

Draft Meeting Summary

COG Climate Energy and Environment Policy Committee (CEEPC)

November 16, 2011

Members and Alternates Present

Hon. Al Carr, Jr., Maryland House of Delegates

Hon. J. Davis, City of Greenbelt

Hon. Jay Fiset, Chair, Arlington County

Hon. Andrea McGimsey, Loudoun County

Hon. Del Pepper, City of Alexandria (phone)

Hon. Jonathan Way, City of Manassas

Dr. Kambiz Agazi, Fairfax County

Lyn Erickson, Maryland Department of Transportation

Sam Moki, Prince George's County

Melissa Adams, Washington Gas

Michael Barancewicz, Loudoun County Public Schools

Sarah Cosby, Dominion Virginia Power

Robert Grow, Greater Washington Board of Trade

Rachel Healy, WMATA

Suseel Indrakanti, Cambridge Systematics (phone)

Julia Koster, National Capital Planning Commission (NCPC)

Julie Locascio, DC Sierra Club

John Lord, Loudoun County Public Schools

Stephen Pattison, Maryland Clean Energy Center

Steve Walz, NVRC

Others Present

Nina Albert, District Department of the Environment (DDOE)

Julia Allman, University of Maryland

Erica Bannerman, City of Alexandria

Keith Curtis, US Department of Commerce (DOC)

Larisa Dobriansky, Arlington County

Rich Dooley, Arlington County

Bill Eger, City of Alexandria

Dave Good, District Department of the Environment (DDOE)

David Molchany, Fairfax County

Jane Siegel, US Department of Commerce

Tim Stevens, City of Falls Church

Bill Updike, DDOE

Pamela Vosburgh, 2RW Consultants

David Wickline, Ygrene Energy Fund

Leslie Cook, US Environmental Protection Agency (EPA)

Staff Present

Jeannine Altavilla, Environmental Planner, Metropolitan Washington Council of Governments (COG) DEP

Leah Boggs, Environmental Planner, COG DEP

Amanda Campbell, Environmental Planner, COG DEP
Stuart Freudberg, Director, Department of Environmental Programs, COG DEP
Jeff King, Principal Environmental Planner, COG DEP
Erin Morrow, Transportation Planner, COG DTP
Joan Rohlf, Director, Environmental Resources Programs, COG DEP
Daniel Sonenklar, Transportation Planner, COG DTP

1. Call to Order/Introductions/Chair Remarks

Chair Fiset called the meeting of the Climate, Energy, and Environment Policy Committee (CEEPC) to order at 9:37 a.m.

Chair Fiset announced that COG is receiving membership applications for fifteen stakeholder positions on CEEPC.

2. Approval of Meeting Summary for September 28, 2011 and Amendments to the Agenda

The meeting summary for the September 28, 2011 meeting was approved with no changes.

3. Building Energy Performance Benchmarking/Labeling, Regional Use of EPA Portfolio Manager Master Account Sharing (Leslie Cook, EPA; John Lord and Mike Barancewicz, Loudoun County Public Schools)

The Climate and Energy Action Workplan has several goals related to benchmarking energy performance: 80% of jurisdictions track and benchmark energy performance in government buildings, 60% disclose government building energy performance, and 50% require commercial building energy benchmarking.

Ms. Cook provided an overview of Portfolio Manager (PM) and described the Master Account Sharing functions. Over 400 ENERGY STAR certified buildings are located in the Metropolitan Washington region, and thousands of buildings are using PM. Certified buildings use 35% less energy than their peers.

PM helps track and monitor building energy and water data with the goal of reducing waste, reducing costs, and reducing greenhouse gas emissions. Some commercial and institutional buildings are rated on an energy performance scale that compares their energy use to similar buildings across the country. Building energy performance ratings are normalized for weather conditions. Users can track any building's energy and water use, benchmark against previous performance, and calculate 'energy use intensity' through PM. PM can assist in reporting requirements for use of American Reinvestment and Recovery Act (ARRA) funds. Users can more easily identify buildings that consume higher amounts of energy per square foot to prioritize actions. The tool can track and communicate cost savings of investments. High performing buildings can apply for ENERGY STAR certification. Federal buildings are using PM as part of the federal initiatives for sustainability tracking and goal setting.

Residential building performance can be gauged using a separate Home Energy Yardstick tool that gives each home a score from one to ten. The tool includes a greenhouse gas calculation.

The Master Account Sharing Function is a flexible function of PM that allows data sharing at any user-defined geographic scale or group such as within one organization, or across a region such as the Metropolitan Washington Region. Users can also define preferred levels of access and public disclosure.

Mr. Lord stated that PM's free, standardized system has allowed Loudoun County Public Schools (LCPS) to track their portfolio of buildings. LCPS used information in software that was already tracking building energy use to export to PM. While exporting data may not be as easy for all jurisdictions, the benefits of using the

tool outweigh the difficulties in obtaining initial data. Both energy efficiency investments and behavioral changes are essential strategies. Behavioral and operational changes have been shown to produce substantial energy savings. Advanced equipment installed in buildings still requires correct user operation to be effective. PM provides a way to easily share comparable data. The Master Account feature has allowed LCPS to share their portfolio of buildings through a VEPGA agreement. As part of this new agreement Arlington County and Virginia Beach are also sharing their building data.

Mr. Barancewicz found that PM promotes efficient management of energy by pooling utility bill information for numerous buildings. LCPS began tracking building performance with PM in 2008. The tool and EPA awards based on performance have catalyzed public support around energy efficient buildings. Mr. Barancewicz suggested that if the COG region shared energy data, a reduction in energy use would result.

PM can create a building report that could be used as a building label. There is interest in creating a national standard for building labeling, and EPA is open to working with interested partners to create a national standard.

The Greater Washington Board of Trade could help promote use of PM in the commercial sector. Local businesses that already use PM with several buildings could provide testimonials.

Chair Fisetta said that information sharing can be a tool to reach the region's energy saving goals. Master Account sharing should be added to the workplan. He requested that COG follow up with Leslie Cook on regional ENERGY STAR buildings data summary and PM functions and metrics that would be helpful to COG's jurisdictions.

4. Energy Project Financing: PACE Programs

(Nina Albert, DC DOE; David Wickline, Ygrene Energy Fund)

Nina Albert reported that the District of Columbia hired a consultant to design and administer a PACE program, focusing on commercial buildings since they are responsible for a high proportion of greenhouse gas emissions. By combining the public sector's ability to amortize payments over the long term and the private sector's access to immediate capital, the District hopes to create demand for these building improvements. Proving demand and establishing sound financial structures such as credit enhancements will allow the District to demonstrate PACE's financial viability. Ms. Albert acknowledged that, in the District of Columbia, warnings from federal regulatory agencies about using this structure in the residential sector have hindered lender consent. The District plans to incorporate lender consent into its financing policy.

David Wickline stated that the biggest obstacle to energy efficiency is upfront financing costs; PACE is one vehicle to overcome this. His company, Ygrene Energy Fund has funded over \$50 million in energy efficiency investments for commercial and residential buildings since 2009. Ygrene provides a turnkey solution for local governments by administering the program for the local government, and securing private financing. Ygrene has partnered with Barclays Capital, who is willing to provide capital to meet all demand for PACE loans. A market of \$50 to 100 million will help to keep the programs going nationwide. Underwriting criteria will ensure that energy efficiency benefits arranged through the PACE programs will result in net cash flow savings to owner, making them more financially stable.

Loan underwriting criteria based on US Department of Energy (DOE) and White House guidelines safeguard the borrower and the market. The property owner must have demonstrated their ability to pay their taxes for several years, the property must have no more than 85% debt to value ratio, and only reputable vetted contractors are allowed. Their business model has proven successful in Sonoma County, California, and the company will soon expand service to the Sacramento area.

On the residential side, lender consent to PACE participation is a potential roadblock despite the fact that overall energy efficiency provides a cost reduction given loan underwriting criteria. Since PACE involves a property tax payment that is senior to the mortgage, in many localities, lenders must give consent to the PACE financing. In Sacramento only lender notification is required.

Supervisor Andrea McGimsey recommended that COG convene a meeting with local financial officers, a representative from Ygrene, and elected leaders to begin a public dialogue on this issue and how to move forward.

PACE Now is an organization that tracks federal legislation related to PACE and is a good resource.

In Virginia there is a group lobbying for commercial PACE legislation. There are currently negotiations with DOE for a grant to examine implementing commercial PACE in Northern Virginia. If it moves forward, they will consider regulations in the District for consistency. The National League of Cities is also looking at commercial PACE.

Chair Fisetto observed that lender consent was desired in the District of Columbia, but other jurisdictions may have different risk tolerances and choose different approaches. Chair Fisetto suggested a COG role in supporting PACE among jurisdictions, and tasked staff with appropriately timing any necessary meetings.

5. Projects and Subcommittee Updates

- a) **Integrated Community Energy Project** (Jeff King): At 1pm today Mark Spurr from FVB Consulting will present the final report assessing the region's policies and processes and the business case for different community energy technologies.

COG co-sponsored a community energy forum in Arlington on Monday, November 14.

NVRC is holding a forum called "Opportunities for Implementing District Energy Systems in Virginia" in conjunction with Urban Land Institute and COG on December 14. The forum will examine Virginia legal issues and investigate Loudoun County's district energy potential.

- b) **Outreach Campaign Update** (Joan Rohlf): The Outreach Subcommittee is looking at expanding their energy focus to a broader sustainability message to include water conservation, recycling, and waste reduction. The subcommittee is developing a sustainable living checklist and an implementation plan. More details will be presented in January.
- c) **Electric Vehicle Work Groups** (Leah Boggs): COG has embarked on a year-long electric vehicle planning initiative, with meetings this fall held on September 27 and October 18. The next meeting will be November 29. Dr. Agazi and Olayinka Kolawole are co-chairs. Initial examinations looked at permitting policies and codes and the regional household travel survey. Next the group will focus on integrating EV planning with comprehensive plans, and analyzing and mapping future demand. The group aims to produce a best management practices report that includes inspection guidelines, policy language and residential/workplace demand forecast. CEEPC will be asked to comment on the draft version of the report.

Chair Fisetto recommended exploring revisions to the workplan that specifically highlight EV planning.

- d) **Solar Initiatives Update** (Jeff King): Since this spring, COG has helped organize a large cooperative solar purchase. EPA paid for 170 on-site surveys; most are completed. In addition to municipal and public school sites, some assessed sites include Metro stations and hospitals.

Power purchase agreements may be an issue in Virginia. Sarah Cosby said that there is still a mechanism for the cooperative purchase to work if the panels are purchased and leased by the owner of the property, although it may need a legislative solution. There are some state regulatory issues with power purchase agreements due to restrictions on who can supply and sell energy. There may be ways to work around the new regulations, such as if installations are consolidated at a minimum of 5 megawatts, or if projects are deemed fully renewable.

Chair Fisetto recommended investigating and tracking this issue to ensure that regulatory obstacles do not inhibit investment in renewable energy. He added that the Solar Forum held in October was excellent.

- e) **Update on State and Federal Actions** (Jeannine Altavilla): There are no updates to report on previous bills. COG is tracking one bill introduced to the House of Representatives involving extending the residential energy tax credit for four years. A second bill was introduced in the Senate that would require an energy efficiency rating to be included on home property value assessments. With the state sessions opening in January, there will be more updates to come.

6. Adjourn

Chair Fisetto announced that this was Supervisor McGimsey's last meeting with the committee. Chair Fisetto joined the committee in commending Supervisor McGimsey for her contributions and dedicated leadership.

The next meeting is scheduled for January 25, 2012 from 9:45am to noon. There being no other business, the meeting was adjourned at 12:05pm.