

Energy - Docket Optical System

From: Energy - Prop39
Sent: Wednesday, November 20, 2013 12:15 PM
To: Energy - Docket Optical System
Subject: FW: Proposition 39 Comment

Categories: Ready to Docket

California Energy Commission

DOCKETED

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Here is the original.

From: Thomas Jackson [mailto:TomJ@Climatec.com]
Sent: Thursday, October 24, 2013 1:46 PM
To: Energy - Prop39
Subject: Proposition 39 Comment

Hello,

This is Thomas Jackson, on behalf of CLIMATEC Building Technology Group. We are a major Contractor and Energy Services Company operating in CA, with major offices throughout the State. We have delivered dozens of successful Energy Projects within the CA K-12 School arena, and all of our projects have successfully saved significant energy and operational savings. We would like to offer up a few simple suggestions for the CEC to consider with regards to Proposition 39. We have other comments and opinions which will come to the Energy Commission from both our national organization (NAESCO) and also from one of our partners, Capitol Advisor Group, (CAG) who represents many K-12 Boards, LEA's, and schools organizations in the state. We appreciate your focus and efforts in getting this worthwhile initiative off the ground and projects moving.

Thank you for your consideration.

Thomas R. Jackson



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- 1) Regarding the **SIR Equation**.
 - 2) Regarding the **Implementation Schedule**

SIR Equation:

Under the current draft, the SIR utilizes Net Present Value (NPV) with a 5.1% discount rate. This formula puts a requirement on “Bundled” project to have a simple payback period of potentially less than 10 years, making it near impossible to include much needed measures with longer life cycles such as major HVAC Modernization, Building Envelope, Windows, and Solar PV.

In our experience, typical simple paybacks for conservation measures applied in CA K12 are:

- Lighting 4-10 years
- HVAC Replacements 12-20+ years
- Building Automation Systems BAS 7-15 years
- Building Envelope (Doors/Windows) 20+ years
- Solar PV 15-25 years

We would suggest changing the discount rate to 0%, (No real “cost of funds” involved, as the money comes in the form of grants) which will in effect change the NPV value to a “Life Cycle” value, which we believe was the standard used by ARRA/EECBG funding on K-12 energy projects. This modification will allow at least some of the longer life cycle measures to be included in a typical “Bundled” project. Without this critical change, Prop 39 projects will consist of primarily lighting retrofits, with some minimal HVAC and BAS. We are concerned that many K-12 districts who have been proactive with conservation, simply will not be able to find conservation or generation Prop 39 projects that would pass SIR financial muster under the DRAFT SIR hurdle rates. Please consider making this change.

SCHEDULE

The anticipated Proposition 39 Program implementation schedule is:

- SSPI to begin releasing energy audit and planning funds November 2013
- Energy Commission to begin accepting energy expenditure plans proposals December 2013
- SSPI to begin allocating awards May 2014
- Two fiscal year combined funding award requests September 1, 2014 (*annually*)
- Award calculation completed by CDE November 30 (*annually*)
- LEAs project completion reporting Ongoing
- LEAs expenditure reports to Citizen’s Oversight October 1
- Energy Commission report to COB January 1
- LEAs final encumbrance date June 30, 2018
- LEAs final project completion date June 30, 2020
- LEAs final project reporting date June 30, 2021

First, the CEC is to be commended for pushing out Draft of Regulations in a timely manner. Having said this, we would like to suggest a clarification of definitions and timing, with regards to projects being approved and contracted and SSPI timing to begin allocating awards. There are a major number of districts who have had Investment Grade Audits or Level 2 ASHARE Audits completed in the past three years, and they will be ready to submit their grant application the day the website is open for submissions. To the extent these applications are complete and meet technical and financial reasonableness requirements and other procedures put forward by the CEC, it is possible LEA's and K-12 districts could wish to start contracting for projects as early as Jan/Feb 2014? The Implementation Schedule might imply to districts/LEA's that no work can be done in terms of scoping or contracting (other than audits, planning, etc.) prior to May of 2014. If this is the case, hundreds if not thousands of jobs will go unfilled as projects that are "shovel ready" now will have to wait or be delayed until funds are released. (Even greater problem if the May date slips and during the budget sessions in Sacramento in June 2014 it becomes clear to Senator DeLeon, Governor Brown, and others, that no projects have begun and no grant monies have started to flow fully one year after the legislation was approved and handed over to CEC) It would be very worthwhile for the CEC to make it clear that projects which are submitted and approved in a fast-track manner, can proceed with procurement and implementation as quickly as feasible and they do not need to wait for the release of funds in May to move projects forward. Perhaps adding another call-out line in the schedule that says something like "**LEA's & District begin Procurement and Contracting of Energy Projects**" – As soon as Feasible (within guidelines) following notification of approval from CEC. This way, districts who are ready day one with shovel ready projects can get cracking on implementation. Often times, the more complex ECM's can take 6-18 months to complete, hence the sooner the projects start, the sooner jobs are created and energy starts being conserved. Thank you for your thoughtful consideration.