

SCPPA Comments on the CEC's Proposition 39 Implementation Draft Guidelines

INTRODUCTION

The Southern California Public Power Authority (SCPPA) appreciates the opportunity to provide these comments on issues related to the California Energy Commission's Draft Guidelines (Guidelines) on the implementation of Proposition 39 and Senate Bill 73. SCPPA and its Members fully support the intended goals and expected outcomes of the California Clean Energy Jobs Act, including: increased energy efficiency in our local educational agencies (LEAs) and community colleges (CCs), long-term job creation and economic development in California's clean energy market; and meeting the State's emissions reduction goals and associated climate change objectives.

SCPPA is a joint powers authority and a public entity organized under the California Joint Exercise of Power Act found in Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California. Membership of SCPPA consists of eleven cities and one irrigation district, which supply electric energy within Southern California, including the municipal utilities of the cities of Anaheim, Azusa, Banning, Burbank, Cerritos, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District (Members).

In this regard, SCPPA's Members serve many LEAs, all of which will be directly impacted by the implementation of Proposition 39 and Senate Bill 73 (Prop 39) under the CEC's Guidelines. Based on this potentially far-reaching impact on our Members and their customers, SCPPA hereby submits the following comments and suggestions on the Draft Guidelines.

Usage Data and Release Authorization

The Guidelines call for LEAs to authorize their respective load serving entity or electric service provider to release "historic ... and future utility billing data and time-of-use interval data" (page 13) to the CEC as part of their funding applications. SCPPA respectfully requests clarification and confirmation on the historic and future data that the CEC would like to receive from SCPPA Members on behalf of the LEAs. Specifically, does the CEC want to receive the same level of billing information required to create the historic (and future) customer billings for each school, such that if time-of-use data was used in calculating a bill, the associated time-of-use-data would be included? Further, if this is correct and a customer receives a demand charge based on 15 minute-interval data, does the CEC desire to see this interval data as well?

SCPPA would suggest that this level of data intensity will be overly burdensome and onerous for Members to provide and more important, difficult if not impossible for the CEC to manage. SCPPA strongly encourages the CEC to limit the site-specific energy usage data requirements to monthly energy (and demand when recorded) for all LEAs, rather than attempt to maintain and analyze the hourly, 15-minute, or real-time data for

each school. This would be consistent with the usage data requirements under AB 1103, which requires Members to upload customer usage data to the Energy Star Portfolio Manager for the purposes of facility benchmarking. Requiring the same level of detail for Prop 39 usage reporting would leverage reporting infrastructures already in place for some of the Members, and not create the undue burden that an hourly, 15 minute, or real-time data requirement would.

In addition, during the CEC workshop on the Guidelines, held October 22, 2013, Staff said that LEAs and Members will be required to submit historic (and future) billing data for all schools in the State, "at some point in the future" – even for those schools not being upgraded with Prop 39 funds. SCPPA contends that this requirement to require usage data for schools not being upgraded is beyond the scope and intent of the California Clean Energy Jobs Act. Adding this increased level of data transfer and monitoring requirements for all schools to the already difficult task of managing the data just for schools that receive funding and support under Prop 39 is unreasonable for Members to provide and for CEC Staff to maintain or manage.

Further, per Prop 39, LEAs are required to sign a form or otherwise suitable legal document authorizing the Utility serving the electric requirements of each school to release historic (and future) energy usage data to the California Energy Commission (CEC) or its agent for benchmarking and savings tracking/verification. Because of the long-standing service relationships between many SCPPA Members and the LEAs that they serve, SCPPA suggests that LEAs not be just strongly encouraged, but *expected* by the CEC's Guidelines to work directly with their local electric service provider to:

- 1) Authorize the necessary data release;
- 2) Initiate discussions on possible energy efficiency improvement plan(s) at respective school sites;
- 3) Coordinate activities under Prop 39 with any existing publicly owned utility (POU) energy efficiency and renewable self-generation programs; and
- 4) Leverage these POU programs and incentives to the maximum extent possible and extend the Prop 39 funding for energy efficiency improvements and job creation as far as is possible.
- 5) Leverage the existing QA/QC processes in these POU programs to validate all measures and help ensure the LEAs actually realize the energy savings they are expecting from the Prop 39-funded projects.

Recognizing that the Guidelines, at page 11, specifically reference the leveraging of other programs and incentives, including but not limited to utility rebates and local programs, SCPPA would suggest that such leveraging opportunities will be increased and magnified if LEAs were not just recommended, but *expected* to contact the local service provider at the earliest opportunity to share ideas and information that will provide the most cost-effective use of Prop 39 funds in concert with existing utility programs. SCPPA believes that the intent of Prop 39 is best served if LEAs consistently work with and take advantage of the resources and incentives offered by Members primarily for the following two reasons. First, Prop 39 funding was intended to

be additional to existing efforts, not substitutive of those efforts. Leveraging utility incentives alongside Prop 39 funds will stretch those funds significantly further, and allow many more LEA facilities to be upgraded. Second, the QA/QC processes already in place at the POU's can be leveraged by the CEC to help ensure the measures are valid and that the LEAs will achieve the expected energy and bill savings. In the absence of the utility baseline and project installation verification processes already in place to protect ratepayer funds issued as incentives on these projects, the CEC alone will be responsible to protect LEAs from unscrupulous third parties seeking to sell "snake oil" to take advantage of the dramatic increase in investment in efficiency that Prop 39 represents. The Members can *significantly* assist the CEC in guarding against such a scenario, but only if LEAs are *expected* to work with their POU's to develop and verify their Prop 39-funded efficiency projects.

In addition, SCPPA suggests that the CEC consider incorporating language that is similar, if not verbatim, to that contained in Section 4.2.3.1 of the California Community College (CCC) Energy Project Guidance – District Guidelines addendum dated October 2013. Section 4.2.3.1 contains a clear and definitive reference to the California loading order for energy resource procurement and specification that the CCC review process under Prop 39 will include screening processes to ensure all projects comply with the loading order requirements. By design, this will insure that all cost-effective energy efficiency measures are implemented before a more expensive, renewable resource or clean-energy distributed generation project is developed.

Energy Efficiency Program Development and Implementation Contract Awards

In the *Contracts* section of the Guidelines, on page 29, it says "LEAs shall not use a sole-source process to award grant proceeds". During the Workshop, referenced above, Staff suggested that (paraphrased) "schools need to work with their own attorneys to determine what is the proper definition and implementation of the sole-source contracting laws." Recognizing this is absolutely true and correct in principle, the practical reality could suggest that the CEC might be able to provide guidance and support to LEAs who are receiving input and support in developing their respective plans from an agency who has already performed a competitive bidding process for associated services. That is, SCPPA and its Members have performed competitive bidding processes for service providers who have been deemed qualified to perform auditing, benchmarking and installation services that are in perfect alignment with the Prop 39 program directives. SCPPA strongly recommends that the CEC endorse or otherwise support LEAs' use of "qualified contractors" who have been pre-screened by an outside Member agency, such as SCPPA. This support would expedite the implementation of plans and increase the cost-effectiveness of implementation by allowing LEAs to focus on the actual plan performance, rather than spend considerable time screening and evaluating contractors' capabilities and associated costs – for services the LEA might not fully understand. Moreover, in the case where an LEA already has a prime contractor under contract, who was procured through a competitive process, nothing in the CEC guidelines should prevent the LEA from leveraging this

existing contractual relationship to execute Prop 39-funded projects. In other words, the Guidelines should not require duplicative and extraneous competitive solicitations.

Prop 39 Energy Savings Goals and Cost Effectiveness

The Guidelines do not specify the energy savings that can or will be attributable to POUs ongoing efforts to meet individual Utility's and the State's energy savings goals. However, SCPPA strongly believes that POUs should be allowed to claim savings attributable from Prop 39 funds to meet our respective goals. Further, as Prop 39 is implemented and as LEAs become more energy efficient the potential for savings from these institutions will be greatly reduced from current levels. This impact has not been considered or factored into essentially any of the existing forecasts of potential energy savings by POUs in the State. The potential savings could be substantial. The CEC and other energy efficiency advocates must recognize that with this Program's implementation a significant amount of potential energy savings from the Schools sector of our customer base will have been removed from our "basket" of energy savings opportunities in 2014 and beyond.

It is SCPPA's intention for Members to fully account for and report all energy savings resulting from Prop 39-funded efficiency improvement plans that the Member has had a level of involvement in the projects. "Involvement" in this regard would of course include paying an incentive to enhance the Prop 39 funds but will also include the provision of substantive material aid and/or assistance with the LEAs' creation and/or implementation of their Prop 39 energy efficiency expenditure plans, including but not limited to technical support for savings opportunity identification (e.g. data analytics and remote assessments, etc.).

Further, SCPPA and its Members would like clarification on the energy savings goals and objectives under the Guidelines. First and foremost, some of the "typical cost-effective measures for K-12 LEAs" identified in Exhibit B do not meet the T24 code requirements (e.g. T12 replacement with T8). SCPPA would fully agree that there are significant savings to be had in these lighting replacements. However, SCPPA would appreciate confirmation by the CEC that LEAs will be allowed to claim the energy savings achieved with or after the Prop 39 funded retrofits, as compared to a baseline of energy use prior to the Prop 39 retrofits, as is shown in the middle of page 26 of the Guidelines. SCPPA firmly believes that POU resources combined with Prop 39 funds present a potent combination to greatly accelerate our LEAs' transformation into highly efficient entities, but only if the savings achieved are accounted for within the existing system for tracking and recording Members energy efficiency achievements. Members must be able to claim all savings associated with Prop 39 projects that have benefitted from Members' resources, and these savings must be calculated from an existing equipment baseline.

SCPPA also has noted during previous Prop 39 Workshops that certain energy efficiency or conservation measures are or may not be "endorsed" or "encouraged"

because of individual measure cost-effectiveness evaluations (e.g. LEDs replacing fluorescent lamps). However, SCPPA contends that the extensive retrofit and retro-commissioning projects that are intended and expected under Prop 39, must be evaluated for cost-effectiveness on a case-by-case basis at the project and/or portfolio level -- rather than at the level of individual measures.

The language within the description of *Step 6*, beginning on page 19 of the Guidelines, states that “an individual project may have an SIR lower than 1.05, but the portfolio of bundled projects at each individual school site, submitted in one energy expenditure plan, must achieve a minimum SIR of 1.05.”

This language seems to support this idea, however, without any stated definition of “project” or “portfolio”, SCPPA is unsure of the application of these guidelines, and recommends clarity be added to the Guidelines with definition of what constitutes a “Project” and what makes up a “Portfolio” at each school.

Building Science principles continue to point to examining a building's operation as a “whole system” – not individual units, measures and pieces of equipment. In this theory and real-world application, each part's proper operation will impact and improve the operation and performance of other parts. As energy efficiency advocates and planners, we must also look at the school (and LEA) as a system. SCPPA strongly recommends that the CEC encourage and endorse the use of new and emerging technologies that are proven and commercially available in the approval and implementation of energy expenditure plans to help meet the goals of Prop 39.

SCPPA very much appreciates the opportunity to provide these comments to the Commission in this proceeding. We urge the Commission to consider the unique circumstances each California POU operates under, the relationships each utility has developed in the respective communities that we serve and our continuing efforts to meet the State's energy efficiency and greenhouse gas reduction goals -- as it finalizes the Guidelines on the implementation of California's Clean Energy Jobs Act.