



SCHOOL ENERGY COALITION

September 14, 2011

The Honorable Jerry Brown
Governor, State of California
State Capitol
Sacramento, CA 95814

SENATE BILL 136 (YEE) REQUEST FOR VETO

Dear Governor Brown:

The School Energy Coalition (SEC), an organization made up of K-12 schools, community colleges, architects and school construction consultants with a focus on energy efficiency and renewable generation facility projects for California's students, respectfully requests your veto of Senate Bill 136 (Yee) that has been passed by the Legislature and is now awaiting your review.

SB 136 addresses private energy contracts that have been arranged between local public agencies and energy service companies for the purchase of electricity only – otherwise known as power purchase agreements. Schools have been entering into these contractual agreements in increasing numbers with third parties because they are able to do so with no up-front cost and because third party energy companies offer them a lower and more stable price for power than they are currently receiving from the investor-owned utilities.

The third party energy company owns and manages the equipment and is responsible for the repair and maintenance and assumes the risk of vandalism or theft. Schools simply get a lower or set price for power that saves money at a time when budgets have been severely cut, teachers have been let go and class sizes have been increased.

SEC has supported the application of prevailing wage to capitol projects that are owned and built by the school or local agency on school property. We do not believe, however, that power purchase agreements fall into this category – these are private agreements for the purchase of generated power only.

In addition, SEC is concerned about the language in SB 136 under Section 1720.6 (a) which states that “work performed in connection with the construction or maintenance of renewable energy generating capacity or energy improvements” triggers prevailing wage mandates. SEC believes that energy audits and analyses, often the starting place for schools that eventually enter these agreements, would also be included under this legislation. Energy audits are services, are not construction-related and the author has stated previously that this was an area where the bill was not intended to go.

You recently signed a renewable portfolio standard seeking to increase the use of renewable power in the State. SEC applauds and supports that decision. Schools can contribute greatly to securing the state's power grid and generating clean renewable power if these types of agreements are encouraged and not made more difficult or costly. These agreements are already very close to the margins and could become cost prohibitive with this additional requirement.

We have seen recent estimates from the solar industry which add a roughly 10% increase over the life of a PPA project depending on the size, location and installation type of project.

Therefore, we believe that SB 136 (Yee) could likely result in third party energy service companies offering fewer renewable power agreements, and this would run counter to the state policy goal of lowering carbon emissions, relieving pressure on the electrical grid, saving dollars and a cleaner environment.

SEC, therefore, respectfully requests that SB 136 be vetoed when it comes before you.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Anna Ferrera". The signature is fluid and cursive, with a long horizontal stroke at the end.

Anna Ferrera

cc: The Honorable Leland Yee
Sandy Goldberg, Office of Policy
Michael Picker, Senior Advisor to the Governor on Renewables