

## Built Environment and Energy Advisory Committee (BEEAC)

Meeting Summary: December 15, 2016

### BEEAC MEMBERS:

- Michelle Vigen, Montgomery County (*Chair*)
- Richard Dooley, Arlington County
- Joan Kelsch, Arlington County
- Stefanie Kupka, City of Fairfax (\*)
- Kate Walker, City of Falls Church
- Lisa Orr, Frederick County (\*)
- Dyan Backe, City of Gaithersburg (\*)
- Lindsey Shaw, Montgomery County (\*)
- George Jones, City of
- Bernard Devlin, City of Edmonston
- Stephanie Kupka, City of Fairfax
- Kate Walker, Falls Church

### ATTENDEES:

- Gregory Miller, Georgetown University
- Elizabeth Bellis Wolfe (\*)
- Johanna Zetterberg, SEE Action (\*)
- William Marsh, Fairfax County (\*)

### COG STAFF:

- Leah Boggs, COG DEP
- Jeff King, COG DEP
- Michael Truax, COG DEP
- Amanda Campbell, COG DEP (\*)

(\*) Indicates participation by phone

#### **1. Call to Order and Introductions, Michelle Vigen, Montgomery County, BEEAC Chair**

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Called the meeting to order and attendees introduced themselves in person and by phone. The meeting minutes from the October 20, 2016 meeting were approved by the attendees.

#### **2. Jurisdiction Updates and Announcements, Michelle Vigen, BEEAC Chair**

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**Falls Church:** The City of Falls Church has submitted comments to the Virginia Department of Environmental Quality inquiring about the Volkswagen emission settlement to request financial funds. The city encourages other Virginia communities to do so too. Falls Church has spoken with eLion, a Canadian bus company, concerning an electric bus system, however, the inquirers are

strictly for gathering further information as moving forward might be too expensive. The city is waiting for Arlington to finalize its C-PACE to see if an opportunity to become a rider is possible.

**Arlington County:** Arlington County was invited to provide an update on the development of its C-PACE program in Norfolk to address approximately 30 people. The update included how far along Arlington is with the process, the expected benefits, and future goals with the program. Arlington has been working with multiple departments to finalize its C-PACE contracts, and are hopeful that they will be signed by the end of the calendar year. The county will know which PACE company will be in charge of running the program, who the C-PACE administrator will be, and if they will receive the County Board's approval to move forward. They already have contracts from interested parties to participate in the county C-PACE program going forward. There are also numerous regional municipalities that have inquired about an opportunity to ride on to the C-PACE contracts.

Arlington County is continuing its energy efficiency rebate program. The focus is on social out-reach efforts such as social media, newsletter, and other outreach programs. They are specifically targeting issues that focus on local news in an attempt to get Arlington residents excited and interested. The county will have an advisory group that is composed of Commissioners that will explore opportunities for a street light advisory plan at some point in 2017.

**Town of Edmonston:** The Town of Edmonston has won an Outstanding Achievement award for their sustainability efforts. Edmonston is moving forward with an electric vehicle charging station that will be free for public charging. The town is planning a second green street project.

**Frederick County:** Frederick County recently had its C-PACE program approved by the County Commissioners. There have been high public interests in the project, but it still has a lot of work that needs to be done before it is rolled out. The county has discussed a potential project that will explore the feasibility of procuring electric buses. The discussion has been led by a work group to explore challenges that the project could potentially face, such as if the buses can run efficiently during cold weather. Frederick County has performed 144 energy audits for residential buildings.

**City of Fairfax:** The City of Fairfax's Environmental Quality Advisory Committee (EQAC) presented its Annual Report on the Environment to the City Board of Supervisors. A public meeting will be held on Wednesday, January 11<sup>th</sup>, 2017 to provide for public comment on the annual report.

The City of Fairfax plans to ride onto Arlington County's C-PACE program once it is finalized. The city plans to pursue funds from the Commonwealth of Virginia and VW that will be allocated in the VW settlement.

**City of Gaithersburg:** Gaithersburg plans to opt into Montgomery Counties energy benchmarking program.

**Montgomery County:** Montgomery County's C-PACE program currently has its first program under development, and will hopefully have a few more projects contracts finalizing soon. Urban Ingenuity offers civic-pace option to assist non-profits finance energy upgrade projects while providing a low interest rate. The county just launched a website, [www.mcpace.com](http://www.mcpace.com) to help potential customers

learn more about program. The Montgomery County Green Bank will assist with C-PACE financing, and will receive some funding through the Exelon merger settlement. The Maryland Clean Energy Center's (MCEC) Residential PACE Report recommended that no legislation be pushed forward this year for R-PACE development.

### 3. COG Updates, Leah Boggs, COG DEP

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- **COG Grants**

- **Fleets for the Future Project**

COG is hoping to achieve one national contract for private vehicles for public fleets. COG wants to make a regional, Mid-Atlantic cooperative procurement to supply all public fleets in the region with the opportunity to buy down the costs for alternative fuel vehicles. There needs to be a comprehensive effort that includes fleet managers, sustainability managers, and technical director's advice and support for procurement of the AFV's and the infrastructure requirements for any equipment that will be purchased during the procurement process. A RFP will close in January, and will request information from jurisdictions to see if they are still interested in procuring the discussed AFV's after seeing the offers. COG will look to include the VW settlement funds into the procurement process. The Washington Auto Show is coming up soon and will have the opportunity for willing participants to attend a boot camp to help get together auto managers in jurisdictions to help them figure out which vehicles they should inquire about procuring.

COG is keeping track of two pots of funds that are included in the VW settlement. One pot will be given directly to the states, and will need input on how to allocate funds. Virginia will receive \$87 million, D.C. \$7.5 million, and Maryland \$57 million. The second pot is allocated by VW itself. A RFP for receiving these funds is due by 1/16/17. VW's pot focuses on EV and EV infrastructure, outreach and education, and EV planning efforts. COG wants to organize an effort to seamlessly receive the funds for the entire region to prevent all the municipalities go after it individually. VW's pot is \$2 billion, to be distributed over 10 years. COG is attempting to get involved with both pots but the VW fund is a priority. <http://www.fleetsforthefuture.org/>

- **Energy Registry**

COG is participating in a project funded by NYSERDA to create a national energy registry. The goal of the project is to look at our energy utility data collection model compared to other municipality models in an attempt to develop a national model that can more efficiently stream line the utility data collection efforts nationally. This will help determine what methods should be used when requesting energy data from the utilities to receive a more thorough emissions database. This project has not yet started.

COG has another DOE grant with Bellevue, Washington to develop a regional GHG inventory. The project will look at what the drivers of change were for the regions GHG emissions.

- **Mid-Atlantic PACE Update**

COG is not receiving any funds for this project but will be a part of an advisory team that is led by Virginia to develop a commonality effort for PACE in the VA-DC-MD area.

#### **4. Panel Discussion: Energy Efficiency Project Financing Tools for State and Local Governments**

*Panel Facilitator: Michelle Vigen, BEEAC Chair*

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- *Johanna Zetterberg, State and Local Energy Efficiency Action Network (SEE Action)*

SEE Action is a network of over 200 leaders and professionals led by state and local policy makers to bring energy efficiency to scale at the state and local levels. It is facilitated by the DOE and EPA, and is a successor to the National Action Plan for Energy Efficiency (NAPEE). Its goal is to bring all cost-effective energy efficiency projects online by 2020. SEE Action's eight listed goals to provide effective energy efficiency are: 1) improve customer information & behavior; 2) provide residential energy efficiency retrofits; 3) provide energy efficiency retrofits to existing commercial buildings; 4) improve efficiency measures in building energy codes; 5) endorse ratepayer funded energy efficiency policies; 6) support industrial energy efficiency & CHP measures; 7) develop effective financing solutions; and 8) support programs that provide effective evaluation, measurement and verification (EM&V).

SEE Action's focus on energy efficiency is a response to these measures being the lowest cost option to improve air quality, increase economic development, increase the electric system reliability, and providing the most "bang-for-buck". The network has a library of information that intends to help justify a public policy decision or energy efficiency program. The library produces documents that assist decision maker efforts to advance energy efficiency. The library documents research areas that are not fully developed yet and attempt to determine the current approaches, best practices, and considerations decision makers should use. The library's target audience is energy office directors, utility regulators, air directors, legislators, consumer advocates, and other stakeholders.

SEE Actions efforts have helped numerous states and localities improve their efforts to increase energy efficiency development. The library's recent publication focused on On-Bill Financing, Public Utility Commission treatment of energy efficiency financing programs that are funded by utility customers, accessing secondary markets as a capital source for energy efficiency finance programs, and lending programs data collection practices.

DOE resources for guidelines for residential PACE that looks at implementation practices, with an emphasis on consumer and lender protections. There is also a DOE report that covers EE financing practices. Resources touch on numerous topics that have not been covered in this presentation.

## **Discussion**

How close did the financial solutions working group and documentation program data group work with the EPC group? Will the cooperation risk running into two conflicting best practices guidelines?

SEE Action has worked closely with EPC to ensure that they are not overlapping with each other and each provides unique practices. SEE Action is looking at reanalyzing its strategy to ensure that the data is not being misrepresented and that financial institutions get the assurance they need to reassure that energy efficiency is a low risk effort. There no need to be concerned about over lapping practices confusing financiers, SEE Action will ensure that they will not produce confusing reports.

- *Elizabeth Bellis Wolfe, Energy Programs Consortium*

The Energy Programs Consortium (EPC) is a joint venture of the National Association of State Community Services Programs (NASCSPP) that seeks to foster coordination and cooperation among state and federal agencies in the areas of energy policy and program development. Two programs that EPC works on are Qualified Energy Conservation Bonds (QECBs) and the Warehouse for Energy Efficiency Loans (WHEEL), both of which are discussed.

QECBs are tax credit bonds for qualified energy conservation programs. Qualified programs include projects that: 1) reduce energy consumption in publicly owned buildings by at least 20%; 2) implement green community programs; 3) rural development; 4) certain renewable energy facilities; and 5) certain mass community projects. Unlike a standard tax-exempt bonds, the interest on QECBs is taxable to the purchaser of the bonds who receive the interest. The US Treasury offsets the interest payments that the issuer makes to the bond purchaser if the issuer applies for a direct payment from the US Treasury. The issuer will receive a payment of the less of the taxable coupon rate, or 70% of the qualified tax credit rate (QTCR) from the Treasury. There has been \$3.2 billion in total QECB allocations, with around \$1.3 billion known to have been issued. The bonds are allocated to the states based on the population, and the states must sub allocate the bonds to large local governments, or those that have a population of 100,000 or more.

Virginia has used at least 39% of its allocated funds. Local governments interested in accessing the Commonwealth's QECBs can check <http://www.vasavesgcp.com/> . Maryland has used at least 18% of the allocated funds, with most of the sub-allocation funds still available for use. Any county that is unable to issue its own allocation can join the Maryland Clean Energy Center (MCEC) green community program. D.C. has \$6.4 million allocated, but the amount that has been distributed is unknown.

The QECB Green Community Programs (GCPs) must promote “energy conservation, energy efficiency or environmental conservation initiatives related to energy consumption, broadly construed” involving “general public use” or loans/grants that have “broad public availability”. Examples of QECB GCPs are LED streetlight conversions, residential energy efficiency loans, commercial and multifamily PACE, energy efficiency improvements to museums, conversion of truck fleets to CNG vehicles, and energy efficiency improvements for public and private schools.

WHEEL is a publically supported multi-state residential energy efficiency loan program based on Pennsylvania's successful Keystone HELP. The program allows for financing of a wide range of energy efficiency, water efficiency, renewable and resilience measures at a reasonable fixed rate. Borrowers can repay WHEEL loans, which are up to \$20,000, over a period of up to 10-years. WHEEL loans are offered to homeowners with a FICO score of at least 640, and whose payments on their debts will not exceed 50% of their income.

WHEEL offers homeowners a multitude of benefits, including: 1) offering customers a fast, simple approval and application process, 2) providing consumer protection such as a fixed rate, no payment traps or prepayment fees, 3) unsecured loans, meaning neither the equipment financed nor the house improved can be repossessed due to nonpayment, and 4) project finance of up to 100% of the project cost, with no upfront costs.

## Discussion

Q: What states is WHEEL in?

A: WHEEL is currently in Pennsylvania, Kentucky, Ohio, Florida, and New York.

Q: Are all the states providing the same services?

A: No, each state gets to decide what they want EPC to focus on and EPC can adapt the program to fit the state's needs and wants. If the state only wants to focus on energy efficiency without having any renewables EPC can ensure that funding will only be provided for energy efficiency.

Q: Can QECBs be used to provide initial capitalization for WHEEL?

A: There are some issues with doing this since QECBs must be used within 3 years of receiving the funds. Use of QECBs as initial capital for WHEEL hasn't happened yet; however, it could possibly be allowed if the program is designed the right way. The bonds can be issued to pay off green loans as seen in NYSERDA, but it needs to be configured in the right way.

## 5. Upcoming Meetings and BEEAC Adjournment

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- BEEAC Planning Call – January 5, 2017
- BEEAC Meeting – January 19, 2017
- CEEPC Meeting – January 25, 2017