Proposition 39 & The CCC/IOU Partnership

Susan Yeager, CCC Chancellor’s Office
Today’s Agenda

• Proposition 39
  – Year 1 Success and Year 2 Status
  – Project Close out Requirements
• Audit Requirements and Compliance
• CCC/IOU Partnership
  – 13-14 Close out
  – 2015+ Program
Proposition 39 Overview

• Clean Energy Jobs Act of 2012
• 2013-14 Budget Act
  – $39,800,000 in funding for projects
  – Allocated to districts based on FTES
• 2014-15 Budget Act
  – $31,595,000 in funding for energy projects
  – Allocated to districts based on FTES
• Funding not guaranteed
  – a series of 5 one-year appropriations
Proposition 39 - Year 1 Results

• $39.7 million in Prop 39 funding approved
• All 72 districts participating
• 312 approved projects
• $6.8 million in utility incentives
• $4.65 million in energy cost savings
  – 31,786,051 kWh (annual electric savings)
  – 653,239 therms (annual gas savings)
Proposition 39 - Year 2 Status

- $31.6 million available for qualified projects
- Projects Approved through October 2014:
  - $24.9 million in funding approved
  - Districts: 65/72
  - Projects: 193
  - Utility Incentives: $2.7M
  - $6.7M of Proposition 39 funds remaining
Proposition 39 Impact

Proposition 39 Project Volume & Annual Energy Cost Savings
(July 2013 - Oct 2014)
# Project Types: Year 1 vs. Year 2

## Prop 39 Year 1 Projects

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Count</th>
<th>Percentage of Total Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lighting</td>
<td>170</td>
<td>54.49%</td>
</tr>
<tr>
<td>HVAC</td>
<td>59</td>
<td>18.89%</td>
</tr>
<tr>
<td>Controls</td>
<td>48</td>
<td>15.38%</td>
</tr>
<tr>
<td>Other</td>
<td>15</td>
<td>4.81%</td>
</tr>
<tr>
<td>RCx</td>
<td>14</td>
<td>4.49%</td>
</tr>
<tr>
<td>Tech Assist</td>
<td>3</td>
<td>0.96%</td>
</tr>
<tr>
<td>Self-Generation</td>
<td>2</td>
<td>0.64%</td>
</tr>
<tr>
<td>MBCx</td>
<td>1</td>
<td>0.32%</td>
</tr>
<tr>
<td><strong>Total Projects</strong></td>
<td><strong>312</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

## Prop 39 Year 2 Projects

(approvals from July-October)

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Count</th>
<th>Percentage of Total Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lighting</td>
<td>87</td>
<td>45.08%</td>
</tr>
<tr>
<td>HVAC</td>
<td>57</td>
<td>29.53%</td>
</tr>
<tr>
<td>Controls</td>
<td>26</td>
<td>13.47%</td>
</tr>
<tr>
<td>MBCx</td>
<td>12</td>
<td>6.22%</td>
</tr>
<tr>
<td>RCx</td>
<td>5</td>
<td>2.59%</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>2.07%</td>
</tr>
<tr>
<td>Self-Generation</td>
<td>1</td>
<td>0.52%</td>
</tr>
<tr>
<td>Tech Assist</td>
<td>1</td>
<td>0.52%</td>
</tr>
<tr>
<td><strong>Total Projects</strong></td>
<td><strong>193</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Proposition 39 - Year 1 Project Close Out

• Year 1 Results:
  – 312 projects approved in 72 districts
    • 46 districts have installed 115 projects to date
    • 32 districts have initiated project close-out for 78 projects
    • 11 districts have completed the close-out process for 32 projects

• Projects need to be closed out for utility incentives, audit requirements, and reporting to the Citizens Oversight Board
Proposition 39 – Year 2 Status

• A total of $31.6 million in funding is available for 72 districts
  – 51 districts have projects approved through October using all of their Year 2 funding representing $20.6 million
  – 14 additional districts have had project approvals of $4.3 million but have not used their entire Year 2 allocation representing an additional $4.6 million in unused funding
  – 7 districts have no approved projects representing $2.1 million in unused funding
Project Closeout Requirements

SB 73 Requires Annual Reporting for Completed Projects

- Total Project Cost
- Verified Energy Savings
- Nameplate Rating of New Clean Self Generation
- Number of Trainees
- Number of Full Time Equivalent Employees on project
- Average number of months Full-Time Equivalent Employees worked on job
- Project Schedule
## Project Closeout Process

<table>
<thead>
<tr>
<th>Description</th>
<th>Action</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Installation Complete</td>
<td>Form E - Submit to Utility (NAM)</td>
<td>District</td>
</tr>
<tr>
<td>Installation Inspection and Verification</td>
<td>IR report - Inspect Project; Savings &amp; Cost Verification report</td>
<td>Utility (NAM)</td>
</tr>
<tr>
<td>Report Jobs Created</td>
<td>Form J - Submit to District</td>
<td>Contractor</td>
</tr>
<tr>
<td>Final Project Verification Report</td>
<td>-- Compile Jobs and Project Cost Data</td>
<td>District</td>
</tr>
<tr>
<td></td>
<td>-- Forms J and F - Submit to NAM (incl. supporting documents)</td>
<td></td>
</tr>
<tr>
<td>Complete Project Close-out Process</td>
<td>Review of Close-out Documents, Upload into Database</td>
<td>CCCC0/NAM</td>
</tr>
</tbody>
</table>
Project Closeout Process: Form E

Project Installation Complete

- District submits Form E to Utility (or NAM)

Responsibility: DISTRICT
Project Closeout Process: IR Report

Utility Installation Inspection and Verification

- Utility issues “IR Report” documenting verified energy savings

Responsibility: UTILITY
Report Jobs Created

- Contractor submit Form J with jobs totals to district
- There may be multiple contractors working on a project

Responsibility: CONTRACTOR(S)
Final Project Verification Report: Form F

District Compile Jobs and Project Cost Data

- Submit Form’s J and F to NAM - with supporting documentation
- Form F is the Final Project Verification Report for audit compliance

Responsibility: DISTRICT
Project Close-out Check List

District to utilize check list to ensure all required Forms are completed and ready for project close-out.

Responsibility: DISTRICT

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Document Description</th>
<th>Received and Filed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Project Funding Application (From B)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Utility or NAM Installation Review (IR) Report</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Job Creation Tracking Report (Form J)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Final Project Verification Report (Form F)</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Project Cost Documentation (Invoices, Schedule of Values, etc.)</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Source documents supporting Administrative/Overhead costs, if applicable</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Documents demonstrating Prop 39 procurement requirements (no sole source) and Public Contracts Code (PCC) are met (RFQ/RFP, proposal evaluation, etc.)</td>
<td></td>
</tr>
</tbody>
</table>
Complete Project Close-out Process

- NAM perform QC review of close-out docs and supporting detail
- Upload final project data into database for COB reporting

For illustration purposes only

Responsibility: CCCCO/NAM
Project Close-out Timelines

- Year 1 projects: Installation complete and project closed-out by November 15, 2014.
  - Form E submittal (and SCE Inspection Report) should have been submitted by November 1, 2014.

- Year 2 projects: Installation complete by 6/30/15 and close-out by 9/1/15.
A Look to the Future

- Districts should be planning projects for next three years.
  - Prop 39 is a series of 5 ONE-YEAR appropriations
  - Plans must be flexible because funding level uncertain.

- **Year 3** call for projects in **February 2015**

- Multi-year projects must be reflected in Form B (over two years requires prior approval on a case-by-case basis)
  - This will allow districts to complete more complex projects.
Background on Audit Requirement

• Prop 39 added new chapter within Clean Energy Job Creation division of Public Resources Code

• Funding to CCC’s pursuant to Public Resources Code Section 26240(g) is subject to annual audits required by Education Code Section 84040
  – Chancellor’s Office added State Compliance Requirement #439 to the Contracted District Audit Manual (CDAM) this year

• Resources for Compliance and Criteria:
  – Public Resources Code sections 26225-26240
  – Education Code 84040
  – Approved CCC Prop 39 Guidelines and Application
  – Public Contract Code (PCC) section 20133
Compliance Requirement – CDAM #439

• Financial Compliance includes:
  • Installation of approved projects
  • Actual equipment installations reflect approved Prop 39 project application (Form B) and Measurement & Verification documentation
  • Invoices to substantiate purchases
  • Source documents supporting administrative/overhead costs (if allowed)
• Prop 39 funds are tracked and reported separately, *not commingled* with other funds.
Compliance Requirements – CDAM #439 (cont.)

• Competitive bidding (no sole-source) and Public Contract Code (PCC) rules must be met
  – Projects shall require contracts that identify the project specifications, costs, and projected energy savings.
  – Districts may use Government Code 4217

• Energy Efficient project is properly installed pursuant to approved project application

• Utility energy cost savings are tracked pre and post project to verify effectiveness and logged in Prop 39 Program Tracking Database
Suggested Audit Procedures – CDAM #439

• Test Prop 39 funds to verify they are tracked and reported separately (not commingled)
• Review Final Project Verification Report to ensure completion and that is has appropriate signatures
  – Forms E, F and J will satisfy this
• Trace items on approved CCC Prop 39 Application (Form B) to supporting financial documents (invoices, purchase orders, etc.)
• Verify compliance with competitive bid process and other PCC requirements
THE CCC/IOU PARTNERSHIP & PROPOSITION 39

IOU PANEL
- Lisa Hannaman, SCE
- Sarina Dito, PG&E
- Paul Deang, SCG
- SDG&E
Prop 39 & the CCC/IOU EE Partnership

- CCC Guidelines Leverage Partnership Processes, Services, and Incentives
- Districts should work with IOUs to identify projects, prepare energy calculations, and submit both incentive and Prop 39 funding
- Project M&V and Reporting will be facilitated by utility process

*Your Success is our Success!*

*We both want Energy Savings*
Prop 39 – Partnership Projects

- Projects using Prop 39 funds and eligible for utility (IOU) incentives
- District must use all Prop 39 funding allocated for approved project, or pay back difference to CCCCCO post-installation
- Project close-out with CCCCCO and IOU occurs simultaneously and with similar paperwork and process
## Program Incentives for 2013-14

<table>
<thead>
<tr>
<th>MEASURE</th>
<th>INCENTIVE RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electricity</strong></td>
<td></td>
</tr>
<tr>
<td>Packaged HVAC, HVAC Controls, Motors, Drives</td>
<td></td>
</tr>
<tr>
<td>Lighting, Lighting Controls, Daylighting</td>
<td>$0.24 / kWh</td>
</tr>
<tr>
<td>Central Plants, Chiller Retrofits, and other major Energy Efficiency Infrastructure Projects</td>
<td></td>
</tr>
<tr>
<td>Monitor Based Commissioning (MBCx)</td>
<td></td>
</tr>
<tr>
<td>IT Projects</td>
<td></td>
</tr>
<tr>
<td><strong>Natural Gas</strong></td>
<td>$1.00 / therm</td>
</tr>
<tr>
<td>ALL Gas Measures</td>
<td></td>
</tr>
</tbody>
</table>
2013-14 Partnership Cycle Close Out

• IOUs request project completion notification with Form E by Nov. 1\textsuperscript{st}.
  – This allows adequate time to conduct post-installation inspection and complete verification of savings review.
  – Districts in SCE territory require Inspection Report in addition to Partnership Form E.
2015 Partnership Cycle

• CPUC issued revised Proposed Decision on Oct. 16, Final Decision late Oct./early Nov.

• Approves $1 BILLION for Statewide Energy Efficiency Programs, including CCC/IOU Partnership

• CPUC funding levels set for 2015 will remain constant until 2025 or further CPUC decision

• Utility incentive rates for 2015 Partnership projects remain same ($.24/kWh, $1/th)
Tips & Best Practices

• Appoint a lead
• Develop a strategy
• Work with IOU to prepare for project close out forms prior to submitting to Chancellor’s Office
• Leverage all IOU resources:
  – Enhanced Incentives
  – Calculation Assistance
  – Technical Services
  – Auditing Support
• When in doubt: read the Prop 39 Guidelines!

We are here to help!
<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
<th>E-mail</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
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</tr>
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</tr>
<tr>
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<td>(559) 263-5964</td>
</tr>
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</tr>
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</tr>
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<td>(415) 896-0300</td>
</tr>
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</table>

http://www.cccutilitypartnership.com/

http://extranet.cccco.edu/Divisions/FinanceFacilities/Proposition39.aspx