

## Built Environment and Energy Advisory Committee (BEEAC)

Meeting Summary: January 21, 2016

### MEMBERS AND ATTENDEES:

Michelle Vigen, Montgomery County (Chair)  
Dan Bresette, Alliance to Save Energy  
Bill Eger, City of Alexandria (by phone)  
Shane Cochran, City of Alexandria (by phone)  
Najib Salehi, Loudoun County (by phone)  
Lindsey Shaw, Montgomery County  
Luisa Robles, Greenbelt (by phone)  
Lisa Orr, Frederick County (by phone)  
Rich Dooley, Arlington County (by phone)  
Kate Walker, City of Falls Church  
Tim Stevens, City of Falls Church  
Noel Kaplan, Fairfax County (by phone)

### COG STAFF:

Leah Boggs, COG DEP  
Maia Davis, COG DEP  
Sophie Earll, COG DEP  
Jeff King, COG DEP  
Isabel Ricker, COG DEP  
Madison Wagner, COG DEP  
Aaron Waters, COG DEP  
Steve Walz, COG DEP, Director

### 1. Call to Order and Introductions, *Michelle Vigen (Chair)*

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Chair Vigen called the meeting to order and attendees introduced themselves in person and by phone.

### 2. Jurisdiction Roundtable Updates

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**Falls Church:** The City of Falls Church is beginning work on its community greenhouse gas inventory. The city has also created a working group to guide the formation of a local energy committee, as well as beginning work on a Solarize campaign, with guidance and support from Arlington County.

**Alexandria:** The City of Alexandria has signed 10 contracts, the equivalent of about 32 kW, under its Solarize campaign since the start of the program in November 2015. The city expects to reach far more than this before the program is complete.

**Frederick County:** Frederick County is in the process of finishing its 2015 “power-saver” retrofits and aims to fund 150 more in 2016. In 2015, Frederick County was able to provide \$8,000 in retrofits at no cost to low income families and households.

**Greenbelt:** The City of Greenbelt is currently retrofitting its indoor and outdoor lighting through the use of sustainable community grants. Greenbelt has completed the retrofit of its outdoor lighting systems and will soon begin upgrading its gymnasiums and other indoor lights. The City of Greenbelt will be starting work on their 2015 greenhouse gas inventory soon.

**Montgomery County:** Montgomery County is hosting a commercial PACE open house to display PACE documentation and demonstrate the process to potential commercial customers. The county is also holding its third annual energy summit in April 2016. The Montgomery County Green Bank has received additional financial support for its efforts and currently has a proposal to elect a Board of Directors undergoing approval by a bank working group. Montgomery County is in the process of informing businesses about the June 1<sup>st</sup> commercial benchmarking deadline, as well as looking to hire a Residential Energy Manager to lead efforts on residential PACE and other residential energy efforts.

### **3. MSWG Update, Steve Walz, COG DEP, Director**

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The Multi-Sector Working Group (MSWG) was formed to identify viable and implementable actions that the region could take to meet the greenhouse gas reduction goals set forth in the National Capital Region Climate Change Report and to create an action plan to meet these targets. The MSWG’s two subgroups, energy and the built environment (EBE) and transportation and land use (TLU), created 22 strategies to achieve the region’s emissions reduction goals and analyzed the costs and benefits of these strategies.

The developed strategies were presented to the committees and the COG Board, which gave COG staff instructions to separate the strategies based on what was implementable across all the jurisdictions, what was only implementable in some jurisdictions, and what was only viable as a future consideration. COG staff determined that some jurisdictions will be able to exceed the targets and some will fall short, and grouped the strategies to reflect the different capabilities of the regional jurisdictions. Strategies were scaled back to present more realistic targets or moved into the “future consideration” category if they were determined not to be viable in the current situation.

The three categories were presented to the local officials of the MSWG on January 7, 2016. However, the local officials did not feel comfortable approving the recommendations until a final round of inputs were made from technical experts and committees. A questionnaire was created and will be distributed to local government staff to determine the capacities of the different regional jurisdictions in implementing the MSWG strategies, as well as what some localities are doing to meet the goals of the more aggressive strategies.

BEEAC members were asked for input on whether or not the MSWG survey should be sent out with the climate and energy survey COG sends to its member jurisdictions. Members agreed that the two should be sent together, but that the MSWG survey should be sent to only a few jurisdictions first to ensure it works well with the climate and energy survey.

#### **4. Draft Climate and Energy Survey Input, Reporting, and MWAQC-TAC Comments**

*Maia Davis, COG DEP Staff*

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The climate and energy survey asks for jurisdictional information on transportation, land use, the built environment, and energy. Each question is related to specific actions from the CEEPC action plan, but has been updated with additional questions to address the different needs of committees and localities. The last complete climate and energy survey was sent three years ago, but a full-length survey will be sent again this year because the CEEPC action plan is nearing completion and the committee will need the survey answers as guidance for a new action plan.

BEEAC members were asked if it would be valuable for COG to provide the answers their jurisdictions gave to the survey three years ago. Members decided it would be beneficial to have their prior answers and also mentioned that in previous years the climate and energy survey questions were very broad and only gave room for “all or nothing” responses. BEEAC members proposed that there be an “in progress” comment section to explain actions the jurisdiction had taken toward a certain goal thus far, but not necessarily completed.

BEEAC members were told that the MWAQC-TAC is interested in quarterly reporting from regional jurisdictions and that CEEPC and MWAQC are having a joint meeting on January 27, 2016 where this will request will be addressed. Members agreed that thus far, annual reporting has been substantial, but that they are open to hear the benefits of quarterly reporting. As a compromise, BEEAC members proposed continuing the annual climate and energy survey, but augmenting it with jurisdictional updates from the BEEAC meetings.

#### **5. Review of Comment Letter on EPA HDD Rule, Jeff King, COG DEP Staff**

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MWAQC-TAC is interested in creating a comment letter to send to the EPA on its Phase II Heavy-Duty Emissions Standard. TAC is presenting the letter at the joint MWAQC-CEEPC meeting with the aim of putting it forth to the EPA as joint letter from the two committees. COG staff is running the draft letter by BEEAC to see if the members have any specific inputs or take issue with any of the subject matter.

The members of BEEAC were also shown the four proposed amendments the Maryland Department of Environment made to letter and asked if these should be included. BEEAC members supported the comment letter to the EPA, but were unsure of the addition of MDE’s proposed amendments.

#### **6. ACPAC Environmental Justice Proposal Review, Maia Davis, COG DEP Staff**

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ACPAC is the public advisory committee to MWAQC and CEEPC. Last year, ACPAC identified environmental justice as its top priority and passed a proposal to ask all COG committees about capacity-building in environmental justice. ACPAC hopes to encourage environmental justice awareness and education through workshops, webinars, the development of an environmental justice toolkit, and the compilation of existing environmental justice resources in the region. ACPAC has asked that BEEAC flag any concerns with its environmental justice proposal before it moves onto CEEPC and MWAQC. ACPAC also recognizes that certain jurisdictions may have their

own environmental justice efforts and does not want to infringe on these efforts or compromise already existing environmental justice staff with this proposal. ACPAC is looking for input and guidance on the recognition of legal authority and ability to take action on environmental justice in each jurisdiction.

BEEAC members recommended that the proposal move forward because they are also interested in environmental justice, but also mentioned that the committees and jurisdictions will need more time and detail to address this issue going forward. BEEACE members asked to receive an update next meeting.

#### **7. Legislative Updates, Isabel Ricker, COG DEP Staff**

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Maryland and Virginia's 2016 General Assembly sessions began last Wednesday, January 13. In Maryland, several bills of interest have already been introduced, and a few more are expected to be introduced soon. The Clean Energy Jobs Act (not yet introduced) will increase the RPS to 25% by 2020 (up from 20% by 2022). Related, the Greenhouse Gas Reduction Act sunsets this year and there is an effort to extend it and to include the increased RPS targets. There is also a bill (HB 105 + SB 173) to remove the 100kW cap on renewable energy systems that are eligible for PACE financing. This would allow systems up to the 2MW new metering cap. There is also a bill (SB 18) to exempt energy delivery to Home Owners Associations (HOAs) from state sales tax, and a bill (SB 168) to require landlords and HOAs to allow residents to install EV chargers. We are tracking a few other bills that should be introduced soon, particularly on residential PACE, a state Green Bank, and energy storage.

In Virginia, the alternative Energy and Coastal Protection Act (not yet introduced) would enter Virginia into the Regional Greenhouse Gas Initiative (RGGI), and use the proceeds from carbon credit sales for coastal and sea level rise protection/resilience projects, renewable energy and efficiency investments, economic development, and other similar efforts. The Jobs and Energy Security Act (not yet introduced) would resolve the legal issues or grey-areas of Power Purchase Agreements (PPAs), and make it much easier for third-party ownership models of renewable energy systems. This is a big priority for the local solar industry. The bill would also raise net metering caps and expand aggregate net metering. Other bills we are watching include: enabling residential PACE (HB 941), allowing EVs and energy storage to participate in net metering (HB 1137), establishing an energy efficiency revolving fund (HB 493), and enabling community solar and solar gardens (HB 618).

#### **8. Energy Financing Training Session, Dan Bresette, Alliance to Save Energy**

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Dan Bresette gave a high-level overview of general and energy financing and business cases for energy efficiency and renewable energy generation. He detailed some common hurdles encountered in energy financing agreements, like security versus energy saving concerns, the scarcity of financing for large energy projects, regulation risks and concerns, especially among utilities that do not want to deal with the increased regulation that comes with residential energy financing, and legal exposure. He explained some important attributes of energy, like the non-financial benefits of energy efficiency upgrades and the control of expenses over time. Dan also provided BEEAC members with high-level information about local government capacities and capabilities in terms of access, decision-making, and security in energy financing.

**Discussion:**

When questioned by the members of BEEAC, Dan provided an explanation of the way property-assessed clean energy (PACE), power purchase agreements (PPAs), and energy service companies (ESCOs) and their energy service performance contracts relate to liens, loans, and security risks. He discussed, differentiated, and defined these innovative mechanisms to BEEAC members.

ESCOs have a bad reputation because there have been some bad deals in local governments that do not understand how to properly work with an ESCO contract. BEEAC members asked who should bear the risk in an energy financing contract with an ESCO and who traditionally does bear the risk. Dan mentioned that local governments should have a role in helping existing building stocks and owners become more promising loan opportunities by increasing their understanding of risks and programs and what loans are offering.

Where does green bank concept fit into ESCOs? ESCOs are suited to larger projects. Green banks provide centralization, familiarity, and focus subsidies for underserved sectors. Green banks are designed to focus financing on specific concerns and areas that are underserved by traditional financing. These banks loan money to implement green energy projects. Green banks are separate from the government and decrease risk perception from other lenders for energy efficiency projects. Green banks and SEUs should complement each other because they do not have to compete for funds. Green banks and SEUs can be suited better to different sectors.

In conclusion, Dan discussed the large takeaways from energy financing. What works well? Programs that acknowledge their limitations, offer technical assistance, and are treated like a constituent service by focusing on the benefit of the consumer. What often fails? Programs that are based on outdated legislative authority or based on the assumption that best practices are transferrable between different areas that can be very different. What do we need more of? Energy financing needs more focus on organizational barriers and providing technical assistance to borrowers and lenders. What do we need less of? Energy financing could focus less on the strictly monetary aspect of financing, less on pre-supposed outcomes, and dependence on existing programs. What are some opportunities for energy financing? Community solar, low-income areas, and utilizing residents' increased understanding and interaction with their homes and the energy they use.

**9. Upcoming Meetings and BEEAC Adjournment**

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- CEEPC/MWAQC Joint Meeting – January 27
- BEEAC Planning Call – February 4
- BEEAC Meeting – February 18