



DATE: October 24, 2018

TO: Energy Council

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SUBJECT: Priority Program Areas for 2019-2021

SUMMARY

Since its formation in 2013, the Energy Council has adopted a set of priority areas to guide staff in pursuing funding opportunities and developing programs. These priorities are set for a two year time period and then revisited. At the October 24, 2018 Energy Council meeting, staff will provide an overview of changes in the energy program landscape, stakeholder input, and recommendations for program priorities.

DISCUSSION

During the 2016 priority setting process, the Energy Council maintained six of its initial priority areas and added two new ones to assist member agencies in planning for decarbonizing and decentralizing energy systems. As the Council updates its priority areas for 2019-2021, the following new developments provide context for energy programs:

- East Bay Community Energy (EBCE) launched with the participation of 12 Alameda County jurisdictions and released its Local Development Business Plan.
- The California Public Utilities Commission approved the Bay Area Regional Energy Network's 10-year business plan.
- The East Bay Energy Watch (EBEW) will shift its focus to municipal buildings exclusively, and local governments will have no direct involvement in PG&E's commercial programs.
- Decarbonization has emerged as a statewide policy priority, because a reduction in natural gas and gas/diesel usage is necessary to meet aggressive greenhouse gas emission targets.

Energy Council Technical Advisory Group (TAG) recommendations

The Energy Council TAG discussed priority setting on August 21 and September 25. Meeting summaries are included in the Board packet. Staff shared a draft set of priorities restructured by program areas and building sectors, and solicited input on the Agency role regarding:

- the commercial building sector in light of EBEW's diminished role
- the grid solutions program area and potential collaboration with EBCE
- the inclusion of electric vehicles and their infrastructure in the electrification program area
- maintaining a focus on existing buildings versus new construction

TAG members seek to continue monitoring regulatory developments and non-utility funded opportunities in the commercial building sector. They also recommend that the Energy Council consider the entire energy ecosystem even if it does not directly implement grid solutions programs. Clear distinctions between energy efficiency, energy storage and electrification no longer exist, despite limitations imposed by regulatory and funding categories. Similarly, buildings and electric vehicles need to be viewed as an integrated system. TAG sees itself as a core group advancing decarbonization locally, and municipal buildings are an opportunity to focus on zero net carbon. In addition, TAG members expressed strong appreciation for the ongoing climate action planning assistance, which has been historically supported by Waste Management Authority funding.

EBCE coordination

As outlined in its Local Development Business Plan, EBCE does not intend to operate energy efficiency programs during the next two years. It will leverage its customer data to significantly increase participation levels in existing EE programs, including those implemented by the Agency. In addition, EBCE staff identified three areas for collaboration with the Energy Council:

- **Engagement with Alameda County jurisdictions.** EBCE seeks to deepen its relationships with local jurisdictions, identify opportunities to leverage its data and pilot programs, and implement strategic projects around procurement.
- **Climate Action Planning.** As EBCE engages in load balancing, it would like to better understand and integrate with local Climate Action Plans. EBCE seeks to be a key partner in supporting local climate action plans, but must also manage competing priorities.
- **Electrification.** EBCE's early actions for local development prioritize beneficial electrification in the building and transportation sectors. Local government planning and permitting staff can support this goal by developing reach codes for electrification.

During the 2016 priority setting process, there was a concern that two energy agencies operating within Alameda County would be duplicative. EBCE staff see their core business as working with cities on anything directly related to electricity supply. Energy Council staff see their core competencies as capacity building for member agencies, implementing regional market transformation programs, developing model policies and tools, and promoting a comprehensive approach to buildings that includes materials.

Based on the input from the Energy Council TAG and EBCE, staff recommends the following priority program areas for 2019-2021:

| Priority Program Areas | Recommendation |
|------------------------|---|
| Building Efficiency | Keep. Continue implementing residential programs |
| Electrification | Keep. Retain focus on buildings but consider vehicle grid integration |
| Grid Solutions | Keep. Focus on supporting EBCE rather than direct implementation |
| Member Agency Services | Add. Continue TAG and CAP support; coordinate with EBCE |
| Zero Net Carbon | Add. Focus on municipal buildings |

The **Building Efficiency** program area is supported by multiple projects and funding sources, and it continues to be an opportunity area. To advance **Electrification** the agency will implement a Heat Pump Water Heater grant and assist jurisdictions in developing reach codes. These activities support EBCE’s electrification priority for buildings, but EBCE is also seeking funding and partners to support electrification in vehicle fleets. Staff recommends retaining a focus on building electrification, within the context of an integrated system including electric vehicles and their charging infrastructure.

EBCE is best positioned to implement **Grid Solutions** initiatives, with its access to customer energy usage data and need to do load balancing. The Energy Council can support the communication between EBCE and local jurisdictions through the monthly TAG meetings. TAG considers itself an important forum for coordinating local priorities and making program recommendations to EBCE.

In order to acknowledge the ongoing value that member agency staff find in the monthly TAG meetings and climate action planning support, **Member Agency Services** is called out as a priority program area. **Zero Net Carbon** – reducing both operational carbon emissions from building energy usage and embodied carbon emissions associated with the production of building materials – is proposed as a new program area. TAG members see the opportunity to move beyond Zero Net Energy in municipal buildings and adopt a Zero Net Carbon framework. These two recommended new priorities align with WMA activities on embodied carbon and circular economy principles.

RECOMMENDATION

That the Energy Council discuss and approve Priority Program Areas for 2019-2021.