

DATE ISSUED: August 4, 2004 REPORT NO: 04-170

ATTENTION: Honorable Mayor and City Council
Docket of August 9, 2004

SUBJECT: Active Participation in the San Diego Regional Energy Partnership

REFERENCE: Manager's Report No. 02-124, dated May 31, 2002
Statement of Collaboration, dated September 22, 2003

SUMMARY

Issue - Should City Council authorize the City Manager to work with the other members of the San Diego Regional Energy Partnership (SDREP) to manage the regional energy efficiency programs that were awarded \$11,540,000 in grants by the California Public Utilities Commission (CPUC)?

Manager's Recommendations – Authorize the City Manager to:

1. Enter into agreements with the San Diego Regional Energy Office (SDREO) for the management of energy efficiency programs under the San Diego Regional Energy Partnership.
2. Approve acceptance of CPUC grants' money to pay for expenses associated with the management of SDREP programs.
3. Authorize the use of these monies to pay for labor associated with the management of SDREP programs and for energy efficiency measures installed under these programs.

Other Recommendations - None.

Fiscal Impact - There will be no fiscal impact to the City. CPUC grants will pay all program management expenses via invoices from the City to the SDREO.

BACKGROUND

The San Diego Regional Energy Partnership is made up of the City of San Diego, County of San Diego, City of Chula Vista, City of Oceanside, City of Carlsbad, City of Escondido, and SDREO. This partnership was formed in September 2003 to aggressively reduce energy consumption and demand by using CPUC grant funding (Refer to Statement of Collaboration, dated September 22,

2003). During the same month, the partnership submitted proposals for eleven different programs to offer incentives to regional residents, small businesses, and government agencies to install energy efficiency measures to reduce energy consumption. Seven of the proposed programs were awarded grants by the CPUC for a total of \$11,540,000. In order to participate in the management of these programs, the City will have to enter into one agreement for each of the seven programs, as a sub-contractor of SDREO. These agreements will specify the scope of management participation the City will have in each of these programs and the process to be followed for reimbursement of labor and materials expenses.

This will not be the first time the City manages or administers energy efficiency programs for its residents. The City already administrated the Whole House Energy Retrofit Incentive Program that offered rebates for single residence homeowners who installed energy efficiency measures in their homes (refer to City Manager's Report No: 02-124). The CPUC awarded the City \$1.48 million to run that program for two years, and the City was successful in the administration of that program.

DISCUSSION

The partnership was awarded \$11,540,000 to administer the seven programs described below for calendar years 2004 and 2005. The SDREO is the principal administrator of all the programs, and the City of San Diego will play a big role in the management of the Green Action, the San Diego Energy Resource Center, and the Local Government Energy Efficiency Programs. SDREO is responsible for program implementation, reporting on progress, expenditures, and effectiveness of the programs to SDG&E and the CPUC. The City will participate on program management only for the three programs mentioned above, but it can participate as a client in all other programs.

SDREO will sign a contract with SDG&E describing the terms and conditions of the administration of each of the programs. In turn, the City will sign agreements with SDREO describing the scope and terms and conditions of City's participation in each of the programs. The City will participate on the other four programs as a client only. Below is a description of each of the programs to be administered by the partnership.

San Diego Energy Resource Center (ERC)

The award for this program was \$2,400,000. This is a continuation of a program approved by the Commission for program years 2002 and 2003. The purpose of the ERC is to provide energy information to residential and nonresidential market segments and to act as a conduit for all entities that offer public purpose programs. Features of this program include Community Outreach and Technical Assistance.

Green Action Program (GAP)

The award for this program was \$350,000. The GREEN ACTION Program is based on the City of San Diego's existing "Green Schools" Program. This program will work with local high school students toward teaching them the importance of energy conservation and the societal impacts from greenhouse gas emissions. The program consists of energy education workshops, energy audit training, direct implementation of energy audits, a youth forum, and a survey designed to compare audience perception with facts regarding energy conservation. The GREEN ACTION Program will

expand the current “Green Schools” Program to invite the County of San Diego and the cities of Chula Vista, Oceanside, Escondido, and Carlsbad to participate. Experienced City of San Diego staff will offer “Train the Trainer” workshops to aid the new partners as they begin implementing the program in their jurisdictions.

Cool Communities Shade Tree Program

The award for this program was \$1,870,000. This is a continuation of a program approved by the Commission for program years 2002 and 2003. The primary objective of this program is to plant 17,000 trees throughout San Diego County by the end of 2005. People for Trees (PFT) and cities throughout the County will assist SDREO in facilitating and supporting shade tree planting in residential neighborhoods and on school grounds throughout the entire county. The proposed shade tree program is designed to work primarily through San Diego based community and volunteer organizations such as PFT. The program seeks to educate residential customers about the energy saving benefits of trees and organize community tree plantings in large groups (100 per event average) with a total goal of 17,000 trees over a two-year period. The basis as well as guidelines for this local shade tree program have been developed through analysis of similar programs implemented in other parts of the state including the Los Angeles Department of Water and Power’s (LADWP) Trees for a Green LA and the Sacramento Municipal Utility District’s (SMUD) Sacramento Shade Tree Program.

Green Building Education and Technical Assistance (GBETA)

This program was awarded \$420,000. The Green Building Education and Technical Assistance (GBETA) Program is an information program providing training, design assistance and technical support for public and private sector green building projects. The program would promote long-term sustainable energy use and peak demand savings by supplementing existing municipal green building program implementation efforts in the San Diego region. The GBETA Program would include both a residential and non-residential component for new construction and major renovation building projects in the San Diego Gas and Electric Company service area. The focus on non-residential facilities would include public agency buildings, such as libraries, fire stations, courthouses and community centers, as well as targeted private sector commercial facilities. The residential focus would target multi-family and affordable housing projects as well as new construction single-family home developments.

Local Government Energy Efficiency Program (LGEEP)

This program was awarded \$2,500,000. This program is designed to reduce the upfront cost of comprehensive energy efficiency retrofit projects in City and County owned buildings. The LGEEP includes incentives for installation of energy information systems, which will allow local governments to track and manage energy consumption and demand, maximizing the potential electricity and natural gas savings from efficiency retrofits. Incentives will also be awarded, based on calculated annual energy savings derived from traditional energy efficiency measures, including lighting, HVAC and operational upgrades. Also included is demonstration of a model energy efficiency retrofit project in historic Balboa Park, featuring advanced metering and enhanced energy management and information systems.

Technical Assistance Program (TAP)

This program was awarded \$1,500,000. This program will provide technical assistance to local businesses and government agencies interested in implementing energy efficiency upgrades in their facilities. The technical assistance will include development of energy management strategies, facilities audits, and energy management staff education. This program will coordinate with the SDREP Local Government Energy Efficiency Program's incentive offerings.

Best Energy Services Team (B.E.S.T.)

This program was awarded \$2,500,000. This B.E.S.T. Program is a continuation of the highly successful 2002 – 2003 B.E.S.T. Program. The B.E.S.T. Program targets the *hard-to-reach* (HTR) small and very small businesses (100 kW or less) in the San Diego Area. The B.E.S.T. Program offers a “turnkey” approach in which marketing, energy education, site-specific energy analysis, financial incentives, equipment procurement, and installation are provided. This turnkey marketing and implementation process takes customers quickly from interest and intent to the actual installation of measures. The primary focus of this program is to maximize the implementation of cost-effective high-efficiency lighting measures, while also addressing some HVAC, refrigeration and customized measures. Program staff performs pre- and post-inspections at 100% of the sites to verify equipment installation and energy savings.

ALTERNATIVE

Do not approve the City Manager to enter into agreements with the SDREO for the management of energy efficiency programs or for participation in programs that offer rebates for installation of energy efficiency rebates under the San Diego Regional Energy Partnership. This alternative is not recommended because it reduces the opportunity for the City to prepare students to be smart energy users, and inform City residents about energy efficiency, and it deprives the City from recovering up to \$1.3 million in project management and energy efficient technology implementation.

Respectfully submitted,

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Energy Administrator

Elmer L. Heap, Jr.
Environmental Services Director

Approved: Richard G. Mendes
Deputy City Manager

MENDES/HEAP/TBB