



Email to: docket@energy.ca.gov
Docket # 13-CCEJA-1
Subject: Comments on Proposition 39

kW Engineering supports the mission of Proposition 39 and the goals and objectives of the CEC Program Implementation Guidelines. We applaud the CEC's DRAFT Guideline development as it provides much-needed clarity to this process. We also commend the work and leadership of the CEC Commissioners and staff in producing these Guidelines and the CEC's efforts to solicit feedback on the guidelines in the development of a final document.

Background

kW Engineering is a provider of Technical Assistance services for the CEC's Bright Schools and Energy Partnerships Programs. We have many years of experience developing and supporting the installation of energy efficiency projects at schools and commercial buildings in the state, and have held recent conversations with many LEA's. We commend the CEC for quickly producing Draft Guidelines to meet the requirements of SB-73 while providing much-needed clear guidance to LEA's.

kW is also a member of the California Energy Efficiency Council (CEEIC) and has provided separate input in the development of their comments as well. We support the CEEIC's comments, and provide additional input here on some of the topics raised in the CEEIC's comments.

kW's Specific Comments

kW Engineering offers the following feedback regarding the Draft Guidelines published by the CEC.

1. Loading Order

We feel that additional clarity is needed pertaining to the requirements on sequencing and loading order. The CEC has been a leading advocate of the need for addressing cost-effective energy efficiency before or with addition of self-generated renewable energy. While loading order is good policy for the state, it is also good practice, and cost effective for the individual LEAs. We support development of energy efficiency and renewable energy and believe that if the requirements around loading order are not very explicit and clear to LEA's, this policy goal may be missed or miss-interpreted. Previous weak interpretations of loading order requirements have led to renewable projects proceeding energy

efficiency in many sites. We recommend clear, obtainable, goals for sequencing as part of the Guidelines.

2. M&V Purpose and Guidelines

Step 8 of the Guidelines sets project reporting requirements that include options for documenting energy savings. Options A and B allow the agency to submit estimates of calculated savings whereas Options C and D allow the LEA to report savings based on Measurement and Verification (M&V). We recommend that the CEC be explicit as to the purpose and potential standard used to report savings. kW does not wish to see extensive M&V required as part of this process and understand that the intent is primarily to ensure that Prop 39 funds are not wasted. However, if M&V is an option some threshold needs to be set that provides some level of consistent reporting without diverting funds to M&V instead of completed, energy-saving projects.

3. Sole Sourcing Requirements re: Energy Planning Services

The Draft Guidelines are unclear regarding the applicability of sole sourcing requirements to procurement of Energy Planning services. Several LEA's have shared concerns about requiring a sourcing bid process for engaging the assistance needed to meet the requirements and develop their Expenditure Plan. Concerns include: 1) A bidding process will be time-consuming, and result in unacceptable delays to their timetables for submitting Plans; 2) Many LEA's simply do not have the knowledge or resources to conduct a bidding process; and 3) Many LEA's already have trusted partners to support Planning activities.

We request that the CEC consider making an exemption to the sole source requirement for the funds requested for Energy Planning activities. Alternately, we request that the CEC provide clear guidelines, suggested course of action and RFQ/RFP templates so that LEAs have a ready path to select qualified service providers. Additionally, we request adding specific guidance regarding sole sourcing requirements for utilizing external energy managers.

4. Energy Surveys, Audits and Analytics

The language in the Draft Guidelines (Chapter 2 - Process – Step 5) implies that the LEA shall select only one of three options for identifying energy projects (surveys, audits, analytics). However these methods can often complement each other depending on needs at a given site. We request that the wording be changed to encourage "AND" rather than "OR" that agencies might use some or all three options to most cost-effectively identify projects.

We recommend that the sentence "Data analytics refers to what is typically called a "no-touch" or Web-based "virtual" energy audit assessment." be removed or re-stated. To refer to an audit as a "no-touch" process confuses the market as to what an energy audit is. Data analytics can greatly inform the energy audit process but do not replace the on-site investigation.

5. Planning Funds

The Draft Guidelines state that Planning Funds can only be requested during the first year. We believe the intent is that LEAs can use this funding over the entire five year period, and we recommend that the guidelines clarify this intent. We believe that in most cases an iterative process over several years will result in more cost-effective project identification for the LEAs.

6. We support the CEEIC's recommendation that the Guidelines coordinate Prop 39 funding with existing efforts such as ratepayer funded utility-run programs. We recommend adding language advising LEA's and their service providers to ensure that their methods of analysis are suitable for both CEC requirements, and utility program requirements.

7. Energy Efficiency Project Construction Compliance Requirements

We recommend highlighting that new Title 24 requirements take effect on Jan 1 2014. We expect that these new requirements will apply to many retrofit projects planned for schools. For example, most lighting retrofits will now require dimming and related controls as well.

8. Savings to Investment (SIR) Clarification

LEAs have little exposure to SIR and there is much confusion in those communities over the threshold set by $SIR > 1.05$. It would be helpful if the Guidelines clarified that this is a low threshold for cost effectiveness – that this means that any project that is just marginally cost effective may be approved.

In addition, In Exhibit E (SIR) we recommend clarifying the boxed equation by changing the numerator from "NPV" to "PV (Savings)". Many people know NPV (Net Present Value) as the net PV of savings and costs.

Thank you for considering our input to the Guidelines document.

Respectfully,



Jim Kelsey
President