Proposition 39 Guideline Revisions

Below is a summary of the major changes to the Proposition 39 Guidelines.

Topic	Issue	Guideline Revision	Page #
Eligibility of Leased Facilities	Previous draft *Guidelines* specified that an LEA in a privately owned, leased facility must pay the utility bills and that a separate meter must exist. LEAs not meeting the requirement of a separate meter when leasing would not be eligible for the Proposition 39 program funding.	Removed previous language that identified specific leased facility situations with new language. An LEA located in a leased facility now may use Proposition 39 program funding if the following conditions are met: • Each energy measure must have a simple payback either within the remaining period of the "lease agreement" or the remaining period of the "charter contract term," whichever is shorter. • When there is no separate meter or the LEAs lease payment includes utility costs, the building owner must certify all energy cost benefit will be transferred to the LEA.	6-7
Schedule	Energy Commission to begin accepting energy expenditure plan proposals. SSPI to begin allocating awards.	Changed from December 2013 to January 2014. Changed from May 2014 to February to June 2014.	8

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Energy Planning Funds Reservation Option	Funding limits for specific energy planning activities: • 85% of planning funds may be used for screening and energy audits • 15% for Proposition 39 program assistance	Removed all percentages from planning funding. *Also*, added two new categories: • Energy Manager • Energy-Related Training LEAs may now use their planning funds as they choose from the four approved activity categories: 1) Energy Audit/Energy Surveys/Data Analytics 2) Prop. 39 Program Assistance 3) Energy Manager 4) Energy-Related Training	10-12
Energy Planning Funds Reservation Option	Draft *Guidelines* capped LEAs with large awards to 30% of their first year award (up to $1,000,000) for planning.	Removed the $1 M cap for LEAs receiving large awards.	12
Large Energy Expenditure Plan Requirement	Clarification was needed to understand the intent of this requirement. Many LEAs requested that the Energy Commission change the language to allow a "project" to be allowed over several school sites, not one school site. *"For every LEA that receives over one million dollars ($1,000,000) pursuant to this subdivision, not less than 50 percent of the funds shall be used for projects larger than two hundred fifty thousand dollars ($250,000) that achieve substantial energy efficiency, clean energy, and jobs benefits."*	The intent of this statue requirement is that a "project" be targeted at a single school site, not a "project" over several school sites. Therefore, the meaning of this section did not change, but it was rewritten for better understanding.	12-13

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Training	Draft *Guidelines* limited funding at 2% up to $1,000. LEAs expressed concern that there was not enough Prop. 39 funding for training.	Removed the $1,000 cap.	13
Utility Usage/Billing Data	LEAs expressed concern that the Energy Commission was requiring more data than statue requires. Requirement considered burdensome and complicated.	• Added language to clarify Energy Commission requires only a signed utility data release form. • Added language that Energy Commission will work directly with utilities to coordinate the data transfer. • Deleted requesting time-of-use interval data. • Moved reference to past 12 months of billing data to energy expenditure plan section.	14-15 and 22
Benchmarking	The benchmarking calculation is now built into the energy expenditure plan, so some of the original wording was no longer accurate and was removed.	Rewrote the benchmarking section for clarification.	15-16
Data Analytics	Public comment asked to clarify what constitutes acceptable documentation of prior technical validation of data analytical tools.	Change language from "local" utility to "California electric or gas" utility.	19-20
Energy Expenditure Plan Submission Options	Previously, Tier 4 LEAs were not allowed to submit multiple-year energy expenditure plans. A common theme in the public meetings and docket comments was Tier 4 LEAs wanted this flexibility to submit one five-year plan.	Rewrote this section. All LEAs now have the option to submit multiple-year energy expenditure plans. LEAs in Tier 4 (only) also have the option of submitting 2-4 energy expenditure plans per year.	21

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Energy Expenditure Plan Approval Process	Clarify process by which LEAs will receive notice of Energy Commission approval.	In addition to notifying the LEA and CDE directly, the Energy Commission will post a notice of the approval on its Propositions 39 Web page when an energy expenditure plan is approved.	25
Quarterly Reports	General concern with the quarterly progress report requirement in which LEAs report to the Energy Commission on the status of all energy expenditure plans not completed.	Changed from "quarterly" reports to “annual" reports.	27
DSA	Energy project construction compliance requirements.	DSA submitted a revised simplified section.	30-31
Retroactive Project Funding	*Clarification Question*: Are projects eligible for funding if they start after the final *Guideline* approval date at the Business Meeting, but before the project is approved in an energy expenditure plan? *Answer*: Yes	Reworded the section slightly, but clarification will be provided in the Q&As and energy expenditure plan form.	33
ECAA	Eligible Entities – The previous draft *Guidelines* stated that LEAs and CCCDs must be in public buildings; therefore, LEAs in leased facilities would not be eligible for ECAA loans.	Removed the “public buildings” wording so there are no restrictions on ownership.	34-35

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Exhibit B: Energy Savings Calculators	General concern with the perceived complexity of the program.	Revised the list of simple energy measures that will have energy savings calculators available. Increased the list of simple energy measures from 14 to 21.	B-1
Non-Energy Benefits (NEB)	Previous draft *Guidelines* accounted for non-energy benefits in an adder of 3% in SIR cost-effectiveness criteria. Previous draft *Guidelines* were silent on actual funding of non-energy measures with Proposition 39 program funds.	• Added statutory reference PCR 26205(a)(1) on page 15 • Removed accessibility 20% paragraph from the DSA section. (This was not in the Sept. draft but suggested by DSA in the dockets). • Included accessibility upgrades to health and safety in Appendix E	E-1, E-2 14
SIR	Assumptions: Energy cost escalation rate = 2.1 percent	Energy cost escalation rate changed to 4 percent	E-2
Solar PPAs	Previous draft *Guidelines* were silent on clean energy projects and, specifically, if power purchase agreements (PPAs) (a solar project financing option) were eligible for Proposition 39 funding.	Added language that Proposition 39 award funds may be used to invest in a clean energy project • The clean energy project must be located on the LEA school site. • The clean energy project must meet the same cost-effectiveness criteria of a saving investment ratio (SIR) of 1.05 as described in Step 6: Cost –Effectiveness Determination. • The LEA must include a commitment (Letter of Intent) from a qualified developer in its Energy Expenditure including required elements listed.	G-1

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Definition and Consistent Use of "Project" and "Energy Measure"	There was inconsistent use of the term "project."	Added the terms "energy efficiency measure" and "energy measure" throughout the *Guidelines* and in the definitions.	All
Exhibit B	Typical cost effective energy projects used by schools. *Issue:* Exhibit B generated many questions at the public meetings & dockets. Three major areas of concern: 1) Confusion on how to interpret the ranking and some interpreted the project list as a mandated list of priority projects 2) Comments recommending other projects and challenging the projects listed 3) Concern that the priority rankings based on potential energy savings, cost, and practicality don't address other priorities such as job creation, health, and safety.	Removed Exhibit B from the *Guidelines.* The intent is to remove the priority ranking and include this exhibit in the handbook that will be part of the energy expenditure plan instruction guide.	DELETED