



Office of the City Manager

INFORMATION CALENDAR
MAY 31, 2022

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Alene Pearson, Acting Director, Planning and Development Department
Subject: On-Call Energy Efficiency Services Contracts through On-Bill Financing

INTRODUCTION

The City is entering into contracts with two energy service providers for on-call services to improve energy efficiency, advance electrification and reduce emissions at municipal facilities, using the Pacific Gas and Electric (PG&E) On-bill Financing (OBF) program. All expenses under these contracts are paid upfront by PG&E, to be repaid by the City through installments on the monthly municipal utility bills to PG&E.

CURRENT SITUATION AND ITS EFFECTS

In order to assess energy efficiency and electrification upgrades at multiple municipal facilities, staff issued a Request for Proposals and selected EverWatt Lighting and Enovity, Inc., two Trade-Pro qualified energy service providers, with previous experience with OBF at other public agencies. Contracting with these energy efficiency service providers for on-call services will accelerate the number of facilities that can be assessed for municipal energy upgrades financed through the OBF program.

Through the On-Bill Financing Program, PG&E will finance all labor and equipment with no-interest loans ranging between \$5,000 and \$250,000 per municipal project, to be repaid on the City's PG&E bills through energy cost savings. Eligible projects must demonstrate modeled savings with a payback of ten years or less and will not require any upfront cost to the City. PG&E verifies the energy savings before authorizing the loan and the monthly loan amount is equal to the projected monthly energy cost savings.

Service providers will evaluate efficiency and electrification opportunities at municipal facilities and determine what measures would result in sufficient savings to qualify for financing. Upgrades to lighting and controls, replacement of gas heating/cooling (HVAC) and water heating systems with high-efficiency electric heat pumps, improved insulation, energy management systems and other energy saving measures will be considered. Once the scope of work and loan amount are determined by the energy service providers, the City and PG&E will enter into a loan agreement for each facility.

The On-Call Energy Efficiency Services contracts for On-Bill Financing projects help advance the City's Strategic Plan Priority Project to develop a Municipal Building Energy Policy. This supports the Strategic Plan goals to:

- help create state-of-the-art, well-maintained infrastructure, amenities, and facilities;
- provide an efficient and financially-healthy City government by saving money on energy costs;
- create a resilient, safe, connected, and prepared City by reducing load on the electric grid, and reducing municipal fossil fuel use and greenhouse gas emissions; and,
- be a global leader in addressing climate change, and protecting the environment.

BACKGROUND

The City of Berkeley has used PG&E's On-Bill Financing program to finance efficiency projects at the Public Safety Building (approximately \$250,000) and the Spring Animal Shelter (approximately \$20,000). These projects resulted in upgrades to state-of-the-art energy efficient lighting and lighting controls. PG&E paid the contractor directly for all materials and labor. Once the loans are repaid, the energy bills will decrease accordingly.

This program is supported by public purpose funds paid for by all gas and electricity customers, required by the California Public Utilities Commission to advance energy efficiency.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Every approved project will guarantee a reduction in energy use and related emissions. When feasible, equipment that uses natural gas will be replaced with all-electric equipment. Since the City purchases 100% renewable electricity, building electrification supports the elimination of fossil fuels from existing municipal buildings.

POSSIBLE FUTURE ACTION

These projects will support the transition to municipal buildings to clean electricity. Staff will continue to look for opportunities to integrate this work with other capital improvements such as T1 projects, where energy systems are impacted.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

PG&E will finance all upfront costs, which are repaid on monthly bills and covered through savings from increased energy efficiency. There are no additional funds needed from the City. These projects will be coordinated using existing staff resources.

CONTACT PERSON

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