

MEETING  
STATE OF CALIFORNIA  
ENERGY COMMISSION

In the Matter of )  
)  
California Clean Energy Jobs )  
Act: Proposition 39 Draft )  
Guidelines )

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RONALD REAGAN AUDITORIUM  
300 SPRING STREET  
LOS ANGELES, CALIFORNIA

MONDAY, OCTOBER 14, 2013

1:00 P.M.

Reported by:  
Martha Nelson

APPEARANCES

PRESENTER:

Marcia Smith, Manager, Fuels and Transportation Division

PUBLIC SPEAKERS:

Jonathan Parfrey, Climate Resolve

Carl Smith, Green Technology

Brant Small, Lutron Electronics

Ferdows Fazeli, WYLE

Uyen Le, IBEW, Local Union 11

Cynthia Strathmann, Repower L.A. Coalition

Thomas Shallenberger, Synergy Companies

Michael Winters, Collaborative Sustainability Solutions

David Fink, Climate Resolve

Christine Marez, Cumming Corporation

Bill McNamara, California Conservation Corp

Kathleen Neff, Schneider Electric

Bryan Cope, Southern California Public Power Authority

Stella Ursua, Green Education Incorporated

Sam Krasnow, First Fuel Software

Alicia McKnight, Johnson Controls

P R O C E E D I N G S

1:00 p.m.

PROCEEDINGS BEGIN AT 1:00 P.M.

MS. SMITH: Good afternoon, everybody. Thanks for coming today to the Energy Commissions public meeting on the draft guidelines for Proposition 39. I want to start.

Just a few housekeeping -- the restrooms, if you go out this door and you go out to the main lobby make a right, then make another right for the elevators, there are restrooms where you do not have to use a code, so you can just get in.

I also wanted to thank Sam Yoman and Jose Rubio from Department of General Services who have worked with us to get everything set up today. And they've just been wonderful hosts for us.

So the purpose of this meeting is to go through the draft guidelines. I would imagine a lot of you have already read them and digested them to some extent, so bear with me. But the whole reason we're here is to do that walkthrough process. So I will go through the presentation. And after the presentation we will take questions and comments. And I will do my best to, I guess, review half the agenda.

So we will -- we will go through the -- the legislation and the proposition that brought us here today.

1 I want to go through who the agencies are that are  
2 responsible for the implementation, do an overview of the  
3 guidelines themselves, and then, as I said, we will move on  
4 to comments and questions. And the questions should be  
5 directed toward the guidelines and clarification of the  
6 guidelines. I really am not in a position to answer  
7 questions related to specific situations. So we'll try and  
8 keep it focused on that today.

9           So the -- Proposition 39 is really a combination  
10 of two separate actions. One was Proposition 39 which was  
11 passed by the voters in November of last year, and it's  
12 known as the clean energy -- or California Clean Energy Jobs  
13 Initiative. And then July of this year Senate Bill 73 was  
14 the enabling legislation that basically is what carries the  
15 implementation of Proposition 39. And it's based on  
16 those -- about implementing legislation particular to the  
17 guidelines that have been drafted.

18           The objectives of the act are to create good  
19 paying jobs in the areas of energy efficiency and clean  
20 energy jobs in California. We want to see schools  
21 leveraging existing energy efficiency and clean energy  
22 programs to increase the economic and energy benefits and  
23 get the most out of their allocations. And also it's a  
24 transparent process. And we will be providing a full public  
25 accounting of the money that's spent. You're probably

1 aware, this is a five-year program with allocations awarded  
2 each year during the five-year program. Actually, today  
3 Department of Education is supposed to have -- I haven't had  
4 a chance to check -- but post the allocations for all of the  
5 LEAs are to be posted, and LEAs should be getting  
6 notifications directly from CDE of what their rewards are  
7 for this current fiscal year.

8           So the money is -- is -- the main part of the  
9 program, obviously, are the funds that go to the LEAs and to  
10 community colleges. Eighty-nine percent of \$428 million is  
11 going to the K through 12 districts, the County Office of  
12 Education, charter schools, and state special schools. So  
13 that adds up to \$381 million. Eleven percent, or \$47  
14 million, is going to community college districts this fiscal  
15 year.

16           Then there are additional smaller allocations.  
17 The Energy Commission is receiving or has received \$28  
18 million to be used for zero-interest rate loans for energy  
19 retrofit projects, and for technical assistance grants. The  
20 California Conservation Corp is receiving \$5 million to do  
21 energy surveys and any energy conservation related  
22 activities, so implementation, also civil projects. And  
23 then \$3 million is going to the California Workforce  
24 Investment Board for competitive grants for community-based  
25 programs and workforce organizations to prepare veterans and

1 disadvantaged youth for employment.

2           So the guidelines are organized in three chapters.  
3 The first chapter gives all of the background kind of  
4 information in -- in the law. Chapter two is really the  
5 heart of the program. It's the LEAs Prop 39 award program,  
6 and what steps LEAs need to proceed through in order to get  
7 funds to implement projects. And chapter three provides the  
8 additional -- a little more detail on the additional Prop 39  
9 resources. And finally, the appendix which has a number of  
10 exhibits that give more detail, and we'll cover -- cover  
11 that as we go through the presentation here.

12           So chapter one includes the introductory  
13 information and the rules. It gives you the program  
14 description, the funding distribution that I just went  
15 through with you, our authority as an agency to prepare  
16 guidelines as opposed to regulations; it's a faster process  
17 to get the money out to the schools more quickly.  
18 Confidentiality; basically, everything in the program is  
19 open to public review. If an LEA feels that -- that there's  
20 information that should be confidential there is a process  
21 described as to how that can happen or how you can make your  
22 request for confidentiality of information.

23           The effective date of the guidelines will be,  
24 assuming that the Energy Commission approves a final draft  
25 of the guidelines, that meeting is scheduled for December

1 19th. So the process will be we go through these draft  
2 public meetings, and one of ours, and from there we will  
3 take public comments, incorporate changes as appropriate,  
4 and then November 14th or 15th, somewhere around there, we  
5 will be doing a posting of a 30-day public notice that the  
6 final guidelines are available. And then they will be heard  
7 by the Energy Commission at the December 19th public  
8 meeting.

9 Chapter one also describes that there can be  
10 changes made to the guidelines. There's a process in place.  
11 If they're non-substantive changes, those do not require  
12 Energy Commission business meeting review. If there are  
13 substantive changes there will be a 15-day public notice  
14 before any changes will be made.

15 Because this is a new program, we anticipate that  
16 we're going to learn as we go. And part of the public  
17 process is for us to get some specific input from you all up  
18 front before we finalize the guidelines. But we expect that  
19 there may be changes as we work through the process once we  
20 become smarter working through the process. There may also  
21 be needs for legislative changes which would also impact the  
22 guidelines and updates.

23 So chapter two -- this is the meat of the  
24 program -- starts with the description of eligible  
25 applicants. So the eligible applicants includes LEAs,

1 county office, which are County Offices of Education, school  
2 districts, charter schools, and state special schools. If  
3 they are in public buildings and pay their own utility bills  
4 based on meter, if they're in privately owned leased  
5 facilities and the LEA pays the utility bill there's a  
6 separate utility meter for the building, and the LEA has the  
7 landlord's written approval to do energy work. If the LEA  
8 is in a publicly owned leased facility with a separate meter  
9 and is owned by another LEA, the lease agreement between the  
10 two LEAs -- and there is a lease agreement between the two  
11 LEAs, those LEAs would be eligible for funding. In publicly  
12 owned leased facilities without a separate meter where the  
13 LEA -- or where the building is owned by another LEA and  
14 there's a lease agreement between the two LEAs, the two LEAs  
15 are willing to work together and submit joint requests for  
16 planning projects and energy expenditure plans.

17 I must admit, this has been a very enlightening  
18 project to work on. Coming from more of an energy  
19 background and not having worked in schools, I've learned a  
20 lot about school buildings and where schools are housed.  
21 And, I mean, certainly I was aware of the variety of the  
22 sizes of -- of schools that we have in California. But I  
23 was pretty amazed to learn about all of the -- the different  
24 types of conditions and building situations that are schools  
25 are in.

1           So the award allocations were legislatively based  
2 on minimum awards put into four tiers. Tier one is 100  
3 average daily attendance or less, and it gets \$15,000 plus a  
4 percentage based on the free and reduced lunch program.  
5 Tier two is 101 to 1000 ADA with a \$50,000 award again, plus  
6 the free and reduced lunch or meal program whichever is  
7 larger. Tier three is 1000 to 1999 ADA, \$100,000 award plus  
8 the free and reduced meal, again, whichever is larger. And  
9 then tier four is 2000 ADA or more based on prior year ADA,  
10 plus free or reduced lunch. And all of these are based on  
11 prior year ADA.

12           What -- what you will see, now that the awards are  
13 posted, is that this whole tier process kind of has some  
14 blending that's occurred or melding because of the free or  
15 reduced lunch or meal program. So it's -- this is a little  
16 misleading because it's had some changes on the awards. I  
17 think it's evened out things, as it was intended to do. And  
18 so it should be -- if there are questions, Department of  
19 Education is posting contact information so that schools and  
20 LEAs can ask questions about their awards if there's any  
21 confusion.

22           So one of these -- well, actually both of these  
23 options, the two-year award option was for tiers one and  
24 two, the smaller LEAs. And they had the option of  
25 requesting two years of funding for year one. And that was

1 due August 1st, which was a quick turnaround, I know, for a  
2 lot of people. With budget language change that will change  
3 to September 1 next year and subsequent years. So that  
4 should make it a little bit easier for compliance. And so  
5 the schools that get years -- bundled years one and two will  
6 then not get another award in year two, but they will get  
7 award in year three, and again could bundle. So it just  
8 allows a bundling process to -- to get a little more funds  
9 up front.

10           The energy funding reservation option will also be  
11 posted as available today. Eighty-five percent of that  
12 money can be used for screening and energy audits, and  
13 fifteen percent can be used for Prop 39 program assistance.  
14 Tiers one to three receive 100 of their -- 100 percent of  
15 their first year reward. Actually, I think I want to --  
16 there was actually an amendment to this, so I want to make  
17 sure that I tell it to you properly. LEAs with first year  
18 awards of \$433,000 or less may request up to \$130,000 of  
19 their first year award for planning activities. For LEAs  
20 with first year rewards of \$433,001 or more may request 30  
21 percent of their first year award or \$1 million, whichever  
22 is less. So that's basically what this says, but I wanted  
23 to make sure you had that actual award number in there too.

24           So funding is available for training and for  
25 energy managers. Each fiscal year training costs may be a

1 part of the energy expenditure plan up to two percent of  
2 award or \$1,000, whichever is greater. And those training  
3 costs are specifically aimed at employees who will be  
4 implementing and maintaining energy measures, that sort of  
5 thing. LEAs may pool, and this is particularly geared  
6 towards smaller LEAs but it -- it isn't restricted to just  
7 small, may pool their energy manager funding within a county  
8 to share services. So those that don't have as large  
9 allocations can pool their funds and hire an energy manager  
10 to help them. And then -- excuse me -- each fiscal year the  
11 LEA has the option of requesting up to 10 percent of  
12 \$100,000, whichever is greater, to hire or retain an energy  
13 manager. So they can either take them in on staff or  
14 contract with somebody.

15           So there are eight steps to receive energy project  
16 award funding. The first step is to -- is to be able to  
17 submit electric and gas usage, billing data. Every LEA will  
18 be required to sign a utility data release form for the past  
19 12 months and future data.

20           Step two will be benchmarking, or an energy rating  
21 system, to determine your energy use intensity of the  
22 buildings. So the purpose is to gather energy data and to  
23 summarize it to establish the energy use intensity of the  
24 different buildings, to create a benchmarking report and to  
25 rank the schools within the LEA, and to identify which are

1 the most performing energy performers so that you can  
2 concentrate your efforts on those where you can get the most  
3 savings. There are 11 factors that are listed in the  
4 guidelines that are directly from the statute that LEAs are  
5 required to consider as part of their prioritization for  
6 their energy projects.

7           Step four is the sequencing of facility  
8 improvements and what you need to consider in doing that  
9 sequencing. First, maximize the energy efficiency projects  
10 such as installing day lighting. Next would be to consider  
11 clean onsite energy generation such as solar. And finally,  
12 to consider non-renewable projects such as efficient natural  
13 gas fuel -- fuel cells. Appendix B in the guidelines, pages  
14 36 through 42, have a listing of typical cost-effective  
15 energy projects for K through L.

16           Step five is energy project identification. So  
17 option one would be an energy survey which would be used for  
18 simple projects or if you pretty much know what types of  
19 project you might -- projects you might want to do. And we  
20 will be providing an online calculator for these types of  
21 projects in the appendix that I just referred to where each  
22 of the energy measures are listed. It also indicates  
23 whether or not there is a calculator that will be provided  
24 or whether a more complex audit is required for those energy  
25 measures. So option two is that more complex part of it

1 which is the ASHRAE Level 2 energy audit. And most likely,  
2 and most you have in-house training staff which few  
3 schools -- few LEAs do, you may need a contractor, utility  
4 program audit, or an energy manager to come up with that  
5 kind of a process.

6           Option three is to use other tools that are  
7 available. And one of the newer ones is data analytics.  
8 These are no-talk/no-touch virtual audits. And they're a  
9 useful tool for helping to prioritize or focus an ASHRAE  
10 Level 2 audit, not as a standalone but as an additional  
11 tool.

12           Next step would be making the cost effectiveness  
13 determination, and that's called your savings-to-investment  
14 ratio. You can use the Energy Commission online calculator  
15 to help with that for the simpler projects. And again,  
16 those will be posted once we have final guidelines. And  
17 then Appendix Exhibit E, pages 47 through 48, explains in  
18 more detail the savings-to-investment ratio process.

19           Step seven is to complete and submit an energy  
20 expenditure plan. Awards of \$50,000 have three options for  
21 submitting expenditure plans. Option one would be to submit  
22 a yearly expenditure plan that would cover just one year.  
23 Option two would be if they've bundled, to submit a two-year  
24 expenditure plan. And option three would be to submit a  
25 five-year energy expenditure plan, so projecting what your

1 energy awards or program awards would be for the full five  
2 years. And Energy Commission staff would be more than  
3 willing for schools that do do a five-year plan to kind of  
4 reevaluate with you each year and make sure that your  
5 projections still make sense and your energy savings still  
6 make sense. For awards of \$50,001 or greater, those LEAs  
7 may submit up to four expenditure plans per year.

8           So the content of the energy expenditure plan  
9 includes: A description of the use of energy planning funds  
10 if, in fact, the LEA did request and utilize or responding  
11 to utilize the energy funds; benchmarking, which we  
12 discussed in step two; the energy project upgrades, and  
13 there will be like a pre-installation verification form for  
14 that; an energy training request if the LEA is planning to  
15 use any similar funds for training; the energy manager  
16 request if, in fact, they are using funding for energy  
17 manager; job creation benefits, and this is area that a  
18 calculator will be provided -- we're working with the  
19 Department or Workforce Investment who will be providing the  
20 calculator to make that option easier for you; and consent  
21 for the LEAs' utility provider to release data -- that will  
22 be the -- the release form will be required as part of the  
23 expenditure plan; and certifications of compliance for  
24 various local requirements or permits that may be required.  
25 And basically that will be an indication that -- that the

1 LEA has complied with all of the local requirements.

2           So the energy expenditure plan will be submitted  
3 to the Energy Commission. We are going to have an online  
4 process to do that. We will review it first for  
5 completeness, and then for project eligibility criteria to  
6 make sure that -- that there are energy savings, and for the  
7 technical and financial reasonableness of it. If -- if we  
8 find problems what we plan to do is to contact the LEA, not  
9 just send it back or put it aside or something, but to let  
10 you know what problems we do find and see if we can help to  
11 resolve those quickly and just kind of talk through what the  
12 issues are.

13           At the -- after we have approved the plan, the  
14 plan is to have a mechanism to post the plan or the award,  
15 and to notify both the Department of Education and the LEA  
16 directly. CDE then is responsible for the funding going  
17 out. So their process will be to batch and process awards  
18 quarterly through the state controller's office.

19           And in the guidelines, step seven also provides  
20 information on expenditure plan disapproval and appeal  
21 processes. Like I said, our plan is to be helpful, and so  
22 hopefully we won't have to be using a disapproval. But if  
23 we can't help or come to some kind of an agreement and  
24 facilitate what -- what an LEA needs to do we may end up  
25 with that type of process. So we wanted to make sure that

1 you knew how to handle it if that happened. But please be  
2 assured that our goal is to be flexible and to work with you  
3 and to make this a successful program.

4           Step eight is project tracking and reporting. We  
5 will have -- and again, this is all draft, so I'm talking  
6 like it's set in stone but it isn't. These are draft  
7 guidelines. There will be a simple quarterly online report  
8 so that we can kind of track the progress. Because some of  
9 these projects, while we understand a lot of the projects,  
10 may occur during summer months, during a short period of  
11 time. Some of them will be longer projects. And so we'll  
12 want to make sure that they're moving forward. There will  
13 be final reports that are required by the statute. And  
14 those will require -- there are seven elements that are  
15 required of that statute, but those include site-level  
16 energy savings, energy project level savings, and then the  
17 job creation benefits. And then we'll also be tracking or  
18 looking at the technical and financial reasonableness of  
19 what was actually implemented.

20           I should note, too, that anybody who has done  
21 construction of any kind knows that projects always change  
22 or almost always change. And so we -- we are setting up a  
23 process that is included in the guidelines. So if there is  
24 a major change to what's been approved in expenditure plan  
25 it will be necessary to come back for re-approval and make

1 sure that -- that energy savings calculations have been  
2 updated for whatever the new project is. So there's  
3 flexibility if they have to make the changes. And we -- we  
4 should be able to define what kinds of things will need to  
5 come back to us and -- and what won't.

6           And then audit; all projects are subject to audit.  
7 There is no specific audit process outlined in the statute  
8 other than the normal financial audits that all LEAs are  
9 required to do. Whether that changes in the future is --  
10 you know, we will see. But we -- CDE will also be  
11 responsible to use a standard process to correct any non-  
12 compliant expenditures so that if an audit or a review shows  
13 that a school has spent money on something that was not  
14 approved, they went a different direction without the re-  
15 approval, CDE may determine that they should make a  
16 reduction in a future grant award.

17           So some of this I've covered a little bit, I  
18 guess. The final sections of chapter two cover the energy  
19 expenditure plan implementation changes that I just spoke  
20 about. They also cover Department of State Architects,  
21 energy project construction requirements. And as  
22 normally -- or as is normal, LEAs do need to comply with DSA  
23 requirements. There will be -- there's no sole-sourcing of  
24 contracts allowed per statute. So that's something that I  
25 guess is new in some cases; in some cases it's not. But if

1 there are any questions, because I think there are some --  
2 some regulations that allow different options, my  
3 understanding is that Senate Bill 73 and this law supersedes  
4 that. But I would recommend that you work with your legal  
5 counsel on compliance with any planning code. We're seeing  
6 differences in the statute and current statute or  
7 regulations.

8           There's no retroactive funding of projects. By  
9 that we mean in order to receive forward funding for an  
10 expenditure plan project the LEA must have had the plan  
11 approved by the Energy Commission. The only exception to  
12 that are your planning funds which are available to request  
13 now. And you can use those planning funds for activities  
14 back to July -- oh, there's no year there -- 2001, huh, or  
15 201; it's July 1st, 2013. So the additional Proposition 39  
16 state resources that are also available to you is the Energy  
17 Commission's Energy Conservation Assistance Act, the ECA  
18 program. There's a special ECA sub-account for Prop 39  
19 projects. That's part of the \$28 million that was awarded  
20 in Senate Bill 73 to the Energy Commission. And that money  
21 will be used for zero-interest rate loans on energy  
22 efficiency projects. A lot of -- a lot of schools have used  
23 those in the past. In addition, we offer the Bright Schools  
24 technical assistance for planning energy audits and project  
25 recommendations. And we are currently taking applications

1 for those at this time.

2           The California Workforce Investment Board has a  
3 grant program that they will have underway shortly. And  
4 it's a earn-and-learn job training and placement programs  
5 targeting disadvantaged job seekers and veterans.

6           And then the California Conservation Corp has what  
7 they call the Energy Smart Jobs Program which puts young  
8 adults ages 18 through 25 to work on natural resources  
9 projects. And core members can conduct energy surveys and  
10 implement basic energy efficiency measures. And I see we  
11 have some core members here today. Thanks for being here.

12           The appendix includes a number of different  
13 exhibits. Exhibit A is the Prop 39 implementation program  
14 and the funding -- the details of the funding allocations  
15 for energy projects. Exhibit B are the cost effective  
16 energy measures for various types of projects that schools  
17 have done in the past. Exhibit C is our attempt at doing a  
18 simple proposition funding pathway sample. I know that this  
19 is -- it's an energy project, and energy projects are a  
20 little more complex than normal construction projects with  
21 different types of requirements. So there are certain steps  
22 as I walk through that -- that we have to go through. In  
23 some cases they will be simpler than in other cases,  
24 obviously.

25           Exhibit D gives you the detailed benchmarking

1 process. Exhibit E, the savings-to-investment ratio  
2 calculation. Exhibit F is the effective useful life for  
3 measures. Exhibit G gives you the background of the job  
4 creation benefits calculation, which we will be providing a  
5 calculator. And then H are the definitions that are used in  
6 the guidelines. And I is the list of acronyms.

7           Okay, just to review, the guidelines were drafted  
8 offline and were posted for public review and comment on  
9 September 27th. Obviously, we're holding public meetings  
10 during the month of October. We have a webinar this  
11 Wednesday and next Thursday I believe it is; it's September  
12 22nd. We have a public meeting in Sacramento, as well as  
13 another webinar that will be going on simultaneously to  
14 receive public comments. And again, each of those will go  
15 through this same review. We're trying to be consistent and  
16 give the same background information wherever we are.

17           November -- we will by mid-November be posting the  
18 30-day public notice of the December commission business  
19 meeting. And we will post and distribute the revised  
20 guidelines. December 19th we will hold the Energy  
21 Commission business meeting where Staff will request  
22 approval of the guidelines. And December -- after that the  
23 program begins.

24           So it's time for questions and comments. As I  
25 said earlier, please focus your questions and comments on

1 the actual draft guidelines and the Clean Energy Jobs Act.  
2 And as I also said, we won't be able to answer specific --  
3 project-specific questions or situational type questions  
4 today.

5           So we have a mike set up here. And there's  
6 actually two mikes on there. One is an amplifier, and the  
7 other is for recording. We do have a court reporter here  
8 today who is taking all the information. So if you want to  
9 just come up maybe line up five at a time or something, and  
10 then we'll take comments and questions. And that mike may  
11 not be on yet.

12           MR. PARFREY: Testing.

13           MS. SMITH: No.

14           MR. PARFREY: It is not on? Should I --

15           MS. SMITH: Yeah, just move the button.

16           MR. PARFREY: Is it on now?

17           MS. SMITH: Yes.

18           MR. PARFREY: All right.

19           MS. SMITH: So you guys can hear.

20           MR. PARFREY: So, Ms. Smith, I want to thank you.

21 My name is Jonathan Parfrey. I'm the director of a  
22 nonprofit organization called Climate Resolve. We've been  
23 tracking Prop 39 and its implementation very closely. And I  
24 really want to commend the California Energy Commission for  
25 a tremendous job in trying to put real, you know, flesh on

1 the bones of the legislation. So thank you very much.

2 I also would ask for a few clarifying points. One  
3 is that SB 73 was part of last year's appropriations bill.  
4 And so we would like clarity on do we envision that SB 73  
5 will be the operating plan for the full five-year term, or  
6 will this be done incrementally year by year. So that's one  
7 of the clarifying questions that we would like to understand  
8 better because there are multiple year aspects of the  
9 guidelines. And I don't want to be sure -- I want to be  
10 sure that the California Energy Commission has those dollars  
11 to be able to make those awards or determine what those  
12 awards would be year after year.

13 MS. SMITH: Do you want me to answer your  
14 questions as you --

15 MR. PARFREY: Certainly.

16 MS. SMITH: Okay, let me. I think I can provide  
17 some clarification on that. This is a five-year program.  
18 However, the funds are allocated yearly by the legislature.  
19 So in some ways you need to look at it as five one-year  
20 programs. And there's -- you know, while there's no --  
21 there never are guarantees. But the way this one is set up  
22 and the funding source that's taking care of it, I think  
23 we're in good shape for it to continue for the five years.  
24 Whether there will be legislative changes I think is -- is  
25 really -- it's partly going to be let's see what happens.

1 It's clearly being followed by the authors who -- who worked  
2 on the implementation. There were eight -- at least eight  
3 bills during the legislative session. So there was a lot of  
4 legislative interest in this. It's being followed very  
5 closely by the -- the active legislators.

6           And so I think we'll have to see. As we're  
7 funding new programs sometimes there are tweaks that are  
8 necessary, so we'll be prepared for those.

9           MR. PARFREY: If I may be so bold then as to  
10 suggest that -- that the comments that you just made be put  
11 in some kind of a preface to the guidelines so people  
12 understand about the scope of the program that's being  
13 released.

14           MS. SMITH: Thank you.

15           MR. PARFREY: And then, I just completed a five-  
16 year term as a commissioner at the Los Angeles Department of  
17 Water and Power. And I have to tell you, I very much  
18 appreciate the language in the draft guidelines related to  
19 leveraging utility industry programs. I thought that is  
20 something that could be really wonderful for the LEAs, as  
21 well as for the utility, and to be of mutual gain. So I  
22 just wanted -- would like that the CEC continue to promote  
23 working with local utilities.

24           Also, with regards to leveraging, I didn't see any  
25 language in there about those dollars being available for

1 debt service, and whether there could be that kind of  
2 leveraging from the private sector, as well. And I believe  
3 that should be called out if indeed those dollars are  
4 available to do that.

5           The third piece is un-expended dollars. I think  
6 it would be helpful for LEAs to understand if they don't  
7 receive their full allocation whether that would be  
8 available the following year. If for some reason things are  
9 disallowed will those dollars disappear or will they be  
10 available to them in following years?

11           MS. SMITH: Let me answer that one.

12           MR. PARFREY: Please.

13           MS. SMITH: The funding is -- will -- will go from  
14 year to year so that if you don't use all of your funds in  
15 the first year, or if you want to not use any of your funds  
16 until year five you can do that. So there is -- there is a  
17 lot of flexibility. If you elect to request planning  
18 dollars but you don't use all the funding for planning, that  
19 funding may be applied to expenditure plan requests. So  
20 there -- there is flexibility built in. Those awards are  
21 your awards.

22           MR. PARFREY: Thank you for the clarification.

23           And then last, there is this section on non-energy  
24 benefit projects. And I know that the California Energy  
25 Commission has a robust program right now looking at climate

1 change impacts and adaptation. And it was surprising for  
2 our organization to see that that was not mentioned  
3 explicitly as one of the non-energy benefits. There are  
4 projects such as Cool Roofs, for example, just to name one,  
5 where you're able to help the students be able to survive  
6 better, extreme heat events, if there was a cool roof. And  
7 I would think that would be among the few projects that  
8 should be called out because there is such attention to this  
9 within the Brown administration.

10           And last, we did notice that there are some  
11 dollars set aside for the first year to help contractors to  
12 assist LEAs with their design and with some of their  
13 paperwork requirements. In talking with school districts  
14 our organization is trying to be an honest broker and reach  
15 out to these school districts to help them with the  
16 processing of the considerable amount of paperwork. A lot  
17 of these districts, candidly, as quite concerned that those  
18 dollars are only going to be available the first year, and  
19 they believe they'll need help for years two through five.

20           So that concludes my comments.

21           MS. SMITH: Okay. Let me just clarify one thing,  
22 and that is that the funding for energy managers can -- is  
23 available all five years.

24           MR. PARFREY: So to be clear, the energy manager  
25 could be a contractor that would be hired by the school

1 district?

2 MS. SMITH: It could be, yes, or they could hire  
3 somebody on staff, either way.

4 MR. PARFREY: To handle the paperwork?

5 MS. SMITH: Yes.

6 MR. PARFREY: There's a lot of paperwork.

7 MS. SMITH: Yes, I know.

8 MR. PARFREY: Okay.

9 MS. SMITH: We're trying to cut it back as much as  
10 we can.

11 Hi Carl.

12 MR. SMITH: Hi. Would you like for everyone to  
13 identify themselves?

14 MS. SMITH: Yes, please.

15 MR. SMITH: I'm Carl Smith. I work at a nonprofit  
16 also, Green Technology. And we are sometimes asked to help  
17 answer questions related to this issue. I hope this is not  
18 a situational question. I'm just wondering what would be  
19 the situation for a charter school or a single school LEA if  
20 it was in a new school for 2013 and wanted funding for that  
21 school but had no prior energy data for that building?

22 MS. SMITH: Because the awards are based on prior  
23 year ADA, a brand new school this year would not be eligible  
24 for funding. So they would have to wait to 2014/15 to  
25 receive an award.

1 MR. SMITH: But it were an old school in a new  
2 building, the school had existed for several years --

3 MS. SMITH: Oh, I see what you're saying.

4 MR. SMITH: -- but they couldn't provide a prior  
5 year of data because they hadn't been in the building for a  
6 year, what -- what would they do?

7 MS. SMITH: Well, good question.

8 MR. SMITH: So that -- I guess that needs to be in  
9 there somewhere.

10 MS. SMITH: I think that should be a comment --

11 MR. SMITH: Okay. There's the comment.

12 MS. SMITH: -- because I can't answer that.

13 MR. SMITH: All right. Well --

14 MS. SMITH: It's something we need to look at.

15 And, I mean, we really have tried to look at all the  
16 different situations, and that's one that has not come up.  
17 So I appreciate that. Thank you.

18 MR. SMITH: Okay. Well, if I may come back, we're  
19 allowed to ask more than one question; correct?

20 MS. SMITH: Sure.

21 MR. SMITH: Okay.

22 MR. SMALL: Good afternoon. My name is Grant  
23 Small. We are with Lutron Electronics. We are a  
24 manufacturer of lighting and lighting controls.

25 In Exhibit B there are several recommendations

1 that you're making here that are non-Title 24 compliant. Is  
2 it going to be the policy of the program that you will fund  
3 non-code compliant projects?

4 MS. SMITH: Well, that's a good question. I think  
5 that's a comment that we should take. I'm not a technical  
6 person, and I don't have as much information about Title 24  
7 compliance. But I would really appreciate it if you make  
8 sure we include that in our comments. It's a good question.  
9 Thank you.

10 MR. SMALL: Thank you.

11 MS. SMITH: Uh-huh.

12 MS. FAZELI: Good afternoon. Hi, my name is  
13 Ferdows Fazeli from WYLE, and I'm an architect.

14 First question, since we don't get to be part of  
15 all the public meetings, are you going to release the  
16 question-answers that is being asked throughout your  
17 meetings in the website?

18 MS. SMITH: We do plan to post questions and  
19 answers. We probably will try to find, you know, similar  
20 ones and, you know, do them together, frequently asked. And  
21 then we have -- we haven't yet -- this week we're planning  
22 to post the transcripts or recordings from the webinar that  
23 we had last week where we had about 200 people participate,  
24 and a good two hours worth of questions. So we're going to  
25 try to get information out there as quickly as we can.

1 MS. FAZELI: Thank you. My next question is CEC  
2 provides technical -- free technical assistance to schools  
3 if they need. What are these technical assistance? Does  
4 that include helping them provide the designs and going  
5 through DSA and plan check? Or do they have to provide  
6 their -- go through consultants to get the plans done and  
7 DSA attribute?

8 MS. SMITH: So you're asking about the -- the  
9 Bright Schools program?

10 MS. FAZELI: Yes.

11 MS. SMITH: Okay. That's an energy audit program,  
12 and we can provide an ASHRAE Level 2 audit. We don't go  
13 through the process of working with DSA. That would be up  
14 to the -- the LEA to actually be working with them. My  
15 understanding is that they -- I guess they have four  
16 regional offices, Department of State -- or Division of  
17 State Architect, and that they are planning to staff those  
18 up to help deal with the -- the influx of work that may be  
19 coming with Prop 39.

20 MS. FAZELI: So is there any money allocated for  
21 getting help through preparing the designs, or is that part  
22 of the technical assistance?

23 MS. SMITH: You can -- you can -- they can use  
24 part of their Prop 39 funding for that purpose, yes.

25 MS. FAZELI: All right. Thank you.

1 MS. SMITH: You're welcome.

2 MS. LE: Hi, I'm Uyen Le. I am with the  
3 International Brotherhood of Electrical Workers, Local Union  
4 11, and I do compliance and outreach. And I've got a couple  
5 comments, and then I'll follow it up with questions.

6 We really appreciate that the two major goals of  
7 Prop 39 are to create good jobs and have full public  
8 accounting. And connected to that I just want to ask a  
9 question. Beyond the calculations of estimates of jobs  
10 created, is there actually going to be tracking of actual  
11 jobs created?

12 MS. SMITH: Yes.

13 MS. LE: Okay. And I didn't see that in the plans  
14 because I only saw, you know, use this calculator, not who  
15 is actually doing the work, what's the pay, what's the  
16 classification. So I would imagine something along the  
17 lines of contractors submitting certified payrolls, and as a  
18 comment I would suggest online certified payrolls so that  
19 all of that -- hello -- all of that --

20 MS. SMITH: You have to chew it while you talk.

21 MS. LE: -- all of that can actually be tracked,  
22 you know? Because I think that's very important that we  
23 don't just rely on estimates. Because what I saw of the  
24 calculator is something like if there's \$1 million spent on  
25 energy efficiency we would calculate 5.6 jobs. Well, we

1 don't -- we don't know those jobs actually materialized.  
2 And so I would recommend actually putting that into  
3 reporting, a matrix.

4           And then also in the contracting session I would  
5 recommend putting something in there around labor  
6 compliance, you know, the requirement to submit online  
7 certified payrolls or some other way where contractors who  
8 are getting this work will be submitting who is doing the  
9 work, zip codes, pay classifications, etcetera.

10           And then also I recommend the coordination with  
11 the labor agency to track the -- the position of apprentices  
12 and to make sure that these apprentices are actually being  
13 utilized. Because once again, I just saw the calculator,  
14 but not actual, you know, compliance. Someone needs to be  
15 either onsite or tracking this to know that that's actually  
16 an outcome that's materialized. And then in the monitoring  
17 and verification piece my question is: Is there going to be  
18 onsite compliance in terms of, you know, visitors to these  
19 construction sites as they're being performed, or is this  
20 sort of just post-work auditing that will be done?

21           MS. SMITH: The current is no post-site work  
22 compliance auditing that's planned. That may change with --  
23 you know, in the future, but legislation does not require  
24 that.

25           MS. LE: What about during the actual

1 implementation, not the post?

2 MS. SMITH: Not by the Energy Commission or the  
3 state agencies, other than what normally -- I don't know if  
4 Department of State Architect normally is out on site during  
5 projects. I'm not aware of that. So whatever is the normal  
6 process for construction probably, yes.

7 MS. LE: Okay. Thank you.

8 MS. SMITH: Uh-huh. Thank you.

9 MS. STRATHMANN: Hello, my name is Cynthia  
10 Strathmann. I'm with the L.A. Alliance for a New Economy.  
11 We're a nonprofit here in Los Angeles. We're part of the  
12 Repower L.A. Coalition which works with many environmental  
13 groups, community groups, and IBEW Local 18. We've been  
14 working with the Department of Water to promote the wise use  
15 of energy and water. And so I'm here today to give some  
16 comments that reflect some key concerns for the whole  
17 Repower L.A. Coalition.

18 And very briefly, one of them is trying to fund  
19 programs that really do leverage existing state approved  
20 apprentice programs to make sure that these are really good  
21 jobs that lead to career pathways.

22 Another is -- and, of course, many of us are LAUSD  
23 parents, too, to make sure that the big school districts not  
24 only get a fair share of the allocations, but that it's done  
25 in a way that's not so bureaucratically onerous to them that

1 they can't get those projects off the ground. So that would  
2 be the second concern.

3           Then the third one is to leverage existing utility  
4 programs as much as possible. We've been working with the  
5 department. We know they already have programs in place  
6 with LAUSD, they've been working really well, and to try to  
7 encourage the CEC to make that part of the guidelines as  
8 much as possible.

9           MS. SMITH: Okay. Let me just make a couple  
10 comments here, because it's come up. One is we -- the  
11 Energy Commission has been meeting with the utilities. The  
12 utilities are all very excited about Prop 39 and wanting to  
13 work with the schools. So I think we are going to see,  
14 especially as we go through time, that their portfolios of  
15 services will be more tailored to schools. And the other  
16 important point is I want you to be aware that we have had  
17 an inter-agency team that has been meeting from the  
18 beginning on Proposition 39. And the labor agency is part  
19 of that. We've had a lot of discussions about opportunities  
20 for moving folks through programs, bringing in the  
21 apprentices, and also helping those who aren't at the  
22 apprentice level to start gaining skills, pre-apprentice  
23 skills, and moving through that labor process.

24           So it is -- it is definitely a point of discussion  
25 that's been going on with the planning. So I appreciate

1 your comments. Thanks.

2 MR. SHALLENBERGER: Good afternoon. My name is  
3 Tommy with Synergy Companies. We're an ESCO and we work  
4 with number of LEAs. And I'm just curious, in coordinating  
5 with them, what -- what are the important dates, any  
6 expected timeline from benchmarking to reporting, and then  
7 project implementations. Is there any guidance there as far  
8 as what an LEA can expect in terms of rolling this out?

9 MS. SMITH: Well, our -- our plan at the Energy  
10 Commission is that we would be taking applications, the  
11 energy expenditure plans which are basically an application,  
12 first come, first served. And once we make sure that  
13 they're complete we will be doing some triaging based on the  
14 complexity. There may be simple plans that can move a  
15 little more quickly. Those that are more extensive may need  
16 some back and forth questions, more complex multiple  
17 projects under one expenditure plan. Those may take longer.  
18 But what we will be looking at is what is the plan for the  
19 LEA when -- do they want to implement? And we'd like to try  
20 and work with those schedules.

21 I think this year is going to be the biggest  
22 challenge for all of us. Because I know a lot of schools  
23 like to do their work in the summer months. And so we're  
24 trying to gear up in order to be able to accommodate that as  
25 the projects come in. But it's -- it's going to be a

1 challenge because we've got basically, you know, six months  
2 before summer. So -- but we are cognizant and we'll --  
3 we'll do what we can. So -- and like I said, it's not like  
4 the funds have to be expended during this fiscal year. So  
5 again, the money can be carried over.

6 MR. SHALLENBERGER: It does look like there is  
7 some type of bridge up until this December 19th deadline  
8 where there can be some planning phase for schools. That's  
9 the best way for our LEAs to utilize that -- that planning  
10 period when -- when Prop 39 hasn't been fully processed.

11 MS. SMITH: They are allowed to start expending  
12 the -- the plan money as of today. The instructions of that  
13 should be posted on CEC's website. And they will also be  
14 doing outreach through their normal process. I guess they  
15 go through County Offices of Education, and then directly  
16 with LEAs, as well, to get information out. So along with  
17 the awards they will also get information on their planning  
18 funds.

19 MR. SHALLENBERGER: Okay. Thank you.

20 MS. SMITH: Uh-huh.

21 MR. WINTERS: Hello.

22 MS. SMITH: Hi.

23 MR. WINTERS: I'm Michael Winters. I'm a career  
24 technical educator, designated subject credential holder.  
25 I've taught comprehensive high school for 12 years. I've

1 been a planning commissioner in the community I teach in.  
2 And I've been on a board of advisory committee that's a  
3 Brown Act committee in the school district, as well as been  
4 part of the California Public Utilities Commission Workforce  
5 Education and Training from 2008 through early 2011.

6 I've seen a lot of these programs come. I've seen  
7 the aspect of workforce education and training be brought up  
8 constantly. During the 2008 period of time we were very  
9 hopeful in all our funds to be able to kickstart jobs. This  
10 is a Clean Energy Jobs Act. And as you stated earlier,  
11 quantifying and having matrixes for specificity of jobs  
12 created is really critical in this, especially since it's in  
13 the title. And I do think that's an oversight that the  
14 legislation and maybe the proposition failed to really look  
15 at. And I think that needs to be really strongly considered  
16 in this.

17 And a white elephant in the room, also, is the  
18 number of apprentices -- apprentices currently in major  
19 unions that do energy work, especially energy efficiency  
20 work, have not had regular steady work. And a lot of those  
21 unions, unfortunately, can't add more apprentices into the  
22 program. And without quantifiable ability to do so because  
23 of the commitments that they've made to those apprentices  
24 that are already enrolled in -- in an apprenticeship program  
25 for journeyman, they can not open those doors up. And so I

1 think there needs to be a gap-fix bridge.

2           Another thing that's assumed by the outside public  
3 instead of those that are practitioners inside the doors of  
4 the educations arena, LEAs do not have good relationships  
5 with labor. As a career technical educator it took me three  
6 years after I was out of the classroom to figure out how to  
7 have good communications with the unions. Currently we've  
8 been suffering and having a problematic pre-training program  
9 in the K-12 arena, primarily because career technical  
10 education programs have decreased significantly. So in  
11 order to be a feeder into that, that is a problem issue.  
12 And I think that needs to be addressed in this fight.

13           Also, even though there is a fund who is in ESCO,  
14 it's not clearly stated anywhere in the document about  
15 ESCOs. There isn't a single mention of an ESCO in this  
16 document, which is a great leveraging tool. And I think  
17 that there needs to be some sort of, if you will, framework  
18 or case study or -- or some sort of indicator of how that  
19 leverage could take place, especially since it's cost  
20 savings repayment. And so therefore it's a huge tool for  
21 small districts, particularly, that are only getting small  
22 amounts in tier one, tier two, tier three, to have that  
23 great opportunity to move forward on that.

24           Benchmarking; being a teacher, benchmarking is  
25 kind of important. So one thing, having also -- I've been

1 instrumental in authoring a good mutual piece of legislation  
2 in 2010 which didn't make it through, AB 2679, I learned a  
3 lot about being unfamiliar with territory, especially being  
4 an educator and then working in the legislative process. So  
5 templates would be awesome for a lot of this type of stuff.  
6 I think putting together some templates and matrixes sample  
7 for schools to be able to do that, especially in small LEAs  
8 where there are not really good strong energy management  
9 programs that are there, that's a very important tool that I  
10 think educators, if they kind of saw a template to know how  
11 to format those reports, how to -- how to do those analyses,  
12 what a survey should look like, how they could benchmark  
13 those things.

14           One thing that I see throughout the Prop 39  
15 documentation is cost, cost, cost savings. It's kilowatt  
16 hours' savings. It's therms' savings. Because the issue  
17 is -- and forgive me if I date myself, but when I was  
18 teaching and had the California energy crisis and we went  
19 from \$15 billion reserves to \$15 billion deficit, losing \$30  
20 billion in a short period of time, I spoke to my students  
21 and that's when we started focusing on energy. And the main  
22 thing we have here is energy costs keep escalating. And so  
23 that \$1.05 increase is easy to make, but we're not seeing  
24 that push for that 20 percent reduction by 2020. They were  
25 talking about solely cost savings.

1           And so in order to see that, and -- and,  
2 unfortunately, school districts' matrix of success are based  
3 on curriculum and instruction. And so their main focus is  
4 that, understandably. And so it's difficult for them to  
5 really focus on anything other than that at this time  
6 because of the pressures of dollars and support and all  
7 those other things.

8           So I think some of the matrixes are really  
9 important to maybe look at. And I'm happy to give feedback  
10 with more input on some of those things in the future.  
11 Other than that, it's exciting to see, finally, an energy  
12 efficiency project that's geared toward K-12 education.

13           The last thing I'd like to say is about 80 percent  
14 of physical building stock and public schools in California  
15 is pre-1980. I think we should have some sort of matrix of  
16 value added that factors that in. And one tool that we use  
17 in education is rubrics because educators understand rubrics  
18 where you can rank it and schedule it and do those things.  
19 So it might be helpful for them to do a pre-evaluation to  
20 see, before they submit that, how that would be. And if the  
21 commission has a rubric for judging and looking at how that  
22 is, that would be helpful too.

23           MS. SMITH: Okay. Thank you.

24           MR. WINTERS: All right. Thank you. Uh-huh.

25           MR. FINK: Hello. David Fink with Climate

1 Resolve. Just a couple of clarifying notes. One in terms  
2 of enforcement is if funds are misused in some ways, I  
3 didn't see anything in the guidelines about sort of what the  
4 repercussions are. And so it would be helpful to have that  
5 stated up front so funds aren't misused.

6 Another -- another point, unless I misread it, has  
7 to do with sole-source contracting.

8 MS. SMITH: Uh-huh.

9 MR. FINK: So the draft guidelines currently do  
10 not permit the design and construction phases of the project  
11 to be carried out by the same contractor. And in Government  
12 Code section 42.17, the same contractor can perform and  
13 design construction phases of a renewable energy or an  
14 energy conservation project. So just wondering if that will  
15 still apply or sort of looking for clarity on that.

16 And the last -- the last question just is in pages  
17 36 through 44 of the guidelines potential projects are  
18 listed. And I was wondering if we'll be able to see the  
19 methodology that was used to come up with what goes in what  
20 tier.

21 MS. SMITH: Okay. Okay. Very good comments.  
22 Thanks.

23 MR. FINK: Thank you.

24 MS. MAREZ: Hi. Christine Marez with Cumming  
25 Corporation. And we currently provide CMPM services and

1 helping a lot of our K-12 clients with their technical  
2 reviews and to fill out their forms to be able to get their  
3 funds.

4           My question is for -- well, you mentioned there  
5 was some California core Conservation Corp people here. And  
6 the question is, knowing that we want to be able to provide  
7 our clients, our K-12 clients with the best services and  
8 really utilize Bright Schools program to do a lot of the  
9 assessments and work, is -- is there, now that everyone is  
10 going to see their money posted, is there going to be -- do  
11 you think that program would be heavily impacted and those  
12 services might be available? I'm not sure if you can answer  
13 that. But if there is someone here who could point  
14 themselves out to -- if these services will be readily  
15 available, or will there be a wait time, or how do you  
16 anticipate those programs are going to get staffed?

17           MS. SMITH: Now, are you talking about Bright  
18 Schools or the Conservation Corp?

19           MS. MAREZ: Yeah. And the assistance and the  
20 technical assistance to do the services audits.

21           MS. SMITH: The -- the Bright Schools program is  
22 currently available. And so LEAs can apply at this time.  
23 They can go to the Energy Commission website and apply. And  
24 those funds are available as long as, you know, they exist.  
25 Our current -- our current contract is just about \$2

1 million. There will be, you know, more funding becoming  
2 available. So that's -- that's the plan at this point. And  
3 then the -- the Conservation Corp will be doing energy  
4 surveying. And so we'll be able to get more details on that  
5 program before too long, too.

6 MS. MAREZ: Okay. And is it anticipated that that  
7 program would continue throughout the five years of this  
8 program?

9 MS. SMITH: I think we're all planning to be in  
10 business throughout the whole program. Don't -- yeah,  
11 absolutely, with like matters with the Conservation Corp.

12 MR. MCNAMARA: First, thanks for the question. So  
13 the California Conservation Corp, as you saw in the slide  
14 set, at least initially, we had an organizational unit  
15 called the Energy Corp. And regarding 39 funding, we  
16 received a certain amount of funding per year for these  
17 purposes. So we'll be providing energy efficiency audits  
18 which we're calling Energy Opportunity Surveys. Those will  
19 be going into production, located in seven different  
20 locations across the state, Los Angeles and San Diego being  
21 one -- two of those as well. Those will be -- those audits  
22 will be available for LEAs on a no-cost basis. And they  
23 will be actuary compliant audits. We'll also be doing some  
24 very small retrofit projects as well. So that would start  
25 in the January timeframe of 2014 and continue forward.

1 MS. SMITH: Thank you.

2 Hi. Is it on?

3 MS. SMITH: You could lower it so it matches your  
4 mouth.

5 MS. NEFF: All right. Kathleen Neff with  
6 Schneider Electric. I have a question regarding the SIR  
7 ratio. In the guidelines it says that you can use grant  
8 dollars to also incorporate with the SIR ratio. But I'm  
9 wondering, could a district use fund dollars or deferred  
10 maintenance or something else in combination with the Prop  
11 39 funds to buy down, essentially, the ratio if they were  
12 addressing larger capital needs?

13 MS. SMITH: I can't answer that specifically. So  
14 I would --

15 MS. NEFF: Okay.

16 MS. SMITH: We'll -- we'll record it and --

17 MS. NEFF: Sure.

18 MS. SMITH: -- and get an answer for you.

19 MS. NEFF: So I guess my -- my comment to that  
20 would be that I'd be concerned with some projects that  
21 districts may really need that are longer payback items.  
22 They may not fit within that ratio, and they would then be  
23 forced to maybe do some other energy conservation measures  
24 that are not needed just so it fit -- so it fits into the  
25 ratio. So that would be my concern.

1 MS. SMITH: Yeah. You know, we're certainly aware  
2 that a lot of -- you know, because of deferred maintenance  
3 and a lot of other issues that schools may have much bigger  
4 projects. Energy projects may be a part of those. So I  
5 think it's important to voice your question and your comment  
6 to make sure that we do address those kinds of situations  
7 and allow for the flexibility.

8 MS. NEFF: Thank you.

9 MS. SMITH: Thanks.

10 MR. COPE: Hello. My name is Bryan Cope. I'm  
11 with Southern California Public Power Authority. And Los  
12 Angeles Department of Water and Power is, of course, our  
13 largest member. And on behalf of eleven other members I  
14 want to thank you for your recognition that utilities are  
15 excited about helping the schools. I have quite a few  
16 questions. I kind of wanted to wait until the end because I  
17 was hoping somebody else might ask them. We'll start at the  
18 beginning.

19 You had mentioned that -- that the ADA and the  
20 FRMP would be additive. But then also there was a  
21 clarifier, whichever was larger. I'm not quite sure how  
22 that -- how you can have an additive which is larger. Could  
23 you explain that?

24 MS. SMITH: That question needs to be directed to  
25 Department of Education. And I may have misspoke.

1 MR. COPE: That's fine. That's all right.

2 MS. SMITH: I apologize.

3 MR. COPE: I'll just wait for the allocations to  
4 come out.

5 MS. SMITH: I'm not a jobs person either, so --

6 MR. COPE: You also mentioned the 85 percent of  
7 funding could be used for screening and audits and 15  
8 percent for technical assistance.

9 MS. SMITH: Uh-huh.

10 MR. COPE: I'm curious, you also mentioned prior  
11 to that that there's technical assistance money available,  
12 zero percent loans. And that -- I would assume that that is  
13 only going to be necessary if that initial funding is not  
14 sufficient to take care of your screening and plan  
15 professions?

16 MS. SMITH: Actually, let me clarify that. The --  
17 the Energy Commission received \$28 million. Of that \$28  
18 million, ten percent can be used for technical assistance  
19 grants of service. And so we have \$2.8 million that is  
20 going toward -- plus some additional funding that is ongoing  
21 for our technical assistance program -- to provide grants of  
22 service. So basically we have a contract in place with  
23 contractors and subcontractors who are available to do  
24 energy audits and actually are able to do reviews of schools  
25 and prioritizing reports. So that's one service.

1           The zero percent interest loans are separate, and  
2 those are for implementation to supplement -- they can be  
3 used to supplement implementation of retrofit projects and  
4 additions to projects. So they're basically two programs  
5 funded within the ECA program, if that makes sense. One is  
6 a grant program. One is a loan program.

7           MR. COPE: Thank you. A couple questions about  
8 benchmarking. The benchmarking costs would be part of that  
9 85 percent; is that correct?

10          MS. SMITH: Yes.

11          MR. COPE: All right. Curiously, I was surprised  
12 in step five, you mentioned option three, the analytics, the  
13 new analytical doesn't require an onsite. It sounded like  
14 it's a little different than I expected, is that the  
15 analytics are going to be used as kind of a precursor to  
16 focusing attention on for ASHRAE to studies. And I thought  
17 the intention had originally been that the analytics would  
18 be able to circumvent the requirement for ASHRAE 2 level.

19  
20          MS. SMITH: Right. And down the road that may be  
21 the case. Neither the CPUC nor the Energy Commission  
22 currently has a validation program for data analytics. I  
23 think there are some utility studies that have occurred and  
24 are occurring, from what we understand. So at this point  
25 what -- we're not allowing them as -- we're not seeing

1 anything that would allow them to stand as an ASHRAE Level 2  
2 standalone document -- or study. So --

3 MR. COPE: Well, I would like to make a comment  
4 that there is data there, both from industrial down to  
5 publicly owned utilities. But we could offer, I would  
6 imagine, that might convince the Energy Commission to  
7 reconsider that position, because the use of analytics can  
8 be an incredible way to extend the money to go further,  
9 rather than require onsite auditing of all -- of all  
10 applications.

11 MS. SMITH: Okay. And, yeah, I appreciate that.

12 MR. COPE: You also mentioned in Appendix B  
13 there's the typical programs that are -- that a gentleman  
14 had mentioned earlier. I was also wondering if we go beyond  
15 that how do you -- I guess the justification is in part of  
16 the planning documents that we have to prepare. That's how  
17 we explain how something that's not in that list is going to  
18 be a valuable tool for a specific school; is that correct?

19 MS. SMITH: Absolutely. I mean, they -- those --  
20 those are not comprehensive lists. Those are examples of  
21 typical projects that we have seen and are kind of ranked in  
22 terms of what we've seen as far as cost effectiveness energy  
23 savings.

24 MR. COPE: Thank you.

25 MS. SMITH: Uh-huh.

1 MR. COPE: Step seven, you mentioned that awards  
2 of \$50,000, for example, awards of \$50,000 or less could  
3 apply to certain applications. I'm wondering, is that a  
4 total amount over the course of the five-year term, or is  
5 that \$50,000 an annual award?

6 MS. SMITH: That is in -- that's the tier two,  
7 which is \$50,000 annual awards. But again, that varies with  
8 the calculations, taking into account the free and reduced  
9 lunch.

10 MR. COPE: Okay. You mentioned that you are going  
11 to take plans on a first come, first served basis.

12 MS. SMITH: Uh-huh.

13 MR. COPE: Beginning when?

14 MS. SMITH: After the guidelines are final.

15 MR. COPE: Adoption?

16 MS. SMITH: Uh-huh.

17 MR. COPE: Okay. I forgot. Okay. And lastly,  
18 step eight, you mentioned reporting requirements. And those  
19 are reporting requirements for the LEAs and not the load-  
20 serving utilities; correct?

21 MS. SMITH: Right, for the LEAs. Yeah.

22 MR. COPE: All right. With that, I thank you very  
23 much.

24 MS. SMITH: Thank you.

25 MS. URSUA: Hello. My name is Stella Ursua with

1 Green Education Incorporated, a nonprofit located in Long  
2 Beach. And I'm also a coalition member with Los Angeles  
3 Alliance Renew Economy for the Repower L.A. initiative.

4 And so my question is, would there be monies  
5 available via the grant here for creating training programs  
6 for high school kids to learn about energy efficiency,  
7 auditing, and retrofitting? Could some of those monies be  
8 used for that particular purpose?

9 MS. SMITH: The community colleges have an  
10 obligation to utilize some of their funding. The K through  
11 12 program, to my understanding, that does not -- that is  
12 not included. The training that's included is for staff,  
13 and it's not included for students. Now somebody had  
14 mentioned earlier the non-energy benefits. And so it is  
15 possible to take a look at different ideas and whether  
16 something -- I mean, I think -- I think it's an important  
17 comment to provide and to consider for whether that's  
18 something that you found or a non-energy benefit that  
19 combined and bundled with other energy savings measures  
20 would pay off.

21 MS. URSUA: Yeah. That was something that I was  
22 just toying with, the idea of creating --

23 MS. SMITH: Uh-huh.

24 MS. URSUA: -- an internship and tying 11th and  
25 12th graders to local contractors so that they could start

1 to learn about planning and retrofitting.

2 MS. SMITH: Right. And that's very similar to  
3 what the -- the Conservation Corp is doing with their  
4 program.

5 MS. URSUA: All right.

6 MS. SMITH: Uh-huh.

7 MS. URSUA: Thank you.

8 MS. SMITH: Thanks.

9 DR. WEHNER: I was actually hoping somebody else  
10 would address this. But since -- anyhow, in Exhibit E you  
11 talk about non-energy benefits.

12 MS. SMITH: Uh-huh.

13 DR. WEHNER: Being a classroom educator of  
14 culture, climate, things that go on in the classroom --

15 MS. SMITH: Uh-huh.

16 DR. WEHNER: -- for enhancement of learning is --  
17 is very critical.

18 MS. SMITH: Uh-huh.

19 DR. WEHNER: So noise level --

20 MS. SMITH: Uh-huh.

21 DR. WEHNER: -- big issue, new study just came out  
22 about heart disease related to excessive noise.

23 MS. SMITH: Uh-huh.

24 DR. WEHNER: I think it would be very value added,  
25 because I know how much the Energy Commission has worked

1 with LBL and Enrail (phonetic) and other people like that.  
2 There's a tremendous amount of studies on those auxiliary  
3 (phonetic) benefits that are out there. And so it would be  
4 great if on the website there was kind of, if you will,  
5 documents available for districts as they're looking at this  
6 that they could see if there's any benchmarks or case  
7 studies or things like that. Because there no real way to  
8 quantify and qualify that. And there be something  
9 particularly of this five years that we could either  
10 institute through LBL or Enrail or some other organizations  
11 to begin to see what kind of affects that those are --

12 MS. SMITH: Uh-huh.

13 DR. WEHNER: -- and what benefits there are  
14 towards those things in terms of increasing student  
15 learning.

16 For example, CO2 reduction in a classroom doesn't  
17 occur when the HVAC system is not operating, traditionally.

18 And because of that with the new set temperatures that are  
19 existing in classrooms --

20 MS. SMITH: Uh-huh.

21 DR. WEHNER: -- where people are putting  
22 temperatures at higher start points, that CO2 is building up  
23 in the classroom which is impeding, you know, the ability to  
24 concentrate, and sleepiness and tiredness, and things of  
25 that nature. So those type of benefits are -- are very

1 value adding.

2           Also loading order in some of these examples, and  
3 in rankings. It's interesting in urban settings, since  
4 we're in the Los Angeles region particularly, maybe not so  
5 much in the rural areas, heat island effect is huge, cool  
6 pavement, trees. Trees got a low ranking in there. It  
7 could be very value added. And there are some other  
8 partnering organizations that could benefit that would, you  
9 know, help do that. So I'd like to almost see some -- some  
10 increased consideration or raise that up on the tiers of  
11 being able to do that.

12           The other thing is interagency aspect. There's --  
13 I'm a huge water person in terms of water conservation, and  
14 water being the largest energy driving force from moving  
15 water throughout California, particularly into our region.  
16 There is -- water savings is huge. And I think one of the  
17 things that this project could learn, possibly from the Cal  
18 Water Division, is as they implemented smart meters into  
19 schools, that actually puts that data right in the hands of  
20 Cal Water. This might be an opportunity, as we're  
21 implementing energy efficiency, that some smart technologies  
22 could be uploading that data to the California Energy  
23 Commission and the California Public Utility Commission, as  
24 well, for the IOU areas. And so I think that would be a  
25 value added aspect to consider in this. And I think that

1 covers a majority of that.

2           The only other thing is HVAC is a huge issue.  
3 And there's a piece in there on maintenancing HVAC. And I  
4 would really caution the commission in terms of using that  
5 word maintenance in this case because I don't want to see  
6 general maintenance of changing filters and doing those  
7 things. Yes, they do have some value for improvement of the  
8 HVAC. But often times, because of the demands on curriculum  
9 instruction it may become something that gets taken out of  
10 the general fund and the Prop 39 monies are used for that,  
11 instead of maybe more significant HVAC implementations with  
12 improving motors or replacing motors or variable speed  
13 motors, and things like that. So just an area to think  
14 about in that in that regard.

15           MS. SMITH: Thank you.

16           DR. WEHNER: Thanks.

17           MR. KRASNOW: Hi. Sam Krasnow with First Fuel  
18 Software. Thanks for today's workshop, and all the work  
19 that you and your colleagues have been doing on this  
20 exciting program.

21           I just wanted to add, in terms of a company that  
22 provides data analytics and is able to do remote  
23 prioritization of efficiency measures across whole school  
24 districts, I just want to encourage the commission's use of  
25 this new technology, which is available in California,

1 pioneering innovation. And to clarify that this remote  
2 analytics can actually be used in many different ways, which  
3 is recognized in SB 73 and in the guidelines --

4 MS. SMITH: Uh-huh.

5 MR. KRASNOW: -- both in terms of prioritizing  
6 projects across whole school districts, doing auditing and  
7 evaluation of measures, and then doing reporting and  
8 verification.

9 I think one piece that I just wanted to speak very  
10 briefly to was the fact that a remote energy audit can  
11 identify some measures very precisely that are missed by  
12 onsite audits, and actually can identify measures without  
13 any need for a further onsite audit, in some cases.

14 MS. SMITH: Uh-huh.

15 MR. KRASNOW: In other cases a questionnaire can  
16 be used where the building manager can provide some  
17 information, and that could provide another level of insight  
18 on some of the measures.

19 MS. SMITH: The supplement, yeah.

20 MR. KRASNOW: Yeah.

21 MS. SMITH: Uh-huh.

22 MR. KRASNOW: And then there's a third category  
23 where an onsite audit is necessary, or investment-grade  
24 audit. So I just wanted to reflect that in the record. And  
25 I know that the commission is aware of this and is pushing

1 the cutting edge and should be complimented for that, and  
2 hope that that continues in the -- in the final guidelines.

3 MS. SMITH: Great. Thanks. I appreciate your  
4 input.

5 MR. KRASNOW: Thanks.

6 MS. MCKNIGHT: Hi.

7 MS. SMITH: Hi.

8 MS. MCKNIGHT: Good afternoon, and thank you,  
9 again, for being here and clarifying all of the -- the  
10 guidelines that we have to date.

11 Some of the questions that have come up when --  
12 I'm Alicia McKnight with Johnson Controls.

13 MS. SMITH: Uh-huh.

14 MS. MCKNIGHT: I am not a nonprofit organization.

15

16 In talking to a the -- a lot of the districts that  
17 I work up, one of the issues that commonly come up with  
18 every project is that of DSA. And I know that there was  
19 some mention in the guidelines; currently it's the  
20 customer's responsibility or the district's responsibility  
21 to go through that process. As we know in the past, it can  
22 sometimes be somewhat complicated. There are a lot of new  
23 regulations that DSA has imposed just as of January. And so  
24 I'm wondering if there is going to be any kind of  
25 conversation or negotiations between the CEC and DSA in

1 helping these projects get through, not only in a timely  
2 manner, but possible with less restrictions and triggers  
3 such as all the ADA compliance in Title 24.

4           And in addition to that, a number of the districts  
5 that I have worked with, and we have spoken about this  
6 before I came here today, and that is the Open A (phonetic)  
7 numbers. So one district in particular have 35 Open A  
8 numbers to date. So certainly that could be a long arduous  
9 process for them to get through, delaying the use possibly  
10 of that Prop 39 money and creating those clean energy jobs  
11 that we are all trying to achieve.

12           So my question -- and I'd like to go on record  
13 that this is an issue. I hope that there is some type of  
14 window of opportunity or leniency with these projects  
15 specifically, not that of modernization or other projects,  
16 and if there have been conversations, or what direction is  
17 that going in?

18           MS. SMITH: Okay. I can answer that. The DSA has  
19 been part of our interagency workgroup. The question of  
20 Open As did come up at our first public meeting also. We  
21 are having conversations with DSA about that, first of all  
22 from an educational standpoint for me to find out, well,  
23 what is this Open A we're hearing about. So I do -- you  
24 know, we do have a better understanding now of what the  
25 issue is. And I have been encouraging them to take a look

1 at it --

2 MS. MCKNIGHT: Uh-huh.

3 MS. SMITH: -- and, you know, how -- how is this  
4 going to impact or does it need to impact what is going on  
5 with the Prop 39 projects. So I think just one  
6 clarification is that projects that are -- that are DSA  
7 exempt, energy projects, will not be impacted by that as I  
8 understand it. It's the ones that -- that do require DSA  
9 review and permit that are in question.

10 So like we said, we are working with DSA. We've  
11 raised the issue. The subject came up at public meetings.  
12 And so we are going to meeting with them. I don't have an  
13 answer today, but we are aware and are talking with them.

14 MS. MCKNIGHT: That's good to know.

15 MS. SMITH: And they're talking to us, and that's  
16 a good thing.

17 MS. MCKNIGHT: That is good.

18 MS. SMITH: So --

19 MS. MCKNIGHT: Another question I'm not quite  
20 clear, in regards to the \$28 million that's going to CEC for  
21 not the audits and whatnot but the actual supplemental loans  
22 for the projects, the zero percent interest, do I understand  
23 that to be just supplemental, or if the district,  
24 particularly those districts that are getting small amounts  
25 of money, it's difficult to do something with \$15,000 or

1 \$50,000 that really makes an impact to the site or the  
2 district.

3 MS. SMITH: Uh-huh.

4 MS. MCKNIGHT: So if they were to use -- let's say  
5 create a larger project and they did utilize the CEC loan  
6 program, in the subsequent years that they are funded can  
7 they use that Prop 39 funding to then go back in and pay  
8 that loan off?

9 MS. SMITH: Pay back the loan? Let's include that  
10 as a comment.

11 MS. MCKNIGHT: Okay.

12 MS. SMITH: But we have had -- we have had that  
13 discussion early on, and I think there's that flexibility.  
14 But the -- the way the loans are designed is they are repaid  
15 based on the energy savings and the dollars saved. So I  
16 think we need to take a look at that and I need to go back  
17 to our legal staff and -- and then, first of all, look at  
18 how does that fall legally within the terms of the contracts  
19 for the ECA loans, but also, you know, is -- if it is  
20 allowed then, you know, then we make it a policy call.  
21 So --

22 MS. MCKNIGHT: Okay.

23 MS. SMITH: -- I think it's -- it's a very good  
24 question. Thank you for raising it again because we've had  
25 some discussion about that.

1 MS. MCKNIGHT: All right. Thank you.

2 MS. SMITH: So thanks. Anybody else? Okay.

3 I think I just have a couple more wrap-up slides  
4 here. So after today if you do have more comments, like I  
5 said, we do have a webinar on the 16th, and a webinar  
6 meeting on the 22nd. So there's two remote opportunities to  
7 provide additional comments. In addition, we would invite  
8 you to submit written comments to our docket through email.  
9 Please make the distinction that it's Docket Number 13CCEJA-  
10 1 and comments on Prop 39, and that's docket@energy.ca.gov.  
11 And please have those in by four o'clock on October 25th.

12 So just to wrap up, we really value this process.  
13 I personally come from a background of public involvement  
14 in the environmental field. And so to me this is a very  
15 important part of our process because nobody knows what's  
16 going on better in the real world than you all do. And we  
17 do our best to try and educate ourselves, but we don't live  
18 it every day. So thank you for being here today and for  
19 taking the time to make the comments and caring about this  
20 program.

21 We do plan to point FAQs. We're -- we're working  
22 like crazy, and they're not getting done quite as quickly as  
23 all of us would like. But we've got Adam Gottlieb here from  
24 our Media and Outreach Office who is -- is taking notes,  
25 too, and helping us with that.



## CERTIFICATE OF REPORTER

I, MARTHA NELSON, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Horse Racing Board Meeting; that it was thereafter transcribed.

I further certify that I am not of counsel or attorney for any of the parties to said conference, or in any way interested in the outcome of said conference.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of October, 2013.

/s/ Martha Nelson  
MARTHA NELSON

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I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.

/s/ Martha L. Nelson  
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November 4, 2012