**PON-24-002**

**Kindergarten through Twelfth Grade Energy Efficiency Program**

**KTEP Questions and Answers**

**Addendum 1**

**August 14, 2025**

Disclaimer: This addendum includes the following revisions to the KTEP Questions and Answers document. Added language appears in **bold underline** and deleted language appears in ~~strikethrough~~.

The purpose of this addendum is to notify potential applicants of changes that have been made to the PON-24-002 KTEP Questions and Answers document.

PON-24-002 KTEP Questions and Answers

***Energy Audit***

**Q14: A project cannot begin before there is an approved loan application. Is project start defined as construction start, audit start, project scoping, or some other milestone?**

A14: **Reimbursable Project work can only begin after a Loan agreement is signed by both the applicant and CEC.** ~~The audit must be completed before submitting an application. Project start is defined as when activities funded by the loan—such as construction—begin.~~ Therefore, you should not **incur ~~start~~** any costs **for which you plan to seek reimbursement until your Loan application is approved and a Loan agreement is signed**. ~~or activities you plan to include in your loan application before submitting your application as they will not be covered by the loan. Measure installation can include costs for all labor, engineering, construction, materials, equipment, inspection, demolition (if applicable) and removal (if applicable) less equipment salvage value (if applicable).~~

**The audit must be completed before submitting a Loan application. The costs for the audit and for project scoping are not reimbursable. Reimbursable costs include costs for all labor, engineering, construction, materials, equipment, inspection, demolition (if applicable) and removal (if applicable) less equipment salvage value (if applicable) related to the energy measures funded by the loan agreement.**

***Loan Repayment***

**Q22: Is there a risk to the school or to the auditor if the savings don't equal the estimates? Meaning, if the savings can't pay back the loan, what's the risk there?**

A22: **Energy cost savings will be based on energy usage and serving utility rate schedules at the time the Loan application is submitted, and the information and data contained in the Loan application and energy audit. The following will not affect energy cost savings, and are not a basis for claiming a lack of energy savings: a) changes in energy use and/or rate schedules which occur after submittal of the Loan application, b) deviations in the Project work scope from what is approved by the Energy Commission, c) changes in the Borrower’s facility and/or equipment which occur after submittal of the Loan application, including, but not limited to maintenance, operations, schedules, employees and facility alterations and expansions, d) deviations, omissions or errors found in the Loan application and energy audit after submittal of the Loan application. The Applicant is responsible for ensuring the accuracy of the information contained in its Loan application and energy audit. In the event annual energy cost savings resulting from the Project, as determined by the Energy Commission, fail to equal or exceed the amount due under the Loan agreement, the agreement may be renegotiated to assure that the repayment amount does not exceed the actual energy savings or avoided costs resulting from the Project. In no event, however, will the installments payable exceed 15 years.** ~~If the savings don't equal the loan amount, the schools are still expected to repay the loan. It is up to the applicants to consider this possibility during their application development. This issue has not occurred with loans funded through the similar ECAA program.~~