



**DATE:** March 23, 2016  
**TO:** Energy Council  
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**SUBJECT:** Priorities Program Areas for 2016-2018

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## **SUMMARY**

In July 2013 Energy Council adopted an initial set of priority areas to guide staff in pursuing funding opportunities and developing new pilot programs. On March 23, 2016 staff will provide an overview of activities in each of these areas, the current energy program landscape, and recommendations from the Energy Council Technical Advisory Group (TAG) for updating these priorities for 2016-2018.

## **DISCUSSION**

After the Energy Council's formation in Spring 2013, staff worked with the TAG to review current energy programs, opportunities and gaps. A key consideration was to build on the Agency's existing strengths and experience. Many program activities started under the Agency's well-regarded green building program and were expanded with foundation and economic stimulus grants. A few factors that shaped the selection of the initial eight priority areas were:

- The prolonged recession which hit the construction industry particularly hard
- The California Public Utilities Commission's authorization of Regional Energy Networks and continuation of funding for programs started under economic stimulus grants
- Concerns about not duplicating East Bay Energy Watch (EBEW) programs

As the Council updates these priority areas for 2016-18, the following new developments provide context for energy programs:

- The Bay Area real estate market is booming again, but there is less need for local policy because the State's building codes include green building requirements that affect all new construction and major remodels.

- The EBEW Strategic Advisory Committee recently voted for the Agency to become its Independent Administrator, which allows for more synergy in program planning.
- The emergence of Community Choice programs throughout the Bay Area.
- Member agencies are embarking on a new cycle of Climate Action Plan updates and are prioritizing climate mitigation/adaptation activities.

The Energy Council Technical Advisory Group (TAG) discussed updates to the priority areas at their meeting on March 15, 2016. Six of the priority areas are proposed to be continued in 2016-18 at a similar level of activity. Energy Council has external contracts funding projects in each of these areas, and there are opportunities to evolve the specific activities over time. The Water-Energy Nexus priority area is proposed to be continued, but staff would not actively pursue pilot projects unless a promising new funding opportunity arises. The Municipal Building Operations priority area is proposed to be dropped, however, municipal ZNE activities would be incorporated under a proposed new priority area called Grid Solutions. The TAG also recommends Fuel Switching as a new priority area.

The Energy Council TAG reviewed the existing priorities and recommends the following changes:

Priority Area	Recommendation
Single-Family Retrofits	Keep. Focus on contractor engagement
Multifamily Retrofits	Keep. Seek opportunities to integrate EVs
Innovative Financing	Keep. Identify financing for EV charging infrastructure
Labeling and Recognition Programs	Keep. Coordinate with Green Business Program
Codes & Standards	Keep. Include advocacy for next code cycle
Integrated Services for Small/Medium Commercial Business	Keep. Integrate with EBEW strategic planning
Water/Energy Nexus	Keep, but scale back activity level
<i>Municipal Building Operations</i>	<i>Drop. Include Municipal ZNE in new priority area</i>
Fuel Switching	Add. Address regulatory and technical barriers
Grid Solutions	Add. Support local energy resiliency

The two proposed new strategies are needed to achieve California's aggressive greenhouse gas emission reduction targets. They will assist member agencies in planning for decarbonizing and decentralizing our energy systems, which support both climate mitigation and adaptation. Recent studies show that a clean energy supply will only address the electric end uses, but not emissions from natural gas and gas/diesel end uses. Fuel switching is needed to decarbonize our energy supply, and TAG members are requesting help in navigating the existing regulatory and technical barriers. Community-scale grid solutions increase energy resiliency by enabling local communities to better control their energy loads and reliability. These solutions include assessments of local renewable energy generation and storage potential, minimizing transmission losses and protecting local critical infrastructure. If adopted by the Board, staff will shift its focus for new projects and funding to these two areas.

## **RECOMMENDATION**

Staff recommends that the Energy Council discuss and approve Priority Areas for 2016-2018.