

## MEMO

**Submitted by:** Ezra Rapport, Deputy Executive Director

**Subject:** Solar and Energy Efficiency District Program Development – Status Report

**Date:** May 6, 2009

### **Executive Summary**

Staff outlined an initial program concept for a region-wide solar and energy efficiency financing district at the March 19, 2009 ABAG Executive Board meeting. The Executive Board supported the continuation of staff work to further refine the program concept. This report outlines progress to date and next steps in the design of this regional program.

### **Recommended Action**

This agenda item is informational as to the status of the program concept. A more detailed report will be presented at the next Executive Board meeting.

### **Next Steps**

Work with the consultant team to refine the program elements that will feed into the development of a business plan.

**Attachments:** Solar and Energy Efficiency District Program Development – Status Report

## **Solar and Energy Efficiency District Program Development Status Report**

Since the March 19<sup>th</sup> presentation to the ABAG Executive Board on the initial program concept for a regional solar and energy efficiency financing district, several advances have been made on the legislation that would enable the creation of a regional financing district and on the refinement of the potential program details.

### *Legislation*

The program concept for the San Francisco Bay Area Solar and Energy Efficiency District (SEE District) is based on the financing mechanism that would be allowed by the passage of Senate Bill 279 (SB 279). Senator Hancock introduced SB 279 this year. The bill is based on the Mello-Roos Community Facilities Act of 1982, which allows a community facilities district to finance community improvements, and would amend this act to allow a community facilities district to finance energy efficiency and renewable energy improvements to or on real property. The bill passed the Senate Local Government Committee and the Senate and is now in the Assembly. Passage of this bill is seen as critical to the creation of the SEE District. From the California Constitution perspective, AB 811 relies on assessment law, while SB 279 operates under the special tax category. This is an important difference with respect to issuing bonds that will be used to finance the SEE District.

### *Program Concept*

An initial program concept was outlined in the staff report to the ABAG Executive Board for consideration at the March 19, 2009 meeting. Since then, PG&E has made funding available through ABAG's Energy Watch contract to help refine the program concept. Staff has conducted an informal request for qualifications to hire a consultant team for a small contract to define the broad program elements. Leading the consultant team is Bevilacqua-Knight, Inc. (BK<sub>i</sub>), a consulting firm located in Oakland specializing in governmental policy development and program management. BK<sub>i</sub> will work with PowerHouse, EcoMotion, NBS, and Energy Solutions in helping to think through the program. This consultant team has a broad range of expertise that will aid in the refinement of the program parameters. The team's program recommendations will feed into the development of a business plan to test the feasibility of the program.

As BK<sub>i</sub> has outlined initially, in order to ensure significant market penetration and program success, several supporting program elements are required:

- consistent and credible program standards for energy efficiency with clear verification protocols
- training to ensure a robust and capable workforce
- an effective marketing and outreach strategy offering bundled incentives to attain high participation
- a strict quality assurance program to protect consumers and reduce local government liability

- ongoing tracking, measurement, and reporting to ensure program effectiveness and to quantify energy, water, and carbon reduction benefits.

BKi will also coordinate all program elements to combine funding sources and provide an integrated delivery model that relieves local governments of technical and administrative responsibilities. Existing PG&E utility programs in home performance contracting will be integrated with this regional initiative to capitalize on their experience and funding.

*Next Steps*

Staff will continue to coordinate with PG&E and the consultant team to refine the program concept. Upon review and approval of the consultant team's recommendations for the general elements of the program, a consultant will be hired to conduct a business case within the parameters defined by the program elements. Assuming a program business model is developed that meets both ABAG's and PG&E's approval, a formal request for proposals will be conducted for a program administrator.