

DRAFT Guideline Review Proposition 39

Presented by:
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Proposition 39: New Tax Revenue

- Voters approved in November 2012. The change to the tax law is estimated to bring over \$1 billion in additional revenue to the State's General Fund starting with 2013-14 (half-year impact in 2012-13).
- Proposition 39 language stated that \$550 million be transferred to the Treasurer for a Clean Energy Job Creation (CEJC) Fund for "public energy projects." Included schools, local government, community colleges and UC and CSU.
- Transfer to the CEJC Fund for clean energy projects would be for five years only – through the 2017-2018 budget year.
- Establishes a Citizens Oversight Board (COB) of 9 members: 3 from the State Treasurer's Office; 3 from the State Controller's, 3 from the Attorney General's office; and ex-officio members from CPUC and CEC to annually review expenditures from the CEJC fund.

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Objective

- Create good-paying energy efficiency and clean energy jobs in California.
- Leverage existing energy efficiency and clean energy programs to increase economic and energy benefits.
- Provide full public accounting for money spent.

Source: California Energy Commission

LEA Prop 39 Award Program

Eligible Agencies

- LEA's which includes COE's, districts, charter schools and state special schools located in publically owned buildings and paying for their utilities. Special rules for leased facilities. Community Colleges do not use these guidelines the first year of funding.

Eligible Projects

- Create jobs, improve energy efficiency and expand clean energy generation.

Loading Order

- Efficiency then Renewable
- Now "Recommended"

Typically Cost-Effective K-12 School Energy Projects

- CEC says they will not be recommending projects, the following are listed as typical:
 - Lighting
 - Heating, Ventilation, and Air Conditioning
 - Water Heating
 - Building Envelope - roofing
 - Water Efficiency related to energy savings
 - Kitchen Equipment
 - Pool Equipment

Award Allocations

Tier Level	PriorYr ADA	Minimum Funding Award
Tier 1	<=100	\$15,000 + FRPM
Tier 2	101-1,000	greater of \$50,000 or ADA
Tier 3	1,001 to 1,999	greater of \$100,000 or ADA
Tier 4	2,000 or more	prior yr ADA

Large Expenditure Awards: LEA's receiving over \$1 million must use at least 50% for eligible projects over \$250,000.

** CDE posted awards on October 14.

Funding for Training and Energy Manager

- **Training Costs:** Each year training costs may be part of an expenditure plan (2% or \$1,000 whichever is greater).
- **Energy Manager:** Each fiscal year, the LEA has the option of requesting up to 10% or 100,000, whichever is greater, to hire an energy manager. LEAs may pool funding to do this. (CEC power point says within county – DRAFT Guidelines say smaller schools – need some clarification here.)

Energy Planning Reservation Option

In CEC DRAFT Guidelines Document:

- Only available prior to submitting an expenditure plan for FY 13/14.
- ONLY for these activities:
 - 1) Screening and energy audits (up to 85% of planning funds).
 - 2) Prop 39 program assistance (up to 15% of planning funds).

Energy Planning Reservation Option

1. LEAs with first year award of \$433,000 or less, may request up to \$130,000 of their first year award for planning activities
2. LEAs with first year award of \$433,001 or more may request 30% of their first year award (up to \$1 million) for planning activities.

Energy Planning Reservation Option

- Unused planning \$ may be rolled into projects.
- No retroactive planning activities prior to July 1, 2013 are eligible.
- Activities must be reported as part of first energy expenditure plan.
- May use audits done within the past three years that meet the guidelines for energy survey, ASHRAE Level 2 or data analytics.

DRAFT Guidelines: Positive Results

- CEC says it will have final guidelines approved at their December 19, 2013, CA Energy Commission Business Meeting.
- The State Superintendent of Public Instruction (SSPI) has posted Proposition 39 awards on CDE Website October 14.
- Planning Funds available sometime after allocations are posted.
- Retroactivity only for Planning Activities: for those that occurred on or after July 1, 2013.

DRAFT Guidelines: Positive Results

- LEAs may use audits performed in the past *three years* that meets survey standards, ASHRAE Level 2 audit, or data analytics report.
- More than one project may be included in an expenditure plan (considered one project for reporting purposes).
- Unused funds budgeted for proposed projects in an expenditure plan will roll over to the next year.

**Additional Prop 39 Funding Resources:
Energy Conservation Assistance Act (ECAA)**

Prop 39 allocated \$28 million for the 2013-14 year – Must be renewed in the budget process annually:

- Loan Program
- Bright Schools Technical Assistance Grant Program

Additional Prop 39 Funding Resources

- \$3 M: California Workforce Investment Board
 - Competitive grants for community-based and workforce organizations.
 - Prepare veterans and disadvantaged youth for employment.
- \$5 M: California Conservation Corps.
 - Energy surveys and energy conservation related activities.

Other Important Items

- **Leveraging Funds:** This is encouraged and will not reduce Prop 39 eligibility or funding amount.
- **NO RETROACTIVE FUNDING OF PROJECTS** (prior to approval of guidelines).

Proposition 39: The Path to Funding

- Energy Planning Funds Request:
 - Step 1: Electric and Gas Usage / Billing Data
 - 12 months site energy usage before project installation
 - Step 2: Benchmarking
 - Guidelines state that only LEAs applying for Prop 39 funding need to be benchmarked. Need to include:
 - Total energy cost
 - Square footage
 - Year-end annual total gas cost / per square footage.
 - LEAs may compare one year to another.
 - CEC says best candidates are schools with the highest energy use.

Proposition 39: The Path to Funding

- Step 3: Energy Project Prioritization
- Step 4: Sequencing of Facility Improvements
- Step 5: Energy Project Identification

Proposition 39: The Path to Funding

- Step 6: Cost-Effectiveness Determination
 - Using CEC Calculator = Savings to Investment Ratio (SIR) 1.05
 - Annual Energy Savings
 - Demand Savings
 - Annual Energy Cost Savings
 - Project Installation Cost
 - Rebates
 - Other Matching Grants

Proposition 39: The Path to Funding

- Step 7: Complete and Submit Energy Expenditure Plan (EEP)
 - Planning Funds
 - Benchmarking
 - Pre-Installation Verification Form
 - Energy Savings
 - Current Energy Usage
 - Estimated Project Costs
 - Energy Audit / Survey
 - Training Request

Proposition 39: The Path to Funding

- Step 7: Energy Expenditure Plan (EEP) - (cont.)
 - Energy Manager Request
 - Job Creation Calculation
 - 12 Month Data
 - Certifications 1-7
 - Sequencing
 - Energy project prioritization
 - Commitment to use funds as approved
 - Commitment that application information is true and correct
 - CEQA requirements have been met
 - DSA project approvals will be obtained
 - Acknowledging expenditures are subject to financial audit

Energy Expenditure Plan Options

Award Level	Energy Expenditure Plan Options
\$50,000 or Less	<u>Option 1:</u> Yearly award energy expenditure plan <u>Option 2:</u> Two-year (bundled) award energy expenditure plan <u>Option 3:</u> A five-year plan complete award energy expenditure plan
\$50,001 or Greater	Up to four energy expenditure plans may be submitted per fiscal year

Proposition 39: The Path to Funding

- Step 8: Project Tracking and Reporting
 - 12-month site energy usage after project installation

** Energy expenditure plans will be processed by the CEC on a first-come first-served basis.

Energy Expenditure Plan Process

- After Energy Expenditure Plan is approved, CEC will notify the LEA and CDE.
- Once every quarter, CDE will process (will take approximately one month).
- Apportionments submitted to the State Controller's Office which will draw warrants for County Treasurers (3-4 weeks).
- County Treasurers will then deposit funds for immediate distribution to LEAs.

Disapproval & Appeal Process

- If expenditure plan is incomplete, does not meet timeframe required, or does not meet the SIR of 1.05, energy staff will contact the LEA to explain why and the plan will be returned to the LEA with reasons and explanation for correction and resubmission.
- Resubmission must occur within 30 days of the date the notice of denial is mailed to the LEA through a Petition of Reconsideration of Expenditure Plan Denial Docket #13-CCEJA to the Office of the Executive Director, where it must be responded to within 30 days.
- If reconsideration is denied it must then be appealed to the Commission's Public Advisor within 15 days where, within 30 days of receipt, it will be set for an appeal presentation at a regularly scheduled business meeting of the CEC.

Construction Compliance Requirements Still Apply

- DSA
 - Structural
 - Access
 - Fire-Life-Safety
 - Title 24
 - Energy Standards
- Contracts - Local and State Rules Apply
 - (4217 discussion)

Concerns

- Three types of reporting will be required for each project submitted for Proposition 39 funding:
 - 1) Expenditure Reports;
 - 2) Quarterly Reports; and
 - 3) Final Report to the Citizens Oversight Board (COB) with a copy to the CEC.
- Larger LEAs should be allowed the same Option 3 for Energy Expenditure Plan which allows for a Five-Year Complete Award Plan.

Concerns

- Benchmarking process, prioritization and M&V: Are these areas where CEC may disagree with LEA findings?
- Change of Scope rules – LCFF / LCAP may cause square footage changes.
- Approvals appear to rely heavily on SIR number.

Concerns

- Reporting Forms and online calculator tools not yet available.
- No retroactive payment for construction of school energy projects.
- Funding Release Timing – CDE Quarterly and Controller add time.
- Disapproval Process – Appeal process appears very Bureaucratic.

Schedule

- Nov 2013 - State Superintendent of Public Instruction (SSPI) begin releasing energy audit and planning funds.
- Dec 2013 - CEC approves guidelines and begins accepting energy expenditure plan proposals.
- May 2014 - SSPI begins allocation awards (2-4 months to reach LEA's).
- Sep 1, 2014 (annually) Two FY funding award requests deadline.
- Nov 30 (annually) Prop 39 funding award calculation completed by CDE (approved state budget & prior year ADA & FRPM).
- Ongoing - LEA project completion reporting (12-15 months after each project completion).
- Oct 1 (annually beginning 2015) LEA's expenditure reports to Citizen's Oversight Board (COB) and Energy Commission.
- Jan 1 - CEC Commission report to COB (beginning in 2016)
- June 30, 2018 - LEAs final encumbrance date
- June 30, 2020 - LEAs final project completion date
- June 30, 2021 - LEAs final project reporting date

Helpful Links

- [California Energy Commission](http://www.energy.ca.gov/efficiency/proposition39/index.html)
 - <http://www.energy.ca.gov/efficiency/proposition39/index.html>
- [California Department of Education](http://www.cde.ca.gov/fg/aa/ca/prop39ccej.asp)
 - <http://www.cde.ca.gov/fg/aa/ca/prop39ccej.asp>

Ways to Contact CEC to Provide Input

- Participate in the scheduled WebEx meeting on October 22, 2013. (Check the CEC website for details.)
- Submit your comments on the Proposition 39 Draft Guidelines to CEC’s Public Advisor by mail or email. On the first or subject line, include the Docket Number 13-CCEJA-1, and “Comments on Prop 39.” The email address is docket@energy.ca.gov. Submit comments and questions by October 25, 2013.

Questions?

The School Energy Coalition is dedicated to preparing its members and affiliates for the Proposition 39 Program.

Contact Information

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