BEFORE THE
CALIFORNIA ENERGY COMMISSION

In the Matter of: Docket No. 09-OII-1

Order Instituting Informational
Proceeding American Recovery
and Reinvestment Act

THE AMERICAN RECOVERY AND REINVESTMENT ACT
INFORMATION WORKSHOP

ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT
AND STATE ENERGY PROGRAMS

JOHN FERRARO COUNCIL CHAMBER
ROOM 340
CITY HALL
200 NORTH SPRING STREET
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FRIDAY, AUGUST 28, 2009
1:00pm

Reported by:
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STAFF PRESENT

John Sugar
Mark Hutchison
Pat Perez
Rashid Mir
Joelle Kelly
Chris Graillat

ALSO PRESENT

Yolanda Anguiano, Advisor to Assembly Member Felipe Fuentes
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MR. PEREZ: Okay, good afternoon and welcome to the American Recovery and Reinvestment Act Informational Workshop on the Energy Efficiency and Conservation Block Grant Program, as well as the State Energy Programs. My name is Pat Perez and I am the Assistant Executive Director for the Energy Commission's Economic Stimulus Programs and I would like to just welcome all of you here today. I would also like to point out a few other items. For those of you listening in, I believe we have over 50 or 60 people participating by WebEx at this moment. I would like to encourage you not to use the question or chat feature that is provided on WebEx and, instead, if you have questions, e-mail them to us throughout this proceeding at recovery@energy.state.ca.us. So please send your e-mails to us there and I will also repeat that at the end of the presentation.

I would also like to do a couple of important introductions this afternoon, beginning with Yolanda Anquiano from Assemblyman Felipe's office, and to my right, and also introduce to you the Energy Commission's staff that are with me today, beginning with Mark Hutchison, the Co-Lead on the Economic Stimulus Program, to my right, as well as John Sugar; over here to the right on the dais, we have
Chris Graillat and also Joelle Kelly and Rashid Mir; and back at our base in Sacramento, I would also like to acknowledge the efforts of Steve Banta, Chris Van Kuren, as well as Nicky Crowel who are assisting today with the WebEx; and especially thank the City Mayor's Office here, as well as the many people that realized today is a Furlough Friday that are here helping us today, Jose Cornejo, Luis Rodriguez, Russ Bellanot, as well as Erica Gonzales, for making these wonderful arrangements for us.

So before I go any further, on behalf of Assembly Member Felipe Fuentes, I would like to turn it over to his Advisor for a few moments. Thank you.

MS. ANGUIANO: Good afternoon and welcome to today's informational workshop on the ARRA Funds. Energy Efficiency and Conservation Block Grants and State Energy Programs. As Mr. Perez said, my name is Yolanda Anguishano and, as a representative for the Assembly Member Felipe Fuentes, I am very thrilled to be here and have you here today, and for those that are following us through the Web, the Assembly Member is the Chair to the Committee for the State Legislature, Utilities and Commerce. He had some duties to attend to in the State Capitol; that is why he is not here today. And also, you know, following and continuing discussions on prisons and corrections reform. But I myself am thrilled to be able to be here today.
One of the priorities as Chair to Utilities and Commerce the Assembly Member has is to get on track and move forward from this gray stack economy, and that is why you are all here with us today. So I am thrilled to see you and those that are following up on the Web, and to go after those Obama bucks.

I know that Felipe Fuentes, the Assembly Member, as your elected representative, asked the California Energy Commission Chair, Karen Douglas, to host this public workshop in Los Angeles, and he prepared a statement that I would like to read to you now. "We are pleased that the Energy Commission staff is here today to present their energy funding program proposals for stimulating the economy. And more importantly, we have an opportunity to hear from you about the proposals and how we can work together to bring much needed jobs to California and develop the foundation for a more vibrant and greener economy for local communities. We are pleased to hold today’s forum and look forward to discussing how we can work together and best use and leverage Federal Economic Stimulus dollars to advance our mutual energy objectives and reinvigorate our economy and create long-term, sustainable, green jobs. I firmly believe that we have a tremendous opportunity before us, thanks to President Obama and Congress, through the American Recovery and Reinvestment Act. In a few minutes,
you will be hearing from Pat Perez, Assistant Executive Director for the Energy Commission's Economic Recovery Program and key program staff. The Energy Commission is administering a number of ARRA energy-related programs such as the Energy Efficiency and Conservation Block Grant, State Energy Program, and Energy Efficient Appliance Rebate Program, that will result in over $300 million in energy efficiency, cleaner renewable energy, and green workforce investment throughout California for the next two years.

Energy efficiency is not only the most cost-effective strategy available for meeting our future energy needs, and reducing greenhouse gas emissions in the electricity and natural gas sectors, but it creates the most jobs per dollar. We know that the state's efficiency standards and utilities and energy efficiency program have made a substantial difference in California energy consumption, where California's per capita electricity use has remained relatively flat. To maintain our success and meet the state's daunting mandate to reduce greenhouse gas emissions to 1990 levels by 2020, more needs to be done. The California Legislature, California Energy Commission, and other state agencies and stakeholders, have a long history of collaborating in energy efficiency and climate change issues. These efforts allow us to leverage our joint expertise and authority to best serve California. Statewide
programs such as utility rebates to reduce the cost of energy efficient appliances and low interest financing have allowed many communities and local agencies in California to install their energy efficiency projects with no out-of-pocket costs. This provides energy savings into the future and protects local budgets. And in Assembly District 39, we have agencies such as Community and Housing Services which helps out our communities such as Pacoima. We anticipate working with the public and private sector, as well as investor-owned and municipal utilities on the stimulus programs. The U.S. Department of Energy is very interested in leveraging these funds to get the greatest impact possible. Working with these partnerships and making loans available to these private and public entities will help extend the reach of the stimulus money. The experience we, the Energy Commission, other energy regulatory bodies, and the utilities have gained over years of collaboration will serve us well, in coordination of the Small Community Block Grant Program, as well as the projects that come with other ARRA related energy funding programs, you will learn about shortly. Mr. Perez will provide an overview of the $300 million in direct federal economic stimulus dollars that will be coming to the Energy Commission to support energy efficiency and renewable energy activities and projects. We are very exciting about working with you, the Energy
Commission, and other key stakeholders, as well, to improve California's energy future and put Californians back to work." Thank you very much.

MR. PEREZ: Thank you very much, Yolanda, for that overview, as well as insight on behalf of Assembly Member Fuentes. We really appreciate your participation and attendance today. Before I move forward, let me just capture what we are going to cover today on the agenda. In a moment, I will be providing you with an overview of the Economic Stimulus Programs that the Energy Commission will be administering over the next couple of years. But most importantly, we are here today to hear your feedback, input, and questions you may have on the program funding areas that we are proposing and to hear your input. And then, also, at the end of today, we will have kind of a wrap-up, closing remarks, and talk a little bit about next steps and how you can participate and support our efforts in developing a program to put Californian's back to work in the Energy sector. So with that, I would also like to remind those of you that are here today that we do have hard copies of today's presentation in the back, in the event you have difficulty reading the text on the screens behind us. Also, one other item, please fill out the sign-in sheet if you did not do so on the way in. When you depart today, we would welcome having contact information as we develop the
guidelines and the programs to implement what has been provided to us by the American Recovery and Reinvestment Act.

So with that, I will move on to the next slide. And these are the six presentation topics that we are going to cover today. We will talk a little bit about the Federal Energy Programs that are available nationally and what is coming to California, talk a little bit about the program goals and objectives, as well as the priorities for these energy funding programs, talk about the Energy Efficiency and Conservation Block Grant Program whereby the Energy Commission is providing funding for, as well as the discretionary portions of that program and what we were exploring for in terms of using that funding, and then also talk about the $226 million State Energy Program and some of our initial thinking on the proposed allocations for that, as well as the key programs that we are considering implementing shortly, and then some of the more recent programs and funding awards that have come to the Energy Commission. There is an Energy Star, or what we call Energy Efficient Appliance Rebate Program that the Energy Commission will be administering, working closely with our utilities, both investor owned and publicly owned utilities, as well as the Public Utilities Commission and other interested stakeholders. And then there is also an Enhanced
Energy Assurance and Capabilities Program as we move to what is called a Smart Grid, and what those technologies offer and the importance of protecting our transmission grid, as well as Smart energy technologies. So we will also be working with local government and others on that, and I will be sharing some details on that later. And may I have the next slide?

This slide kind of gives you a broad overview of some of the formula-based energy programs that will be administered by the California Energy Commission. Over $6.3 billion in formula grant-based funding was made available with the American Recovery and Reinvestment Act nationally, a little over $3 billion for the State Energy Program, I will be getting into the details of these programs in a minute, as I noted earlier, $226 million in that program alone coming to the Energy Commission, and then there is the $3.2 billion Energy Efficiency Conservation Block Grant Program that we will also be administering at the Energy Commission for small jurisdictions. And when I refer to "small jurisdictions," we are talking about cities with a population of under 35,000, counties with a population of under 200,000. The larger jurisdictions, such as Los Angeles, are receiving their funding directly from the U.S. Department of Energy and there are roughly $302 million coming to the State of California for energy efficiency, as
well as conservation type programs.

And then, more recently, we received word on the Energy Star Efficient Appliance Rebate Program. Several weeks ago, the U.S. Department of Energy announced that the Energy Commission would be receiving $35.2 million to develop a rebate program, to target it for consumers for energy efficient appliances. We are very excited about that. We will be developing guidelines and seeking public input as we craft and design that program in the near future. And then, also, $39.5 million for enhanced energy assurance and capabilities program with Smart Grid transmission, as well as other devices that are run by electronic means, and how do we develop that system and protect it from not only natural disasters, but terrorists or man-made events that could bring down the system. So we will be working with local government and many parties in developing that program.

One program that is not on this slide, that I need to bring to your attention is, nationally, there is about $5 billion available for what we call a Weatherization Assistance Program. In that program, this is targeted to more the low-income areas for weatherization activities. The California Community Services and Development Department will be administering that program, a little over $180 million is available there, so if you are interested in that
program, please go to their website and you can get the
timetable for public workshops and the overall schedule for
when they hope to have that program up and ready and
available. Next slide, please.

In terms of the overall goals and program
priorities that are kind of guiding our program development
at the Energy Commission, of course, the number one priority
from the American Recovery and Reinvestment Act is about
creating jobs and retaining jobs, that is the number one
priority and something we cannot lose sight of. So, in
terms of the programs and activities we develop, we are
going to have to measure those impacts in terms of
stimulating the economy, so that will be one of the overall
goals. Secondly, expending money wisely, extremely
important, and using what we like to refer to as "seed
funding" for leveraging other existing state, federal, and
attracting private capital, will be extremely important, so
that we can develop programs and activities that are self-
sustaining and bring us long-term benefits. So it is
extremely important that the Recovery Act funding is
essentially a two to three-year program, we want to see
these benefits continued beyond that period to avoid what we
like to refer to as the "Boom-Bust" periods that are
associated with so many government programs when the funds
disappear and the programs also disappear, and we are trying
our best to get something that is self-sustaining and will attract capital for the long-term.

Also, we are looking at also complimenting our activities to ensure that they are consistent with existing state policy, as articulated in a variety of documents generated by not only the California Energy Commission, but also the California Public Utilities Commission in collaboration with stakeholders and the general public, so there are a number of policy documents that are also available on the Energy Commission's website that is guiding much of our work, such as the Integrated Energy Policy Reports, the Air Resources Board Scoping Plan, in terms of reducing greenhouse gas emissions, and the role that energy efficiency and renewable energy play in helping us achieve those long-term goals, as well as the Bioenergy Action Plan, and a host of other California energy legislation and other policy documents that we use as the foundation for making our decisions and recommendations on how to use this money.

Next slide, please.

In terms of one of the key important programs that the Energy Commission will be administering, that is the Energy Efficiency and Conservation Block Grant Program. This is a $49.6 million program that we are administering. The overall objective there is to reduce fossil fuel use and the associated emissions, but also improve how we use energy
so that we are using it more wisely. We filed our
application back in June and we are expecting a decision
from the U.S. Department of Energy any day now. One other
point that I would like to make right now is that we have
received state budget authority for receiving and expending
that money, as result of the recent passage of the
California State Budget. So any day now, we should receive
hopefully a positive response from the U.S. Department of
Energy on the Energy Commission's initial application.

In terms of what we are proposing there, we are on
the next slide here, thank you, the federal program
requirements ask that we use 60 percent plus of that money
for distribution to small counties and cities throughout the
state, those that are not receiving direct awards from the
U.S. Department of Energy. The formula which is in statute
basically tells us to distribute this money on a per capita
population basis. One of the things that we are proposing
is that, on that allocation that we use $5.00 per person,
And then, also, one of the big concerns throughout the
state, as unemployment has increased substantially
throughout the state is that we factor in unemployment in
terms of how we allocate this money so that we can target
those areas that are in greatest need in terms of jobs. So
we have actually incorporated unemployment as one of the
criteria for evaluating proposals. But, on the other hand, we have also set some minimum thresholds for the allocation of this money, which would be $25,000 per city, and also $50,000 per county. In terms of initially what the Energy Commission is looking at this money, in terms of meeting the federal requirements of 60 percent, right now we are looking at closer to 74 percent of that money actually going to small counties and cities, so for those of you representing small counties and cities, you should be pleased with at least that initial recommendation of the Energy Commission.

Next slide, please.

In terms of the use of the funds under this program, again, it has to be tailored for cost-effective energy efficiency projects, and under the Federal Guidelines, we have to look at the base on the energy saved per dollar spent for these projects, and there is a minimum of 10 million source Btu's per thousand dollars of federal funding spent that has to be met, to meet the eligibility requirements. And then, also, a feasibility study is required to verify these savings, so you will have to keep good records and demonstrate that, indeed, you achieve and meet these federal guidelines. We are also looking at a direct purchase option whereby you could purchase energy saving equipment from a particular source, and parties might be able to aggregate their purchases so that you achieve
volume discounts, too. So we are working on crafting a
program that would facilitate the purchase of more energy
efficient type of equipment, as opposed to everybody doing
it on a stand-alone basis. Next slide, please.

We have roughly $13 million that would be set
aside at the Energy Commission's discretion. We are looking
at probably a competitive program process right now, program
design discussions are underway at the Energy Commission,
and a lot of those discussions have benefitted from forums
such as today's where we have received quite a bit of public
feedback on our other over a dozen public workshops that we
have held from San Diego, up to the California-Oregon
border. And, again, your input is critical in helping us
shape these programs.

Some of the other things we are looking at is
competitive grants for the local jurisdictions and
partnerships. We have heard from many of you that you are
very much interested in coming forward with proposals that
represent a multitude of counties and cities, and that is
something we strongly encourage. And then also setting
aside some money for maybe some more expanded regional-type
activities, whereby we might be able to get broader
benefits. So those are just conceptually some of the
programs that we are looking at.

The next slide lays out the overall schedule in
terms of as we move forward with the Block Grant Program.

We are planning to take the Draft Guidelines, which lay out the eligibility requirements and the proposed funding programs to the Energy Commission at a Business Meeting, these are the five Commissioners that will ultimately consider and evaluate the proposals and vote on how this money will be spent, so that is just around the corner. Staff has been working weekends and evenings on developing the solicitation packages in the event that we get those approved. We will be in a position to issue the solicitation packages the next day on September 17th, and hopefully we will get U.S. Department of Energy approval shortly thereafter, and we will get the grant applications underway. And then, the one question that I know many of you are very much interested in hearing about, when is the money finally going to hit the streets? And if all goes well, we are looking at November for the money to start rolling out, so it is not too far away.

Okay, moving on to the next slide, this is the Energy Commission's largest program that we will be administering, also called the State Energy Program, the $226 million program I mentioned earlier. The overall objective of this program is to increase energy efficiency, to reduce cost and consumption, also reduce imported energy, whether it be petroleum, or crude oil, or petroleum
products, or perhaps even electricity that is based on gas or oil-fired -- not gas, but oil use elsewhere. So we will be looking at this, also improving reliability and reducing energy production impacts on the environment, and as I noted earlier, climate change and greenhouse gas reductions is an adopted state policy goal, so we will be looking at these proposals in the context of not only how it meets our energy objectives, but also environmental and particularly greenhouse gas reduction efforts.

U.S. Department of Energy did approve our application back in June. They have made available to us half of that funding, roughly $113 million, and the California Legislature has responded by giving us authority for this fiscal year for the use of $113 million, and then hopefully the remainder we would get authority for the next fiscal year. Next slide, please.

These are just some of our initial ideas and, of course, subject to change, based on public input, as well as feedback from our Energy Commissioners up there in Sacramento, on the program allocations. And what we have done here is we have kind of bifurcated our approach. We have what is called "first strike program" concepts, these are programs and activities that are relatively easy and quick to implement, and then we have created a second tier program on those programs and activities that are going to
take a little bit more time to develop because they may
require additional changes in regulatory actions or laws,
and a great deal more collaboration with counties, cities,
and other private entities. And so in terms of near term,
first strike activities, we are looking at California
Department of General Services establishing a revolving loan
program to support energy efficiency, renewable energy type
efforts. And, again, these numbers are preliminary -- $25
million there for the greening of buildings -- but also we
recognize right up front that one of the important things is
you have to have a trained and skilled labor force, so we
are setting aside funding for green workforce development
activities, whether it be training and utilizing under-
employed or unemployed people, and training them so that
they can do the work for building retrofits and other green
energy measures. The Energy Commission also has a very
successful, longstanding Energy Conservation Assistance Act
Program with low interest loans that we hope parties will be
very excited to utilize as they move forward and advance and
approve energy use in their buildings there, and then also
taking state energy program grants and bundling them with
our Energy Conservation Assistance Act Loan Program to
assist public schools, K through 12, setting aside some
money there. And then, for those types of programs and
activities that are going to take a little bit more time, we
have a second tier program where we are looking at
developing a clean energy program targeted at the private
sector for combined heat and power, as well as distributed
generation, particularly renewable, that we are interested
in seeing being developed to achieve our long-term state
energy goals, and then also energy efficiency programs
utilizing municipal financing districts for residential and
non-residential retrofits. For some of those of you that
are familiar with the AB 811 type programs, we are very much
interested in seeing that expanded throughout the state
because it has been very successful in a number of
jurisdictions, not only in Southern California, but Northern
California. Next slide, please.

Regarding the California Department of General
Services Revolving Loan Program, targeting energy efficiency
in state buildings, we are looking at capturing additional
energy savings through more energy efficiency retrofits,
which include lighting and heating, ventilation, air-
conditioning systems and controls and, again, the key focus
is to stimulate job growth and retain jobs, and a lot of
this would be achieved through the purchase of substantial
amounts of equipment to achieve these savings and
contracting with equipment installation providers so that is
where the connection with much of the job growth would be.
And then, the Department of General Services would
administer this revolving loan funding with the seed funding coming through the American Recovery Act and being administered by the California Energy Commission to make state buildings, you know, 300 or so buildings, covering 30 state departments and agencies throughout California, would assist them in this effort. And by having a revolving loan program and generating interest, this would be hopefully self-sustaining and last for quite a few years so that we can continue to build more long-term sustainable effort here. Next slide, please.

As I noted earlier, having a skilled green workforce is critical for the success of these programs. And we have laid out a number of program goals here on this slide for you to support regional workforce development training programs. We recognize there are already many very good training programs out there, throughout California, whether they be with the community college districts, or others, and we plan to not replace, or duplicate those efforts, but to work with and build on the existing programs that are out there that work. Much of that funding will be targeted in energy efficiency areas, but also water efficiency because the movement of water in California, and water use, pumping is a significant use of not only electricity, but also has associated impacts on the environment, that must be addressed, and we think there are
tremendous opportunities there. And also renewable energy generation, particularly that that is distributed, that is more remote, as we go out to the deserts and other areas where solar potential and wind potential is substantial; we want to be able to facilitate capture and support that. And then also clean transportation, moving away from petroleum dependent uses to use alternative fuels, as well as the infrastructure for fueling our clean air fuels, whether they be Ethanol, compressed natural gas, liquefied natural gas, or other alternative fuels. We are looking at bringing together a multitude of different funding sources to support this critical component of our recovery plan, and as displayed on this graph, we are looking -- these are some of the preliminary funding sources that we are looking to augment and compliment funding that is directly made available by the Recovery Act, including the use of state energy program funding, but also the Energy Commission has an Alternative and Renewable Fuel and Vehicle Technology Program, also referred to as Assembly Bill 118, this is a non-ARRA funding that we are going to bring together and add to the Recovery Act funding, and then the Energy Commission also has a separate program we administer called the Public Interest Energy Research Program, and we do have funding there for developing green partnerships, and we will be complimenting Recovery Act money here so that we have a
substantial investment made here to cover green workforce
development throughout California. So, again, this is an
example of using recovery money to augment with other
existing funding sources to bring about more positive
benefits, we hope, because we do realize it is going to take
a substantial investment to develop that workforce out
there. Next slide, please.

In terms of the clean energy workforce, it is
going to be comprised of a number of training programs, I am
not going to go over each of these training programs that
are displayed here, but I just wanted to give you a feel for
what we are targeting, some of the green workforce
development, whether it be green buildings, or the
alternative fuel vehicle infrastructure areas.

In terms of the target populations, we recognize
there is significant unemployment out there, as well as
under-employment throughout our economy right now, and we
want to be able to reach out and identify many of those,
particularly in the construction trades, that have very
complimentary skills and the skill sets that are already in
place to facilitate expansion of this green workforce, so we
are looking at those, as well as new market interns, the
young people that are just now graduating from either high
school, or colleges, we want to be able to get them into
these programs and expand our programs, too, again on
buildings, alternative fuel vehicles, and so forth. So we are looking at a host of target populations to achieve our long-term objectives. Next slide, please.

In terms of the training, we have a solicitation for a proposal that we are pursuing here and we plan to work closely with the California Workforce Investment Boards, as well as the California Employment Development Departments. Our goal, again, is to use industry sector strategies to build our skilled labor workforce in the green workforce area. We have our application deadlines coming up, September 16th, and I have provided to you the website for getting more information about that solicitation, and what the requirements are, and so forth. So I encourage you to visit that website if you are interested in getting more information. I also want to point out that, should you have questions today, obviously, as part of this, the purpose of this forum will be entertaining questions. Next slide.

This kind of lays out the overall funding sources and the amount of funding that we are proposing right now for green workforce development. This has been covered in previous slides, but I just displayed a more graphical, simpler format for you to look at and, as you can see, we are using a variety of funding sources to provide a substantial benefit and hopefully have a greater impact on our ability to develop this skilled labor force that is
going to be essential for us to achieve our long-term energy objectives. Next slide, please.

As I noted earlier, we have this Energy Conservation Assistance Act Revolving Loan Program that John Sugar has been involved in for, I believe, over a decade, where we are looking at taking a minimum of at least $25 million in this Recovery Act funding that is coming to the Energy Commission, to create a Recovery Act, as well as an Energy Conservation Loan Fund Program, and that would provide low interest financing for energy efficiency, as well as combined heat and power, other efforts to reduce demand, as well as renewable energy generation. Some of the entities that would be eligible under this program, of course, would include public schools, as well as public hospitals, and public care institutions, and also various forms of local government. The current loan rate there is 1 percent, which we feel is very attractive today, and we fully anticipate there is going to be a great deal of interest in that program. In terms of the maximum cap that we are looking at, it is roughly $3 million per application, so hopefully that is significant enough to attract interest, but more importantly, large enough to have measurable impacts, which is what we are after here. We have provided for you the web link there for getting more information on that program. Next slide, please.
In terms of the State Energy Program School and Public Sector Matching Grant Program, again, these will be available to public schools in areas with the greatest need and, as I noted earlier, one of the criteria that we are exploring utilizing is those areas of high unemployment, but we will also be considering other factors and certainly welcome your input on that. And recipients of this funding must match grant funds with the Energy Conservation Assistance Act Loan Program. And as I mentioned very early in this presentation, the criteria of the 10 million source Btu's per thousand dollars of Recovery Act funds spent as required by U.S. Department of Energy will be one of the screening tools that we will be using in terms of evaluating proposals. And recipients, finally, must also use any utility incentive funds that are available out there to match these funds. So as you can see, we are trying to leverage as many funding sources as possible so that we can develop a significant enough program that leads to real measurable outcomes. Next slide, please.

We are also looking at a clean energy program targeted towards the private sector and making perhaps up to about $35 million available through the State Energy Program, focused on a variety of technologies such as distributed generation, that uses biomass residues, or waste, for example, for electricity generation, or for
biomethane gas production, and then also looking at combined heat and power systems to capture greater efficiencies there, particularly for some of the smaller systems. And finally, proposing revolving loan programs to sustain funding over time to really avoid the boom-and-bust cycles that we have seen. For those of you that have been in the energy sector back in the '70s and '80s where you saw a lot of federal funding that went for synthetic fuels production and so forth, and once the funding was gone, those industries collapsed, so we want to make sure that we avoid that if possible here, that is our long-term goal.

Next slide, please.

I realize this is somewhat of a noisy slide, there is a lot of verbiage on there, so I will try to summarize it for you because I realize it is difficult to read that. In terms of the State Energy Program Energy Efficiency Retrofits, we are looking at a comprehensive residential building retrofit program that is targeted towards creating jobs, again, stimulating the economy. We are very much interested in working with regional partnerships and entities, whether they be regional governments to deliver what we call a tiered approach to put Californians back to work, and under this comprehensive program, we are looking at a tiered approach, whereby initially we go in with a simple checklist of approaches that can be addressed quickly
and rapidly by the labor force with limited training, and
then moving down the road to do more deeper and
comprehensive retrofits that require more of a comprehensive
or what we like to refer to as a whole-house retrofit
approach, targeting new energy efficiency measures that
would be broad-based and also consistent with the California
Home Energy Rating System, and then also coordinating with
and leveraging local affordable housing and neighborhood
stabilization programs, so that we can capture energy
benefits throughout the various income categories in
California, again, focus on some of those more disadvantaged
communities where some of the energy potential is
substantial in terms of reducing inefficient use of energy.
Next slide, please.

We are also looking at municipal and commercial
building targeted measures with respect to this retrofit
program, that capitalizes on low risk, high return energy
efficiency opportunities, but more importantly, focusing on
those activities and strategies that are ultimately going to
impact how we use energy in buildings and that transforms
our economy to a greener, friendlier energy use economy down
the road, in what is often referred to as transformative-
type activities, and looking at best practice concepts for a
variety of energy saving strategies that are broad-based,
can be applied for many different types of buildings, and
also we are very conscientious of how these measures can also save on overall cost for the maintenance and repair of these facilities down the road. So those are all components that we are very much interested in looking at addressing and hopefully designing programs and activities that will have a permanent, lasting, positive impacted energy use in California. Next slide, please.

As part of these targeted measures, again, looking at training entry level workers to recruit participants and help with energy audits, we realize energy audits are a first step, and it is critical that an adequate and decent audit be conducted, and training professional trades people to help with the installation of the recommendations, the fallout of the energy audits. Program participants can also benefit from the volume purchasing agreements with technology manufacturers, something that we are very interested in setting up so that, by having a large purchasing pool, we can bring down the unit cost of some of these measures, and then ultimately minimizing the pay-back costs for those of you borrowing money on these measures for the long-term. Some of the examples of some of these targeted measures that we are entertaining right now include occupancy controlled bi-level lighting fixtures for parking lots, as well as parking garages, exterior walkways, and building stairwells, and there is a host of other
opportunities out there in the heating, ventilation, and air-conditioning areas where we believe substantial opportunities also exist. Next slide, please.

As I mentioned earlier, I made reference to Assembly Bill 118 type programs that are already being utilized, not only in California, but in Colorado, and being pursued back in Illinois and other areas, providing funding for cities and counties, as well as collaboratives or partnerships of regional governments to help them build their existing financing districts to fund energy efficiency, as well as perhaps on-site photovoltaic systems to generate on-site electricity for a broad range of residential, as well as commercial buildings, so we are looking at assisting local financing districts and seeing what we can do to expand those throughout California because, to the extent we can expand these programs and make these investments in renewable energy and energy efficiency more attractive to you, the customer, then we are on the road to achieving our long-term energy goals and climate change greenhouse gas reduction goals quicker. So that is a positive. Next slide, please.

This table lays out the State Energy Program Efficiency Retrofits schedule, overall, and as well as what has taken place to date. We are targeting right now taking the Draft Guidelines, which I believe will be posted here in
the next couple hours, to the Energy Commissioners some
time around September 30th, issuing the solicitations shortly
thereafter, and then asking for proposals back in early
November and also announcing the winners for some of these
funding programs in late November, and then issuing awards
in December, if all goes well. So your input here today
will assist us in those efforts. Those Draft Guidelines,
like I said, should be posted either this afternoon or later
tonight, and we welcome your review, comment, and any input
you have on those guidelines on some of the very programs I
just discussed. And I might add, we have gone through a
previous round on these Draft Guidelines, and perhaps many
of you in the audience, your organizations, counties,
cities, and others, have already commented on it, but based
on your previous input, they have been modified, so we very
much appreciate the previous input we have received from
stakeholders and the public on the first round of
Guidelines.

A couple other programs I just want to wrap-up and
share with you. The Energy Star Appliance Rebate Program,
of which the Energy Commission was recently allocated $35
million, this is to supplement existing rebates for the
residential sector, focusing on Energy Star appliances, and
basically to encourage you to replace your older less
efficient appliances with some of the newer appliances,
which are substantially more efficient than, say, appliances that were purchased 10 years ago, so we are working on that program to identify the overall array of appliances that will be eligible for these rebates. And we are also encouraged by the way that heating and cooling equipment will also be included in that by U.S. Department of Energy. So the Energy Commission did submit its initial application on August 13th. If you would like to see that, you can view that on the Energy Commission's website. It is just a one-page form, so there is not much there, except it is a formal application. The comprehensive application, on the other hand, which will be very detailed, laying out the eligible appliances and the requirements, will be contained in the application that we submit to U.S. Department of Energy in October, which is due on the 15th. So I think that is where you will get to see the real substance of what we are proposing, and we do plan on holding a workshop or two so that we can solicit and get feedback from parties like yourselves on the design of that program. Next slide, please.

The next one, Enhanced Energy Assurance Capabilities in Planning, the Energy Commission received $3.6 million here. The overall purpose of this program is to strengthen and expand state and local government energy assurance planning and resiliency by incorporating response
actions for new energy portfolios and Smart Grid applications, as well as associated vulnerabilities. In a nutshell, what we are talking about that, as we move to more electronic controls and so forth, that also poses vulnerabilities in itself if somebody is able to get in there, cyber security type issues, and whatnot, for bringing down computer systems, as well as the systems that control energy efficiency devices, transmission lines, and so forth, so there are some real vulnerabilities that we need to address collectively at the state, regional, and local level. And we are going to be collaborating with many parties through a series of regional workshops and actually working with other states on this, too. So because our electric generation system is interconnected with Mexico, Canada, and most of the western states, it is important that we coordinate and develop plans that strengthen the entire system, as well as address vulnerabilities within the various regions. And, again, we believe this will also lead to additional job development, and it will enhance our ability to respond to either manmade issues or terrorist type activities, or natural disasters, whether they be earthquakes, fires, etc., that have an adverse impact on how we produce, use, and deliver energy throughout the region. So you will be hearing a lot more about this program in September, as we begin to develop workshops and proposals.
for you to react to and provide input to. Next slide.

And my final slide, you are lucky, for more information, one of the things I want to point out, particularly for those of you who are listening in right now, when we have recovery@energy.state.ca.us, that is where you can e-mail to us right now, your questions and comments, and we will be reading those into the record, as well as the technical managers and staff are here today to respond to your questions, and we are very much interested in your input. But I also want to point out, you do not necessarily have to provide your input to us today, you can simply e-mail your questions at your convenience over the weekend, during the evening, next week to us, and we will access those questions there.

These are some of the key sources of information and links that I wanted to bring to your attention, which includes the Energy Commission's website, which has an economic recovery section, a very comprehensive section where you can learn more about our programs, activities, as well as the access links to the U.S. Department of Energy and other parties that are engaged in economic recovery activities, including the California Economic Recovery Task Force through the Governor's Office, it is all there, so I encourage you to visit that site, as well as the Federal Energy Website, it is also provided there, but I also would
like to point out to you that, as you try to access federal
energy information, please be reminded that a lot of the
ARRA energy funding is not only coming out of the U.S.
Department of Energy, but there are a host of other federal
agencies that administer energy-related ARRA funding
programs, too, such as the U.S. Environmental Protection
Agency, U.S. Department of Defense, significant billions of
dollars are going through those other programs, so for a
comprehensive view of those programs, you will need to look
at a variety of websites. To assist you in that effort, the
Energy Commission has put together a competitive funding
program area that kind of summarizes all of those various
programs in one area and you can see the competitive ARRA
funding programs summary on the Energy Commission's website
and it will hopefully save you a little bit of time of
navigating numerous federal websites. So with that, I am
going to stop talking and, more importantly, we would like
to receive input from you and get your input and reaction,
should you have any comments or reaction to what has been
presented today. And, again, we have a full compliment of
technical staff who have been working long hours on this, as
well as people in Sacramento that are listening in, online.
So, with that, thank you for your patience and this time,
for those of you who would like to speak, I would like you
to come up to the podium here. Please give us your name, if
you are with an organization, we would like to have that,
and I am trying to think -- can I get a show of hands of who
would like to speak today? Okay, great. Why don't -- I
know this gentleman has been here the longest, you have been
here since about noon, he was very eager for this workshop,
I might add, so let's start with you, sir.

MR. HUTCHISON: And make sure you introduce
yourself and talk very close to the microphone. I
understand that folks online are having a little bit of
difficulty hearing the discussion.

MR. CARR: Certainly, thank you. First of all, my
name is Orian Carr and I represent a company called
Compucom. We are an IT outsourcing company. I have two
very specific questions as it relates to the stimulus
package, specifically for energy efficiency at the data
centers. You mentioned the feasibility studies. My
question is, would providing a data center and assessment
quality as a feasibility study? And, if so, would that
preclude that vendor from participating in providing
services for the city or government?

MR. SUGAR: This is for the small jurisdiction
grant program?

MR. CARR: Yes. More than likely, yes.

MR. SUGAR: It would not -- assisting city or a
county in putting a feasibility study together would not
preclude a firm working with them. It is -- sorry, even
closer, to try to swallow the microphone -- local agencies
have their own regulations regarding contracting, and we
assume that they will follow those, but we do not preclude
their working with someone if they have a contractor who is
assisting them with either operating, or updating their data
center, in that contractor assisting with the feasibility
study and then working on the project. And our feasibility
study guidelines will be, I think, pretty clear in the
application package, of putting it together. We normally
require the same types of information that would be required
for our municipal loan program, or you might find for a
utility program, it is probably quite a bit lighter than
utility programs, you know, documented engineering estimates
of what the savings would be, and documented expected costs.

MR. CARR: Thank you, that was helpful. And
lastly, along that line, would WISCA be available as a
vehicle for acquiring anything through the stimulus package?

MR. SUGAR: I am afraid I have to admit ignorance.

MR. CARR: WISCA. I believe it is the program
that allows counties and states to purchase through a agency
for any of the equipment that may be used, or programs that
may be purchased.

MR. SUGAR: I assume that would be available. We
do not have anything in the Guidelines that would preclude using an existing vehicle for procurement.

MR. CARR: Thank you.

MS. LYON: Good afternoon and thank you for coming to the greater Los Angeles area and providing us an opportunity to speak to you. My name is Marilyn Lyon and I am here today representing South Bay Cities Council of Governments. We have 15 cities within our body. Today I am asking some questions about the smaller cities, the federal stimulus funds for those cities, and I have a question. If the city itself has done recent energy efficiency projects and really does not need to do any project on its own buildings, can it use the money to do a project for a school within its city boundaries?

MR. SUGAR: Yes.

MS. LYON: Okay, good.

MR. SUGAR: Yeah, the funding has to go to the city or, well, in your case, the small cities would have to apply. It would have to be the vehicle for applying, but the project they propose could be at a school within their jurisdictions, that is fine.

MS. LYON: All right. And as we are looking at the needs of our cities with regard to energy efficiency, we are also seeing some water efficiency projects that could be done. Are we allowed to mix energy efficiency and water...
projects together and apply for the funds?

MR. SUGAR: Yes. The program has a cost effectiveness criterion, and that is based on energy savings. So there, you know, depending on the water system's characteristics, age of equipment, there are changes that one can make to a water or waste water system, which will meet the energy saving criterion, and also will save water.

MS. LYON: All right --

MR. SUGAR: And we have to make the decision based on energy savings. There is a state requirement, Assembly Bill 2176, that was approved in 19 -- or, no, I am a decade behind -- in 2008, which requires that we evaluate projects on their energy efficiency.

MS. LYON: Okay. And then lastly, I have a question. Are there any restrictions of funds for cities that may be gated?

MR. SUGAR: No. The funding that is available is based strictly on a jurisdiction's population and we have to use the Department of Energy's figures, and then the county unemployment rate, we are using to modify it a little bit, to help out harder hit counties. But whether a jurisdiction is gated or not is not a criterion.

MS. LYON: Thank you very much.

MR. SUGAR: You are welcome.
MR. COLLINS: Hello. My name is Kenneth Collins from the High Desert Regional Green Jobs Initiative. We are an initiative that covers approximately Southeast Kern, North L.A. County, and Southwest San Bernardino County. We have been around about a year and three months. One of the questions I wanted to ask is, if the grants are available, and there is nothing written that any of the cities have to apply for the grants, it is like it does not matter, the need, or the desperate need in the various communities, the cities do not have to apply for the grants. And sometimes there is not an allowance in the grants, even if the city does not apply, that there can be AWIA (phonetic) or AWIM (phonetic), and it is the community college that takes the lead and receives the funds as the primary agency that shall administrate them. So what happens is this allows the cities to say, "Okay, well, we want this, but we don't want that," and it allows also those communities to be disadvantaged. Could you please answer that question? Is it allowable for any other entities such as AWIA (phonetic) or a community college, to take a lead when the city simply says, "I don't want to take advantage of these funds?"

MR. SUGAR: It sounds like that may cross between two of the efforts, one is the block grant program for small jurisdictions, and then maybe -- I do not know how that applies to the green jobs funding.
MR. HUTCHISON: I think this is more directed towards the block grant and the federal guidelines state that it is a local jurisdiction. We do allow partnering.

MR. COLLINS: Yes.

MR. HUTCHISON: Now, if there is a way that your group, or the other groups can work with the city to collaborate on an application, that would be allowable, but the Federal Guidelines are pretty strict about it being a city or a county.

MR. COLLINS: And essentially, if they decide not to, it is just a done deal?

MR. SUGAR: For the small jurisdiction program, it really is up to the city or county.

MR. COLLINS: Okay.

MR. SUGAR: Insofar as the guidelines for that program do not involve jobs programs, they involve efficiency projects.

MR. COLLINS: Right.

MR. SUGAR: We did send out a notice asking cities and counties to respond as to whether they were going to apply. We have, I think, 301 or 302 jurisdictions for which we are responsible and we heard from about 290 of them, that they are applying, and then we are going to be going back and calling the ones from which we have not heard. So far, everybody seems to be interested in the money. And because
we have some very strict time requirements on getting the funds out to the local agencies, we really need to know who is going to be coming in and who is not.

MR. COLLINS: All right. And the second question is, the priority on districts or applications that have the largest coalescence or collaboration between counties and/or cities, that is a primary priority, correct? That those -- and I assume it is because the CEC and the Federal Government do not want to go to all of those counties, they would prefer to go to -- like if California could divide itself into five districts.

MR. SUGAR: Yeah, well, yes, we are encouraging collaborations among small cities and counties. So far, we know of three or four that will be coming in, and we hear of a few others that are very interested. Because some of the grants are pretty small, the smallest grants for cities are $25,000, the smallest grants for counties are $50,000, and if jurisdictions are able to partner, or collaborate, and kind of share some of the administrative overhead, we believe that it is going to be more efficient for them, they will have more resources at their disposal to come up with projects that are very cost-effective, and hopefully it will also reduce the amount of staff work that we have. We have boosted our staff a little bit for this program, and the Federal Government has some extremely tight timeframes. We
have to have all of the agreements for the 60 percent of
the funding signed within six months of the Federal
Government approving our requests, our plan which we sent
in. So we are hoping that they do not approve it right away
because we are still getting the application package
together.

MR. COLLINS: And the last and final question, is
that the reason for the hesitancy for any type of marketing
campaign by the state? Or for want of a better word,
informational campaign in the State of California, that
blanks the State, informing people that this is not only a
program that has been kind of existing with the IOU's, but
it is a new dynamic that is coming about, and also that will
implement jobs. What is happening is people are not even
asking about these potential jobs, and we have talked about
the egg and the chicken dynamic, right? Which should you do
first? And it is kind of strange that, as I talk to people
around the communities, we know about it because we come to
the respective meetings, but the general populace has really
virtually no information of what is going on, other than,
you know, to hear about the Flex Your Power campaign, etc.
Is that causing the dynamic to happen where there is any
state forward moving on average, or information --

MR. HUTCHISON: Well, this kind of is our
marketing campaign right here. We have held probably well
over a dozen workshops and we have a pretty sophisticated website, and we do what we call e-Blasts, probably not daily, but darn near daily, at least weekly, to get the word out. And the flip side of that is that we just do not have a lot of time to do a more detailed marketing plan because the Feds have told us, "You've got to get this money out by day certain." So we are doing what we can with the time that we have.

MR. COLLINS: So we are essentially in these rooms are your marketing campaign?

MR. SUGAR: Well, and some of the programs for which we have probably gotten the farthest, because most of these programs, even if the program itself is not new, some of these like the State Energy Program are programs we have had, but it has really been funding contracts and developing building standards, and really internal expenses. Congress took these existing programs because it was fast, made some changes to them, and then turned them into vehicles for getting money out to the public. The ones that we are furthest along on are kind of for special populations. In the case of the Block Grant Program, we have been getting out to cities and counties and doing our best to get them onto list servers. For that program, we have probably had 10 workshops around the states and a couple of rounds of them to make sure that the cities and counties are aware, as
the state energy program moves forward, given, you know,
Pat has been discussing here, there are a number of elements
there that will more directly affect the public, most
likely, in the way of helping to finance building retrofits,
not necessarily just municipal facilities. And as those
programs are developed, the people who contract with us are
very likely to be the ones who are getting out and trying to
make people aware of opportunities.

MR. COLLINS: Okay, great. Well, once again, I
have been to several -- thank you, guys, for your efforts.
I look forward to working with you.

MS. GRAILLAT: Everyone, please -- oh, I am very
loud -- but everyone, please try to speak a little louder
into the mic, put your mouth as close to it as possible.

MS. KRAVITZ: Hello. My name is Alexandra
Kravitz. I work for Global Green USA. Thank you very much
for your presentation. I hope to not be replicating the
gentleman's previous question, but I have a question
regarding the discretionary funds --

MS. GRAILLAT: Excuse me, could you speak a little
louder? Actually a lot louder?

MS. KRAVITZ: Okay. Regarding the discretionary
funds, are there opportunities for non-governmental
organizations to take advantage of those? Or does it have
to go through local jurisdiction --
MR. PEREZ: Yes, under the State Energy Program, we are specifically looking at targeting a good chunk of that money towards the private sector and other organizations, so that is definitely under consideration, so it is not just local government.

MR. HUTCHISON: Yeah, I think she might be referring to the Block Grant discretionary pot.

MS. KRAVITZ: That is correct.

MR. SUGAR: With the small jurisdiction block grant, a small jurisdiction may decide to use -- I want to make sure that I can really hear myself, which I would prefer not to -- a small jurisdiction may use those funds for projects in the community. So, for instance, if there were building renovation or retrofit projects, you know, with significant energy efficiency impacts, even in privately owned construction, a city or county could put that in as their project that they wanted to put forward. Similarly with the direct purchase option, if they were purchasing and installing high efficiency light fixtures, high efficiency motors, high efficiency controls for heating and ventilating, and air-conditioning systems. We are not asking that that be in a public building, we are just asking, you know, some specifics on the types of locations in which those installations would take place and the types of use that go on there. But that can be private, as well
as public.

MR. HUTCHISON: Right, but to clarify, AB 2176 limits applicants to local jurisdictions and state entities.

MR. SUGAR: Yeah, well, Department of Energy --

the program itself requires that we provide the money to local jurisdictions, and then state regulations require that we focus on energy efficiency. Now, there were some changes with the budget bill that allow some of those funds to be used for climate change planning. The Commissioners may decide -- there is a balance left in that program, the small jurisdiction program is going to use about 70-75 percent of the money, a few percent are going to go for our administrative costs, and then the balance will be in another program. The Commissioners have begun discussing how they believe it would be best to use those funds, no decisions have been reached yet, there, because the time that we are allowed to develop those programs is longer. And so the Commissioners first focused on the small jurisdiction program because we had very tight deadlines. They had been focusing on the State Energy Program, which includes the jobs programs, as well as the other portions that Pat discussed, and then they are going to be getting back to looking at the remaining $10-12 million in the small Block Grant Program, and determine how best to use those.

MR. PEREZ: I just want to follow-up that when you
are looking at the funding allocations, the $226 million for the State Energy Program, I would strongly encourage you to look at those Draft Guidelines that will be out this afternoon, or this evening, because the eligibility requirements are broader in terms of who can apply for the various funding programs under them. I strongly encourage you to look at that, that source, whereas the Block Grant, yes, it is $49.6 million, but it is substantially less than the State Energy Program, as John correctly pointed out, a big chunk of that is focused directly on state and local -- not state, but small jurisdictions.

MS. KRAVITZ: Okay, so I have a question about the State Energy Program. And it seems that, if I understand correctly, the presentation, the only technologies that are being targeted with those funds, the renewable energy technologies, are biomass and combined heat and power for small systems, and why are you not looking into solar and wind?

MR. SUGAR: The Commissioners are still discussing how to use the funds, what the limitations will be on the Clean Energy Program portion of the State Energy Program. They are currently looking to focus on combined heat and power systems, as well as biomass and biogas projects. Their take is that there are currently incentives out for solar energy systems, particularly photovoltaic systems, and
photovoltaic systems tend to be quite expensive. Given
that there are already incentives that are available for
those systems, they are looking to broaden the incentive
structure to try to get a little bit wider variety of
distribution generation options available.

MS. KRAVITZ: And we are talking about the federal
tax credit?

MR. SUGAR: No, no. This would be -- what we are
trying to develop is a low-interest loan program that would
be targeted to assist combined heat and power projects, and
biomass, fuel biomass, and biogas fueled generation, or
having -- developing Methane that would be then injectable
back into the utility natural gas system. And that program
is still under development. We are working on the
guidelines. There are some administrative challenges for us
there, which we are trying to overcome because, you know,
with enough time, we can overcome a lot of administrative
challenges, and we do not have a lot of time on these
programs.

MR. PEREZ: And perhaps to add to what John just
stated, one of the things that was under consideration in
terms of designing the types of technologies that we were
going to target the funding for, we looked at what existing
utility programs, as well as the programs that were
authorized by the California Public Utilities Commission are
already in place to advance solar energy and other
technologies, we looked at those and then asked ourselves,
what other technology areas are not receiving adequate
funding and support. So that was one of the considerations
for why certain technologies were elevated. But, as John
said, these are only draft proposals that could be expanded
and modified, certainly, before they make their final vote
on it.

MS. KRAVITZ: Okay, I have a very quick last
question. You mentioned $5 billion for weatherization and
you said there was a part of it that was going to low income
communities. What share of the $5 billion is that?

MR. PEREZ: Well, actually, in terms of that $5
billion, that is the national program, the Weatherization
Assistance Program, of that total, California is receiving a
little over $180 million. That money is actually going
through the California Community Services Development
Department and they are administering that program, and you
can get the details by simply going on the Google site and
putting California Department of Community Services and
Development, and you will get the details on that. I do not
know if their solicitations are out. We do not administer
that program, we are certainly working with them
collaboratively because much of what they are doing with
this weatherization supports our efforts in terms of energy
efficiency retrofits in buildings, so we want to compliment what they are doing.

MS. KRAVITZ: Okay, thank you very much.

MR. PEREZ: You are welcome.

MR. CHOY: Hi, I am Howard Choy with L.A. County and I have a couple of questions. We are investigating and hopefully moving forward with implementing an AB 811 program for the entire region, entire L.A. County region. It seems that many many of the technologies and the measures and the projects that you are targeting in all of your other programs would qualify also as projects that can be financed under an AB 811 program. Given the restrictions that the AB 811 legislation has on who can finance projects, from your end, you do not see any reason why any of these other measures cannot be financed under AB 811, or AB 811 be used to leverage funds to implement more projects. From your end, do you see any reason why all of the projects in your other programs cannot also utilize a municipal financing program?

MR. MIR: So most of the areas are going directly to cities and counties, whereas the AB 811 would be -- it would go for the city and county, but it would be to commercial and private -- commercial businesses and private homes. So those homes or those commercial businesses would not really be using that block grant funding directly unless
that city or county decided to use that block grant funding for the same purpose.

MR. HUTCHISON: No, but I think his question is, is the other energy efficiency retrofit programs, the type of technologies and energy -- actually, not technology, but the retrofits -- his question is, would those also be eligible under an AB 811 type program, and I think the answer is yes, it kind of just depends on, you know, it will be a competitive program, the 811 program, the municipal financing program, and then we will be looking for applications to come in, and the local jurisdiction can kind of design what type of retrofits they would want to have. And I think there is some latitude there, if that answers your question.

MR. CHOIY: Yeah, that absolutely does.

MR. MIR: In the Guidelines, it lays out what we are looking for and it is going to be competitive, so the more that you follow what we are asking for, the higher, the better you will do.

MR. CHOIY: Okay. On the State Energy Program, the Guidelines that are going to come out today, will it include the DOE requirements on how the money -- or terms and conditions on the projects themselves, and will you have a breakdown of the dollar amount on the $95 million energy efficiency programs between AB 811 support, residential...
retrofits, and the municipal and commercial building targeted measures? Will that be broken out?

MR. HUTCHISON: Let me answer the first part of your question. The federal pass-down requirements, we certainly captured as much as we could in the Guidelines. The solicitations that will be coming out will further drill down. There is going to be some general language in there that basically says, as additional federal requirements will come down, we will be passing them onto you because, frankly, we have not nailed down all of the DOE requirements. We have got the OMB stuff fairly well nailed down, but Department of Energy is still trying to solidify some of their reporting requirements, so that will be passed down as we get additional information there. Relative to the $95 million, we purposefully kind of left a broad bucket there, the allocations to those subgroups, the residential, the commercial, and the municipal financing. We are going to let demand kind of dictate that, and the Commission will then allocate funds, depending on, you know, if more is needed for the residential versus the commercial. So there is no hard lines drawn for any of those three programs.

MR. CHOY: Okay. And last question. On the municipal and commercial building targeted measures, you said that you were looking for -- you wanted to emphasize strategies that impact the buildings and programs that
transform the economy. I am wondering how much is cost-efficency going to play a role in your evaluation, and to the extent that you ask for collaboration, regional collaboration, would a statewide collaboration of local government submitting something kind of fit that bill?

MR. MIR: So a couple parts on that. The technologies are things such as bi-level parking light fixtures that are not new technologies, that were developed, that have not been used as much, so we are trying to get those technologies into the marketplace, and so that they will continue after the end of the ARRA funds. And a lot of it, based on the proposals, you know, we will be looking at the proposals, and a larger group might be able to score better compared to a group that is targeting a smaller area.

MR. CHOI: So the cost per Kilowatt hour to implement a specific measure is part of a larger, regional collaboration that has these strategies and transforms the economy, the cost per Kilowatt hour is something you will look at, but may not be the most important factor?

MR. MIR: It is not the only -- there are a lot of factors. You know, a large factor will also include leverage, how much -- what ARRA funds you will leverage with this program.

MR. CHOI: Okay. Thank you very much.

MR. PEREZ: Thank you. And I just want to point
out that the State Energy Program Guidelines are now out, so you have got some homework for the weekend. Good reading, by the way, I am sure.

MR. BRENNAN: Thank you for that. Good afternoon, my name is Randy Brennan. I am the Director of Sustainability Initiatives for the Los Angeles Unified School District. We have 700,000 students, 12 percent of the state's total, 70,000 employees cover 700 square miles and our need is great. We are glad to hear of your presentation and your program today because we intend to take advantage to the fullest extent possible, in several areas. One is that we intend to reduce our energy consumption by 50 million Kilowatt hours over the next three years, and so assistance in that area would be very welcomed. We also intend to install 50 Megawatts of renewable energy and we have 114 shovel-ready projects ready for that funding, as soon as possible. In addition to that, we intend to reduce our water consumption by 250 million gallons over the next three years, with 600 shovel-ready projects for smart irrigation controllers, and would love to get funding for those projects, as well. In terms of workforce development, we have programs with ICISE, which is I am a Student Exploring Excellence. We build green, which teaches post-graduate students how to install photovoltaic systems, as well as other energy conservation means, and we
are also in partnership and collaboration with the Infrastructure Academy, particularly in water conservation surveys, so that we hope to be able to access funds for those supported programs for academic, as well as for, of course, development training going forward. I do have a question with regard to ECAA funding. You mentioned that there is $3 million per application. Is this per site? Or is this per entity?

MR. SUGAR: It is per project. Now, our loan program has probably a 30-year history of being available. We have recently reduced the interest rate from 3.95 percent to 3 percent, and now with the ARRA funding, it is going for at least some projects to 1 percent.

MR. BRENNAN: Oh, most welcome.

MR. SUGAR: Yeah, and the criterion on the size of the loan is that the utility bill savings are able to pay for the loan service, and the maximum loan duration is 15 years. It is possible that, with the ARRA funding, we would require a shorter loan period, so that we can turn the money over more quickly. So in evaluating how much money that you could get for a specific project, right now a simple payback of 13 years is a pretty good indication of whether it will make it at 1 percent and 11 years is a pretty good indication of whether it will make it with the 3 percent rate. And we are always ready to talk to school districts,
local agencies about that program.

MR. BRENNAN: Mechanically then, how would it work
if, for example, I were to do a solar project at a site and
I were to want to access grant funding, the loan funding to
match, and then utility incentive funding? What combination
of funds -- how do you see that working in a mechanical
sense?

MR. SUGAR: Right now, while there is discussion
of the schools' portion, schools' element to the State
Energy Program, that has not -- the Commissioners are
discussing it, we have not firmed up how that is going to
work. Currently, with solar projects, with photovoltaic's,
they tend to be relatively non-cost-effective compared to
efficiency, so we are unable to loan on the full amount of
those projects. Usually we are able to loan on something
like half of the project, or pay for half of the remaining
cost of the project, after the project has received all the
various usually utility incentives that are available. In
some cases, local jurisdictions, or school districts have
bundled low cost, extremely cost effective efficiency
projects with the less cost effective solar projects, and
they are able to get a little bit more of the solar covered.

Being an efficiency person, I have no understanding of why
they are pursuing the photovoltaics when they can save more
money with efficiency, but this seems to be -- we get quite
a few applications this way and we try to work with people.

MR. BRENNAN: I understand, except that in many
other markets and in the private sector, which I came from,
and also the school district, many efficiency measures have
already been taken. We already have high T8 efficiency
lighting, we have already done all the AC retrofits we can
do, we are really down to smaller kinds of things we can do
on an efficiency basis. The 50 million Kilowatt hours I
speak about really has a lot to do with deriving
efficiencies through discipline, and through some
installations of some energy management systems. Really,
the low hanging fruit is not as plentiful as it once was,
maybe 5-10 years ago. So we are really looking at the next
level of benefit, which would really work out to be, in this
case with current technology available, until LED lighting
becomes available, anyway, we would be looking at solar
installations, and that is where we need to invest our
money. Thank you.

MR. PEREZ: I think I would like to change with
Joelle Kelly on -- have we received any questions? Okay,
why don't we take a minute or two and -- first of all,
before I take questions online, how many more people would
like to speak in-house today? We have three. Okay, why
don't we just take these three, and then we are going to
take questions from those who are listening in via the
Webcast.

MR. ROSEN: Thank you, Commission, for being here today. My name is Spencer Rosen. And I am with the company, Greater Dawn. And Greater Dawn is an energy consultant specifically addressing the existing residential retrofit market, and designing and implementing programs for cities in California to create a foundation for what you guys have done an amazing job of leading the way for these programs. And I am going to address a specific challenge that I have seen so far and it is specifically related to leveraging funds and leveraging other programs. And within the SEP Guidelines you guys have done an amazing job of outlining the Neighborhood Stabilization Programs as an opportunity to begin home energy retrofits. And within the State of California, the Neighborhood Stabilization Programs, they often come in the form of either first-time home buyer assistance, or rehabilitations, acquisition rehabilitations, and sale of properties, and there is a huge opportunity right now to leverage those programs and begin to do whole house comprehensive energy work, and create a foundation for the future, and the future is incentives coming from the Waxman-Markey Bill, a required point of sale, and the initiation of comprehensive whole house energy work comes from an energy audit, right? A whole house energy evaluation. And as we reach out to cities, there are
cities that are actually very interested in integrating energy audits into their acquisition and rehabilitation of properties. And the knowledge and information is not really available and has not fully been disseminated to the local agencies to encourage their participation and just investigation of the benefit of this would contribute to their city and their local programs. And I was speaking with the Director of the Programs from HUD for the State of California yesterday, and they just said, "Well, call the individual cities and talk to them." And we are, we are in communication with them. And so I am really encouraging the Commission to see what is possible on the highest level so that integration of programs can come from top down, because integration of programs from the bottom up is a real challenge. It is really challenging to communicate that message, and there is a huge opportunity, you know, dollars are being spent on retrofits, dollars are being spent by first-time home buyers, and imagine if those dollars were actually spent in a way where we are getting the workforce that we all talk about trained. You know, I do technical home energy work and develop the policies and programs, and the amount of training necessary to get a workforce up to speed is really experientially based. They really need to be in the home, develop their green lens for home energy audit and retrofit evaluations. And so the experience that
the workforce could get through an apprenticeship program with NSP is available now, and so I am really encouraging you guys to be in communication about that and see what would be possible from the highest level to begin to integrate the programs from the top down. So thank you guys, very much for listening and if you have any questions, my contact information is on the form. Thank you.

MR. PEREZ: Thank you very much.

MR. MUIR: My name is William Muir from Alternative Consumption Technologies. My first question is, with all this money coming from the federal government for our state, why aren't there more smiles on your faces?

MR. PEREZ: It could be the long hours.

MR. SUGAR: Yeah, it could be we are worried about getting the money out.

MR. MUIR: My second question is, what is bi-level parking lighting? We manufacture LED linear retrofits, and I was curious if I could just get a quick explanation as to what the Energy Commission is looking for.

MR. MIR: The bi-level parking lighting was developed, I believe, by the PIER research and what it does is it has got an occupancy sensor, or a motion sensor, so when nobody is around, it goes on to a lower level, and then, as someone comes by, it goes back to the higher level, and it is more efficient than the lighting that is already
there. So you are saving in several ways.

MR. MUIR: Okay, is there on the State Energy Program, is there a section for Solid State lighting, or is it just anything pertaining to Kilowatt hour reduction?

MR. MIR: For the municipal program, municipal and commercial retrofit program, we did not specify LEDs probably because, based on the timeline, the technology -- if you propose something like that, that is something that you could propose, we were giving examples of things that we know are available right now, the type of things that we -- and if you read the Guidelines section, it talks about the type of measures that you can propose as a part of your program.

MR. MUIR: Okay, so one of the issues we have had is that, while we have a UL listed American made LED light, the Department of Energy has not issued Energy Star standards for LED Luminaires. Could we propose standards in our feedback with the draft that is coming out? Or does the Energy Commission have anyone specifically looking into standards in terms of, you know, lumens per watt, or efficiencies, or warranty useful life?

MR. SUGAR: I do not -- my answer may ramble just a little bit. To directly answer the question, I do not believe we have anyone who is working on standards for LED lighting. DOE may be doing that, Energy Star would be -- I
think that would be an EPA call, what they would end up using. We do have work going on -- the Energy Commission has funded work at the Lighting Technology Center at UC Davis, where they have been working with Solid State lighting and they have done quite a bit of work with bi-level lighting. I do know that, for the small jurisdiction program, we have two options for small jurisdictions. They may either propose a project which requires an assessment, you know, a feasibility study to support the use of the funds, or they may directly purchase specific types of equipment, and we will deem that to be cost-effective. Now, within that equipment, we include LED traffic signal and pedestrian signals and then LED or induction lamps for street lighting applications -- parking lot, garage applications, and exterior applications. So we are already loaning on LED lighting. And we are accepting LED lighting as an option for local agencies for their use of their block grant funds.

MR. MUIR: But under the State Energy Program, for instance, we have a commercial building here in town that has got 37 stories, and there is some subsidy dollars from local utilities. Could that money be bundled as a cost share to take advantage of the funds under the State Energy Program?

MR. SUGAR: Well, under the State Energy Program,
the Block Grant Program, yes. We are encouraging local
to use the block grant funds and leverage them as
best they can, and we are making loans available, as well.
So for instance, like with LAUSD, I mean, not being a
jurisdiction, they cannot take advantage of this specific
program, but we are encouraging local agencies, if they are
interested in maximizing energy efficiency, to use whatever
utility incentive funds they can get. They can certainly
apply to our loan program. We are trying to set this up so
that it is going to be very easy to combine the grant funds
with loans.

MR. MUIR: Well, that is one of the block grants,
I am talking about the State Energy Program for a private
commercial skyscraper here in town. Can they apply under
that program? Or is it only through public entities?

MR. MIR: You know, the State Energy Program
Municipal and Commercial Retrofit, there we are not looking
at individual buildings, we are looking at, you know, a
portfolio, so you might propose that I am going to go in and
I am going to contact -- here are my partners and I am going
to go retrofit these parking lots, or these buildings, so it
is not one building, it would be a portfolio of buildings.

MR. MUIR: Okay, so you would prefer to have a
portfolio of buildings of a private owner, rather than just
one private owner of one building?
MR. MIR: Correct. I mean, you could be talking to all the Big Box stores and saying, "I am going to go do these retrofits in all the Wal-Mart's, all the Targets, all the --

MR. MUIR: Okay, but -- well, that answers my question. Thanks very much, guys.

MR. PEREZ: Any more questions from the audience?

If not, yes sir? This will be our last one because we have got a number of questions online.

MR. EDER: Hello. My name is Harvey Eder, I am with the Public Solar Power Coalition. And at the end of May, I believe, there was a meeting that had some of your Commissioners and PUC Commissioners on the AB 811, and they had a fellow, I forget his name and what law firm he was from, and then a woman who was with a financial group, the fellow was a Bonds specialist, and he talked about the legal situation with Bonds and some of the impediments, and I believe it was asked for by the Commissioners that he submit something in writing, summarizing this in more detail to the Commission. I wondered if you knew anything about that, by chance, or who would know that with the Commission.

MR. HUTCHISON: Yeah, we held a workshop late April and we had a number of what we call AB 811 experts come and testify, and I believe a lot of information was docketed. Rashid, do you know if there --
MR. MIR: I am not sure if that specific document is out there. I know there are documents on our website, the presentations for that meeting are there. I am not sure if the public comments are --

MR. HUTCHISON: Yeah, I do not know that we have specifics to answer your question there, but we do not believe that there are significantly legal barriers to moving forward with this program henceforth. That is one of our program concepts under the State Energy Program.

MR. EDER: That is not the impression I got from listening to this. It was in the morning. I know there is a transcript available and whatnot, but they brought up some legal issues, for instance, that sounded like they had to be resolved, then there was the issue of filing proposals that would then be challenged in court, or something to this effect.

MR. MIR: I mean, for those AB 811 programs, that is the City or the County who are setting those up, and it is really up to their legal counsel to decide, you know, are they comfortable with the AB 811 program. There were some comments back in relation to that, but there are cities and counties that are going forward with AB 811 programs right now.

MR. EDER: Okay, I guess I will try to get a hold of this bond counsel and ask him if he has worked with you
MR. PEREZ: Sir, you may also be referring --

there were a number of forums on AB 811 held in Northern California, I believe in Berkeley and San Francisco, and I do know they were not sponsored by the Energy Commission, but we did have Commissioners that participated both at the Public Utilities Commission and the Energy Commission, so it is probably one of those forums where you may have heard about some of these issues and challenges about implementing AB 811 type programs, as well as do the counties and cities have the authority in place, they have to do a ballot measure to get authority to set these up, so there are a number of steps you have to go through before you set up such a district. And those are the focus of many of those workshops.

MR. EDER: Okay, I will have to go over the transcript of the meeting. Thank you.

MR. PEREZ: Thank you, sir. Okay, why don't we take some of the questions that have come in through the Web, and, Chris, why don't you read them into the record?

MS. GRAILLAT: We have about 25 questions. The first one: "Is it true that the cost effectiveness criteria for small cities are more stringent than for large cities? For example, the $10 maximum cost per therm? Is this true? And why?"
MR. SUGAR: The small jurisdiction program for larger cities is handled through the Department of Energy and there is quite a wide variety of uses to which those funds may be put. The funds that are coming through the Energy Commission are subject to the edicts of AB 2176, which requires that the funds be spent for cost effective energy efficiency projects. We are using a cost effectiveness criterion that the Department of Energy put forth in their SEP Program Guidelines. That seemed to us to have some tremendous advantages over other criteria we have seen and it is a criterion which our engineering staff believes is quite reasonable and does not severely tie the hands of local jurisdictions.

MS. GRAILLAT: Okay, the next question: "Did you say a city can apply for the small cities block grant, but do retrofits on a building in the city that is privately owned, or at a school that is under the city's jurisdiction, for example?"

MR. SUGAR: Yes. Yeah, the Applicant must be either the jurisdiction, or, in the case where we are encouraging partnerships, or collaboratives, the lead agency for the collaborative, which can be either a public jurisdiction or a nonprofit, which has authority given to it by the local agencies to apply for the funds on the local agency's behalf. And then the local agencies may spend the
money on schools, or other energy efficiency projects within the jurisdiction that meet the cost effectiveness criterion.

MR. HUTCHISON: No swimming pools and no golf courses.

MR. SUGAR: No bingo parlors or gaming establishments.

MS. GRAILLAT: Okay, number 3: "One of the goals seems to be using funds, both in EECBG and SEP, to kick-start market transformation, particularly where those technologies are manufactured in California. However, in the EECBG Program and the SEP, there seems to be a bias against technologies that lack large market penetration. These positions seem to be in conflict. Could you please discuss the steps the technologies that currently have low market penetration would need to complete to meet the CEC smell test?"

MR. SUGAR: For the Block Grant Program, speak louder, oh, okay -- for the Block Grant Program, new technologies may be part of a local jurisdiction's proposal, the technology would need to have documentation supporting the energy savings and cost estimates that would be included in the proposal. As far as I know, we are not biasing against sort of low penetration technologies. It is up to people who have the technologies to encourage cities and
counties to use them, because we are not going to be
promoting either specific technologies or brands of
technologies. It is up to the local agencies to propose to
us what they plan to use.

MS. GRAILLAT: Okay, next question: "Are energy
audits an eligible use of the EECBG small jurisdiction
funds, specifically, can an in-home or firm-based audit
which is not directly tied to a physical energy efficiency
retrofit qualify for this funding provided it does lead to
energy savings which meet the cost effectiveness threshold?
As an example, the audit could lead to consumer behavior
changes such as reduced use of equipment and appliances
which save significant energy, but do not require any
retrofit actions?"

MR. SUGAR: That is going to be extremely
difficult to do. I doubt that it would be possible to use
the funds for that. When the application comes in, the
application will have to provide documentation on what the
energy savings will be from the undertaking. The energy
savings have to meet the cost effectiveness criterion and
the law prohibits us from paying for any activities that
have gone on prior to the grant being approved by the Energy
Commission, and signed by the local agency. So assuming an
audit were used to identify where the savings would be
found, that audit would have to occur before the grant could
be issued because we would need the information from the audit for the grant application.

MS. GRAILLAT: Okay, "I understand that the CEC is offering technical assistance with EECBG projects. We are a small city undergoing serious budget problems. While the useful life expectancy for an HVAC system is 30 years, the existing HVAC system for City Hall is 40-years-old, and in need of replacement. We cannot afford to hire a mechanical engineering firm to help us with the feasibility study to replace the boiler. Please let me know how we can receive technical assistance with the feasibility study."

MR. SUGAR: Please send a note in to EECBG (for Energy Efficiency and Conservation Block Grant) -- EECBG@energy.state.ca.us. Please very briefly just note that you asked this question and you would like to discuss technical assistance with us, and then give us contact information, and a salesman will call.

MS. GRAILLAT: "Would a special district be eligible for any of the ERAA funded programs? I see that a special district is eligible for the loan program, but want to confirm that is the only available funding source."

MR. SUGAR: The special districts are not eligible for the small grant program, it seems there may be some opportunities in the State Energy Program as it goes forward, and I will turn to Rashid Mir.
MR. MIR: For the 811 programs, currently the 811 does not allow special districts. If that legislation changes, then they would be eligible for 811 type funding through the State Energy Program.

MR. SUGAR: We are having a little side discussion here. They are eligible for loans, and at the moment that is all we can identify.

MS. GRAILLAT: "I wanted to clarify whether feasibility studies such as building audits are reimbursable with EECBG funds. I understand that a study itself would not meet the cost effectiveness eligibility criterion, as no energy savings would be realized, however, this is an important step in helping a city or county determine which projects are most cost effective. Using the coupling strategy described on page 9 of the Preliminary Guidelines, could a study that reveals a highly cost effective opportunity be coupled with the implementation of the retrofit itself to meet the criteria?"

MR. SUGAR: The problem that we encounter is the one that, you know, I just discussed a few moments ago, and that is that we cannot pay for activities that occur before the grant is approved. The grant is approved based on the savings and costs that the project is expected to incur and provide. So this is why we have technical assistance available, to try to help local agencies get over that
hurdle, and we are encouraging local agencies that need the assistance to get to us as soon as possible because we expect to be very busy.

MS. GRAILLAT: "You mention the State Energy Program and funds will be available to target reductions in consumption of natural gas-fired gas oil-fired electricity. I am wondering if reduction in coal-fired electricity consumption will also be an area that funds will be available for?"

MR. MIR: The ERAA requirements has a source Btu requirement, so I do not believe we care what the source of Btu's are.

MR. SUGAR: No. We do not care what the fuel source is that is generating the electricity. We are not in a position to dictate how reductions in energy and electricity use would be handled by utilities in their planning and procurement processes, we can only encourage and fund reductions in use of electricity, depending on what sources the utilities are using, pricing of those sources, a variety of factors will determine what fuels experience a reduction.

MS. GRAILLAT: "Will local agencies require DBE goals for these federal energy type funds similar to transportation federal funds? Will the local agency require an application approval process when moving between phases
of work such as design, advertising, construction, etc.?”

MR. SUGAR: Yeah, it is all required. The standard federal requirements exist. What was the second part, Chris?

MS. GRAILLAT: "Will the local agency require an application approval process when moving between phases of work?"

MR. SUGAR: For the small grant program, we are looking into being able to provide interim payments. And we are going to have that, whatever we are able to come up with will be in our application and we will be pleased to discuss it with local agencies that have questions.

MS. GRAILLAT: Okay, next question: "We understand that schools may be the recipient of funds if working with cities or counties. Does this include the use of ERRA funds under the EECBG or SEP, including discretionary funds under either program for school construction programs, specifically assisting schools fund energy efficiency technology or renewable energy when undertaking new construction?"

MR. SUGAR: If a school district is working with a local agency that is receiving, you know, block grant funds, it seems that they should be able to use those funds for incremental efficiency and equipment if it meets the cost effectiveness criterion. So, for instance, we probably
could not buy -- you know, the grant would not work to purchase an entire HVAC system; it might work to pay the additional cost of improving the efficiency of the HVAC system that is installed in the school.

MR. HUTCHISON: And the other thing they need to be cognizant of is that these projects really need to be shovel ready, and when you are dealing with new construction projects, they might end up dealing with some issues of completing the project within the timeframes.

MS. GRAILLAT: Okay, next question: "There has been a great deal of success throughout the world using micro hydro systems to generate electricity. California has a plethora of rivers of streams that would support micro hydro systems. Why is there no support by this state to help micro hydro development?"

MR. SUGAR: We are not on the generation side of the equation, so I do not think we are really qualified to comment.

MR. HUTCHISON: And there may be some federal competitive funds that they might qualify for, and I recommend that they look at our website on the federal competitive programs.

MS. GRAILLAT: "Could you please discuss the estimated amount of funds to be allocated to each Grantee of the SEP residential and commercial retrofit programs? Also,
can an applicant apply for both programs, or just one?"

MR. MIR: I do not believe we have a dollar amount listed. We will look at the proposals and, yes, they can apply for AB 811, the residential retrofit, and the commercial retrofit program.

MS. GRAILLAT: "Could you please discuss the match requirements of the SEP municipal financing district program? If a city is already planning on using allocated EECBG funds on a project, can the city match SEP funds with other funds such as General Reserve funds or redevelopment funds? If so, does the amount of those other funds have to be the same as the EECBG allocated funds?"

MR. MIR: We received comment on this when we were doing the SEP workshops. The revised Guidelines, I believe, will have some different language, and what we will be looking at is evaluating the proposals based on the leverage, so the more funds that you have available, matched, or leveraged, the better you will do in the evaluation.

MS. GRAILLAT: "For the SEP Municipal Financing District Program, if a small city is the applicant and administrator of the program, can the city use allocated funds to retrofit city-owned buildings or city-owned housing projects in the residential program?"

MR. MIR: I believe that the program was targeted
to residences and commercial buildings in the city that
were not owned by the city. And I might have to get back to
them on this point, if they could actually use the money to
fund their own buildings. It was more to target the local
community within that city.

MS. GRAILLAT: "How can contractors, electrical
HVAC, and plumbing be involved with these projects that will
be engaging in these energy efficiency projects? Is there
an RFP site that is directly for these projects, or another
way of identifying these opportunities?"

MR. PEREZ: Much of this funding will actually go
to local counties and cities. One of the things that the
Energy Commission will be doing with every single award, it
will be posted on their Energy Commission's website with the
contact information. For those parties that are going to be
out there, that are actually doing the work, such as private
sectors, we are encouraging them that, once that contact
information is up there and you see who the award was
granted to, that you begin dialogue with those respective
parties, counties, cities, or whatnot, to see what role
there might be, or opportunities for you to bid for the
work.

MS. GRAILLAT: "Is there an anticipated schedule
for the second tier energy efficiency programs specifically
for an AB 811 type program?"
MR. HUTCHISON: It is -- the timeline is specifically for the AB 811 type program, it is probably going to be similar to the Energy Efficiency Retrofit, hopefully we will have a solicitation package out in the next 60 days, and then review proposals, accept proposals, review them, and hopefully, some time after the first part of the new calendar year, be able to select projects, just a rough timeline there.

MS. GRAILLAT: "When will guidelines be available for the clean energy program biomass combined heat and power? And what is the contact information?"

MR. SUGAR: At the moment, we do not have draft guidelines put together, so we really do not have a contact. We anticipate, I think within the next month, getting guidelines out. There is still some discussion on aspects of the program within the Commission. I hate to commit us to a date and then other issues intervene and we do not make it.

MS. GRAILLAT: "For the SEP Municipal Building Retrofit Program, can a private for profit entity receive funds and be an applicant for the grant?"

MR. MIR: So it is actually the Municipal and Commercial Building Retrofit Program. So, yes, private corporations can apply. But they are supposed to be bringing a portfolio of projects together. We are not
trying to fund individual buildings.

MS. GRAILLAT: "Page 19 of the ARRA workshop presentation notes that SEP funded grants will be available to public schools in areas with greatest need. Will schools need to apply for these funds? Or are they already allocated base on need? In short, how can K-12 gain access to the funds?"

MR. HUTCHISON: This is another program area that is still under development. I would anticipate that schools will be applying perhaps not individually, but as a district, or through the district. But they should be plugged into our website and watch for some program guidelines that I expect will be out on these hopefully in the not too distant future.

MS. GRAILLAT: "Please confirm that our project budget on the Block Grant Application can include staff time to carry out the project. We are asking about a separate item from the administrative percentage to administer the grant itself."

MR. SUGAR: Yeah, the cost of a project includes the cost of installation. And both for a project and if a jurisdiction wants to use the direct buy option, the cost of installing the products which they purchase is a reasonable use of the funds. We do have a quick look at the costs of installation, so please be reasonable in estimating the
MS. GRAILLAT: "The block grant Q&A gave two different answers about whether climate or energy action plans are allowable. We do not want to fund a climate action plan, but would like to bundle energy conservation planning and training with highly cost effective projects such as equipment installation. This combination will ensure that we are continuing to generate savings. Would you recommend that we propose that be allowable?" I am sorry -- "What would you recommend we propose that would be allowable?"

MR. SUGAR: The formula program which is currently on the street in the form of the draft Guidelines, hopefully adopted by mid-September, does not include either climate change planning, nor efficiency planning or strategy development, or training. When we were developing the program, as the Commission developed the program, we were restricted to cost effective energy efficiency projects. The budget trailer bill expanded allowable uses of funds to climate change planning. That may be included as a possible use of the additional funding and the $12 million which remains. The term "climate change planning" does not appear as one of the uses that the Department of Energy has for the funding. They do have Energy Conservation Strategy Development and Planning. Our legal staff has not yet
addressed the question of whether those two could be consistent enough that we actually could put money in that direction. But for the current grants that we are looking at, these are really strictly cost effective energy efficiency projects.

MS. GRAILLAT: "The block grant guidelines say applicants must certify that proposed projects are the most cost effective energy efficiency project opportunities. What is most cost effective relative to? Does this assume we have done a comprehensive study of all possible measures? And how can we certify this?"

MR. SUGAR: That is a very reasonable question. We were working on this one yesterday. AB 2176, the state legislation that controls how we use those funds, directs us to fund only most cost effective energy efficiency projects. Because we are not making this a competitive program where we would compare cost effectiveness of efficiency projects, but rather are accepting projects that meet a criterion so that all local agencies can receive funding, we need to balance those two somewhat competing initiatives. We are looking into that so that we come up with a reasonable compromise with which small jurisdictions can live. We do not want to leave them in the position where they could be caught short because there was some very cost effective option of which they were not aware, or which would be a
poor fit for a grant.

MS. GRAILLAT: "When is the earliest date that block grant funding award agreements will be issued?"

MR. SUGAR: If all goes well, we anticipate the Energy Commission approving the Guidelines September 16. We are hoping to get our application package, at least a draft one, out on the 17th or 18th. Again, if all goes well. Then, as soon as the Department of Energy approves our plan, we should be able to begin accepting applications. We are hoping to have that approval before the end of September. Actually, we are hoping to get it at the end of September. If the Department of Energy wants changes in our proposed program, if those involve either the Guidelines or the application package, then that would slow us down by two weeks.

MR. HUTCHISON: But I think, too, more specifically, I think the soonest we would actually be issuing grants would probably be early November, maybe the first week of November. I think that is a best case scenario.

MR. SUGAR: Yeah, we could begin accepting applications, we assume, the end of September.

MS. GRAILLAT: "We have identified a highly cost effective block grant project with predictable savings, creating a policy for building temperature and implementing
it by adjusting building thermostats to save energy. Would this be allowable?"

MR. SUGAR: I think we would need more detail and if you could please send that question to EECBG@energy.state.ca.us with a little more detail on how you plan to do that, we would be happy to look it over and discuss it.

MS. GRAILLAT: "Will there be incentives for industries that are manufacturing and do not have buildings per se, that convert power usage to natural gas produced using equipment that is CARB approved and meets their requirements?"

MR. SUGAR: Oh, it is not clear whether that is manufacturing specifically, or whether it is combined heat and power distributed generation.

MS. GRAILLAT: They have examples such as getting off the grid and using micro turbines that use natural gas for power supply.

MR. SUGAR: Right. That is probably combined heat and power. We are not -- at the moment, the program that is developing is not specifically for distributed generation that does not use waste heat, so if it is a combined heat and power project, depending on how this program shakes out, we may be able to offer low interest loans for those sorts of projects.
MR. HUTCHISON: I recommend that they stay tuned for the Clean Energy Program Draft Guidelines that will be coming out, too, to see if those type of projects are going to be eligible.

MR. SUGAR: Yeah. Our list -- they should be signed up for our list server at the Commission's website: energy.ca.gov.

MS. GRAILLAT: "Can EECBG funds be used for residential energy audits that include energy retrofits?"

MR. SUGAR: We are discussing this. It is difficult to get the audits in. We would need very good assurance that the savings that are estimated, that the equipment changes that are proposed in the project, and the savings that are associated, would come to pass. Residential retrofits are a very difficult one because, to get savings you generally need quite a few retrofits, and people have a way of looking at many characteristics of a situation, other than just the energy savings. So we would have to discuss that. If, again, people could contact us at EECBG@energy.state.ca.us, we are discussing this issue.

MS. GRAILLAT: "I think we have two more questions. ARRA and the CEC both strongly encourage leveraging. Could a municipality or group of local governments apply for SEP funding for projects that were already getting at least a portion of their funding from other ARRA based programs?"
MR. PEREZ: Yeah, that is a difficult and complex question because, if indeed they are using other ARRA funding sources to match, and they are competitive ARRA funding programs, in some cases DOE precludes the use of some of the ARRA funding programs. So it is dependent on the nature of the project and what other ARRA funding sources they are using.

MS. GRAILLAT: Okay, I think this is the last question. "When will the list of specific products available under the Direct Purchasing Program be available? We are interested in a chiller replacement and want to know what makes or models will be possible?"

MR. SUGAR: We will not be listing specific makes or models in the Direct Purchase option. The last I have seen from our engineers is simply some criteria regarding a Seer for the new equipment. And that will come out in the application, which should come out as soon as the guidelines are adopted, or very shortly thereafter, in mid-September.

MS. GRAILLAT: Okay, a few more questions came in. "Is there a minimum energy savings that has to be maintained? Is there a certain number of years over which the project must provide the annual energy savings per dollar spent?"

MR. SUGAR: We -- excuse me -- we are not requiring, you know, we do not have any requirements related
to longevity of the equipment or the savings. We would hope that people would be -- if proposals are along the lines of putting in compact fluorescent lamps, I think we will probably get back to a jurisdiction and ask if that is really how they want to spend their money. Most of the options that are most cost effective for local jurisdictions tend to be projects that are going to result in long lasting savings.

MS. GRAILLAT: "Could the staff time spent on green jobs training, or wages for green jobs training, be included in a project budget if it still meets the cost effectiveness criteria? Would this aspect include it?"

MR. SUGAR: Yeah, if it meets the cost effectiveness criterion and it ties in with the balance of the project, it seems like it would work. If it is something that is sort of added in because you have money left over, it might be difficult for us to justify that when the auditors come around and ask what we have approved.

MS. GRAILLAT: "Could you please further explain the rationale for saying outreach projects are unfundable? We can document their cost effectiveness using the same predictive method by which we calculate expected savings from equipment changes."

MR. HUTCHISON: I am not quite sure where that question came from, but we talked about marketing and
outreach earlier on, and we are trying to do as much
marketing and outreach as we can. We did not carve up any
of the SEP or Block Grant funds from marketing and outreach
just simply because we have energy efficiency requirements
as regards to DOE's past on requirements, and just frankly
the timeframe that we have to encumber and expend these
funds and for projects to complete, there just was not
enough time.

MS. GRAILLAT: "Could you please publish DOE's
small county population figures?"

MR. SUGAR: They are on the Web. If you go to our
website, energy.ca.gov/recovery, click on Block Grants, and
then there is a list of documents available and the fourth
or fifth one down is the population estimates, which is a
list of the population estimates from DOE that we are using,
and the grant amounts, the estimated grant amounts are an
attachment that you can find by clicking on the guidelines
themselves.

MR. PEREZ: All right, thank you, Chris. And that
pretty much concludes today's workshop. I wanted to share
with you the next steps in terms of where we go from here.
We very much appreciate the input and the types of questions
that you had today, not only here in Los Angeles, but those
listening in on the WebEx, and we will address those
questions as part of the guideline development. We also
look forward to your review and input on the State Energy Program Guidelines that were released a few hours ago. And, as John, Mark and Rashid and others have noted today, we have got the Energy Commission actually taking formal action on the Draft Energy Efficiency Conservation Block Grant and the State Energy Program Guidelines in the month of September. So stay tuned, provide input, if you wish to come to Sacramento and provide comments in person, you are welcome to do that, or certainly contact us either through the recovery site, or give us a call, and we will do what we can to work with you to design hopefully a very successful program. So with that, we are going to go ahead and conclude this public workshop. So thanks again for your patience and for being here today.

MR. SUGAR: Thank you for coming. Thank you for listening.

(Whereupon, at 4:09 p.m., the workshop was adjourned.)

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CERTIFICATE OF REPORTER

I, LEE MILLER, an Certified Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Workshop; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, nor in any way interested in outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of September, 2009.

LEE MILLER CER**D-417