DATE: January 9, 2017

TO: Council Sustainability Committee

FROM: Director of Utilities and Environmental Services

SUBJECT

Overview of Regional Energy Efficiency Programs: Energy Council, EBEW, and BayREN

RECOMMENDATION

This is an informational report.

SUMMARY

The City of Hayward participates in regional energy efficiency programs including the Alameda County Energy Council, the East Bay Energy Watch (EBEW), and the Bay Area Regional Energy Network (BayREN). This report provides an overview of each program with information about governance, budget and programs. In addition, this report includes a brief discussion about the CPUC's efforts to change the state-wide administration of energy efficiency programs.

BACKGROUND

Hayward's General Plan, adopted by Council in 2014, includes the following four programs regarding regional energy programs:

> *NR-9. Financing Program for Residential Energy Efficiency Retrofits.* The City shall work with regional agencies and organizations to develop a residential energy efficiency retrofit financing program for single-family and multi-family homes.
>
> *NR-10. Financing Program for Commercial Energy Efficiency Retrofits.* The City shall work with regional agencies and organizations to develop a commercial energy efficiency retrofit financing program for commercial and industrial properties.
>
> *NR-12. Financing Program for the Installation of Residential Renewable Energy Systems.* The City shall work with regional agencies and organizations to develop a financing program for the installation of renewable energy systems on single-family and multi-family residential buildings and mobile homes.

NR-13. Financing Program for the Installation of Commercial Renewable Energy Systems. The City shall work with regional agencies and organizations to develop a financing program for the installation of renewable energy systems on commercial and industrial properties.

DISCUSSION

For several years now, staff has been actively involved with and a participant in programs funded by the Alameda County Energy Council, the East Bay Energy Watch (EBEW), and the Bay Area Regional Energy Network (BayREN).

Alameda County Energy Council – In 2009, StopWaste worked with all cities in Alameda County to pool funds from their federal Energy Efficiency and Conservation Block Grants (EECBG) to collaborate on energy efficiency programs – specifically Property Assessed Clean Energy (PACE) financing and the Energy Upgrade California program. In 2013, StopWaste's role in facilitating energy efficiency programs for Alameda County was formalized and a joint powers agency was established to create the Alameda County Energy Council.

The Energy Council works on behalf of its member agencies to develop and implement programs and policies that reduce energy demand, increase energy efficiency, advance the use of clean, efficient and renewable resources, and help create climate resilient communities. The Energy Council assists its members in strengthening staff capacity, providing technical expertise, and securing funds to implement local sustainable energy strategies

Governance – The Energy Council is governed by a Board of Directors made up of elected officials from its member agencies. A Technical Advisory Group comprised of staff representing participating jurisdictions meets monthly and provides input on program elements and coordinates energy program related activities within the County.

Budget – The Energy Council's budget for fiscal year 2016/2017 is approximately $6.2 million, most of which is funded by the Bay Area Regional Energy Network (see below).

Programs – The following program priorities were approved by the Energy Council Board for 2016-2018:

- Single-Family and Multifamily Retrofits
- Innovative Financing
- Labeling and Recognition Programs
- Codes & Standards
- Integrated Services for Small/Medium Commercial Business
- Water/Energy Nexus
- Fuel Switching
- Grid Solutions

Since 2012, the Energy Council has supported EBEW partnership through strategic planning, increasing staff capacity of participating jurisdictions, and promoting business participation in local energy efficiency programs. In 2016 Alameda and Contra Costa County jurisdictions voted for Energy Council to assume the role of Administrator of the partnership. In addition to energy efficiency programs, the Energy Council has assisted Hayward and other cities with technical assistance regarding zero net energy (ZNE); climate action planning, including greenhouse gas inventories; and resiliency planning.

East Bay Energy Watch – The East Bay Energy Watch (EBEW) is one of 21 local government partnerships with Pacific Gas and Electric (PG&E). EBEW, made up of the counties of and cities within Alameda and Contra Costa Counties, is the largest energy watch program in PG&E's territory. Energy Watch programs are funded by California Public Utilities Commission (CPUC) with California utility ratepayer funds. EBEW was initiated by the cities of Berkeley, Oakland, and Emeryville in 2004. Starting in 2010, other Alameda County cities began to participate and soon after, the program expanded to include active participation from most of the cities in Contra Costa County.

Governance – The EBEW is governed by a Strategic Advisory Committee (SAC), which is made up of staff from each of the member jurisdictions. StopWaste is the administrator and coordinates the SAC. The SAC is also supported by close involvement of PG&E staff. The SAC has two co-chairs, one from Alameda County and one from Contra Costa County. In 2017 and 2018 staff from San Pablo and Hayward will serve as co-chairs.

Budget – EBEW's annual budget is approximately $900,000, which funds a variety of programs described below. The annual budget is voted on by the SAC and is subject to approval by PG&E and the CPUC.

Programs – EBEW programs are operated by contractors known as program implementers such as Rising Sun, DNV-GL, Community Energy Services Corporation (CESC), and Quantum Energy Services & Technologies (QuEST). EBEW programs include:

- *Civic Spark*: The Civic Spark program places full-time college graduates within local governments providing sustainability assistance and building capacity to address climate change. The Civic Spark program is an AmeriCorps program administered by the Local Government Commission in partnership with the Governor's Office of Planning and Research.

- *Municipal Implementation Team (MIT)*: The MIT program serves local governments and special districts by providing technical assistance including engineering support, project development, Energy Star benchmarking, on-bill financing from PG&E, and monitoring performance of municipal buildings.

- *California Youth Energy Services (CYES)*: The CYES program provides Green House Calls to residents in participating jurisdictions. The Green House Calls are conducted by youth employees who check for resource conservation opportunities and install free equipment to help homeowners save energy, water, and money.

- *Small Business Programs:*
    - *Your Energy Manager (YEM)*: Businesses receive free analysis for energy and water efficiency upgrades, including incentives and financing options.
    - *SmartLights:* This program offers free technical assistance and instant rebates to help defray the cost of upgrading and/or repairing existing equipment. SmartLights helps with comprehensive lighting retrofits; refrigeration tune-ups, controls, and seals replacement; and referrals to appropriate HVAC programs.
    - *The Business Energy Services Team (BEST)*: BEST offers a comprehensive package of energy-efficiency measures. A free energy assessment is conducted to identify potential energy-saving equipment options and determine potential incentives. Participating independent contractors can install recommended improvements.

Bay Area Regional Energy Network – California's energy efficiency programs have traditionally been administered by the independently operated utilities as directed by the California Public Utilities Commission (CPUC). In 2013, the CPUC invited local governments to submit proposals for a new mode for collaboration and administration of energy efficiency programs. Los Angeles County and the Bay Area responded and beginning in 2013/2014, the CPUC has been funding the Southern California Regional Energy Network (SoCalREN) and the BayREN.

Governance - BayREN serves the nine county Bay Area and is administered by the Association of Bay Area Governments (ABAG). ABAG facilities a "Coordinating Circle" with representatives from each of the nine counties. StopWaste staff represents Alameda County on the committee.

Budget – The CPUC authorized a $13.3 million budget for BayREN's 2016 portfolio, which included three programs (single-family, multifamily, codes and standards) and three financing pilots. ABAG in turn provided the Energy Council with a budget of approximately $6 million for the programs listed below.

Programs – The Alameda County Energy Council serves as the regional program lead for the BayREN's multi-family program. In 2016, approximately $5.7 million of the Energy Council's budget was for the multi-family program, which included the Capital Advance Financing Pilot, Evaluation, Measurement & Verification (EM&V) activities, regional marketing activities and coordination of local outreach activities. Other BayREN programs that the Energy Council supports are:

- outreach for single-family programs including the regional Home Upgrade Advisor service, Home Upgrade, and Home Energy Score.
- local outreach for the Codes and Standards program.
- local outreach for the Commercial PACE program.
- local outreach for the Pay As You Save (PAYS) financing pilot programs
- manage the Bay Area Multifamily Capital Advance Pilot (BAMCAP), including recruitment of lenders and promotion of the financing product to property owners and multifamily brokers.

California Energy Efficiency Coordinating Committee – Historically, the CPUC has authorized energy efficiency programs on a three-year cycle. This has caused various programs and incentives to start and stop with the funding cycle, making it challenging for contractors, program implementers, and customers to carry out energy efficiency improvements. In 2013, the CPUC approved a ten-year funding approach implementing a "rolling portfolio" with periodic reviews to allow for more continuous funding of programs. In October 2015, the CPUC called for program administrators to submit Business Plans proposing programs that will achieve the CPUC's goals for the ten-year period from 2018 through 2028. Draft Business Plans have been prepared by BayREN, PG&E, MCE (Marin Clean Energy), the Local Government Sustainable Energy Coalition (LGSEC) and others. The CPUC established the California Energy Efficiency Coordinating Committee (CAEECC) to facilitate an open process for collaboration and review of draft business plans. Public comments on the business plans were due November 21, 2016 and final business plans are due to the CPUC by January 15, 2107. Regardless of the business plan selected by the CPUC, the regional landscape with respect to energy programs is likely to change in the coming years.

SUSTAINABILITY FEATURES

Participation in regional energy programs allows Hayward to benefit from regional marketing activities and to access funding that would otherwise be unavailable. Such programs focus on improving energy efficiency, increasing the use of renewable energy, and conserving water – all of which support the City's sustainability and long term greenhouse gas reduction goals.

NEXT STEPS

It is possible that East Bay Community Energy may seek approval from the CPUC to administer energy efficiency programs. If this occurs, it may result in a reorganization of the programs discussed in this report. Staff is currently working with EBEW to review different scenarios for how the various energy efficiency programs may be assigned and managed. Regardless, staff will continue to be an active participant in the programs described in this report and will update the Committee as new information becomes available.

Prepared by: Erik Pearson, Environmental Services Manager

Recommended by: Alex Ameri, Director of Utilities and Environmental Services

Approved by:

Kelly McAdoo, City Manager