



February 27, 2013

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Dear Chairman Nichols and Board Members,

The University of California and UCLA have been deeply engaged in climate solutions planning for years. UCLA has been investing in energy efficiency for decades and in 1994 made a major investment in a Combined Heat and Power (CHP) plant. As a result of these early investments the campus has been able to reduce our greenhouse gas (GHG) emissions per square foot by 27% since 1990 and keep emissions nearly level despite a 40% growth in campus space. UCLA's current compliance costs are the direct results of its investment in a combined heat and power (CHP) plant. Additional resources, through allocation of allowance revenue, would allow us to expand on our demonstrated track record of delivering cost-effective emissions reductions projects. UCLA supports the University of California proposal that funds raised through cap and trade auctions be dedicated to expanding the Statewide Energy Partnership and CA Solar Initiative and combined with additional funds from the recipient to maximize the investment potential of established programs.

Directing auction revenue toward three pronged expansion of the Statewide Energy Partnership would enable UCLA to continue to run the CHP plant at full capacity and reduce our emissions, with a goal of reaching 1990 levels ahead of the AB32 2020 target. First, with an expansion of the Partnership to include CHP projects UCLA could fund retro-commissioning and upgrades, such as variable speed drives on the chillers that would result in increased plant efficiency. Second, expanding the Partnership to include UCLA and other campuses that are under Publicly Owned Utilities, as UC has proposed to CARB, would allow us to pursue energy efficiency projects on a much larger scale than we have done on our own. Third, through additional incentives, the Partnership could be expanded to cover "deep" energy efficiency projects. These projects have a payback period in excess of 10 years, but can attain energy savings near 50%. UCLA is able to generate most of its energy at its CHP, but has to purchase additional electricity from LADWP that nearly twice as carbon intensive and a high percentage of that electricity is generated from coal. These projects would allow UCLA to decrease reliance on purchased electricity and coal based power.

UCLA and the University of California also propose auction revenues be directed toward the CA Solar Initiative. Because of a municipal utility structure that does not allow power purchase agreements, UCLA has been unable to utilize the financial instruments that other entities have used to invest in solar. Furthermore, for UCLA to use the program to its full capacity, limitations in the treatment of campuses as a single location, instead of each building on campus, would need to be altered. Despite these limitations, the campus has still installed some PV, but has additional capacity available on roof and parking lot spaces. Funding from cap and trade would allow the campus to make a larger, long term investment in solar energy. The University of California has proposed to assist campuses through a \$1.5/watt equity contribution under the California Solar Initiative. Another important source of on-site renewable energy for the campus is biogas. Currently 6% of the gas for the UCLA CHP plant is landfill gas

that is sourced from a local landfill. Funding from the auctions could also be used to procure other sources of biogas.

Investing auction revenue in efficiency and renewable energy projects at UCLA and the University of California will further the cap-and-trade program goals and help California become a leader in reducing GHG emissions.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Powazek". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Jack Powazek  
Administrative Vice Chancellor