



April 28, 2021

Honorable Nancy Skinner, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Phil Ting, Chair
Assembly Budget Committee

Honorable Anthony Portantino, Chair
Senate Appropriations Committee

Honorable Lorena Gonzalez, Chair
Assembly Appropriations Committee

Section 28.00—California Energy Commission School Energy Efficiency Stimulus Program—Revised

Pursuant to the provisions of Section 28.00, 2020 Budget Act, the following report is respectfully submitted.

The Department of Finance has received the attached revised Section 28.00 application from the California Energy Commission for the purpose of receiving and expending an increase of \$69,233,000 of energy utility funds transferred to the Commission, pursuant to Chapter 372, Statutes of 2020 (AB 841). The Department of Finance would like to replace the previous Section 28.00 letter submitted for the School Energy Efficiency Program on March 26, 2021 with this notification letter.

This revised amount is consistent with the amount identified and already collected from ratepayers by Southern California Edison Company, San Diego Gas & Electric Company, Southern California Gas Company, and Pacific Gas and Electric Company in their Joint Advice Letter submitted to the Public Utilities Commission, as required by Public Utilities Commission Decision 21-01-004.

The Commission received official notification of the availability of additional funds on February 1, 2021, and notified Finance within 45 days of this date.

This request meets the following criteria, as required in subdivision (b) of Section 28.00:

- The funds will be expended for supporting the Commission's School Energy Efficiency Stimulus Program, which is consistent with state law.
- The funds are made available to the state under conditions permitting their use only for the specified purpose, and the additional expenditure proposed would apply to this specified funding purpose.

- Acceptance of the additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.
- The need exists to expend the additional funding during the current fiscal year because of current year statutory deadlines included within AB 841.

We concur with the necessity of this change to the approved budget, and request a waiver of the 30-day review period from the above date to provide the Commission the ability to implement the program by statutory deadlines.

If you have any questions or need additional information regarding this matter, please call Damien Mimnaugh, Principal Program Budget Analyst, at (916) 322-2263.

KEELY MARTIN BOSLER

Director

By:

A handwritten signature in black ink, appearing to read "Erika Li".

ERIKA LI

Chief Deputy Director

Attachment

cc: on following page

cc: Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee
No. 2
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable Vince Fong, Vice Chair, Assembly Budget Committee
Gabriel Petek, Legislative Analyst (3)
Joe Stephenshaw, Staff Director, Senate Budget and Fiscal Review Committee
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office
Christopher W. Woods, Senate President pro Tempore's Office (2)
Christian Griffith, Chief Consultant, Assembly Budget Committee
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy
and Budget
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office
Luigi Luciano, Chief Consultant, Assembly Republican Leader's Office
Jason Sisney, Assembly Speaker's Office (2)
Mark McKenzie, Staff Director, Senate Appropriations Committee
Jay Dickenson, Chief Consultant, Assembly Appropriations Committee
Wade Crowfoot, Secretary, California Natural Resources Agency
Bryan Cash, Assistant Secretary, California Natural Resources Agency
Amanda Martin, Deputy Assistant Secretary, California Natural Resources Agency
Drew Bohan, California Energy Commission
Rob Cook, Deputy Director, California Energy Commission
Melanie Vail, Budget Officer, California Energy Commission

STATE OF CALIFORNIA
SECTION 28.00 APPLICATION
DF-90

Department of Finance
915 - L Street
Sacramento, CA 95814
IMS Mail Code: A-15

Please report dollars in thousands.

DEPARTMENT California Energy Commission	ITEM NO./ FISCAL YEAR 2020-21	NOTIFICATION LETTER TO LEGISLATURE: <input type="checkbox"/> 30-DAY NOTICE <input checked="" type="checkbox"/> REQUEST WAIVER OF 30-DAY NOTICE
--	-------------------------------------	--

PROGRAM TITLE PER GOVERNOR'S BUDGET:
Energy Projects Evaluation and *Assistance* ^{EN}

FUNDING (SPECIFY FUND)	CURRENTLY BUDGETED	REQUESTED CHANGE (+) OR (-)	TOTAL
School Energy Efficiency Program Fund (Fund 8129)	0	+69,233	69,233

(Check appropriate boxes)

- The funds will be expended for a purpose that is consistent with state law (explain use of funds in Part A below).
- The funds are made available to the state under conditions permitting their use only for a specified purpose, and the additional expenditure proposed under this section would apply to that specified funding purpose (as supported by explanation for the purpose of the funds).
- Acceptance of additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.
- The need exists to expend the additional funding during the current fiscal year (explain in Part B below).
- This application is provided to Finance within 45-days of official notice of receipt of funds.
- Explanation of delayed notification to Finance is attached (required if 45-day notification period is exceeded).
- A copy of the official notice of fund availability is attached to this application.
- One-time expenditure.
- Ongoing commitment from this source (if checked, explain under Program Proposal).
- Matching funds required (if checked, explain under Program Proposal).
- Expenditure either supplements or supplants an existing state-funded program (if checked, explain under Program Proposal).

PART A: For what purpose will the funds be expended?

To implement the requirements of Chapter 372, Statutes of 2020 (Assembly Bill 841) via the School Energy Efficiency Stimulus Program (SEEP) which establishes and authorizes the California Energy Commission (CEC) to act as program administrator for two new grant programs: the School Reopening Ventilation and Energy Efficiency Verification and Repair Program (SRVEVR) and the School Noncompliant Plumbing Fixture and Appliance Program (SNPFA). The SRVEVR program will provide grants to local educational agencies to reopen schools with functional ventilation systems that are tested, adjusted, and, if necessary or cost effective, repaired, upgraded or replaced to increase efficiency and performance, and the SNPFA program will provide grants to local educational agencies to replace noncompliant plumbing fixtures and appliances that fail to meet water efficiency standards and waste potable water and the energy used to convey that water

PART B: Explain the need to expend the funds in the current fiscal year, including the consequence of waiting until budget year to expend the funds:

The SEEP will improve ventilation and water and energy efficiency in California schools through repairs and upgrades to school ventilation systems that are necessary to meet current classroom ventilation requirements and applicable COVID-19 school reopening guidance. The SEEP will also create green jobs in a time of economic crisis. Authority in current fiscal year is necessary to meet the current year deadlines set out in AB 841. Key statutory current year deadlines include: February 1, 2021 - Utilities file joint advice letter to establish program funding. March 1, 2021 - CPUC approves the advice letter. April 1, 2021 - CEC to begin to solicit applications for grants, subject to the availability of funds. Waiting until budget year will mean that the CEC cannot meet statutory deadlines and schools will not have the resources to meet COVID-19 pandemic reopening guidance. Additionally, the CEC will not have access to funds for program administration.

PROGRAM PROPOSAL (Attach additional information as necessary)

TITLE:
SCHOOL ENERGY EFFICIENCY STIMULUS PROGRAM

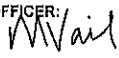
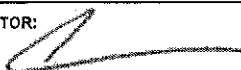
STATUTORY AUTHORITY: (state, federal, as appropriate)
Chapter 372, Statutes of 2020 (AB 841)

DESCRIPTION:

Chapter 372, Statutes of 2020, mandates that the CPUC require electrical corporations with 250,000 or more customer accounts in the state, and gas corporations with 400,000 or more customer accounts in the state, to establish the SEEP within each of its energy efficiency portfolios. The SEEP consists of: (1) the SRVEVR program to provide grants to local educational agencies to reopen schools with functional ventilation systems that are tested, adjusted, and, if necessary or cost effective, repaired, upgraded or replaced to increase efficiency and performance, and (2) the SNPFA program to provide grants to local educational agencies to replace noncompliant plumbing fixtures and appliances that fail to meet water efficiency standards and waste potable water and the energy used to convey that water, with water-conserving plumbing fixtures and appliances. The Statute requires funding to be allocated with 75 percent for the SRVEVR program and 25 percent for the SNPFA program. The CEC must ensure that funds are used proportionally in the service territories from which funds were derived, and direct funding to meet minimum funding requirements for certain priority locations and underserved populations. For the SRVEVR program, a local education agency (LEA) may apply for a grant to cover reasonable costs of an HVAC assessment and equipment maintenance and installation. For the SNPFA program, the CEC shall provide a grant to a LEA that shows the existence of noncompliant plumbing fixtures or appliances and a cost estimate verified by a contractor. Funds must be expended or returned to each utility by December 1, 2026.

JUSTIFICATION:

This proposal supports the implementation of the SEEP grant programs that will advance energy efficiency measures that contribute to accomplishing the state's GHG emission reduction goals. Further, these programs will save energy and the related consumer expense, create jobs in a time of economic crisis, and provide direct support to schools and school children in underserved communities. The SEEP is an urgent energy efficiency measure and a public health measure to support schools during the COVID-19 pandemic. There is no program in California dedicated to improving ventilation and energy efficiency in California schools at the scale required to safely prepare schools for operating during the COVID-19 pandemic. The SRVEVR program is vitally needed to protect the health, safety, and ability to learn for California's school children and the health of California's teachers. There also is no program in California dedicated to replacing old, inefficient plumbing fixtures that waste potable water (and the energy needed to treat and convey that water) and that have high lead content that can leach into student's drinking water. The SNPFA program is needed to replace inefficient fixtures and appliances in schools, which would save approximately 6 billion gallons of water a year and protect student health. The CEC will administratively establish positions in the current year to meet critical and immediate needs. Current year authority is necessary to meet the current year deadlines set out in AB 841.

SUBMITTED BY:		APPROVED BY DEPARTMENT OF FINANCE:	
BUDGET OFFICER: 	DATE: 4/20/2021	DATE SUBMITTED TO LEGISLATURE: 4/28/2021	
DIRECTOR: 	DATE: 4/21/2021	PPBA:	DATE: