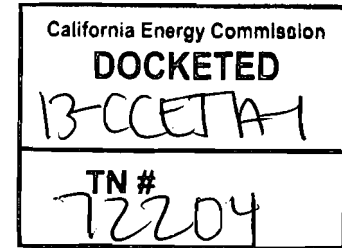




Resource Solutions Group

A CLEARRESULT COMPANY



October 25, 2013

California Energy Commission
Re: Docket No. 13-CCEJA-1
1516 Ninth Street
Sacramento, CA 95814
VIA EMAIL (docket@energy.ca.gov)

RE: Comments from Resource Solutions Group on the Commission's *Proposition 39: California Clean Energy Jobs Act 2013 Program Implementation Draft Guidelines*

INTRODUCTION

Resource Solutions Group (RSG) is a highly qualified resource efficiency consulting company based in Half Moon Bay, Calif., with proven experience in delivering energy efficiency services in the K-12 schools and higher education sector. We have been implementing performance-based energy savings programs for schools since the company's founding in 2006, and the principals have been engaged in similar programs from prior years. Through these programs, we have installed nearly 400 projects for more than 280 schools in California alone. To date, these projects have resulted in 3,000 kW of demand savings, 22 million kWh and 2.4 million therms in energy savings, and paid out nearly \$4 million in incentives to school districts in California.

In 2011, RSG became a business unit of CLEAResult Consulting, Inc., which includes other premier energy efficiency businesses located across the United States. CLEAResult has been implementing school energy efficiency programs since its founding in 2003 and brings a similarly rich history of analyzing and delivering cost-effective energy upgrade programs in the K-12 schools sector. CLEAResult developed and implemented a program model called Schools Conserving Resources (SCORE) that integrates some of the key elements required for schools to meet Prop 39 guidelines for program implementation funding and to achieve comprehensive energy savings.

DISCUSSION

RSG wholeheartedly supports the mission and goals of Prop 39. Having worked with public schools directly and through utility programs, we clearly understand the significant need for comprehensive energy upgrades. The infusion of funding through Prop 39 should supplement existing energy efficiency support, allowing schools throughout the state to achieve deeper and long-lasting savings. We believe that the overall approach of Prop 39 should encompass multi-year planning, comprehensive upgrades implemented in the appropriate order, and ongoing tracking and continuous energy improvement and management. Further, Prop 39 funds should be leveraged to create education and jobs for energy auditors,

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installers of efficient products and services, and facilities and energy managers. With deep roots in California schools both personally and professionally, we are committed to seeing these savings result in more productive learning environments, and allowing savings to benefit schools financially to direct more funds back into education. We would like to share the following comments:

1. Page 9: Funding Limits for Energy Planning Activities

Screening and energy audits are assigned as follows:

- 85% of Energy Planning funds assigned for Screening and Energy Audits
- 15% of Energy Planning funds assigned for Proposition 39 Assistance

We recommend that the Commission eliminate the limits, at least for Tier 1-3 LEAs and define Prop 39 Assistance to include only administrative functions (applications, documentation, reporting)

1 – Eliminating Limits on Proposition 39 Assistance: Smaller LEAs are likely to require both administrative and technical assistance, as they do not have in-house energy experts that can complete Program Expenditure Plans, determine appropriate sequencing, or provide detailed technical and financial documentation to ensure compliance. They will need more support both technically and administratively.

2 – Definition of Assistance: Technical expertise will be required to complete Steps 1-7 of the Project Award process, and all activities in those steps should be included Screening and Energy Audit funds. For example, while Data Analytics is included in the Screening and Energy Audits category, Benchmarking is included in the Program Assistance category. We recommend that all work related to performing Steps 1-7 be considered in the Screening and Energy Audits category.

2. Page 46: Exhibit E: Savings to Investment Ratio (SIR) Calculation

We recognize that the Commission is seeking to establish straightforward guidelines to ensure the judicious use of state funding for school energy upgrades, and that SIR represents an objective metric of the value of the funding.

1 – Apply SIR Comprehensively to All Prop 39 Projects Implemented by an LEA

Most importantly, we are concerned that by calculating the SIR on a project-by-project basis, that if LEAs adopt the recommended sequencing of projects, it is fairly likely that after low-cost measures such as lighting and equipment tune-ups and controls are implemented, that few projects could achieve a 1.05 SIR on a stand-alone basis. Therefore, we strongly recommend that SIR be calculated on a cumulative basis for all projects implemented with Prop 39 funding to avoid penalizing LEAs for implementing projects within their annual funding allocations and in the recommended sequencing order.

For example, after an LEA implements Priority 1 projects, many other upgrades will not achieve the requisite 1.05 SIR. Many LEAs in economically disadvantaged districts with high cooling energy load and costs have years or even decades of deferred maintenance and are operating highly inefficiency air

conditioning systems. Projects in most jeopardy of not achieving this SIR include capital intensive projects such as HVAC replacements, EMS installations, and window replacements. All of these investments would significantly reduce energy and maintenance costs, increase comfort, and lead to local job growth, but may not achieve a 1.05 SIR on their own – particularly with the caps set on maintenance and non-energy benefits.

We believe the intent of Prop 39 is to provide much-needed financial assistance to LEAs that have faced years of delays on energy upgrades due to lack of capital. Unless they can calculate overall Prop 39 investments and savings throughout the funding period – or identify significant additional rebates and grants to offset project installation costs – many LEAs will continue to be forced into low-cost, quick payback upgrades (the low-hanging fruit) rather than long-term investments.

Another way of allowing for this comprehensive approach is to allow Tier 4 LEAs to submit a 5-year project plan, allowing for comprehensive multi-year planning that balances proper sequencing with the most pressing needs of the schools.

2 - Update Specific Caps in Calculations

In the calculation:

- Annual maintenance cost savings are capped at 2% of project installation cost; this may understate the value of savings, especially for lighting measures as conversion to longer-life lighting sources that require fewer lamp changes and other maintenance, or control systems that reduce labor costs associated with lighting and HVAC maintenance.
- Non-energy benefits appear to be capped at 3% of project installation cost; this may also understate the actual value.

CONCLUSION

We appreciate the opportunity to provide feedback, and also appreciate the efforts that the Commission has undertaken to hold workshops and solicit feedback from across the state this month. We are prepared to help LEAs implement their comprehensive upgrades and look forward to the next phase of Proposition 39 implementation.

Sincerely,



Lauren Casentini

President, Resource Solutions Group and Vice President, CLEAResult