATTN: Special Projects Office

Mr. Perez,

The Northern California Power Agency (NCPA), appreciates this opportunity to provide comments on the California Energy Commission's (CEC) proposed State Energy Program (SEP) and the Energy Efficiency and Conservation Block Grant Programs (EECBG). We understand that the information received from NCPA and others during the comment period will be considered by the CEC as the agency: 1) moves forward with the completion of its EECBG application to the U.S. Department of Energy next month, and 2) develops program guidelines for both the SEP and EECBG programs. [1]

As a general matter, we are pleased with the range of program options being proposed and the various funding mechanisms being considered. That said, such offerings have some interesting nuances that provide opportunities for NCPA members as well as concerns. On the positive side, four NCPA members not already receiving a direct allocation from DOE will have legitimate access to the $29.2 million of funds under the EECBG program, even though the details about how these dollars will specifically be allocated are still being drafted. We also recognize that SEP program funding opportunities will apply to the entire NCPA membership and that the use of a Joint Powers Agency like NCPA is being encouraged as a means of optimizing program design and minimizing administrative costs.

Turning to general concerns, NCPA questions a key theme contained in both program proposals: a heavy reliance on the use of loans as opposed to a distribution of grants. Our members fully understand the logic behind such an approach – loan repayments create revenue streams that make program offerings created and/or augmented by economic stimulus

[1] The cities of Biggs, Gridley, Healdsburg, and Ukiah have populations well below 35,000 and would qualify for funding under the program. The cities of Alameda, Lodi, Lompoc, Palo Alto, Redding, Roseville, and Santa Clara have already received funding under the U.S. Department of Energy large city/county allocation.

dollars sustainable over time. However, the reality of the current economic situation makes the theory behind that approach a bit tenuous, at least in the near-term. Plainly stated, any approach that relies too heavily on the use of loan and finds it acceptable to have additional debt be incurred by cities and individual consumers may be difficult to justify in the context of city budget discussions and heightened individual homeowner foreclosure rates.

## Specific Comments About EECBG - Funding Proposals

As noted in the workshop presentation, the CEC is considering proposing five possible approaches to allocating the $29.2 million in funding that is available under the EECBG. We comment briefly on each of these approaches.

- **Population-based approach** – Each entity is awarded an allocation equal to $7 per capita under this approach. In this instance, all eligible entities get something, but the amount of dollars received by any given city/county may not be significant enough to have an impact on the range of programs being offered by a small utility. The administrative costs associated with these dollars could also be costly to entities if the CEC imposes reporting requirements above and beyond current energy efficiency reporting requirements of publicly-owned utilities.
- **Competitive Solicitation** – CEC awards funding based on highest quality proposals, including criteria such as cost-effectiveness, job creation, funding leverage, and the likelihood of success. Competitive solicitations are problematic for small utilities that simply do not have the resources to effectively participate in such activities. NCPA supports the ability of Joint Action Agencies to participate in such competitive solicitations on behalf of small cities as long as such applications clearly define how the dollars will be distributed among the cities participating in the aggregated application.
- **Competitive Solicitation with Split Funding for Small Jurisdictions** – In this instance, a separate funding pool would be made available for smaller jurisdictions, something NCPA would support.
- **Grants and Low Interest Loan Combo** – In this instance, the CEC has suggested that one-third of the project cost could be funded through a grant, with the remainder through a low interest loan similar to what the CEC already does for various energy efficiency projects under the Energy Conservation Assistance Account (ECAA) program. As noted earlier in these comments, NCPA has a general concern with an overreliance on loans in these tough economic times.
- **Low Interest Planning Loans** – With this approach, the CEC would provide funding to help small cities and counties develop energy elements of general plans. While the concept of providing incentives to develop energy elements of general plans might be a noble objective, the approach might be too limited in application.

## Specific Comments About SEP - Funding Proposals

NCPA is pleased to see the vast majority of the funding dollars ($195 million) under the SEP program targeted toward residential and non-residential energy efficiency retrofits. Our concern lies with the allocation of the remaining $30 million, dollars that we believe should be used to further promote the energy savings envisioned by the retrofit program and create additional jobs.

Under the American Recovery and Reinvestment Act (ARRA), billions of dollars are being made available to states to promote the development of green jobs, some of which could easily be used by the CEC and its workforce collaboration partners at the California Workforce Investment Board, the California Labor and Workforce Development Agency, the Department of Education, the California Community Colleges System, and the Department of Community Services and Development. Each agency appears to be committed to green workforce development, and NCPA supports this effort. Such efforts, however, should be fully funded through other elements of the ARRA and not the SEP program.

Finally, NCPA argues that the CEC should minimize the amount of funding that is dedicated to itself to administer the SEP program. Since the SEP program is already an established program at the CEC, using another $10.3 million of taxpayer dollars to administer an already-established program seems excessive. While we agree that the significant increase in SEP program allocations warrant additional staffing needs, NCPA questions whether nine additional "temporary" staff positions are really needed to process applications, provide technical support and guidance to stakeholders, as well as manage technical support consultants. A more reasonable amount of staffing should be considered as program guidelines are developed later this summer.

NCPA is committed to the success of the CEC's efforts to optimize the distribution of economic stimulus dollars allocated to the SEP and EECBG programs and look forward to working with you in this regard. If you have any questions, please contact me at (916) 781-4291 or at scott.tomashefsky@ncpa.com.

Sincerely,

Scott Tomashefsky

Scott Tomashefsky
Regulatory Affairs Manager
Northern California Power Agency

Cc: Panama Bartholomy, Advisor to Chairman Douglas, CEC
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**Grants and Rebates for Energy Efficient Neighborhoods (GREEN)**

GREEN is committed to assist the California Energy Commission (Energy Commission) administer specific programs funded by the State Energy Program (SEP) under the American Recovery and Reinvestment Act (ARRA) of 2009.

We aim to effectively and efficiently create "green jobs", encourage economic recovery and promote sustainable and long lasting energy efficiency improvements to economically challenged neighborhoods.

Our company, GREEN, is a certified member of the Green Resource Council of the National Association of Realtors (Green Council). We operate at no cost to the homeowner or the Energy Commission, we receive compensation through a referral fee from the approved professionals who conduct the retrofitting work.

GREEN is positioned and aligned ideally to help the Energy Commission implement the ARRA SEP Program of California Comprehensive Residential Building Retrofit Program. Our objective is to identify Planned Urban Development's (PUD's) in Southern California which consist of low efficiency homes in economically disadvantaged neighborhoods.

Suitable PUD's will be subject to retrofits that meets if not exceeds the measure checklists as outlined by the Third Tier – Whole-House Deep Retrofits Using HERS Phase II. To maximize the impact to the specific PUD we plan to employ and train the approved professionals from within the specific neighborhoods where the work will be conducted.

GREEN will adhere to the highest standards and use the Green Council guidelines in energy evaluations and aim to create new home energy efficiency inspection measurements.

We appreciate that success and tracking society's learning curve is important, and for this reason we plan to focus on PUD's of at least 300 homes, with a goal of completing 1000 homes by the year end. This approach will provide meaningful data by which our learning's and success can be determined and our impact can be truly measured and improved upon.

GREEN is committed with working with local organizations to help develop and create job creation and training. The evolution and efficiencies of energy usage will be constantly analyzed – GREEN will encapsulate a working laboratory concept that will evaluate both the merit of specific initiatives and provide feedback.

We appreciate that the infrastructure and network of jobs and approved professionals is not fully developed, and to ensure success in our efforts GREEN will provide vertical integration when required to assure the proper quality in labor and material.

**SEP Grant Proposal to maximize the impact of the California Comprehensive Residential Building Retrofit Program**

**Phase One**

***Goal: Establish organization and be able to retrofit 1000 homes***

Requirements

| | |
|---|---|
| • training workforce | 45% |
| • marketing efforts and project planning | 5% |
| • implementation | 15% |
| • legal advise/cpa | 10% |
| • facilities | 10% |
| • lobbyists/advisors | 5% |
| • product development | 5% |
| • maintenance organization | 5% |

$3 million required to facilitate this phase of the initiative

**Phase Two**

***Goal: Retrofit 2000 homes***

| | |
|---|---|
| • Expand training | 75% |
| • Expand maintenance | 5% |
| • Expand product development | 10% |
| • Regionalizes field organization | 10% |

$5million required to facilitate this phase of the initiative

**Phase Three**

***Goal: Establish statewide network to evaluate 10,000 homes statewide***

- Same as Phase One and Two, with the quantity of personnel and properties should be evaluated in excess of 10,000 homes statewide

$ 10 million required to facilitate this phase of the initiative

**Customers/PUD's/HOA's**

We have outlined the below neighborhoods in the Los Angeles Greater Area as well as management companies as potential customers that would be ideal candidates to benefit from the SEP. The below list represents approximately 10,000 homes:

Agoura Hills

- Chateau Park
- Fountainwood
- Lar Morada
- Liberty Canyon
- Morrison Ranch Estates

Camarillo

- Leisure Village Camarillo
- Palm Colony
- Springs Homeowners Association
- Ventana

Canoga Park

- Canoga Lakes Homeowners Association
- De Soto Homeowners Association
- Leadwell Home Owners Association

Chatsworth

- Masongrove Homeowners Association
- Rockpointe Homeowner's Association

Encino

- Encino Oaks Homeowners Association
- Encino Oaks Spring Estate Hoa

Hermosa Beach

- Villa Del Sol Homeowner Association

Hidden Hills

- Hidden Hills Community Association

- Mountain Valley Homeowners Association
- Rancho Madera
- Simi Valley Le Parc Homeowners Association

Tarzana

- Etawanda Hoa

Thousand Oaks

- Woodridge Homeowners Association

Van Nuys

- Kittridge Homeowners Association

Ventura

- Villa Ventura Homeowners Association

West Hollywood

- Doheny West Homeowners Association

**Management Companies**

AMS Realty Inc
Community Property Management