



October 6, 2015

The Honorable Andrew McAllister
Commissioner
California Energy Commission
1516 Ninth Street, MS-29
Sacramento, CA 95814

Dear Commissioner McAllister:

On behalf of the School Energy Coalition (SEC), an organization made up of K-12 schools, community colleges, school construction and energy consultants focused on energy efficiency and renewable generation projects for California's students, I am writing to share our support for the Proposition 39 Program and some suggestions as you begin the process of revising the program's Guidelines over the next few weeks.

Since the California Energy Commission's (CEC) Proposition 39 Guidelines were approved in December 2013, SEC has worked to assist school districts, county offices of education and charter schools to stay up-to-date on the information changes and meeting the requirements for Energy Expenditure Plan (EEP) approval.

SEC has held workshops and webinars addressing energy issues of importance to schools, most with a Proposition 39 focus. Overall, schools appreciate the flexibility in the energy project funding program and appreciate that the Commission has listened to the concerns of Local Education Agencies (LEA), making adjustments where needed and warranted over the past year as individual schools have moved through the approval process.

As the Commission is contemplating a more whole-scale review of the guidelines, we would like to offer the following input and comments to identify areas that remain of concern for your further consideration:

Definition of Cost-Effectiveness

After gathering data and benchmarking their sites, the required Savings-to-Investment-Ratio (SIR) of 1.05 is the most challenging part of the approval process for schools, but they have been working hard to make their plans work by layering projects. The recently approved ability to use projects on an LEA-wide basis has been very helpful in getting to plan approval for schools.

- There still remains the issue of schools that receive their electricity from public power sources having a harder time meeting the SIR threshold. Schools that receive electricity from the Federal Power Agency, irrigation districts and some municipal utilities have rates that make it very difficult to meet the SIR requirement. We would urge the use of an alternative formula in these situations.



Solar

- Schools would support more options to do solar projects with Proposition 39 funding should they choose to do this, especially when efficiency measures have been already installed.
- SEC supports revisions to the solar calculator that better match industry standards for such variables as solar panel life span, inverter life span and solar panel degradation.

Proposition 39 Funding Relationships between LEAs

- Clarify how LEAs may show that funding has been pooled for the purposes of the Program, for example an energy manager or other planning fund uses. Is a Memorandum of Understanding (MOU) or other type of documentation required? Are schools that use funds to hire an energy manager only required to report out on that expenditure and how?
- May a district or charter school contract through an MOU with their county office for construction management services for their Proposition 39 program without requesting competitive proposals from private firms? In many cases the county office already handles the district or charter's financial services.
- How might Charter Schools document compensation to school districts, or vice versa, with Proposition 39 funding for energy assistance to meet program requirements?
- Please clarify whether sole source language applies to work provided between COEs or Districts and charters.

Zero Net Energy Alternative SIR

- Requires that the *entire* school district or LEA meet the zero net energy standard. This is a standard that no LEA is yet able to meet. We respectfully request that another standard be considered, such as by site rather than LEA-wide, and we would be happy to work with staff to come up with an alternative.

Correlating with Other Energy Programs and Agencies

- California Department of Education (CDE): In order to move projects forward, schools need to know how much of an allocation they have received. Schools would appreciate a faster turnaround time for annual allocations to be made once the budget is finalized in July. Currently the CDE has until November 30 of each year to do this. We would appreciate moving this date to September 30 so that schools may be better able to plan their construction schedules based on accurate funding.
- CDE: It would also be helpful to have to have a faster process for receiving funding once an EEP has been approved. CDE is currently making allocations on a quarterly basis – this could mean that a school would wait for over three months for funding after having an approved plan. We would suggest allocations be done on an every other month basis in the future.
- It would be useful to have guidance on the changes to the state's Green Codes and Title 24 requirements for schools with Proposition 39 projects and meeting the SIR requirement. We support consideration being made on the concerns regarding lighting with regard to added costs due to Title 24 and look forward to reviewing related language, but believe a more comprehensive review may still be needed.



- Due to the recent CA Energy Code changes, IOU incentive programs across the state are in the process of being re-calculated to align with the new code requirements. This may narrow the availability of rebates and other incentives for schools in the area of energy efficiency and change plans that schools may have to make projects work under the program. This could also affect projected savings under the SIR.

Final Reporting Process

- It remains to be seen how the final reporting tool will operate, but we look forward to sharing our input with you on that process. We urge that the Citizens Oversight Board (COB) – where CEC has at least one ex-officio member – be transparent and consistent, and that schools are fully informed now as to what is expected with regard to the final review process. Projects are already moving through to completion without full knowledge of what information is going to be reviewed in final reporting and by the COB.
- Please also include information on how Proposition 39 projects or plans that have been amended will be reviewed.

We appreciate the ability to share our concerns with you and look forward to participating in the Guideline review process.

Please do not hesitate to contact me (916.441.3300 or aferrera@m-w-h.com) with any questions regarding the information contained in this letter.

Sincerely,

Anna Ferrera
Executive Director
School Energy Coalition

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cc: The Honorable Kevin de León, Senate President pro Tempore
Kip Lipper, Office of Senate President pro Tempore de León
Robert B. Weisenmiller, Ph.D., Commissioner
Karen Douglas, J.D., Commissioner
David Hochschild, Commissioner
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Kate Gordon, Chair Elect, Citizens Oversight Board
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