

October 25, 2013

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

California Energy Commission

DOCKETED
13-CCEJA-01

TN 72232

OCT. 25 2013

**RE: CALIFORNIA ENERGY EFFICIENCY INDUSTRY COUNCIL'S COMMENTS ON
THE CEC'S PROPOSITION 39: CALIFORNIA CLEAN ENERGY JOBS ACT 2013
PROGRAM IMPLEMENTATION DRAFT GUIDELINES**

INTRODUCTION

The California Energy Efficiency Industry Council (Efficiency Council) appreciates this opportunity to provide comments on the California Energy Commission's (CEC) *Proposition 39: California Clean Energy Jobs Act -2013 Program Implementation Draft Guidelines* (the Guidelines). We commend the work and leadership of the CEC Commissioners and staff to produce these Guidelines, which are designed to support California's schools in saving energy and money, while creating clean energy jobs.

The Efficiency Council is a statewide trade association of non-utility companies that provide energy efficiency services and products in California.¹ Our member businesses employ many thousands of Californians throughout the state. They include implementation and evaluation experts, energy service companies, engineering and architecture firms, contractors, financing experts, workforce training entities, and manufacturers of energy efficiency products and equipment. The Efficiency Council's mission is to support appropriate energy efficiency policies, programs, and technologies to create sustainable jobs and foster long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

¹More information about the Efficiency Council can be found at www.energycouncil.org.

As a voice for the efficiency industry in the state, and on behalf of companies and organizations that design, implement and evaluate energy efficiency programs and services in California, the Efficiency Council has a strong interest in the implementation of the Proposition 39 (Prop 39) program. We supported initiative early on and were active supporters of the legislation that enacted the structure for the implementation of the initiative. Our members intend to play a vital role in working with the CEC and school districts throughout the state to achieve the goals and objectives of the Prop 39 program.

DISCUSSION

The Efficiency Council supports the overall goals and objectives in the Guidelines and we applaud the CEC's efforts to engage stakeholders as part of the process in drafting them. We would like to share the following comments:

1. We strongly support the ability of Local Education Agencies (LEAs) to request funding and/or reimbursement for project planning and energy auditing activities that started July 1. These processes are critical to ensuring a project's success, and it takes time to execute them properly. We commend the CEC for allowing this lead-time in the Guidelines, as it will be an important component in allowing LEAs to unlock the full potential for energy and cost savings within the Prop 39 funding horizon.
2. The Efficiency Council supports the inclusion of Data Analytics, such as those outlined in "Option 3: Other Tools: Data Analytics" as an approved method for LEAs to identify energy projects. These analytical tools can be an effective solution to meet the goals of the Prop 39 program and allow for LEAs to reduce the costs of audits, while improving understandable information from the audit.

We support the CEC's decision to leverage local utilities in the validation process for these tools. As many utility programs throughout the state have already begun incorporating many of these emerging and existing technologies into their programs, the local utilities are already well positioned to determine

which vendor solutions are appropriate for meeting the needs and requirements of the Prop 39 program.

In order to ensure these efforts are fully leveraged, the CEC should ensure there is not a situation of extreme duplication of efforts. The Guidelines should state, as the law provides, that if a given data analytics provider has been validated by any local California utility or received a technical validation of equal technical rigor, then that provider meets the technical validation to operate throughout the state. To do otherwise would frustrate the purposes of the law² and could potentially lead to a cumbersome process requiring data analytics providers to seek technical validation from the hundreds of local utilities in the state.

Additionally, the Guidelines seem to imply that LEAs should select from only one of three options for identifying energy projects (surveys, audits, analytics). However, in most cases these methods often complement each other depending on needs at a given site. We request that the wording be changed to articulate that LEAs the ability to use some or all three options when identifying the most cost-effective projects.

3. The Efficiency Council appreciates the CEC's continued commitment to encouraging depth and comprehensiveness in regards to energy efficiency upgrade projects. We would recommend that in order to fully support this, the CEC should allow larger LEAs (Tier 4) to have the same flexibility as the Tier 1-3 schools have in Option 3, which allows for a Five Year Complete Award plan option as part of an LEAs Energy Expenditure Plan (EEP). This will promote and

²“(b) The Energy Commission shall allow the use of data analytics of energy usage data, where possible, in the energy auditing, evaluation, inventorying, measuring, and verification of projects. To ensure quality of results, data analytics providers shall have received prior technical validation by the Energy Commission, a local utility, or the Public Utilities Commission.” SB 73, Committee on Budget and Fiscal Review. Energy: Proposition 39 implementation, As Approved by Governor June 27, 2013. Filed with Secretary of State June 27, 2013. [http://leginfo.ca.gov/pub/13-14/bill/sen/sb_0051-0100/sb_73_bill_20130627_chaptered.htm]

ensure that larger facilities have the option to undertake larger and more comprehensive energy improvement projects, which can take multiple years to plan and implement – and will lead to greater energy and cost savings.

4. We support the CEC’s goal to ensure that Prop 39 funding is being properly utilized through the establishment of the Savings-to-Investment Ratio (SIR) mechanism. A key challenge that LEAs may face with the current structure of the SIR is a constrain on their ability to undertake comprehensive energy projects and still meet the 1.05 SIR on a stand-alone basis if the recommend project sequencing process is followed. Calculating the SIR on a project-by-project basis creates a situation that forces LEAs to focus only on low-cost measures, such as lighting and equipment tune-ups and controls, in order to meet the SIR requirements. We would recommend adjusting the SIR to be calculated on a comprehensive basis that is cumulative for all projects being implemented with Prop 39 funding, in order to encourage LEAs to pursue deeper and more comprehensive projects in the recommended sequencing order.

5. We recognize that the CEC has also been one of the leading state agencies in promoting and encouraging adherence to California’s loading order policy, which prioritizes maximizing cost-effective energy efficiency and demand response measures first and foremost before moving to distributed generation and conventional resources. To ensure these policies is being met, the Efficiency Council recommends the CEC adjust the following statement in the Guidelines (Step 4: Sequencing of Facility Improvements):

“The Energy Commission **requires** LEAs to use the sequencing approach described below for reducing energy. LEAs **are required** to select energy efficiency and demand reduction projects first.”

In addition to providing clarity that following the Loading Order is a requirement for all projects, we would urge to the CEC to better define the way in which adherence to the loading order will be verified. We would recommend

the Guidelines include a process that ensures all cost-effective energy efficiency improvements have been considered and are prioritized before exploring on-site distributed generation or conventional resources.

6. The Efficiency Council is strongly supportive of the CEC's intention to set in place an effective Measure and Verification (M&V) system in order to be able to accurately verify and report savings associated with projects that utilize Prop 39 funding. We recommend that the Guidelines be explicit as possible as to the purpose and potential standard used to report savings. There needs to be a streamlined, and efficient M&V process that leverages existing efforts, such as those undertaken through the utility rebate programs, that is not overly burdensome on the LEAs. Our hope would be to avoid a situation where project resources have to be diverted from energy savings investments in order to meet cumbersome M&V and reporting requirements.
7. The Efficiency Council also encourages the CEC to continue to recognize and coordinate the Prop 39 program with existing efforts, such as the programs operated by the CPUC rate-payer funded utility programs, in order to best leverage all resources available to LEAs. Strong coordination between these programs will help to avoid market confusion, duplication of efforts and maximize project savings.

CONCLUSION

The Efficiency Council looks forward to continuing to engage with the CEC Commissioners, staff, and other key stakeholders to implement the Prop 39 program outlined in these Guidelines. Most importantly, the energy efficiency industry stands poised and ready to support State policies and programs to drive demand for energy upgrades and assist schools in making improvements to their buildings that will provide long-term energy and cost savings, and create jobs.

Respectfully,

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