



U.S. Department of Energy

National Energy Technology Laboratory



March 25, 2010

State of California, California Energy Commission
Attn: John Butler
1516 Ninth Street, MS - 42
Sacramento, CA 95814

SUBJECT: National Environmental Policy Act (NEPA) Determination for Award No. DE-EE0000221 with the State of California, California Energy Commission

Dear Mr Butler

In accordance with the Special Terms and Conditions Article entitled "NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)," the Recipient submitted information to the Department of Energy (DOE) seeking individual NEPA determinations for the following projects under the Market Title "Energy Efficiency Retrofits & Clean Energy Systems in the Residential, Non-Residential, and Industrial Sectors:"

The State of California has signed the SEP Template for the Energy Efficiency Retrofits and Clean Energy Systems Market Title. The Template addresses \$157,516,556 that was previously conditioned in this Market Title. In signing the Template, the State agrees to limit awards to projects that address the following:

- Energy efficiency retrofits, provided that the projects are limited to installation of insulation; installation of energy efficient lighting; HVAC upgrades; weather sealing; purchase and installation of ENERGY STAR appliances; replacement of windows and doors; high efficiency shower/faucet upgrades; and installation of solar powered appliances with improved efficiency.
- Development, implementation, and installation of onsite renewable energy technology that generates electricity from renewable resources, provided that projects are limited to the following:
 - Solar Electricity/Photovoltaic - appropriately sized system or unit on existing rooftops and parking shade structures; or a 60 KW system or smaller unit installed on the ground within the boundaries of an existing facility.
 - Wind Turbine - 20 KW or smaller
 - Solar Thermal - system must be 20 KW or smaller
 - Solar Thermal Hot Water - appropriately sized for residences or small commercial buildings.
 - Ground Source Heat Pump - 5.5 tons of capacity or smaller, horizontal/vertical, ground, closed-loop system.
 - Combined Heat and Power System - boilers sized appropriately for the buildings in which they are located.
 - Biomass Thermal - 3 MMBTUs per hour or smaller system with appropriate Best Available Control Technologies (BACT) installed and operated

- Development, implementation and installation of energy efficient or renewable energy-powered emergency systems (lighting, cooling, heat, shelter) installed in existing buildings and facilities.
- Installation of alternative fueling pumps and systems (but not storage tanks) installed on existing facilities (other than a large biorefinery); purchase of alternative fuel vehicles.
- Development and implementation of training programs.
- Development and implementation of building codes and inspection services, and associated training and enforcement of such codes in order to support code compliance and promote building energy efficiency.
- Implementing financial incentive programs such as rebates and energy savings performance contracts for existing facilities or for energy efficient equipment, provided that the incentives are not so large that they would be deemed to be grants that create projects that would not otherwise exist.

This Template also lifts funding restrictions placed upon the Portola Valley School District for its roof mounted 280kw PV system. The Portola project was omitted from the NEPA Determination made for the ECAA List #2 loan program. In addition, the State has identified project activities that complement, but do not exactly fall within the terms of the Template. These activities include:

- Installation of dual technology occupancy sensors for all intermittently occupied spaces,
- Installation of National Electrical Manufacturers Association approved premium efficiency electric motors,
- Installation of variable frequency drives for all electric motors, fans, and pumps,
- Installation of vending machine controllers,
- Installation of programmable thermostats,
- Installation of sensors, software and equipment controls for the purposes of increasing energy efficiency,
- Installation of replacement high-efficiency kitchen equipment and controls,
- Installation of cool roof material that reduce roof heat absorption and reflect solar heat gain to reduce cooling energy load,
- Installation of window film or shading materials to reduce solar energy transmission into conditioned space,
- Installation of heat recovery devices to recover waste heat from existing air or water system to increase heating and/or cooling energy efficiency,
- Installation of instantaneous hot water systems that reduce standby heat loss and water pumping energy of domestic hot water boiler, and
- Commissioning and retro commissioning of building energy using equipment to ensure that the equipment performs as designed.

In view of the information provided by the State, I have determined that the activities within the Template, the Portola Valley School District PV project, and the 12 activity areas that complement the Template are classified as Categorical Exclusion A9, A11, and B5 1.

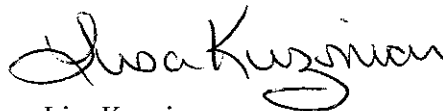
Based on the information provided by the Recipient, the above projects have received a categorical exclusion NEPA determination. Therefore, the Recipient is hereby authorized to proceed with the above projects, subject to the award Terms & Conditions.

As a result of this authorization, please provide any updates to your Annual Plan, if necessary, to the DOE Project Officer identified in Block 15 of the Assistance Agreement Cover Page, within ten (10) days of receipt of this letter. These updates will be incorporated through an amendment to the agreement. In

addition, please continue to work with the Project Officer to address the remaining NEPA conditioned activities under the subject award.

Should you have any questions or concerns regarding this approval, please contact the Contract Specialist Jason Efaw (304) 285-5254 or at Jason.efaw@netl.doe.gov.

Sincerely,

A handwritten signature in black ink that reads "Lisa Kuzniar". The signature is written in a cursive style with a large, looping initial "L".

Lisa Kuzniar
Contracting Officer
Acquisition and Assistance Division