

Energy Efficiency Fund Policy

PURPOSE: The purpose of the Energy Efficiency Fund is to provide a structured and cost effective approach for funding future cost-effective energy efficiency projects in conjunction with the continuing pursuit of utility rebates and incentives. The intent is for the fund to be self-sustaining based on rebates and incentives received, and from a portion of the energy savings achieved, by energy efficiency projects.

DEFINITIONS:

City Facility: A facility owned and operated (or leased by) the City of Moreno Valley.

Energy Efficiency Account: Appropriation for energy used at a City Entity where an Energy Project was implemented.

Energy Efficiency Fund (EEF): An established account in the Financial and Management Services Department of the City of Moreno Valley, which is dedicated to the sole purpose of energy efficiency.

Energy Efficiency Project: A construction or renovation project related to or including energy efficiency or renewable energy improvements. This would include new construction projects or retrofits that receive a Southern California Edison or Moreno Valley Utility rebate or Savings by Design rebate (SCE).

Rebates: Rebates are refunds of monies for the completion of energy efficiency projects or purchase of an energy saving item (Example: Lights, HVAC, refrigerator, etc.). The rebates could be from any utility, and would include, but not be limited to, Southern California Edison, the Moreno Valley Utility, or Southern California Gas Company. The rebates are not regarded as repayment to the Fund.

Incentives: Incentives could range from refunds of monies or a reduction on the rate paid on energy bill for an effort made to save kilowatts. Incentives are based on kilowatts saved. The incentive could be from any utility, and would include, but not be limited to, Southern California Edison, the Moreno Valley Utility, or Southern California Gas Company. The rebates are not regarded as repayment to the Fund

RESPONSIBILITIES:

The following Departments/Divisions will have a role in the process with the following primary responsibilities.

1. Community Economic Development Department – Planning Division – Coordinate with affected departments on energy/solar audits, projects, rebate applications and implementation. Facilitate and track fund transfers and deposits to the Energy Efficiency Fund.
2. Finance and Management Services Department – Deposit rebates and incentives; Track and report on rebate/incentive deposits and fund transfers to the Energy Efficiency Fund.
3. Administrative Services Department – Facilities Maintenance – Coordinate with Planning Division staff regarding energy/solar audits, rebate applications, and energy project implementation for their projects.
4. Public Works – City Electric Utility – The City Utility provides access to monitoring information for electricity use for City owned facilities.
5. Public Works – Capital Projects Division – Coordinate with Planning Division staff regarding energy/solar audits, rebate applications, and energy project implementation for their projects.
6. Parks and Community Services Department – Coordinate with Planning Division staff regarding energy/solar audits, rebate applications, and energy project implementation for their projects.

POLICY:

- I. The City will deposit all rebates and incentives received from utilities for the purpose of energy efficiency related improvements to the established Energy Efficiency Fund. The utilities include, but are not limited

Energy Efficiency Fund Policy

to Southern California Edison, the Moreno Valley Utility, Southern California Gas Company, or other agencies.

- A. Energy efficiency projects include projects involving energy efficiency improvements that may be funded in whole or in part from Local, Federal or State funds, and/or the City's Energy Efficiency Fund.
 - B. The Fund shall not be used for energy efficiency improvements if other sources of funding are available.
- II. Fifty-percent of energy savings from energy efficiency projects shall be deposited to the Energy Efficiency Fund for a period of two years following installation and completion of each project. This deposit requirement shall not apply to new construction projects.

- A. For the calculation of savings, the savings will be determined based on a comparison of the energy usage prior to beginning work on the energy efficiency project to the energy usage following completion of the project. The baseline year calculation is the 12 month period of energy usage prior to the installation of the energy improvements. The after installation usage will be the energy used in the 12 months after installation is complete. The after installation usage will begin from the month following project completion (First full month on the utility bill with the energy improvement).

The savings will be calculated as the difference between the baseline year kWh (kilowatt hour) and the after installation year kWh (Baseline Year kWh - Year 1 or Year 2 kWh). Once the kWh savings for year one and or year two are established the average cost per kWh is established. The average cost per kWh is the total 12 month cost divided by the total 12 month kWh of the utility bill (Total 12 month Cost/Total 12 month kWh). The average energy savings cost will be the difference between the baseline year and year 1 or year 2 kWh savings multiplied by the average cost per kWh in year 1 or year 2.

- B. The monies will be deposited to the fund prior to the end of the fiscal year in which each of the first two 12-month after installation periods end.

III. Administration of Fund

The Planning Division of Community and Economic Development will be responsible for administering the Fund, and coordinating with the Financial and Management Services Department. The Planning Division will be responsible for identifying the savings for each project.

- IV. An Energy Efficiency Fund Review Committee shall be established to determine the projects that would receive funding. The Committee shall be comprised of six members. The members will include the Department Head or designated Division Manager from each the following departments: Community and Economic Development Department - Planning Division, Finance and Management Services Department, Parks and Community Services Department, Moreno Valley Utility, Public Works – Capital Projects Division, and Administrative Services Department - Facilities Maintenance.

- A. The Committee shall meet on a biannual basis if there are funds to be allocated.
- B. The projects with the fastest estimated payback period shall be given priority.
- C. An eligible project may include any construction or retro-fit project that involves energy efficiency achieving an estimated payback period of 10 years or less.