



October 27, 2014

California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

California Energy Commission

DOCKETED

13-CCEJA-01

TN 73868

OCT 27 2014

**RE: Docket # 13-CCEJA-1, Comments on Proposition 39 Guidelines
*SOLAR GARDENS and SOLAR BUY BACKS***

Dear Sir or Madam,

My firm provides Energy Management Services to California LEAs under the Proposition 39 program. To date, we have contracted with thirty-seven LEAs and have received approval on ten (10) Energy Expenditure Plans totaling over \$2.4 million in approved Proposition 39 funds. We are pleased to have the opportunity to offer comments and proposed changes to the program guidelines per the California Energy Commission's solicitation for public comment.

In our continuing work with California LEAs under Proposition 39, we have identified two important opportunities that we believe can provide significant additional benefits to California schools. These two issues are encapsulated in the suggested changes to the Proposition 39 program included in this letter: 1) Solar Gardens, and 2) Solar Buy Backs. The two issues are related by the fact they both have to do with Solar Photovoltaics, but are otherwise different issues.

SOLAR GARDENS: In many cases, charter schools organize themselves into more than one Local Educational Authority (LEAs), even though more than one LEA may share the same campus location. The way the Proposition 39 guidelines are presently written, funds for one LEA may not be used on an adjacent building that houses another LEA. In one of our client's situations (3) LEAs are co-located on a single campus and one of the buildings offers a great location to install a Solar PV system, but the other two buildings are not (due to shading by trees or buildings, placement of rooftop equipment, limited roof space, etc.). We believe that it should be possible to locate a Solar PV array for the entire campus on the one building that is a good site, and use the Proposition 39 funding from all three LEAs to make it large enough to serve and benefit all three LEAs. This is the concept of a SOLAR GARDEN: the Solar Resource is shared by other nearby buildings. Such a scenario



would also prove beneficial to charter schools located on larger District-owned properties, so the potential benefits could be shared and stretched very far indeed.

SOLAR BUY BACKS: There are two examples (so far) we have encountered with our school clients, where their building presently has a significantly large Solar PV system on the roof, however, they get little or no benefit of the energy produced by the Solar PV system, and little if any economic benefit either. There are many ways that these contracts were set up in earlier years, and two examples are Solar Roof Leases, and Power Purchase Agreements. These types of contracts have provisions for early buy-out of the leases, but to do so, the LEA would need to come up with the cash to buy out the lease early. By doing so, and taking ownership of the solar resource, the LEA would benefit by being able to use the electricity generated, which would in turn lower their purchased utilities costs and reduce overall energy usage. Our proposed language recommendation would permit funds from Proposition 39 to be used for this purpose, so long as, of course, the various cost-effectiveness guidelines of the Prop-39 program are adhered to.

We have studied carefully the initiative and legislation language, as well as the CEC Proposition 39 Guidelines, and we have drafted the following proposed changes to the Proposition 39 Guidelines for your review and consideration.

Red Text are recommended insertions to the Proposition 39 Guidelines, June 2014 revision (CEC-400-2013-010-CMF-REV2) – *James E. Richmond, CEM, CEA, CMVP: 8/4/14*

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Eligible Energy Projects

Eligible energy projects are energy efficiency measures, **energy cost-saving measures** and/or clean energy installations in or at a school site.

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Award Funding for Non-Energy Benefit Projects

Public Resources Code Section 26205(a)(1) allows for funding of non-energy benefit projects by stating, “Public schools: Energy efficiency retrofits and clean energy installations, along with related improvements and repairs that contribute to reduced operating costs and improved health and safety conditions, on public schools.”

Non-energy benefits include other associated energy project benefits such as health, safety, enhanced comfort, better indoor air quality, **energy cost reduction**, and improvements to the learning environment. The Savings to Investment (SIR) calculator explained in detail in Appendix E uses a five percent adder to estimate non-energy benefits associated with all energy efficiency projects.



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APPENDIX G:

**Power Purchase Agreement SIR Calculation Considerations
Use of Power Purchase Agreements to Finance Clean Energy Projects**

The following statements should be added at the end of this Appendix:

Solar System Buy-Backs

An Eligible LEA that is a party to a PPA, Parking Lot Solar Lease or Rooftop Solar Lease may elect to buy out of its PPA, Parking Lot Solar Lease or Rooftop Solar Lease contract, taking ownership of the solar PV system and thereby capturing the full benefit of the energy generated to the LEA. Proposition 39 funding may be used, provided Proposition 39 cost-effectiveness criteria and the Sequencing of Facility Improvements guidelines are observed.

Solar Gardens

More than one Eligible LEA may elect to pool its Proposition 39 funding to install a shared-benefit solar photovoltaic system on the site of one or more of the Eligible LEAs (e.g. Solar Garden), provided all Proposition 39 cost-effectiveness criteria and the Sequencing of Facility Improvements guidelines are observed by all participating LEAs. A Memorandum of Understanding for the splitting of the energy cost-savings benefits between the LEA parties to the Solar Garden shall be submitted along with the Energy Expenditure Plans of each LEA that is to become a party of the Solar Garden Agreement.

Thank you for your consideration of these comments and proposed changes. I would be pleased to discuss any portion of this correspondence with the California Energy Commission and staff, at its convenience.

Sincerely,

James E. Richmond, CEM, CEA, CMVP
President