

Key Questions for Marin Local Governments re. Administration of a Countywide Building Energy Retrofit Program and Property Assessed Clean Energy (PACE) Financing [AB 811]

Key Questions:

- How should Marin jurisdictions make a decision on agency roles relative to the start-up and administration of an energy retrofit program and a PACE program?
- Should the tasks related to administration of an energy retrofit program be subject to competitive procurement, and if so, who should guide and administer the process?
- How should ongoing functions related to PACE and energy retrofit programs be distributed, managed, and coordinated?

I. Planning Context for AB 811 and Energy Retrofit Programs in Marin: The Marin Energy Authority has taken a lead role in exploring opportunities for developing a PACE financing district for Marin County, and has held conversations with Sonoma County about a potential joint application for PACE program start-up funds. In addition, the ad hoc Green BERST Task Force (co-convened by the City of San Rafael and the Marin Climate and Energy Partnership) is working closely with the County to develop an energy retrofit program design that could access a wide variety of funds, including PACE funding (once developed), as well as currently available federal and state grant resources, utility program funds, and philanthropic investments. The BERST Task Force includes elected officials from all 12 local jurisdictions, MEA, and a Technical Advisory Committee of key building industry stakeholders, such as the Marin Association of Realtors and Marin Builders Association. The BERST Task Force is soon to complete Phase I of its work (proposing common local building ordinance upgrades to enhance energy efficiency), and is now beginning Phase II of its work (defining a “roadmap” for an energy retrofit program).

II. Availability of Funding for Energy Retrofit Programs via the State Energy Program (SEP): There is potentially \$250K – \$300K available for startup of a Marin energy retrofit program (via a nine-county ABAG grant submittal), and \$2M to \$3.2M available for start-up of the PACE financing program, through two separate tracks of the State Energy Program (SEP) grant solicitation recently issued by the California Energy Commission (CEC). The deadline for both grants is November 30th. Marin local government stakeholders have (via the Marin Climate and Energy Partnership) agreed to collaborate on an energy retrofit program design process that will inform Marin’s participation in both the energy retrofit program grant track and the PACE program design.

III. Submission of the Energy Retrofit Program Grant by the County: At this time, all stakeholders are in agreement that it makes the most sense for the energy retrofit program grant to be submitted by the County of Marin (under the leadership of Dana Armanino with the Marin Energy Management Team) on behalf of all jurisdictions participating in the Marin Climate and Energy Partnership (all 11 cities, the County,

MMWD, and TAM). Input into the grant preparation is being provided through the BERST Technical Advisory Committee. Given the short timeframe, the County will submit the grant proposal, but it may be possible to shift responsibility to the entity or entities that will ultimately administer the energy retrofit program should that subsequent decision be made.

IV. Availability of PACE Start-up Funding via the State Energy Program (SEP): The case of the PACE grant track in the SEP solicitation is more complex. First, there is no regional nine-county approach on this currently. Second, non-MEA jurisdictions have not yet determined how they wish to proceed, and there are many options for distributing the component parts involved in administering PACE financing in conjunction with an energy retrofit program. The County Administrator’s office, with support from the County Sustainability Team, will be preparing the application for this solicitation to meet the tight deadlines. The Sonoma County program will be included in this grant proposal as a partner to explore a regional financing approach.

V. Current Status of PACE Program Exploration by MEA: MEA has initiated work on PACE program options, by: 1) approaching financial institutions to discuss potential terms for PACE financing; 2) submitting proposals to DOE, CEC and other sources of potential start-up funding.

VI. Current Status of Discussion re. potential MEA administration of a PACE Program: MEA developed a “Joint Exercise of Powers Authority” agreement to enable those jurisdictions not participating in the MEA energy procurement program (a.k.a. Marin Clean Energy), to participate in the proposed AB 811 “SEED” program (Solar Energy & Efficiency District.) However, the non-MEA jurisdictions (Larkspur, Corte Madera, and Novato) have not yet signaled whether they will participate in the SEED program as proposed by MEA. Also, the Marin County Board of Supervisors has not yet formally affirmed that the MEA should be the lead agency in administering the proposed AB 811 District on behalf of the County and all 11 cities. This issue needs to be resolved.

VII. Defining how Marin’s Energy Retrofit Program and PACE District Could be Administered: There are multiple roles involved in development and operation of an energy retrofit program, and associated financing mechanisms, including (but not limited to) PACE. Some of the roles have already been assumed, and others have yet to begin, as described in the table below. Key questions include:

- Should the tasks related to administration of an energy retrofit program be subject to competitive procurement, and if so, who should guide and administer the process?
- How should various roles related to PACE and energy retrofit programs be distributed, managed, and coordinated?

Tasks	MEA	BERST*	MGSA**	County***	Other
1. Development of PACE financing options	X			X	
2. Development of energy retrofit program standards and guidelines	X	X			
3. Development of PACE start-up grants	X			X	
4. Development of energy retrofit start-up grants	X			X (with MCEP)	
5. Administration of start-up funds					
6. Administration of operating funds					
7. Administration of PACE property tax financing					
8. Development of guidelines for energy retrofit program operator(s)		X			
9. Selection of program operator(s)					
10. Oversight of program operator(s)					
11. Administration of the energy retrofit program “front office” (customer relationship management)					
12. Administration of energy program back-office (fiscal services)					
13. Other roles?					

*BERST is currently designed as an ad hoc Task Force with the charge to develop green building ordinances and an energy retrofit program framework. It could be continued in a reconfigured form to support energy retrofit program administration. BERST is staffed by Bob Brown of City of San Rafael (lead), and Richard Schorske of MCEP.

**MGSA is comprised of all 11 cities and the County and is currently providing fiscal agent services for the Marin Climate and Energy Partnership, as well as other interagency issues, such as taxi regulation. It could potentially be an administrative home for program funding or contract oversight, but no formal discussion has been held on this. MGSA is staffed by Paul Berlant, Executive Officer.

*** The County is currently staffing a Marin Energy Management Team (MEMT) which has administered Energy Watch Partnership programs with PG&E. The Energy Mg’t Team includes all 11 cities, special districts, school districts, and other agencies. The Energy Mg’t Team is staffed by Dana Armanino (county lead), and Tim Rosenfeld (consultant lead).