

June 3, 2008

To: Marin GSA Board

From : Tim Rosenfeld, Director
Marin Energy Management Team (MEMT)

Dana Armanino
Sustainability Team, County of Marin

Re: **Update on the Marin Energy Management Team/Marin County Sustainability Team Energy Efficiency and Solar projects**

Solar Projects/Clean Renewable Energy Bonds:

The Energy Tax Incentives Act of 2005 authorized for the first time the issuance of up to \$800 million for the public sector for zero-interest bonds called Clean Renewable Energy Bonds (“CREBS”) where the Federal government will provide the coupon to the purchasers in the form of tax credits. These bonds were devised to give public institutions access the same tax benefits afforded the private sector for the development of solar, wind, geothermal and other renewable energy generation projects. For \$500 million of the bond allocations, the rules required that the funds go to the *smallest* dollar-value projects first, which increased the likelihood that smaller solar electric (photovoltaic or “PV”) systems on public facilities had a good chance of getting chosen. This was a one-time-only allocation by Congress.

The Marin Energy Management Team and the County Sustainability Team submitted applications for five Marin cities and Novato Unified School District in April of 2006, and was awarded about \$16 million in allocations in December of 2006. For various reasons, those projects have not been built yet.

Congress allocated another \$250 million of CREBs in the Tax Extension Act passed in December of 2006. In July of 2007 we submitted applications for 64 projects across 23 agencies (local governments, schools and special districts) for about \$31 million in allocations, about 12% of the total national allocation. In December of 2007, all applications were awarded by the IRS. *The allocations for both 2006 and 2007 are forfeited if the bonds are not issued by the end of 2008.*

Realizing that most agencies would not be able to complete the projects if too much staff time was required, the County hired Northcross, Hill & Ach (public agency financial advisors based in San Rafael) to create an Excel financial calculator that agencies could use to determine the feasibility of each solar project. Craig Hill of NHA has also been working on a standardized CREBS financing package and is available to advise those agencies needing further assistance.

MEMT’s engineering firm developed a standard solar electric system specification for RFPs and prepared a “next steps” document to help agencies proceed. MEMT is also performing energy audits on the facilities where solar projects are expected to be installed

and recommending energy efficiency measures that can be implemented alone or in conjunction with solar installations to help make them more cost effective. We are planning a briefing for local solar companies on the CREBS projects as well.

It is now up to each agency to choose and complete the projects. While MEMT and the County submitted applications at the request of each agency, and despite the assistance provided, we are concerned that many agencies may not implement good projects. As of this writing, we do not have an estimate of how many solar projects will be completed but are concerned that many agencies are still not able to move ahead.

Marin Energy Management Team/Marin Energy Watch Partnership:

The Marin Energy Management Team (MEMT) was initiated by Supervisor Hal Brown as a collaboration with the 11 cities (through the predecessor to MGSA) to help Marin's public agencies save energy and money. In February 2004, the County received a \$693,000 two-year grant from the California Public Utilities Commission to create the Marin Energy Management Team (MEMT) and provide comprehensive energy efficiency services to Marin's local governments and school districts. During the first two years, the program operated as an information only resource for the 12 municipalities and 19 school districts. During that time MEMT audited 1.9 million square feet of municipal facilities and identified potential saving opportunities totaling 1.6 million kWh/yr. MEMT also worked with PG&E to establish an energy accounting system that allows staff from all agencies to track their energy usage and cost.

For 2006 through 2008, the CPUC adopted a new statewide energy efficiency plan and turned over administrative control of all energy efficiency programs and funding to the utilities. PG&E required all local government-related programs to become "local government partnerships." We negotiated with PG&E to become the Marin Energy Watch Partnership comprised of MEMT and four 3rd party private sector programs. MEMT expanded its offerings to include direct incentives to the public agencies with associated savings goals. For this program cycle MEMT is committed to achieving about 3.4 million kWh of annual savings with a budget of about \$1.39 million, including incentive funds.

In March of 2008, the Marin Energy Watch Partnership proposed programs and a budget of \$5 million including \$1.998 million for the MEMT program. PG&E accepted the proposal but in April reduced our budget (and those of all other partnerships) to \$3.042 million with a promise of the full budget if energy savings targets are achieved.

In addition to achieving savings from energy efficiency, MEMT has been very successful in leveraging its resources to capture other opportunities such as the \$47 million in zero interest bond allocations for solar, a \$1.6 million 3 year pilot program from the Department of Energy studying how to integrate solar projects and new technologies into the coming "smart grid." Attached is our original abstract that covers the full partnership proposal as well as the other programs we have been able to use MEMT to leverage. The new partnership program will include a major new small business energy efficiency initiative that will focus on small businesses in Marin communities.