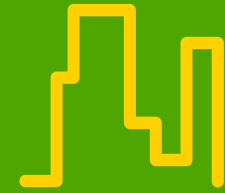


Conservation in 2012



Funding and Legislation for Conservation in 2012

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Agenda

- Operational Cost Cutting Dilemma
- New and Underutilized Financial Resources
- Increased Flexibility in Legislation
- Availability of Conservation Measures
- Navigating Resources
- Q&A

Keeping up with Operations

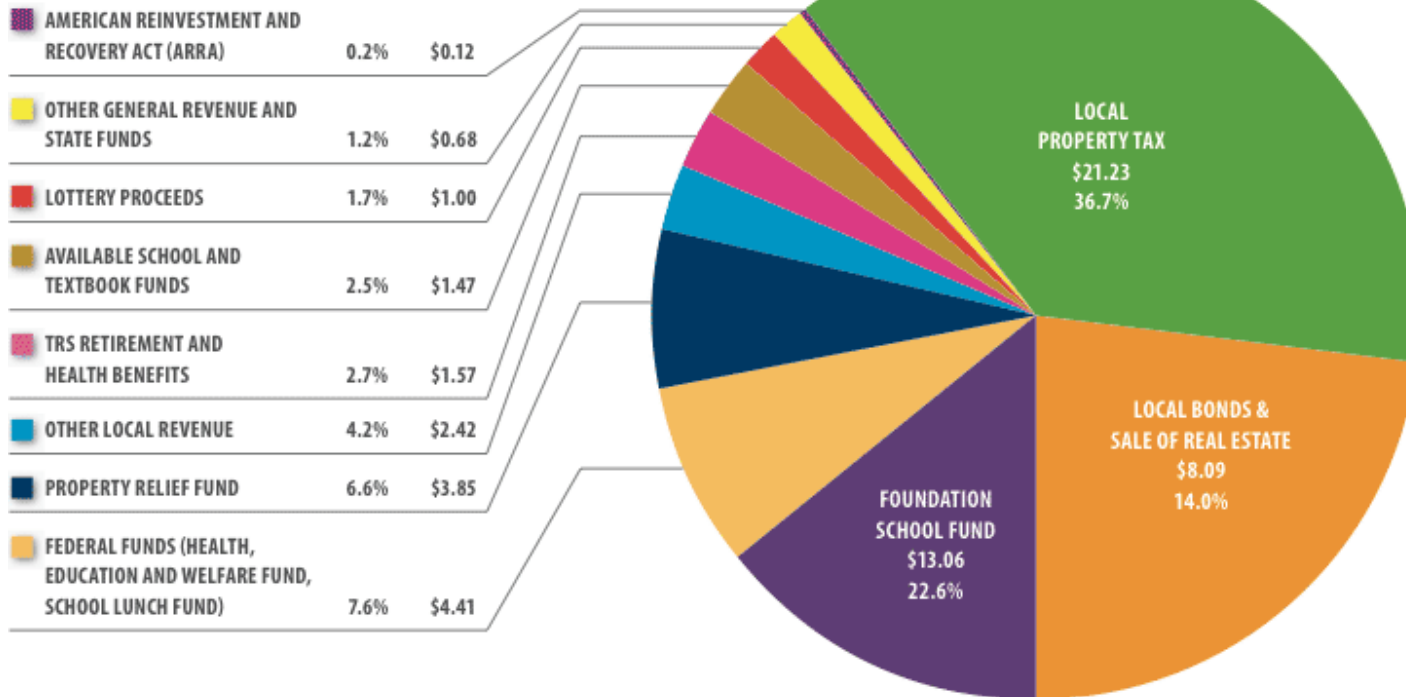


- According to the Texas Education Agency, the cost of operations is second only to the cost of instruction
- Budget dollars/sources are not expected to grow until 2013?
- Therefore....Avoiding, Containing, and Reducing Costs of operation has become a key part of stretching your existing budget
- Dilemma:
 - In order to reduce costs...
 - Districts must pay for repairs, replacements, and maintenance
 - Districts struggle to find ways to fund when monies are already earmarked
- Resolution:
 - New and underutilized financial resources
 - Added flexibility in legislation

Budget Sources

2008-09 School Year (in Billions)

TOTAL = \$57.9 BILLION



Note: Local maintenance and operations (M&O) and interest and sinking (I&S) tax amounts are from calendar 2009; the remaining state and federal amounts are for fiscal 2009. Numbers may not total due to rounding.

Source: Comptroller of Public Accounts, Texas Education Agency and Legislative Budget Board.

New and Underutilized Funding Sources



Conservation Funds & Cost Savings



- Funding that can specifically be used for facility upgrades
 - Outside of regular budget sources
 - Available for less than market rates
 - Allows you to produce cost savings
- Cost Savings
 - Utility savings - (i.e., new equipment, educational programs)
 - Repair cost reduction
 - Cost avoidance
 - Longer equipment life
 - Rebate eligibility

New and Underutilized Funding Sources



- Qualified School Construction Bonds

- For construction, rehabilitation, or repair of a public school facility
- Bond, lease purchase, time warrant, or maintenance tax note
- Many districts returned allocation
- \$98 million left over as of Oct. '11
 - Moving down waiting list
- Have a year after allocation to use
- ~ 0% - 1.5% interest
- Valley View ISD (Valley View, TX) – saved \$262,000 in financing cost (compared to other offers)

New and Underutilized Funding Sources

● Qualified Zone Academy Bonds (QZAB)

- Bond, lease purchase, time warrant, or maintenance tax notes
- Federal program – intended to save money on school renovation projects
- \$117 million of unused allocation – 2010
- \$37 million of unused allocation – 2011
- No limit on amount
- Qualify per school – designated as zone academy
 - *Empowerment zone or an enterprise community*
 - Expect to have at least 35 percent or more of their students *eligible for free or reduced lunch* under the *National School Lunch Act*

Steps to Interest-Free Loans

- Establish schools within your district are Zone Academies.
- Determine project scope and details.
- Schools (or programs within a school) enter into partnerships with local businesses.
 - Enhance academic curriculum
 - Increase graduation and employment rates
 - Better prepare students for college & workforce
 - Under plan approved by local school system." (US DOE)
- The partnership must locate a "Qualified Contributor" to supply a 10% matching grant
- Notify TEA and request allocation
- Locate a "Qualified Buyer," willing to take your debt and tax credit in lieu of interest

Remaining Grants

- Cool Schools Grant
 - State Energy Conservation Office
 - \$100,000 max.
 - For HVAC
 - Available Spring 2012

Availability of Revolving Funds for 2012



● LoanStar Loan Funding Period

- Administered by State Energy Conservation Office
- *Can be use for energy efficiency measures
- Will be available on April 2012 > 1 month to submit
- 3% interest
- Up to 10 years
- 2nd round of funding in October

● 2012 Rebate Criteria

- Commercial Standard Offer Program
 - Reducing Peak Demand \$150/Peak kW
 - High Efficiency Lighting Retrofits, Chiller Replacements, etc.
 - AEP Solar Incentives - \$1.75/W DC

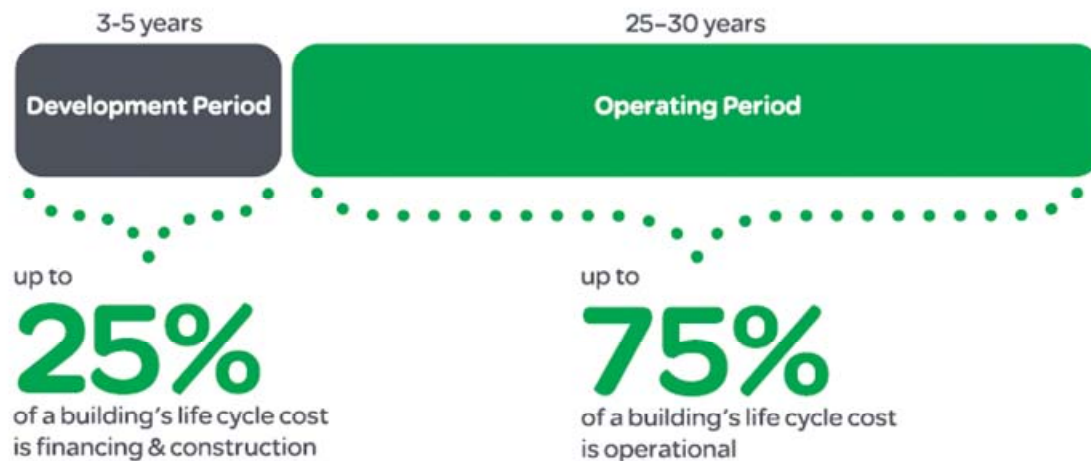
Increased Flexibility in Legislation



HB 1728 – Summary of Provisions

- New construction efficiency projects

- Build with efficiency in mind
- Extract mechanical, lighting, and utility related infrastructure from cost
 - Lower initial cost of construction to erect new facility
 - Lower operating (long-term) cost of new facility



HB 1728 – Funding for Efficiency

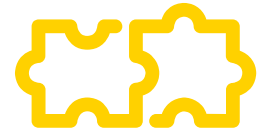


- Allows you to blend funding sources for efficiency projects

Example:

- \$2,000,000 in HVAC replacements are needed at your High School
- You apply for a grant for \$2,000,000 and only receive \$1,000,000
- The grant requires a 20% contribution of \$200,000
- You don't have access to \$200,000 to meet requirement
- You can borrow \$1,200,000 at 1% interest through QZAB
- You keep \$2,000,000 from being taken out of your general funds/other areas of your budget
- Obtain \$60k annual energy savings from efficiency improvement – free up funds already in your utility budget
- You make all the replacements you need and reduce kW greatly
- You receive a rebate for \$30,000 and decide to use some of the funds towards an educational program
- Obtain \$25,000 in add.'l savings from changing behavior due to educational program
 - Obtain utility savings faster
 - Address your needs sooner – instead of waiting for additional funds
 - Maximize potential for addressing needs
 - Obtain cheapest funding combination available to you – most economical project

HB 1728 – Payback of Conservation Measures



- Project does not have to pay for itself

- Must minimize operating costs

- Water
- Energy
- Service and repair cost

- Maximize cost reduction in several areas

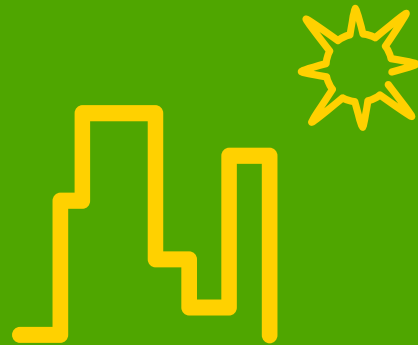
- Beyond traditional “low hanging fruit” ECMs

- Can still obtain what you need even if it doesn't pay for itself

- You are not tied into traditional model of Performance Contracting

*Especially helpful in Districts that have already reduced consumption of energy but have a need for infrastructure upgrades.

Availability of Conservation Measures for School Districts



Energy Efficiency Products



● Supply Side Savings

- Bill Auditing
- Power Factor Correction
- Generation



● Demand Side Savings

- Education
- Infrastructure
- Rebates and Incentives










● Rate Negotiation

- Enter into electric pool
- Obtain appropriate rate



Containing, Reducing, and Avoiding Costs

- Billing 
 - Negotiate rates according to usage
- Occupant Education 
 - Energy policy and enforcement
- Infrastructure 
 - Mechanical
 - Lighting
 - Controls
 - Building envelope

- Water Conservation 
- New Construction Efficiency 
- Generation 
- Other – i.e., service and repair 


New and Emerging Offers



- Voice Over IP 

- Supply Side Savings
 - Sub-metering

- “Open” Energy Management Systems 

- Energy Dashboards
 - Tracking
 - Trending

- Educational Programs 

Great Resources to Bookmark



- State Energy Conservation Office – Sign up for funding alerts
 - <http://www.seco.cpa.state.tx.us/>
- Database of State Incentives for Renewables & Efficiency – Check for new rebates and incentive programs
 - <http://www.dsireusa.org/incentives/index.cfm?State=TX>
- US Green Building Council – Employ methods of green & sustainable buildings
 - <http://www.usgbc.org/>
- American Electric Power – Set up log in for detailed information on your bill
 - <https://www.aeptexas.com/Default.aspx>
- Texas Legislation- Look up Legislative Updates
 - <http://www.statutes.legis.state.tx.us/>

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Next Steps



Next Steps for District



- Assess your infrastructure and operations to benchmark
- Explore financial options
- Prioritize and plan based on expert recommendations
 - Is New Construction PC a good fit?
 - Is better to apply for a QZAB or use QSCB for needed upgrades?
- Allow Schneider Electric to conduct a preliminary analysis as the selected provider of efficiency services for Region One members

No Cost or Obligation - Preliminary Energy Conservation Analysis

- No cost - comprehensive utility analysis including potential savings estimate;
- No cost - building survey report;
- No cost - potential list of energy conservation measures for the facility; Energy, Water, Gas, Solar and Wind
- No cost - description of these energy conservation measures;
- No cost - fifteen year preliminary cash flow analysis;
- No cost - survey of supply side, rates, power factor and meter consolidation.

Case Studies

Corpus Christi Independent School District Corpus Christi, Texas	
Owner Name:	Mr. Scott Kucera Energy and Facilities Coordinator
Owner Contact Information:	P. O. Box 110 Corpus Christi, Texas 78403 (361) 886-9008
Project Cost:	Phase One: \$500,318 Phase Two: \$2,532,573 Phase Three: \$2,409,880 Phase Four: \$2,122,448
Project Savings:	Phase One: \$78,989 Phase Two: \$341,408 Phase Three: \$261,848 Phase Four: \$239,310
Source of Funds:	General Fund Balance and Tax Exempt Municipal Lease
General Scope of Work:	<ul style="list-style-type: none"> Central plant renovation Comprehensive lighting retrofit Enhancement of energy management system Mechanical retrofits
General Scope of Work:	<p>Schneider Electric Energy Solutions (formerly TAC) was selected as the Corpus Christi Independent School District (CCISD) Performance Contracting vendor in late 1995.</p> <p>Phases I, II, III and IV of the project involved energy conservation measures in 85 schools and were completed in 1999. These projects provided a district-wide energy management system installation, mechanical replacement and repair, and comprehensive lighting retrofits.</p> <p>CCISD sought to maximize the effect of Schneider Electric's performance contracting program based upon a recommendation by State Comptroller of Texas, John Sharp, following an audit of the District.</p>



Project Cost
\$3,771,063

Annual Project Savings
\$353,317



Utility Conservation Measures

- Energy management system
- Comprehensive lighting retrofit
- Mechanical replacements
- Water fixture replacement
- Roof replacements



Contact Information

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Portland, TX 78374



Gregory-Portland ISD Portland, TX

Utility Conservation Project

Through a performance contract, Schneider Electric (formerly TAC) addressed several critical issues the Texas school district faced. Prior to the project, Larry Curlis, the school's facilities manager said, "Schneider Electric will complete a comprehensive, self-funded, district-wide facility improvement program that uses guaranteed energy savings to eliminate any risk to school district."

Major problems the contract addressed included mechanical equipment failures causing comfort issues; lack of district-wide control of building equipment usage; water leaks in several roofs; aging lighting systems and inconsistent lighting levels; and old, inefficient plumbing fixtures. Each facility is now linked with a Vista energy management system (EMS) that can be accessed and programmed from any of the schools or from a remote location. Schneider Electric also replaced or repaired various HVAC components; upgraded lighting to T8 fluorescent lamps with electronic ballasts at most campuses; replaced roofs on four buildings; and installed efficient plumbing fixtures in seven facilities.

Students, faculty and other staff at Gregory-Portland ISD now enjoy a better learning and working environment as a result of these facility updates. Local tax payers also benefit because all of these improvements are paid for with the resulting utility savings, not a tax increase.



Gregory-Portland ISD

Q: Why Should our District do an Energy Conservation Project ?

- A:**
- **To update** old and inefficient HVAC, Building Automation, Lighting, Roofing, Windows and water fixtures with out dipping into your own budget.
 - Reallocate the utility waste savings as dollars for the upgrades.
 - Anyone can claim optimizing and upgrading equipment will save you money, a Performance Contract **GUARANTEES** it for the life of the project.
 - The district will lead by example sending the message to students, staff and the community that they are leveraging and using district dollars wisely and also minimizing energy usage while lowering emissions all at the same time.
 - No upfront capital to perform and Energy Conservation Project.
 - Turnkey solution, one accountability.
 - Sample Savings - Alice ISD will be saving approximately \$4,500,000.00 through the term of the project with a potential for additional savings.

Q: Why Should our District work with Schneider Electric ?

- A:**
- **Experience** - We are the proven leader in the Texas Schools Districts and in the Region 1 & K12 market with over 125 Texas School projects ongoing.
 - **Experience** - \$82 million in energy saving infrastructure upgrades since 1992.
 - **Experience** - 245+ K-12 projects nationwide. Our experience relates to knowing how to assemble the strongest Energy projects with a guaranteed savings with the best value in relation to total cost of facilities.
 - **Trusted Partner** – Schneider Electric is the awarded and approved vendor through your membership with Region for Efficiency Services.
 - **References** - Strong local references such as Santa Rosa ISD and La Feria ISD to provide proof of concept and proof of savings. Rest assured you have many local examples that our programs work !!!!
 - **Consistency** - One company (turnkey solution) to Engineer, Model Design, Secure Financing, install, monitor, and guarantee the project.
 - **Education** - We will also look to developing an educationally based curriculum enhancement for students and staff such as an offering we use funded by savings known as “Conserve my Planet.”
 - **Accountability** - We use true Energy savings on the Energy side as an “Option C” company, and report quarterly to administration on how the program is doing and yearly to your school board.



Questions & Comments