



DATE: May 24, 2017

TO: Energy Council

FROM: Wendy Sommer, Executive Director

BY: Karen Kho, Senior Program Manager
Heather Larson, Program Manager

SUBJECT: Local Government Challenge Grant Acceptance

SUMMARY

The California Energy Commission (CEC) has selected the Agency’s *Accelerating Multifamily Building Upgrades* proposal for one of four awards in its Energy Innovation Challenge. The total grant award is \$1 million. Staff is requesting that the Energy Council authorize the Executive Director to enter into a contract with the California Energy Commission to accept the grant and modify the FY17-18 budget accordingly.

DISCUSSION

On January 6, 2017, the CEC released a competitive solicitation to fund projects that stimulate innovation in building energy efficiency and developing or implementing climate action plans. Up to \$10.2 million in American Recovery and Reinvestment Act (ARRA) funding is available to fund applications from local governments in two groups: the Energy Innovation Challenge and the Small Government Leadership Challenge. The CEC received 38 applications statewide.

Staff consulted with the Energy Council Technical Advisory Group (TAG) and developed two proposal concepts, one for each funding group. The CEC has selected the Agency’s *Accelerating Multifamily Building Upgrades* proposal for one of the four awards in the Energy Innovation Challenge. The total grant award is \$1 million. The Agency also submitted the *Alameda County Small Cities Climate Action Planning Leadership Project* to support the development of 2030/2050 Climate Action Plans (CAPs) for the Cities of Albany, Dublin, Piedmont, and San Leandro. Unfortunately, this proposal was not selected for funding under the Small Government Leadership Challenge.

The *Accelerating Multifamily Building Upgrades* proposal advances key strategies connected to the Existing Buildings Energy Efficient Action Plan (EBEE Action Plan) specific to the multifamily sector, supports the implementation of SB 350 and the Low-Income Barriers Study, and provides foundational support for the implementation of AB 802 in Bay Area jurisdictions. SB 350 establishes a statewide goal of increasing energy efficiency in existing buildings by 50% by 2030, and AB 802 requires the energy benchmarking of commercial buildings by July 2019.

Multifamily property owners throughout Alameda County and the Bay Area will receive free technical assistance in energy benchmarking. Targeted assistance will be provided to the Cities of Berkeley, Hayward and Oakland, because they agreed to evaluate and implement multifamily assessment policies. Consulting support will be provided by the Association for Energy Affordability (AEA) and Build It Green. The project will commence in July 2017 and is scheduled to be completed by December 2019.

The California Energy Commission is scheduled to vote on approval of the Local Government Challenge grant agreements at its June 28 business meeting and encumber the funds before the end of the fiscal year on June 30. The Scope of Work and budget are described in Attachment A. We will be hiring one new limited term staff position to support the grant during its two-year duration.

RECOMMENDATION

Adopt the attached Resolution authorizing the Executive Director to enter into a contract with the California Energy Commission and other related actions.

Attachment A: Draft Energy Council Scope of Work

**ENERGY COUNCIL
RESOLUTION #EC 2017 –**

**MOVED:
SECONDED:**

AT THE MEETING HELD MAY 24, 2017

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO CONTRACT WITH THE CALIFORNIA ENERGY COMMISSION TO ACCEPT THE LOCAL GOVERNMENT CHALLENGE GRANT AND OTHER RELATED ACTIONS

WHEREAS, the Energy Council recognizes that it is in the interest of the local, regional, state, and federal agencies to stimulate economic development; reduce fossil fuel emissions; and reduce total energy usage and improve energy efficiency; and

WHEREAS, the Energy Council was formed to seek funding to develop and implement programs and policies that reduce energy demand, increase energy efficiency, advance the use of clean, efficient and renewable resources, and help create climate resilient communities; and

WHEREAS, in its 2016-17 budget, the California Legislature approved the California Energy Commission's (CEC) expenditure authority to administer repaid and repurposed federal American Recovery and Reinvestment Act (ARRA) State Energy Program Funds; and

WHEREAS, on January 6, 2017 the CEC released a grant solicitation for up to \$10.2 million in two funding groups: Energy Innovation Challenge and Small Governments Leadership Challenge; and

WHEREAS, with input from the Energy Council Technical Advisory Group (TAG), the Energy Council submitted two proposals to the Local Government Challenge grant; and

WHEREAS, the Energy Council's proposal "Accelerating Multifamily Building Upgrades" was selected as one of four statewide awards for the Energy Innovation Challenge, and

WHEREAS, at its June 28 business meeting the CEC intends to approve a grant agreement for \$1 million for project deliverables as described in Attachment A;

NOW THEREFORE, BE IT RESOLVED, that the Energy Council hereby authorizes the Executive Director to:

1. Enter into all necessary contracts and agreements with the California Energy Commission to accept \$1 million, and amend the FY 2017/18 budget to include this project upon CEC approval of the grant agreement.
2. Approve any required time extensions, modifications, or amendments thereto.
3. Allocate the necessary resources to implement and carry out the scope of work.

ADOPTED this 24th day of May 2017, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAINED:

I certify that under the penalty of perjury that the foregoing is a full, true and correct copy of Resolution #EC 2017 –

WENDY SOMMER
Executive Director

Attachment A

Draft Energy Council Scope of Work Energy Innovation Challenge: Accelerating Multifamily Building Upgrades

There is an opportunity and critical need to realize the significant savings embedded in the multifamily sector. There are more than 2.4 million existing multifamily dwelling units in California, which represents 23 percent of California total housing units. In addition, according to the Low-Income Barriers Study (CEC 2016) over 47% of low-income residents in California live in multifamily units. If 25 percent of the state's MF units were upgraded to improve energy performance by 20 percent, it would reduce annual energy consumption by 437,860 megawatt-hours (MWh) of electricity and 35 million therms of natural gas. Avoided greenhouse gas emissions would be 593,528 MTCO₂E annually.

Existing approaches, resources and incentive mechanisms alone will not enable the market to realize the potential of multifamily energy savings. This project will accelerate multifamily building upgrades by: 1. enabling broader consideration of multifamily energy assessment ordinances; 2. ensuring that AB 802 benchmarking and disclosure is feasible in the multifamily sector; and 3. leveraging market-based mechanisms for building energy transparency and financing.

1. Multifamily Assessment Policies

This project will address barriers to including multifamily buildings in assessment policies with the development of two key elements: a low-cost multifamily property assessment tool; and a rental housing potential study.

- Develop low-cost and streamlined standardized property assessment protocol and evaluate EnergyPro Lite's and DOE's Asset Score for use in mandatory policies
- Assist the City of Berkeley in implementing the multifamily portion of its Berkeley Energy Savings Ordinance (BESO), which requires a building assessment at time-of sale.
- Support the Cities of Hayward and Oakland in evaluating and piloting assessment and disclosure policies for multifamily properties, which could include time-of-rental-inspection or date certain trigger events.
- Develop a potential study for rental housing policies, such as the City of Boulder's SmartRegs that would investigate the opportunity for local governments to adopt policies triggered by the time of rental inspection.

2. AB 802 implementation and benchmarking assistance

Currently, there is no consistent delivery of data from utilities that would enable local governments to implement and verify the effectiveness of their programs and policies. Local Governments have yet to see data promised under the original intent of AB 802, and there is no determination on the exact data needs and format to support local jurisdictions in their policy implementation in multifamily housing.

- Provide benchmarking assistance to Bay Area property owners for early adoption of AB 802
- Develop recommendations for Energy Data Request Portal (EDRP) integration to ensure that AB 802 works effectively in the multifamily sector.
- Develop benchmarking protocol for multifamily and mixed use buildings in California, to allow more meaningful comparison among buildings.

3. Market-Based Mechanisms

Getting to scale in the multifamily sector will require a complementary suite of strategies. Even when assessment tools and energy usage data are readily available, not all local governments will be willing and able to adopt policies. The MPT will leverage two additional market drivers to increase the demand for building upgrades: driving tenant demand through transparency and financing.

- Compare Utility Score with EProLite, DOE Asset Score and actual utility bill data to determine whether publicly available information can reduce the need for an assessor to visit a property.
- Update GreenPoint Rated, the predominant green building certification program for multifamily buildings in California, to include simplified building assessment process.
- Conduct an assessment of 3rd-party apartment rental platforms and recommend steps toward inserting energy efficiency data into unit listings.
- Conduct outreach to housing finance entities and recommend opportunities for coordination

4. Stakeholder Engagement/Disseminate Results

The rental inspection potential study, other policy recommendations and tools will be shared through the BayREN Residential Energy Assessment and Disclosure working group, the PG&E Codes & Standards program, the Statewide Energy Efficiency Collaborative, the LGSEC and Green Cities California networks, and the DOE SEED Collaborative. StopWaste will also engage the Multifamily Home Energy Retrofit Coordination Committee (MF HERCC) - a collaborative of utilities, local governments and energy experts that developed consensus recommendations for multifamily building retrofit programs. The original 2011 recommendations were widely adopted and referenced by the CPUC in its energy efficiency proceedings. StopWaste will update the MF HERCC recommendations to include the simplified building assessment process, AB 802 implementation findings, and market scalability recommendations.

Scope of Work Elements	Budget	Products (final deliverables)
1. Administration	\$112,100	Meeting agendas, status reports, invoices, sub-contracts per CEC requirements
2. Multifamily Assessment Policies	\$350,800	<ul style="list-style-type: none"> • Low Cost Assessment Tool • Rental Housing Potential Study
3. Benchmarking & Disclosure Assistance	\$222,000	<ul style="list-style-type: none"> • Multifamily Benchmarking Protocol • Energy Data Request Portal (EDRP) Integration Recommendations
4. Market-Based Mechanisms	\$184,700	<ul style="list-style-type: none"> • Recommendations to improve tenant access to energy efficiency data • Report on Housing Finance Coordination
5. Stakeholder Engagement/ Disseminate Results	\$130,400	<ul style="list-style-type: none"> • Draft Public Outreach/Broadcast Results Plan • Final Public Outreach/Broadcast Results Plan
Total	\$1,000,000	