



OREGON
DEPARTMENT OF
ENERGY

**ENERGY EFFICIENT SCHOOLS PROGRAM
PROGRAM GUIDELINES**

**SCHOOLS
PUBLIC PURPOSE CHARGE**

Updated September 1, 2011

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TABLE OF CONTENTS

DEFINITIONS.....	1
INTRODUCTION	4
THE ENERGY EFFICIENT SCHOOLS PROGRAM (EESP).....	6
A. Collection, Distribution and Utilization of Funds.....	6
B. Eligible Facilities	6
Ineligible Facilities.....	7
C. Energy Audit Requirement	7
Determining the Audit Type	7
EUI Target Ranges for Schools	8
Types of Audits	9
Audit Waivers	9
New Facilities	9
Audit Reports	10
Eligible Audit Costs	10
D. Audit Measure Implementation	10
Implementation Plan	10
Tier I Audit Implementation	11
Tier II Audit Implementation	11
Tier III Audit Implementation.....	11
Eligible Costs	12
E. Reporting Requirements	13
Annual Eligibility Reporting.....	13
Annual Energy Use Reporting	13
Audit Reporting	13
Audit Implementation Plan	13
Audit Implementation Reporting.....	13
Energy Education Reporting	14
Environmentally Focused Fuel Sources Reporting.....	14
Renewable Resource Reporting	14
F. Other Financial Incentives.....	14
Energy Incentives Program (formerly known as Business Energy Tax Credit).....	14
Energy Trust of Oregon.....	14
G. Financial Requirements	15
Revenues	15
Expenditures	15
Expenditure Documentation.....	16
Education Service District Reimbursements.....	16
H. Program Verification and Quality Control	17
Verification and Quality Control of Audits	17
Verification and Quality Control of Implemented Measures.....	17
APPENDIX A.....	19
APPENDIX B.....	20

DEFINITIONS

Average Daily Membership is the averages student count per day for the district. The actual calculation to determine the Average Daily Membership is determined by the Oregon Department of Education. The Average Daily Membership is used for the determination of the PPC funds for each school district.

Baseline energy use index is the energy consumption or costs for a specified time period to which future usage or costs are compared.

Commissioning of new equipment is the process of ensuring that systems are designed, installed, functionally tested, and capable of being operated and maintained to perform in accord with the design intent.

Completely implemented plan is when all eligible instructional school facilities have implemented all required energy efficiency measures identified in their audits and/or all eligible instructional school facilities in the school district are operating within the EUI target range. Required measures are measures with a simple payback of less than or equal to 20 years.

Eligible school site includes any public school facility whose Average Daily Membership is included at the school district and/or Education Service District by the Oregon Department of Education and is within Portland General Electric or Pacific Power territory.

Energy audit is the comprehensive assessment of a building's energy use and efficiency through the analysis of the building and all energy using systems.

Energy audit report is a detailed report prepared by a qualified energy auditor that includes a summary of recommendations, baseline building description, description and cost of energy efficiency measures, calculations that support estimated energy savings, simple payback period and/or life-cycle cost analysis.

Energy conservation education programs are hands-on instructional programs intended to involve students, teachers, and staff in efforts to operate school facilities in an energy efficient manner. Programs strive to integrate education on energy, the environment, and their relationship to savings opportunities. Programs include those developed by: U.S. Department of Energy or its affiliated agencies or programs, Oregon Department of Energy, State Colleges or Universities or any curriculum approved by the Oregon Board of Education, the National Energy Education Association, and/or the local school district or school board.

Energy efficiency measure (EEM) is a capital or permanent improvement in capital equipment or facility that is designed to reduce energy consumption, or that result in substantial savings in the amount of purchased energy at a site. Improvements include cost effective operations and maintenance improvements to optimize equipment operation, including measures or projects that provide measurable environmental benefits in addition to the energy savings from the project.

Energy use index (EUI) is a measurement of the total energy used in a building (or facility) for a specific period of time stated in terms of British thermal units (Btu) per gross conditioned square foot per year (Btu/sf/yr).

EUI Target Range is the range of energy consumption that a facility ought to demonstrate in relation to specified conditions. The energy use index is compared to the target range to benchmark a facility and to determine the type of audit required. The target ranges for the program were developed by the Oregon Department of Energy.

Environmentally focused energy sources use a renewable energy resource to generate power and produce electricity with less impact on the environment than traditional sources (usually purchased from the electric company).

Implementation plan, completed by the school district, identifies the intended date of implementation for required energy efficiency measures, as well as expected funding sources for each measure.

Instructional school facility is a school site whose primary function is instruction that may include facilities used for classroom instruction, multipurpose activities, and libraries in kindergarten through grade 12.

Operations and maintenance procedures include repair, replacement, and other capital maintenance of equipment to optimize equipment operation.

Public Purpose Charge (PPC) is a three percent surcharge paid by ratepayers in the territories of Portland General Electric and Pacific Power to be used for energy efficiency efforts. The first ten percent of these funds is allocated to K-12 public schools in Portland General Electric and Pacific Power territory for energy efficiency efforts in public schools.

Public school facility includes facilities that are owned and operated by the school district and used for any purpose associated with public education in kindergarten through grade 12, and also includes facilities that are used by more than one school district. This includes buildings that are owned by a school district and leased to another school district or Education Service District for educational purposes.

Qualified energy auditor is an individual or company that meets the requirements of the qualified professional auditor as established by Oregon Department of Energy's Request for Qualifications. All energy audits for the EESP must be performed by a qualified energy auditor.

Renewable energy resources include, but are not limited to straw, forest slash, wood waste or other wastes from forestland. It also includes industrial waste, solar energy, wind power, geothermal resources, or waste heat recovery. It does not include a hydroelectric or geothermal project with more than one megawatt of installed generating capacity.

Renewable resource project is a project that uses a renewable energy resource at a school site to produce electricity to replace or supplement electricity to the site. All projects must be pre-approved by the Oregon Department of Energy.

Retro-commissioning is the process of identifying, repairing and/or replacing aging or dysfunctional equipment or systems in an existing facility. It involves design and specification review and trouble-shooting equipment. Retro-commissioning makes recommendations for required repairs, modifications, or changes to the equipment or system to improve energy efficiency, prolong equipment and system life expectancy, increase occupant comfort, and improve indoor air quality. The retro-commissioning agent provides facility operator training for operations and maintenance of equipment. The energy savings and simple payback period is

calculated for each retro-commissioning measure identified. Retro-commissioning includes the actual cost to adjust, modify, repair, and/or replace capital equipment.

Schools Interactive Database (SID) is the database used to report information on school district energy use, audit recommendations and implemented projects related to the EESP. The Schools Interactive Database is the official record for the program.

Simple payback period is the total cost of an energy efficiency measure or project divided by the first year energy cost savings, stated in years.

Staff training provides skills and techniques for trouble-shooting, adjusting, and modifying equipment in order to improve the energy efficiency of capital equipment.

Weatherization includes measures designed to reduce the heat loss or gain of a facility through the building envelope.

INTRODUCTION

The Energy Efficient Schools Program (EESP) was created when the Oregon Legislature passed Senate Bill 1149 in the 1999 legislative session. The bill went into effect on March 1, 2002. It provides that Portland General Electric and Pacific Power must collect a “Public Purpose Charge” (PPC) from consumers within their service areas that is equal to 3 percent of the total revenues from electricity services. The first ten percent of these PPC funds must go towards energy efficiency efforts in public schools within their service areas. The Oregon Department of Energy is the program administrator of the EESP in cooperation with K-12 school districts in Portland General Electric and Pacific Power territory.

Program Guidelines were developed in March 2002 to implement cost-effective energy efficiency improvements in schools utilizing PPC funds.

The guidelines were updated in 2005. Updates included establishing reimbursement protocol, requiring energy use data be entered into the Schools Interactive Database, and making data collected by the Oregon Department of Energy the official record.

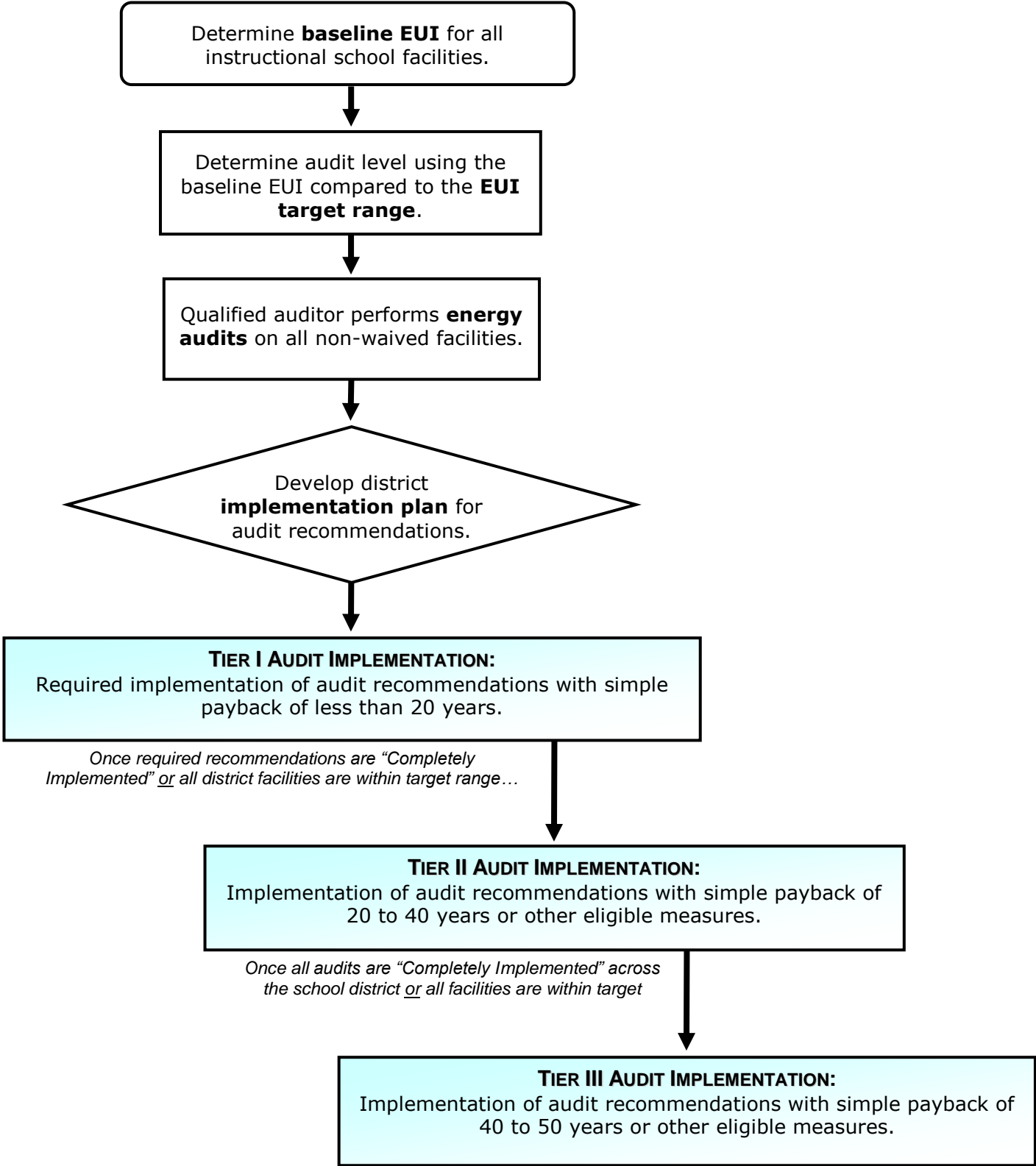
The passing of SB 838 in 2007, which extended the public purpose charge through 2025, prompted additional necessary revisions to the Guidelines. The changes included:

- **Measures that have a simple payback of 20 years or less are required to be implemented.**
- **New energy use index (EUI) Target Ranges.**
- **Typical school operating hours updated.**
- **Clarification of use of incentives from Energy Trust of Oregon.**
- **Clarification of eligible measures in Tier I, Tier II, and Tier III.**
- **Specifies implementation costs to be entered the same year as project completion.**

The 2011 legislative session saw the passage of HB 2960 which changed the distribution of the schools PPC to go directly to individual school districts instead of to Education Service Districts. The resulting necessary changes to the EESP Guidelines are included in this document. Changes include:

- **References to Education Service Districts were replaced with school districts, as necessary to meet the law.**
- **Reimbursement section was updated and renamed “Financial Requirements” to meet the law and provide school districts with more detail on these requirements.**
- **Flow charts have been added to clarify the process of having an audit completed and projects implemented.**

Program Flow Chart



THE ENERGY EFFICIENT SCHOOLS PROGRAM (EESP)

A. Collection, Distribution and Utilization of Funds

Oregon law¹ established a public purpose charge of 3 percent of the total revenues collected from the retail electric customers within Portland General Electric and Pacific Power territories. The first ten percent of the funds collected annually must be distributed to school districts located in the service territories of the electric companies. PPC funds provide funding for energy efficiency improvements, energy education, the purchase of environmentally focused energy, and renewable energy resource projects in Oregon K-12 schools in Portland General Electric and Pacific Power service territories. By law², the EESP continues through 2025.

Funds are distributed monthly to the school districts directly by the electric companies. Distributed funds are calculated according to the Weighted Average Daily Membership of the individual Education Service District for the prior fiscal year³.

By law, PPC funds must be used by school districts in the following manner:

- An energy audit of educational facilities must first be completed and approved by the Oregon Department of Energy.
- An Implementation plan of energy efficiency measures indentified in the audit must be completed and approved by Oregon Department of Energy.
- Measures having a simple payback of 20 years or less must be implemented or have allocated funds set aside for the implementation of the measures in the near future.
- After all measures having simple paybacks of 20 years or less have been implemented, PPC funds may be used for:
 - Implementing tier II measures that have between 20 year and 40 year simple paybacks,
 - Implementing tier III measures that have between 40 year and 50 year simple paybacks, and/or
 - Completing additional audits

B. Eligible Facilities

Only school district facilities which meet each of the following criteria are eligible for PPC funds:

- 1) Must be served by Portland General Electric or Pacific Power; and
- 2) Must be a public school facility; and
- 3) Must be a K-12 instructional school facility; and
- 4) The Average Daily Membership for the facility must be included at the school district and/or Educational Service District by the Oregon Department of Education.

¹ Senate Bill 1149 Section 3

² Senate Bill 838

³ As calculated under ORS 327.013. The Public Utility Commission has established by rule a methodology for distributing a proportionate share of funds to Education Service Districts that are partially located in the service territories of the electric companies.

Excluded school facilities are any facility owned and operated by a school district that is:

- 1) Destined for closure within 2 years; or
- 2) Leased by a school district for non-educational purpose; or
- 3) Leased, but not owned, by a school district.

Exclusion from the audit requirement of any eligible instructional school facility requires an audit waiver and written notification to the Oregon Department of Energy annually.

Ineligible Facilities

School district facilities outside Portland General Electric or Pacific Power territories are not eligible for PPC funds. However, all school districts regardless of utility territory can participate in the Cool Schools program through the Oregon Department of Energy. This program offers funding and assistance for energy efficiency projects.

C. Energy Audit Requirement

School districts are required to conduct and completely implement audits in all eligible instructional school facilities, with PPC funds. On completion of this requirement, the school district may conduct and implement audits at other non-instructional facilities with approval by the Oregon Department of Energy.

Only energy efficiency measures that have been analyzed by a qualified energy auditor are eligible for funding.

Energy audits must be conducted according to the Oregon Department of Energy standards and performed by a qualified energy auditor. The Oregon Department of Energy maintains a list of current qualified auditors on its website:

<http://www.oregon.gov/ENERGY/CONS/SB1149/Schools/audit.shtml> .

See Appendix A for flow chart on the Audit Process.

Each eligible instructional school facility shall have met the audit requirement, if they have:

- 1) Performed a new audit; or
- 2) Updated an existing audit; or
- 3) Received a waiver for an audit.

Determining the Audit Type

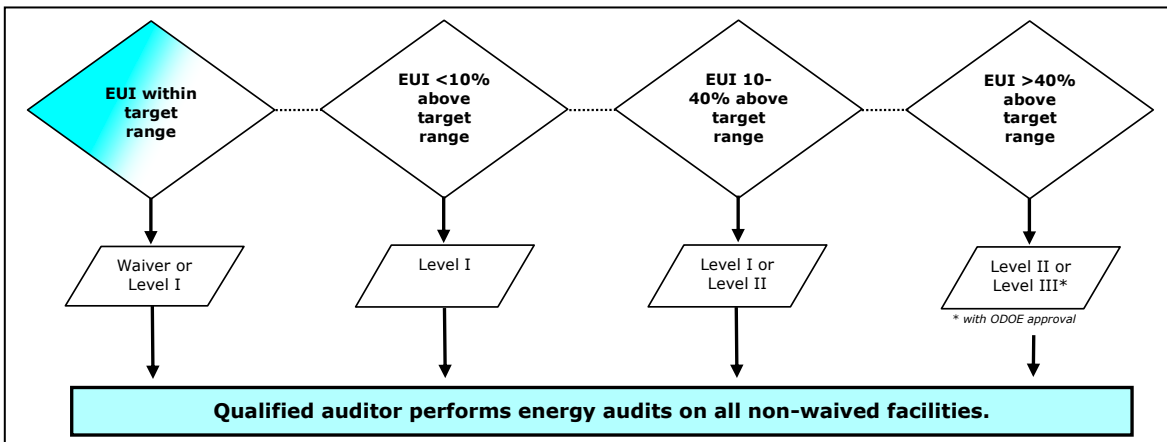
Three types of audits are used in the EESP to assess a facility's energy saving potential: Level I, II, and III. Audit types range from simple to complex assessment and are further described below. The required audit type is determined by comparing the baseline energy use index (EUI) for each eligible facility to the EUI Target Ranges. The relationship between the EUI and the target range is used to determine the appropriate level of energy audit.

EUI Target Ranges for Schools

REGION	SCHOOL TYPE	TARGET RANGE	TYPICAL OPERATING HOURS
Western	Elementary School	37,800 - 43,200 Btu/sf-yr	2,400 Hours
	Middle School	39,900 - 45,600 Btu/sf-yr	2,600 Hours
	High School	44,800 - 51,200 Btu/sf-yr	3,200 Hours
Eastern	Elementary School	47,600 - 54,400 Btu/sf-yr	2,400 Hours
	Middle School	46,900 - 53,600 Btu/sf-yr	2,600 Hours
	High School	46,900 - 53,600 Btu/sf-yr	3,200 Hours

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- 1) If the energy use index of an instructional school facility is within the recommended energy efficiency target range:
 - The audit requirement can be waived because the facility is relatively energy efficient; or
 - A Level I Audit can be performed at the discretion of the school district.
- 2) If the energy use index of an instructional school facility is within ten percent greater than the recommended energy efficiency target range, a Level I Audit must be performed.
- 3) If the current energy use index of a school facility is between 10 and 40 percent greater than the recommended energy efficiency target range, a Level I or II Audit is required. The type of audit performed is at the discretion of the school district.
- 4) If the current energy use index of a school facility is 40 percent greater than the recommended energy efficiency target range, a Level II Audit is required. A Level III Audit requires consultation and approval by the Oregon Department of Energy.



Types of Audits

Level I Energy Audit

A Level I Audit is a walk-through survey of a facility to assess current energy cost and usage and to determine energy saving opportunities. The audit identifies energy efficiency measures, both capital intensive projects and low-cost/no-cost measures, necessary to achieve energy savings. The audit provides a cost and savings analysis and simple payback period of all recommended measures.

Level II Energy Audit

A Level II Audit includes a more detailed building survey and energy analysis. A breakdown of energy use by system is required. The facility's equipment and systems are reviewed to evaluate and confirm equipment and system operating profiles, methods of control, equipment efficiency, and changes of facility energy usage that have occurred or are anticipated. The audit identifies low-cost/no-cost operations and maintenance procedures and capital equipment and installation costs. It includes calculations to support energy savings, costs, and simple payback period or life cycle cost analysis.

Level III Energy Audit

A Level III Audit consists of a detailed analysis of capital intensive measures similar to the energy audit described above, but adds detailed analysis and calculations and/or modeling to determine potential interactive effects of identified energy efficiency measures. This audit requires a detailed scope of work and prior authorization by the Oregon Department of Energy.

Audit Waivers

Audit waivers for instructional school facilities may be obtained for the following facilities:

- 1) A facility that has an energy use index within the target range; or
- 2) A facility that is destined for closure within two years; or
- 3) Any facility that is leased by a school district.

A school district must request an audit waiver annually, by written notification to the Oregon Department of Energy. The Oregon Department of Energy must review and approve or deny all waivers. Waived status can be removed from a facility by contacting the Oregon Department of Energy.

<p>No energy efficiency measures will be funded for waived facilities.</p>

New Facilities

A school district must inform the Oregon Department of Energy of the construction of a new facility. New facilities automatically receive an audit waiver for the first two years of operation. Annual energy use must be entered for a new facility and the second year of billing data shall be used to establish a baseline energy use index for the facility. Starting with the third year of operation and beyond, the facility will follow the same process for determining required audit level and measure implementation.

Facilities Requiring an Updated Audit

For audits older than three years, school facilities verify their existing audits by comparing their current year energy use index to the baseline energy use index at the time of the audit.

- 1) If the current energy use index is less than 110 percent of the audit energy use index, the existing audit and the measures identified in the audit are deemed valid.
- 2) If the current energy use index is greater than 110 percent of the audit energy use index, a new Level I or II Audit is required. The type of audit is at the discretion of the school district.

Audit Reports

All audits must include an energy audit report. An energy audit report is a detailed report prepared by a qualified energy auditor that includes a summary of recommendations, baseline building description, description and cost of energy efficiency measures, calculations that support estimated energy savings, simple payback period and/or life-cycle cost analysis. Audit reports must follow the energy report guidelines provided by the Oregon Department of Energy and must be entered into the Schools Interactive Database.

Eligible Audit Costs

Eligible audit costs are expenses for audit services to perform required audits and identify energy efficiency measures or renewable resource projects. All energy audits conducted to comply with the requirements of the EESP after July 1, 2001 by a utility representative or after October 5, 2002 by a qualified energy auditor are eligible for reimbursement by the EESP PPC funds available after March 1, 2002. Only energy efficiency measures or projects initiated and installed after March 1, 2002 are eligible for EESP funding.

D. Audit Measure Implementation

When all eligible facilities have met the audit requirement, and an implementation plan has been approved by the Oregon Department of Energy, a school district may implement energy efficiency measures according to the program guidelines.

Implementation Plan

A completed and approved implementation plan is required before a school district can begin implementing projects.

The purpose of the implementation plan is to:

- Verify that all required audits are complete and entered into the Schools Interactive Database; and
- Ensure that all cost-effective energy efficiency measures will be implemented (i.e., measures with a simple payback less than or equal to 20 years); and
- Ensure that measures that are not eligible for reimbursement with PPC funds are not implemented; and
- Designate and confirm funding sources available for proposed projects; and

- Ensure that the Energy Trust of Oregon funds are not co-mingled with EESP funds for the same measure; and
- Identify measures requiring commissioning and PCB disposal.

Information for the implementation plan is obtained and submitted via the Schools Interactive Database. The provided information includes measure descriptions, requirements, costs, and savings. In order to complete the plan, a school district shall identify the timeline for project implementation and funding sources expected to cover project costs. Completed plans are reviewed and approved by the Oregon Department of Energy.

Note:

Reimbursement for EESP projects is not allowed until the Oregon Department of Energy has approved an implementation plan for each eligible facility.

Tier I Audit Implementation

Tier I Audit Implementation is the implementation all energy efficiency measures identified in the facility audits with a simple payback of less than or equal to 20 years.

A school district has met the criteria for a completely implemented plan when all required measures have been implemented, or all eligible instructional school facilities in the school district are operating within the target energy use index range. A completely implemented plan must be achieved before proceeding to Tier II Audit Implementation.

Tier II Audit Implementation

When a school district has met the criteria of a completely implemented plan, the district may:

- 1) Implement other energy efficiency measures identified in their audits at instructional school facilities with a simple payback greater than 20 years and less than 40 years; or
- 2) Complete a new audit of eligible instructional school facilities; or
- 3) Complete audits of other non-instructional school facilities; or
- 4) Implement energy efficiency measures identified in audits of other non-instructional school facilities.

Or implement other eligible measures, including:

- Retro-commissioning of existing buildings; or
- Weatherization.

All eligible energy efficiency and operations and maintenance measures with less than a 40 year simple payback shall be implemented across a school district or until all facilities are within target range before proceeding to Tier III Audit Implementation.

Tier III Audit Implementation

When all schools within a school district have completely implemented plans for all eligible instructional school facilities, and have received authorization from the Oregon Department of Energy, then the school district may expend EESP PPC funds for:

- 1) Implement other energy efficiency measures identified in their audits at instructional school facilities with a simple payback less than 50 years; or

- 2) Complete a new audit of eligible instructional school facilities; or
- 3) Complete audits of other non-instructional school facilities; or
- 4) Implement energy efficiency measures identified in audits of other non-instructional school facilities.

Or implement other eligible measures, including:

- Staff training; or
- Initiating energy conservation education programs; or
- The incremental cost to purchase electricity from environmentally focused energy sources; or
- The purchase of a renewable energy resource project to replace or supplement power to the site. All projects require approval by the Oregon Department of Energy.

Projects with a simple payback of greater than 50 years are not eligible for EESP funding without the express written approval of the Oregon Department of Energy.

Eligible Costs

Capital costs directly related to the design, materials, installation, project management or commissioning an energy efficiency measure or program covered in these guidelines are eligible for funding. **Final project cost increases causing measure payback to exceed 50 years will require specific approval by the Oregon Department of Energy before being eligible for EESP funding.** Measures must be performed, installed, or implemented after March 1, 2002.

EESP funds may be used for energy efficiency improvements in the remodel or renovation of existing space, if the energy efficiency measure(s) were identified in an audit. Only the energy efficiency improvements are eligible for reimbursement from EESP funds.

Note:

Commissioning or retro-commissioning is required for the following energy-related capital projects funded by EESP PPC funds:

- 1) All HVAC and/or DDC capital projects exceeding \$50,000;
- 2) All boiler and chiller capital projects exceeding \$100,000;
- 3) Any other energy-related (e.g., lighting and lighting controls, building envelope) capital projects exceeding \$150,000.

Commissioning requires the consultation and approval of the Oregon Department of Energy. The Oregon Department of Energy maintains a list of currently qualified commissioning agents on its website: <http://www.oregon.gov/ENERGY/CONS/SB1149/Schools/commissioning.shtml> .

E. Reporting Requirements

The Oregon Department of Energy collects EESP related data from school districts through correspondence and with the use of the Schools Interactive Database. The Schools Interactive Database is the official record for the purpose of meeting requirements of the EESP.

Annual Eligibility Reporting

School districts shall submit a copy of the electric company billing statement that reflects the main meter usage for each eligible school site to the Oregon Department of Energy by the first day of October of each year beginning in 2001. All eligible school districts shall provide notification of a change in electric service provider to the Oregon Department of Energy within 30 days. All eligible school districts shall also provide notification to the Oregon Department of Energy if an educational facility has been closed or will be closing.

Annual Energy Use Reporting

School districts shall enter the annual energy use information for each eligible school facility by January 1 of each year. Energy use and cost information for all fuel sources is entered for the prior fiscal year. The square footage of the facility and the hours of operation shall also be verified for accuracy when entering energy use and cost information. For example, energy use and cost data for the 2005 fiscal year (July 2004 – June 2005) shall be entered into the Schools Interactive Database by January 1, 2006. The Schools Interactive Database can collect monthly usage data, which is preferred or annual usage data.

Audit Reporting

After performing an energy audit, the qualified energy auditor must report audit information through the Schools Interactive Database, for each facility audited. Information must include: date of audit, audit level, baseline energy use index, energy efficiency measure descriptions, measure costs, measure energy savings, measure cost savings, and cost of audit. The audit report, any backup documentation for the audit report and the Scope of Work approval form must be imported into the Schools Interactive Database.

Audit Implementation Plan

Prior to implementing measures, school districts submit an implementation plan to the Oregon Department of Energy for approval. The completed implementation plan report exported from the Schools Interactive Database includes all measures the school district is planning to implement, the funding sources to be used for the measures, and, where applicable, all measures and cost of measures implemented to date.

Audit Implementation Reporting

Following the implementation of an audit measure, school districts must report the installed measure costs, implementation date, and funding source and/or incentive amounts into the Schools Interactive Database. Enter information the same year the project was completed, even if reimbursement requests are planned for a later date.

Note:

Reimbursement for EESP projects are not allowed until the information for installed measures has been reported in the Schools Interactive Database.

Energy Education Reporting

School districts report the following information in the Schools Interactive Database after implementing energy education:

- Number of instructional hours, and
- Number of students by program; and
- Measure of success of program (benchmark or project completed); and
- Cost of energy education materials.

Environmentally Focused Fuel Sources Reporting

School districts report the following information in the Schools Interactive Database following the purchase of environmentally focused fuel sources:

- Alternative fuel source; and
- Incremental cost / kilowatt-hour or Btu; and
- Number of kilowatt-hours or Btu purchased; and
- Savings of CO₂.

Renewable Resource Reporting

School districts report the following information to the Oregon Department of Energy after implementing renewable resource projects:

- Renewable energy source; and
- Energy savings in kilowatt-hours, therms, or Btu; and
- Estimated avoided cost.

F. Other Financial Incentives

Projects identified by EESP audits are eligible to receive funding from the EESP and other incentive programs including, but not limited to, the Oregon Department of Energy - Energy Incentive Programs (formerly known as Business Energy Tax Credit) and the Energy Trust of Oregon. However, total funds from EESP and other incentives can not exceed the total cost of an eligible project.

Energy Incentives Program (formerly known as Business Energy Tax Credit)

The Energy Incentives Program pass-through option is available for a limited number of projects each year through the Oregon Department of Energy but can be used in conjunction with PPC funded projects.

Energy Trust of Oregon

School districts are required to contact Oregon Department of Energy prior to applying for Energy Trust of Oregon incentives. Use of Energy Trust of Oregon incentives must be approved by the Oregon Department of Energy.

School districts shall prioritize EESP funds for required energy efficiency measures before utilizing incentives for existing buildings from the Energy Trust of Oregon.

Energy Trust of Oregon incentives and funding from the EESP may be used within the same facility, but cannot be used for the same measure within the facility.

Financial incentives from all sources must be indicated and best estimated on the implementation plan.

G. Financial Requirements

With the passage of HB 2960, school districts will be receiving the PPC funds directly from the utilities on a monthly basis. The following information is to guide the districts in receiving the funds, tracking the funds and spending out the funds according to the law and the program guidelines.

Revenues

PPC funds should be received as revenue into a unique Special Revenue Account (200 Fund) setup by the district. The PPC revenues should be booked into the Special Revenue Fund using Source code 1990 - Miscellaneous Local Revenue. If capital projects are planned for the PPC funds, they should also be processed through the 200 Special Revenue Fund. These will be considered unobligated funds. Any credits from previously completed eligible projects that have not yet been fully reimbursed shall be noted on financial statements.

If the PPC project has been funded through a loan or a bond, then the PPC distributions should be recorded and tracked in a Debt Service (300 fund), Source code 1990 Miscellaneous Local Revenue code until the debt has been paid off. When the PPC debt obligation is paid off, the accumulation of funds beyond the incurred debt should be recorded in a unique Special Revenue Fund (200 Fund).

Expenditures

School districts may need a Board Resolution to appropriate the funds and get authorization prior to spending PPC funds.

Expenditures from the PPC funds shall only be used for energy audits, eligible costs related to eligible audit measures and commissioning costs for measures that require commissioning. After tier I and II activities are complete, funds can be used on tier III activities such as; energy education, the purchase of environmentally focused energy and renewable energy resource projects. All expenditures that will be reimbursed from PPC funds are required to be entered into the Schools Interactive Database in the appropriate location.

Expenditures should remain in the Special Revenue Fund and utilize Function codes 2540 - Operations and Maintenance for smaller projects or 4150 - Capital Projects for larger capital projects. The district will determine the appropriate object code.

Note:

The school district shall not utilize or transfer funds for reimbursement of eligible costs unless the following has been completed:

- 1) The annual energy use reporting requirements for all schools within the school district are entered into the Schools Interactive Database; and
- 2) The district implementation plan is approved by the Oregon Department of Energy.

Expenditure Documentation

School districts are recommended to create an expenditure reimbursement form for documentation and cost tracking. All expenditures related to energy efficiency measures should be broken out by the individual measure. Documentation related to expenditure reimbursement shall include the following:

- 1) Verification that the costs have been entered into the Schools Interactive Database (audit cost, final project costs for the implemented measure, commissioning costs for the implemented measure, etc.). Verification of this data entry could be a screen print of the database or a PDF of the data entry.
- 2) Verification of the cost. Acceptable documentation includes:
 - Schedule of values (broken out by specific energy efficiency measures) and one of the following;
 - CPA letter; or
 - Copy of payment coupon; or
 - Copy of issued check; or
 - Copy of paid invoice(s) by contractor(s) of specified work

Oregon Department of Energy recommends that school districts maintain these documents either in hard copy or electronically through the life of the program.

Note:

Due to the changes in the law some Education Service Districts will be transferring to the school districts PPC fund balances that have not been spent and were maintained by the Education Service District.

For those school districts that may have outstanding reimbursement requests with their Education Service District that have not been completely paid out, no funds will be transferred from their Education Service Districts. In these cases it is recommended that the school district obtain a copy of the reimbursement request and backup documentation that reflects the funds have been spent for the school districts files. The school districts shall still receive and record the PPC funds from the utilities in the special revenue account, but can then transfer funds until the outstanding reimbursement request is paid in full.

Education Service District Reimbursements

School districts that contract with an Education Service District to provide financial services must follow the Financial Requirements on behalf of the school district. Documentation related to expenditure reimbursement shall include the following:

- 1) Verification that the costs have been entered into the Schools Interactive Database (audit cost, final project costs for the implemented measure, commissioning costs for the implemented measure, etc.). Verification of this data entry could be a screen print of the database or a PDF of the data entry.
- 2) Verification of the cost. Acceptable documentation includes:
 - Schedule of values (broken out by specific energy efficiency measures) and one of the following;
 - CPA letter; or
 - Copy of payment coupon; or
 - Copy of issued check; or
 - Copy of paid invoice(s) by contractor(s) of specified work

Note:

The Education Service District will not provide reimbursement for a project unless the following has been completed:

- 1) The annual energy use reporting requirements for all schools within the school district are entered into the Schools Interactive Database; and
- 2) The district implementation plan is approved by the Oregon Department of Energy.

H. Program Verification and Quality Control

To maintain the highest level of quality assessment and performance for the EESP, Oregon Department of Energy will conduct verification of energy audits and implemented measures. Program verification:

- Documents that Public Purpose Funds have been spent on qualified expenses; and
- Provides assurance that energy audits are accurate; and
- Provides assurance to school districts that energy efficiency measures are installed correctly.

Verification and Quality Control of Audits

- 1) All energy audits are subject to review by the Oregon Department of Energy. Quality control reviews will include a sampling of audits at each audit level for all qualified auditors.
- 2) The Oregon Department of Energy provides training to all qualified energy auditors participating in the program to help ensure quality and consistency in audits and reports.

Verification and Quality Control of Implemented Measures

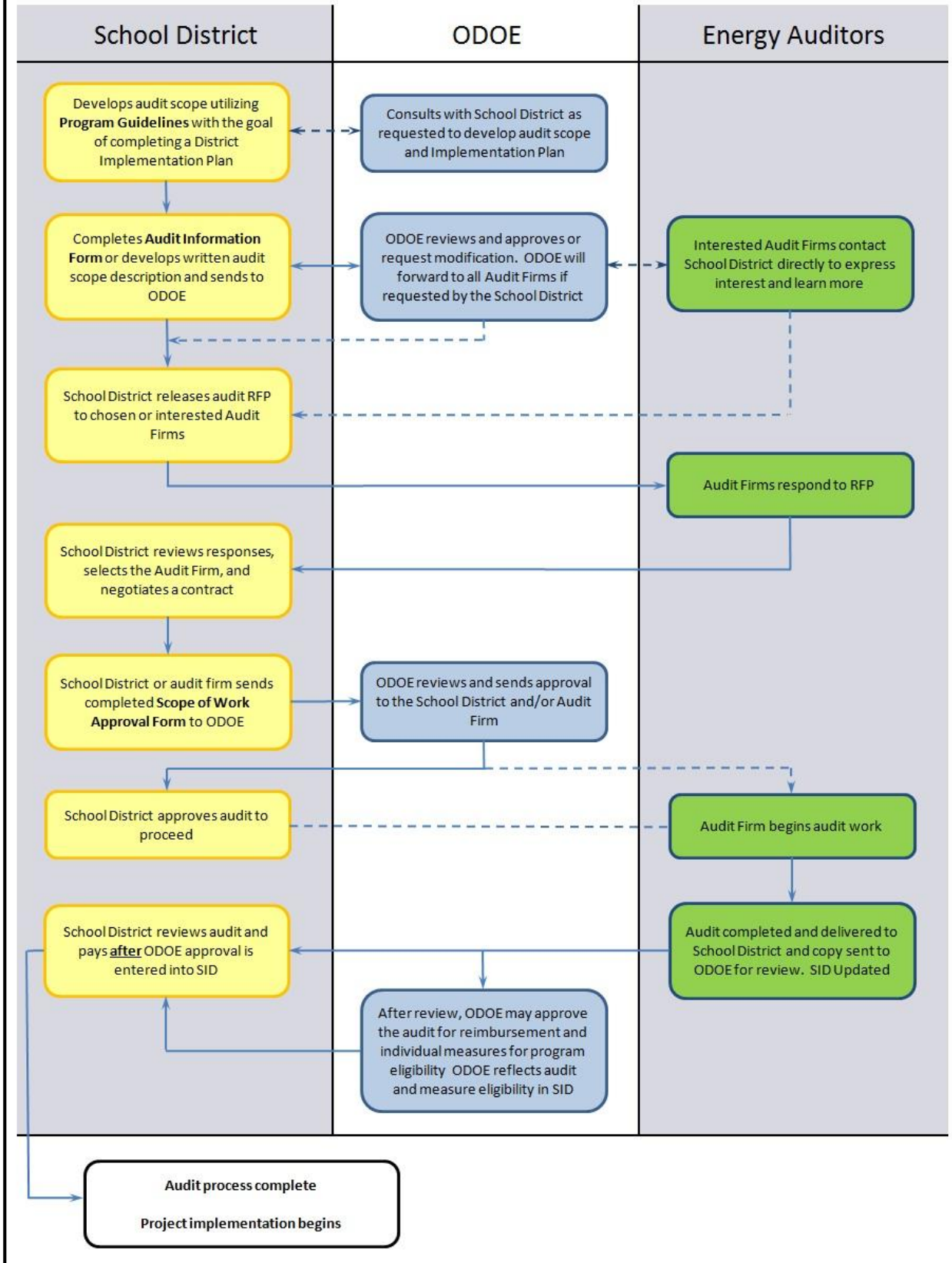
- 1) All energy efficiency improvements are subject to random inspection and verification by the Oregon Department of Energy. Inspectors can be an auditor, Professional Engineer, EESP staff, or an independent third party.
- 2) The following projects require inspection and verification by an auditor, Professional Engineer, Oregon Department of Energy, or an independent third party.
 - All HVAC and/or DDC capital projects exceeding \$50,000;

- All boiler and chiller capital projects exceeding \$100,000;
- Any other energy-related (e.g., lighting and lighting controls, building envelope) capital projects exceeding \$150,000.

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APPENDIX A

Audit Process Overview



APPENDIX B

Implementation Process Overview

