Schneider Electric U.S.A.

California Energy Commission
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Marcia Smith
California Energy Commission
Docket No. 13-CCEJA-1
1516 9th Street
Sacramento, CA 95814

Subject: Schneider Electric Comments in Response to the Proposed Revisions to Proposition 39 Program Implementation Guidelines

Dear Ms. Smith,

As a global specialist in energy management, Schneider Electric offers integrated solutions across multiple market segments, including in utilities, infrastructure, industry, buildings, and data centers. As part of a major presence in the United States, in California we have approximately 2,600 employees at more than two dozen facilities. We also support thousands of additional direct and indirect jobs in California by working with more than 270 vendors and suppliers located throughout the state.

Schneider Electric welcomes the opportunity to offer the following comments and observations on the *Proposed Draft Revisions to the Proposition 39: California Clean Energy Jobs Act -2015 Program Implementation Guidelines* ("Guidelines") developed by the California Energy Commission ("CEC" or "Commission"). We applaud the CEC's hard work to produce thoughtful and substantive revisions. In particular, we commend the Commission for proposing the following revisions to the Guidelines:

- allowing the California Community College Chancellor's Office (CCCCO) program to continue as a separate program;
- enabling LEAs to bundle energy efficiency measures and/or clean energy installations (in or at one or more school sites) within an LEA; and
- revising the leveraged funding that can be subtracted from the project installation cost in the SIR calculation.

We agree that all of these elements are necessary enhancements for successful program implementation.

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As a leader in energy management and sustainability solutions, Schneider Electric has extensive experience with implementing energy efficiency projects and programs for a variety of customers, including schools. Based upon this experience, we believe that acceptable methods for project funding should be as flexible as possible in order to produce comprehensive, cost effective projects that deliver the energy savings and jobs benefits desired by the State. In evaluating the proposed draft revisions to the Guidelines, we have identified some concerns that if resolved would enable projects to consider deeper energy retrofits that deliver greater long-term energy savings while still meeting the Savings-to-Investment Ratio (SIR) Calculation requirements. Accordingly, Schneider Electric provides the following recommendations for the CEC's consideration.

Savings to Investment Ratio (SIR) Calculation

Account for ALL potential LEA matching funds in SIR calculations.

For many LEAs and community colleges, one of the best ways to implement comprehensive energy efficient infrastructure projects is to leverage Prop 39 funds in conjunction with additional sources of funding. Funding sources could include bonds, loans, municipal leases, capital project funding, deferred maintenance, or general operation budgets. For the purposes of determining the SIR for eligibility of Prop 39 funds, the proposed revisions to the Guidelines would allow for "Rebates," "Non-Energy Benefits," and "Other Non-repayable funds" to be subtracted from the project installation cost when calculating the SIR.

We suggest, that the CEC redefine terminology throughout the guidelines from "other non-repayable funds" to acknowledge "other LEA-provided funds." Further, we suggest expanding the definition of said funds to include bond funding, capital projects, deferred maintenance, general operation budgets and other funds (not including Proposition 39 awards) used to finance the project. In support of this general recommendation, we specifically suggest the following changes to Appendix D and Appendix G of the Guidelines:

APPENDIX D: Savings-to-Investment Ratio (SIR) Calculation

Page D-1:

- Opening paragraph: Change "other non-repayable funds" to "other LEA-provided funds".
- Equation 1: Savings-to-Investment Ratio (SIR): Change "other non-repayable funds" to "other LEA-provided funds".

- Definitions: Change “other non-repayable funds” to “other LEA-provided funds” and change definition to read: “Funding such as bond funding, capital project, deferred maintenance, general operation budgets and other funds (not including Proposition 39 awards) used to finance the project.”

Appendix G: Definitions

Page G-3:

- Definition ee): Change “other non-repayable funds” to “other LEA-provided funds” and change definition to read: “Funding such as bond funding, capital project, deferred maintenance, general operation budgets and other funds (not including Proposition 39 awards) used to finance the project.”
- Definition oo) Total Proposition 39 Award Amount: Change “other non-repayable funds” to “other LEA-provided funds”.

Conclusion

The changes suggested above will permit the use of grant programs like Prop 39, all the sources of leverage listed on page 15 of the Guidelines, and other forms of matching funds or private financing that LEAs can contribute. These changes will also ensure that LEAs who have already acted to reduce energy consumption and have relatively low Energy Use Indices (EUI) will not be penalized for prioritizing deeper energy retrofits. By doing so, LEAs will better utilize their full allocation of funding.

Schneider Electric is grateful for the opportunity to participate in this discussion and looks forward to helping with achieving the goals of Prop 39 implementation. If you have any questions, please contact us using the information below.

Sincerely,

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