Proposition 39: What’s in it for you?

Wednesday, June 19, 2013

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Introduction

- **Moderator:** Charlotte Doepker, *Assistant Vice President*, Keenan
- **Paul Whitelaw,** *Senior Vice President*, Willdan Energy Solutions
- **Greg Hayes,** *Communications Director for Senator Kevin de León* (D-Los Angeles)
- **Tim Marsh,** *Administrative Director of Facilities Support Services*, Newport-Mesa Unified School District (NMUSD)
Agenda

- **What is Proposition 39?**
  - Greg Hayes

- **How Proposition 39 benefits you**
  - Tim Marsh

- **Developing your project/program plan and leveraging other program funds**
  - Paul Whitelaw

- **Tips for successful implementation**
  - Chikezie Nzewi
What is Proposition 39?

- **Proposition 39**: 2012 legislation increases income tax for multi-state businesses
  - Closes previous tax loophole, requires multi-state businesses to determine tax liability using California sales percentage

- **Generates estimated $1 billion annually**
  - Dedicates $550 million annually for five years from anticipated revenue increase to fund “energy efficiency and clean energy jobs” in California
  - $2.5 billion estimated revenue over the life of initiative
What is Proposition 39?
(continued)

- **Targets funds for K-12 schools and community colleges**
  - Public schools often rely on ballot initiatives, bond measures, or other types of windfall funding to fund energy efficiency (EE) projects
  - 89% for K-12 schools
  - 11% for community colleges

- **Districts apply for funds and obtain approval prior to receiving funds**
  - Energy Commission will develop simple application and approval process
What is Proposition 39? (continued)

- Fund allocation will be based on:
  - 85% — Average Daily Attendance (ADA)
  - 15% — free school meal eligibility
  - Minimum grant amounts range from $15,000 to $100,000

- Annual $28 million revolving loan fund will finance assistance for continued energy savings investment
What is Proposition 39? (continued)

- Large school districts will be required to invest at least half of eligible funds in projects valued at $250,000 or more

- Small school districts will be allowed to bundle two years’ worth of funds into the first year to make larger projects feasible
How does Proposition 39 benefit you?

- Direct funding source for school EE planning and implementation
  - Reduce energy operating costs
  - Free funds for other capital improvements
  - Improve healthy learning environments

- Current school budgets may not have room for EE projects — leverage Prop 39 funds to expand current EE projects for greater savings

- Combine Prop 39 funding with existing utility rebate or incentive programs
  - Stretch dollars farther and maximize energy savings
Energy Efficiency Project Impacts

- Newport-Mesa Unified School District participated in the Southern California Edison Public Schools Energy Efficiency Program, implemented by Willdan Energy Solutions

- 33 schools in NMUSD received EE upgrades — installed various lighting retrofits and occupancy sensors

- NMUSD now saves 227 kilowatts and 1,457,227 kilowatt hours per year

- Annual energy cost reduction = $247,728*

*Calculated using an SCE-suggested utility rate of $0.17/kWh for schools
Even the most financially-attractive EE projects ("no-brainers") must be presented properly to gain district acceptance

District politics may play a role in selecting EE projects to implement
Developing your Project & Program Plan

- Comprehensiveness
- Phased approach
- “Persistent Energy Savings” project identification
- Staff and occupant behavioral training
- Audit practices and procedures
Implementing Energy Efficiency in Schools

- Comprehensive approach – electricity, gas and water
  - Electrical: lighting, control, window film, HVAC, refrigeration, pool pumps
  - Gas: kitchen-fume hoods, hot-water heaters, boilers
  - Water: faucet aerators, low-flow showerheads and toilets, sprinkler heads

- Time horizon: consider developing phased approach
  - Phase 1: lighting, controls, faucet aerators, low-flow showerheads, sprinklers
  - Phase 2: HVAC, fume hoods, pool pumps, central plant if applicable
Persistent Energy Savings

- **Materials/equipment**
  - Select measures that have sustained savings over time such as lighting, refrigeration and HVAC retrofits
  - Controls – HVAC and lighting

- **Training**
  - Facilities management: procurement (“cut sheets”), controls operations
  - Results in behavioral change for facility staff and students
Suggested Audit Practices/Procedures:

- **Walk-through Survey**
  - Record existing equipment (types and quantities)
  - Use electronic recording system
  - Analyze, determine and prioritize retrofit upgrades
  - Strive for comprehensiveness
  - Use standardized equipment lists/measures (DEER)
  - Provide minimum equipment standards and warranty requirements
Utility Incentives and Rebates

- **Example:** 100 interior linear lighting fluorescent retrofits
  - Replace four T-8 lamps (four ft.) with two T-8 Lamps (four ft.)
  - $0.03/kWh incentive from utility
  - 15,417 kWh in savings after implementation
  - Gross project cost: $4,829
  - Net project cost: $4,366
  - 10 percent leverage obtained
Leveraging Other Funds (continued)

- **Example:** *air conditioner economizer repair*
  - Repair economizer unit on a five-ton package HVAC unit
  - $35.00/ton of cooling incentive from utility
  - 1,080 kWh in savings after implementation
  - Gross project cost: $1,000
  - Net project cost: $825
  - 21 percent leverage obtained
Leveraging Other Funds

- **Utility direct-install program**
  - 100 percent funding for materials and labor for select measures
  - Use Prop 39 funding to expand project comprehensiveness
  - Utility “emerging technology” incentives
  - Incentives for up to 50 percent of project costs for emerging technologies
Leveraging Other Funds (continued)

- **On-Bill Financing**
  - Varies by utility
  - May have project cost minimum and maximum limits (for So Cal Edison, government and institution projects must have a minimum cost of $5,000 and may not exceed $250,000)
  - No-interest project funding repaid through energy savings

- **AB 78 and SB 73** provide $28 million for low and no-cost financing

- **Performance contracting**
Tips for Successful Implementation

- Effects on daily operations
- Communication during project implementation
- Consider lighting levels
- Safety
- Quality
Implementing Energy Efficiency in Schools

Minimal installation disruption of daily operations

- Scheduling around the school day
- Michelle Montoya Laws
Implementing Energy Efficiency in Schools (continued)

Communication during implementation

- Facility staff
- Principal, superintendent
- Teachers, faculty
- Students, parents
Implementing Energy Efficiency in Schools (continued)

Lighting levels

- Pre- and post-installation lighting measurements
- Ensure sufficient lighting levels for teachers, students, management and executives
Safety

- Installation crew quality
- Training (helps develop workforce)
- Post-installation cleanup
- Coordination with class schedules and after school activities
Implementing Energy Efficiency in Schools

(continued)

Installation Quality

- Materials quality
- Installation inspection(s)
- Implementer and oversight agency post-inspections
- Healthier learning environments
Summary

- Comprehensiveness and healthier learning environments
- Good record keeping and audit procedures required for accurate reporting
  - Energy saved, jobs created
- “Persistence of Energy” savings, increased cost savings
- Training and behavior modification
- Materials and equipment standards affect quality and safety
- Leverage other programs and funding
Questions and Answers?

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Thank you for your participation!

Keenan


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