

Memorandum

To: Greenhouse Gas Reduction Fund Program

Date: May 26, 2023

From: Wade Crowfoot
Secretary
California Natural Resources Agency

Drew Bohan
Executive Director
California Energy Commission

Subject: Greenhouse Gas Reduction Fund: California Energy Commission Expenditure Record for Fiscal Year 2023-2024 – California Schools Healthy Air, Plumbing, and Efficiency Ventilation Program

This Attestation Memorandum documents that the California Energy Commission completed the attached Expenditure Record on May 26, 2023, for the California Schools Healthy Air, Plumbing, and Efficiency Ventilation Program. The Expenditure Record is consistent with the statutory requirements of Government Code Section 16428.9 to support expenditures from the Greenhouse Gas Reduction Fund.

This Attestation Memorandum and Expenditure Record will be submitted to CARB for public posting on the CARB website at: <http://www.arb.ca.gov/caclimateinvestments>. Questions on this Attestation Memorandum or Expenditure Record may be directed to Jonathan Fong by email at Jonathan.Fong@energy.ca.gov or by phone at (916) 639-0572.

Bryan Cash

Wade Crowfoot, Secretary
California Natural Resources Agency

Drew Bohan

Drew Bohan, Executive Director
California Energy Commission

Attachment: Greenhouse Gas Reduction Fund: Expenditure Record

Greenhouse Gas Reduction Fund: FY 2022-23 Expenditure Record

California Energy Commission
California Schools Healthy Air, Plumbing, and Efficiency Ventilation Program

Authorizing legislation: Item 3360-001-3228 of the Budget Act of 2022, as amended by Assembly Bill 179 (Chapters 43 and 45, Statutes of 2022) appropriates to the California Energy Commission \$20 million, in total, for the School Reopening Ventilation and Energy Efficiency Verification and Repair Program, which is referred to as the California Schools Healthy Air, Plumbing, and Efficiency (CalSHAPE) Ventilation Program.

Element (1) A description of each expenditure proposed to be made by the administering agency pursuant to the appropriation.

Agency that will administer funding:

- California Energy Commission.

Amount of proposed expenditure and appropriation reference:

- The total expenditure is \$20 million per Section 2 (Item 3360-001-3228) of the Budget Act of 2022 (Chapter 249, Statutes of 2022).

Estimated amount of expenditures for administering agency administrative costs

- Administering agency administrative costs are not expected to be funded by the expenditure.

If applicable, identify laws or regulations that govern how funds will be used

- AB 841 (Ting, Chapter 372, Statutes of 2020) provides the requirements for the CalSHAPE Ventilation Program.
- The Budget Act of 2022 provides direction on the types of projects that should be funded.

Continuation of existing Expenditure Record

- This is an existing program that has received Greenhouse Gas Reduction Funds for the first time and does not have an existing Expenditure Record.

Project Type(s)

- Heating, ventilation, and air-conditioning (HVAC) system replacement.

Describe the projects and/or measures that will be eligible for funding

- Replacement of HVAC systems in schools with near-zero-emission building technology equipment to increase energy efficiency of the systems and improve indoor air quality.

Intended recipients

- Local educational agencies, which include:
 - School districts as defined in Section 41302.5 of the Education Code.
 - Charter schools that have been granted a charter following Part 26.8 (commencing with Section 47600) of Division 4 of Title 2 of the Education Code.
 - Regional occupational centers established pursuant to Section 52301 of the Education Code that is operated by a joint powers authority and that has an active career technical education advisory committee pursuant to Section 8070 of the Education Code.

Program structure and process for selecting projects for funding

- First-come, first-served grants for projects that meet program requirements.

Element (2) A description of how a proposed expenditure will further the regulatory purposes of Division 25.5 (commencing with Section 38500) of the Health and Safety Code, including, but not limited to, the limit established under Part 3 (commencing with Section 38550) and other applicable requirements of law.

How the expenditure is consistent with the Investment Plan and the Scoping Plan

- The Cap and-Trade Auction Proceeds Fourth Investment Plan: Fiscal Years 2022-23 through 2024-25 recommends expanded building electrification efforts and the incorporation of heat pump technologies, which use refrigerants with the lowest global warming potential (GWP), to reduce high GWP hydrofluorocarbon (HFC) gas emissions. The requirements of this expenditure include the use of near-zero-emission building technology equipment. This program will fund the replacement of existing HVAC systems with all electric HVAC systems that include heat pump technologies.
- California's Draft 2022 Climate Change Scoping Plan identified key strategies and recommendations to continue reducing GHG emissions and achieve the goals and purposes of AB 32 and related statutes. The HVAC system replacements funded by the grant will continue to enhance energy efficiency and provide a reduction in the use of gas-fueled HVAC system equipment in schools.

Element (3) A description of how a proposed expenditure will contribute to achieving and maintaining greenhouse gas emission reductions pursuant to Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Describe how expenditures will facilitate the achievement of GHG emission reductions in the State

- The program will facilitate GHG emission reductions and reduce criteria toxic pollutants emissions by funding the purchase of zero or near-zero emission building technology equipment which emit less GHG emissions than comparable conventionally fueled equipment.

Explain when GHG emission reductions and/or co benefits are expected to occur and how they will be maintained

- HVAC system replacements will reduce energy consumption and begin to yield GHG emission reductions in 2024. It is expected that these systems will maintain GHG emission reductions for a period of 15 years based on the average life expectancy of a heat pump.

Element (4) A description of how the administering agency considered the applicability and feasibility of other non-greenhouse gas reduction objectives of Division 25.5 (commencing with Section 38500) of the Health and Safety Code.

Expected co-benefits, particularly environmental, economic, public health and safety, and climate resiliency

- Replacement of HVAC systems in schools will yield economic, environmental, and public health co-benefits. These projects will provide California jobs. They will also cut energy costs for schools and improve building comfort. The increased energy efficiency of the new HVAC systems will improve air quality by reducing criteria pollutant emissions from energy production in California. Replacing older HVAC systems with newer, cleaner models will benefit public health by reducing exposure to indoor air pollutants, such as carbon monoxide, associated with very old or poorly maintained heating units.

How the project will support other objectives of AB 32 and related statutes

- This project funds HVAC system replacements in schools and prioritizes schools in underserved communities. This improves indoor air quality in classrooms and helps to

improve and modernize California's energy infrastructure. This also directs public investment toward the most disadvantaged communities in California.

Percentage of total funding that will be expended for projects that are located in and benefit priority populations¹ per CARB guidance

- The administering agency has established a target to expend at least 50 percent of the total project funds received under this fiscal year appropriation to fund projects that provide benefits to disadvantaged or low-income communities or low-income households.

Describe the benefits to priority populations per CARB guidance

- Projects will provide improved indoor air quality in schools located in disadvantaged or low-income communities.

Explain strategies the administering agency will use to maximize benefits to disadvantaged communities

- Projects at schools that are located in an area that meet the underserved community criteria, as defined by AB 841 and include disadvantaged communities, will be prioritized for grant awards. Eligibility in the first funding round will be limited to schools in underserved communities.

Explain how the administering agency will avoid potential substantial burdens to disadvantaged communities and low-income communities or, if unknown, explain the process for identifying and avoiding potential substantial burdens

- The administering agency will consult directly with communities through various means including workshops and public comments on program guidelines to identify potential burdens. The agency will make programmatic adjustments to eligibility criteria, and ultimately funding decisions, as necessary to avoid potential substantial burdens to disadvantaged and low-income communities.

Element (5) A description of how the administering agency will document the result achieved from the expenditure to comply with Division 25.5 (commencing with Section 35800) of the Health and Safety Code.

¹ Priority populations include residents of: (1) census tracts identified as disadvantaged by California Environmental Protection Agency per SB 535; (2) census tracts identified as low-income per AB 1550; or (3) a low-income household per AB 1550. See Section VII.B Funding Guidelines for more information on the definitions of priority populations.

How the administering agency will track / report progress to make sure projects are implemented per requirements in statute and CARB guidance

- The administering agency will require funding recipients to maintain records and submit status reports regularly throughout the project term. In addition, the administering agency will conduct periodic reviews of selected projects. If a funding recipient does not perform in accordance with program requirements, the recipient will be subject to the remedies for non-performance, as identified in the administering agency's guidelines and the grant agreement.

Describe the approach that will be used to document GHG emission reductions and/or other benefits before and after project completion

- The administering agency will calculate the GHG emission reductions and co-benefits expected and achieved from projects using a CARB-developed method and/or tool.
- The administering agency will coordinate with CARB to estimate GHG emission reductions and co-benefits (e.g., energy savings), using CARB quantification methodologies.

Type of information that will be collected to document results, consistent with CARB guidance

- The administering agency will collect data on project location, baseline and estimated energy usage, energy costs, type of upgrade that was installed, expected quantification period, and other data, as applicable and as specified in CARB guidance.
- To determine the job benefits, the agency will compile data from funding recipients on jobs provided, both the quality and quantity, consistent with CARB guidance.
- Once operational, the administering agency will collect information on outcomes for all of the projects, consistent with CARB guidance.

How the administering agency will report on program status

- The administering agency will report to CARB consistent with CARB guidance. The administering agency will provide regular updates on the program, including expenditure amounts, GHG emission reductions, and other benefits, as applicable (e.g., jobs supported, vouchers issued, units retrofitted). Reports will also include information on project outcomes consistent with CARB guidance.