

**Metropolitan Washington Council of Governments
777 North Capitol St. NE, Ste. 300
Washington, DC 20002**

**Built Environment and Energy Advisory Committee (BEEAC) Meeting Highlights
June 20, 2013**

Attendance:

Joan Kelsch, Arlington County, Co-Chair

Olayinka Kolawole, District Department of the Environment (DDOE), Co-Chair

Najib Salehi, Loudoun County

Bill Eger, City of Alexandria

Patty Rose, Enterprise Community Partners

Jessica Sorrell, Enterprise Community Partners

John Andreoni, Institute for Market Transformation

Sgt. Jim Flynn, Town of Bladensburg

George Nichols, DCSEU

Daniel White, DDOE

Isabelle Lgyrat, Citelum

Jean-Christophe Florenson, Citelum

Tim Stevens, Sierra Club

Steve Walz, NVRC

Will Volker, Efficiency Energy

Tom Brodenbaugh, Efficiency Energy

Lee Goldstein, DC DHCP

Emil King, DDOE

Mark Davis, WDC Solar

Beatrix Fields, DC DHCD

Deborah Groat, MAPT (By phone)

Garrick Augustus, Fairfax County (By phone)

Jenn Gallichio, MEA (By phone)

Lisa Orr, Frederick County (By phone)

COG Staff:

Julia Allman

Leah Boggs

Maia Davis

Jeff King

Joan Rohlf

Increasing Renewable and Energy Efficiency Penetration in Low- to Moderate-Income Communities

George Nichols, DC Sustainable Energy Utility

- DC SEU's Small-Scale Solar Initiative (DCSI) benefits low income communities in DC that don't have access to renewable energy technology. Because energy costs represent a higher portion of these residents' income, it's important to help them lower their home energy bills.
- The program identified "motivated" potential participants through community solar co-ops and DDOE programs, and provided solar systems at no out-of-pocket cost to the homeowner.
 - This was achieved through a combination of incentives, volume purchasing to decrease costs, and financing mechanisms including power purchase agreements (PPAs) and leases. Participants own the solar panels at the end of the completion of the project, though the installer or financier owns the SRECs generated.
- Program overview
 - The program is funded through the DC SEU, which receives ratepayer funds through a performance-based contract to DDOE.
 - The initial RFP process included a scope of 20 systems, but due to additional interest in the program, the final procurement was for 87 systems.
 - The program focused on residents of Wards 7 and 8.
 - Keys to success included: education and outreach through religious leaders, local community groups, and solar coops; leveraging existing resources; effective partnerships; and processes for early feedback. Strong political leadership was helpful (provisions under the Clean and Affordable Energy Act of 2008 and other legislation).
 - A challenge was to package incentives to make projects attractive and beneficial to the recipients.

Discussion:

- Were the contractors used in the program minority business certified?
 - Yes, only certified business enterprises participate.
- Is the program targeted at single family or multi-family homes? Could multifamily renewable energy have a greater overall impact?
 - This particular program focuses on single family homes, but other programs are available for multifamily housing residents.
- Does the program train community members in installation?
 - The training includes quality assurance and control. DC SEU also has an installer training program.
- How does the ratepayer funding for this program work?
 - On their Pepco and Washington Gas bills, DC energy customers have a small charge that goes to the Sustainable Energy Trust Fund.
- What is the level of incentives needed to keep projects at no cost to the participant?
 - Combined, it's about \$3.50 to 4.25 per Watt.

Jenn Gallichio, Maryland Energy Administration

- MEA's EmPOWER Clean Energy Communities Low to Moderate Income Grant Program provides funding to local governments and non-profits to conduct energy efficiency retrofits on the homes of low and moderate-income Marylanders. The grant program is going into its sixth year of operations.
- The program is part of the EmPOWER Maryland initiative, a statewide mandate to reduce per capita electricity usage and peak demand by 15% by 2015. The program is funded through the Strategic Energy Investment Fund, which leverages the revenues from the Regional Greenhouse Gas Initiative (RGGI) to help reduce greenhouse gas emissions.
- Grant requirements:
 - Must be used for energy efficiency projects. MEA has other programs to support renewables, but this one is specific for energy efficiency.
 - Must benefit those making less than 60% and 85% of median income for their county.
 - The funding should primarily go toward the purchase and installation of energy efficient equipment. A limited amount can be used for assessments, licensing, training, and education.
 - Projects can be residential, senior apartments, group homes, homeless shelters, etc. Many of the residential projects rely on the Home Performance with Energy Star model, using BPI certified energy analysts to do an audit and identify customized solutions for each home.
- Funding:
 - Grant money is allocated to each county, and grants are evaluated competitively within each county. Grants are awarded to those who best maximize the requirements, including most energy savings and most low-income participants benefitting. Year to year funding levels vary due to the variability of the RGGI carbon auction.
- FY 2013 Grant Cycle:
 - Local governments are encouraged to apply for this program, particularly new grantees.
 - The application will be released in late summer, with it due to MEA in October 2013. Award announcements will be made in December, and projects are executed in April through August.
 - To find out when the application is available, sign up for the MEA e-newsletter at <http://energy.maryland.gov/News/index.html> or visit the Governor's Grants Office site at <http://grants.maryland.gov/Pages/grantsHome.aspx>.
- Program website: <http://energy.maryland.gov/Govt/empowercleanenergycommunities.html>

Sgt. Jim Flynn, Town of Bladensburg

- Bladensburg is a grantee of the EmPOWER Clean Energy Communities Grant Program, and coordinates grant funding for a partnership of 14 towns and faith-based organizations in Prince George's County.
 - Faith-based organizations are important for identifying and reaching out to low-income families, particularly when those families are hesitant to self-identify as low-income.
 - The police force participates in the program to enhance community relations.

- Energy efficiency is a great investment for the community, because the money that is freed up from energy bills tends to go into the local economy.
- Bladensburg received the grant in 2012 and implemented the program as a partnership among 10 municipalities. They found houses that didn't qualify for retrofits because they were too deteriorated – mold, poor drainage, bats, etc.
- This year, a partnership with DHCD add additional funds (community legacy fund) to get houses up to condition so that MEA-funded weatherization can be applied
- Project goal – increase EE and reduce electricity bills
- The 2012 program received a \$214,500 grant from MEA, of which \$212,968 was used. The participating municipalities completed 36 home upgrades, and identified an additional 11 qualifying homes that needed too many repairs for a EE retrofit to be possible.
- For 2013, MEA allocated \$400,000 to the program, and the Department of Housing and Community Development allocated \$115,000 from the Community Legacy fund to go toward home repairs. Energy audits have been performed on 81 homes, and 21 have been indentified for Community Legacy fund involvement. The payback on projects this year is 7.2 to 7.4 years, an improvement over 2012 when the payback was between 8.5 and 9.5 years.
- Though the project is a collaborative effort, Bladensburg is taking the lead role in communicating with MEA and conducting administrative work for the grant. Bladensburg took a leadership role because they have enough of a budget reserve to cover costs in advance of grant reimbursement. A challenge that has come along with the collaboration is that there wasn't a precedent on how to encourage collaboration in the legal documentation that was required. The partners were able to talk through the process and resolved it.

DISCUSSION:

- Integration with community policing, attack broken window theory – any idea of impacts on community impacts/crime/policing?
 - Property value assessments and appraisals going on now
 - Down 8% in crime in Bladensburg; don't know about other towns
 - Down 10% in vandalism
 - Better relations with community – public work, police works

Deborah Groat, Mid-Atlantic Purchasing team

- The Mid-Atlantic Purchasing Team (MAPT) is a partnership between COG and the Baltimore Metropolitan Council to support cooperative purchasing for local governments in the Mid-Atlantic region.
- Using group purchasing, local governments can reduce the cost of renewable and energy efficient products. The first step is identifying districts to serve as the lead agency that issues an RFP and coordinates with other partners. Networks, such as MAPT, help to communicate quickly across the region to connect governments and other entities that are interested in purchasing a particular product.
- MAPT can provide assistance in developing cooperative/group purchasing for interested parties.

179D Energy Efficiency Tax Deduction, Will Volker, Efficiency Energy

- Efficiency Energy is a company that coordinates financial incentives for the design and implementation of energy efficient building systems. It has been working with DC Public Schools to garner savings from IRS Code Section 179D, by employing special rules for public entities. This rule allows public entities to negotiate with private contractors to receive a portion of the tax deduction.
- The IRS Code Section 179D is a tax deduction for building energy efficiency projects, generally lighting, HVAC, and building envelope improvements.
 - The deduction includes a special rule for government entities that allow them to assign the deduction to a “designer.” This entity may be an architect, contractor, or ESCO for example.
 - The one-time deduction is \$0.60 per square foot of space renovated, collected for the year the renovations are put in service.
 - Third-party validation of building improvement is necessary to take advantage of the deduction. The building must meet 50% savings over AHRAE 90.1.
 - Governments take advantage of the deduction by negotiating with the designer to receive a portion of the deduction.
 - The deduction generally makes economic sense for renovations at or over 40,000 square feet. Below that, the validation process, administrative costs, and low deduction payoff may not be worthwhile.
- This deduction is available to counties, cities, school districts, housing authorities, and anyone who owns buildings over 40,000 square feet.
- The current deadline to take advantage of the deduction of December 31, 2013, but an extension is expected. The program has been regularly renewed since being put in place in 2005.
- Currently, a bill in Congress (S. 3591) would ease requirements to participate in the program.

DISCUSSION:

- Is this deduction available for homes, could it be used to help the Bladensburg EE program?
 - No, but look at 179F – there may be applicable deductions there.
- What are the minimum project specs?
 - It’s profitable at 40,000 square feet, because of the cost of verification. It may also depend on the type of renovation. Lighting, for example, can cost about \$0.60 to \$1.00 per square foot, so the tax deduction makes up a big percentage of project cost. There are smaller margins for other renovations, but it’s still beneficial.

LED Street Lighting, JC Florenson, CITELUM

- Citelum is a worldwide streetlight management company that has recently been working with the District of Columbia to install LED street lights.
- Efficient street lighting helps governments budget more efficiently, enhance public safety, attain sustainability goals, and promote economic development.
- Citelum offers performance-based contracts to its clients to ensure that they receive energy and financial savings. Citelum provides financing for the project and monitoring of its performance and reliability.
- The company provides a number of services related to street light management, including lighting master plans (which include assessments of current lighting assets and performance), asset purchases (where they help local governments acquire street lighting equipment from their local utility), capital improvements, operations and maintenance, energy management and verification, and contractual and financial engineering (including public-private partnership and performance based contracts).
- The goal is to lower the total cost of ownership for cities while attaining greater sustainability.

Discussion:

- Have you faced a case where LED fixtures aren't appropriate given lighting constraints, such as wider streets? On Route 7 in Fairfax, LEDs were considered but the existing pole locations prevented their use.
 - Yes, there are some limitations – especially on wide streets. The technology is coming, but it's not available yet.
- There is a split incentive between the utility and the municipality—there's no incentive for the utility to install more efficient street lights, and the municipality pays a monthly rate, not based on kWh used. How do you address this, especially with lighting acquisition?
 - Purchase of equipment is included in our economic analysis, so that is not necessarily a barrier. The important thing to help move along an acquisition is political leadership. Once the government owns the street lighting assets, the split incentive is gone.
- Is it possible to have a contract that involves utilities?
 - It could be an option, if asset are left with utility, but this hasn't been done in US.

ROUNDTABLE

- John Andreoni, IMT – There are upcoming Public Comment Hearings for the 2015 IECC in Atlantic City in September. IMT has a proposal to fund local officials to go to the meeting and vote on code amendments that enhance energy efficiency in the code. We support a new performance-based path for code officials, which uses HERS for code compliance. Performance path allows for net zero bldgs., whereas the prescriptive path doesn't necessarily achieve that goal. We will discuss this at the next BE-EAC meeting.

- Lisa Orr, Frederick County – We are 1/3 of the way through the Solarize Frederick County volume purchasing challenge. It includes both solar PV and thermal. In the first 6 weeks, we have 30 contracts signed, with more in the works. Also, the Green Homes Challenge is completely online with interactive interface. www.Frederickgreenchallenge.org
- Bill Eger, City of Alexandria – Following this meeting, we will meet on local and regional energy assurance planning. EAP focuses on securing resilient and reliable energy resources for emergency response. It includes communications and relationships with utilities, governments, and other stakeholders.
- Joan Kelsch, Arlington County – The Arlington County Board met last Saturday and adopted the Community Energy Plan. It outlines measures to reduce per capita energy use by nearly 70% by 2050. The plan is available online at www.freshaireva.us. An implementation plan is under development.