

Lompoc City Council Agenda Item

City Council Meeting Date: October 7, 2008



TO: Gary Keefe, City Administrator

FROM: Mary Kammer, Utility Conservation Coordinator
M_kammer@ci.lompoc.ca.us

SUBJECT: New Electric Energy Conservation Incentives and Augmentation of Existing Incentives

RECOMMENDATION:

Staff recommends that the City Council authorize the additional appropriation of \$85,500 in public benefit funds for rebate incentives to augment existing programs and create new programs, to be allocated to account number 52530-57202, entitled Energy Efficiency Incentive Services. The funds are to be appropriated from the Public Benefits Reserve.

DISCUSSION:

On March 6, 2001, City Council appropriated from Public Benefit Program Funds \$332,100 for the creation of energy efficiency programs. Since then, an additional \$243,500 has been appropriated from Public Benefit Program funds to either augment existing programs or to create new programs. The monies provide cost-effective, electricity demand-side management services, that are intended to promote energy efficiency and energy conservation which meet the requirements of SB1037.

Below are the current status of existing programs with suggested changes and suggested new programs:

- 1. Increase the rebate from \$120 to \$144 per appliance for the purchase of a new energy efficiency refrigerator or freezer and appropriate an additional \$20,000 in Public Benefit Money to be allocated for Refrigerator Rebate Program.**

The program provides a financial incentive to City electric customers who replace working refrigerators or freezers manufactured before 1992 with new energy efficient models. A total of \$116,000 has been dedicated for these rebates of which \$15,100 remains unexpended.

The City has issued 754 rebates since May of 2001, with an average of 75 rebates per year since 2005. It is expected the increase in the rebate will be more attractive to customers who have not yet taken advantage of this program. The remaining \$15,100 will

only provide for 104 rebates, anticipating that the funds would be depleted before the end of the year.

2. Increase current maximum for the purchase price of new refrigerators for Income-Qualifying Refrigerator Replacement from \$570 to \$600.

The current program provides an income-qualifying electric customer with a \$570 voucher toward the purchase price of a new energy efficient refrigerator of choice. (The customer will pay back to the City \$20 per month for one year or a total of \$240.) The limit of \$570 was established to cover the purchase of a 19 cu ft refrigerator plus delivery, installation, and removal and disposal of the old refrigerator.

Since this program was established in 2001, the cost of a 19 cu ft refrigerator, and the cost for the dealer to provide delivery and disposal services have increased. An increase of \$30 per transaction to cover the extra costs associated with product increase and delivery costs will allow the City to offer this program at the same level of service as when originally established.

3. Appropriate an additional \$5,500 in Public Benefits Program Funds to be allocated for the gas conversion program.

The program provides a financial incentive to City electric customers to replace an electric water heater or clothes dryer with a gas appliance. Since the inception of the program in 2001, \$11,000 has been appropriated to provide an incentive of \$100 for an electric customer to switch to gas. To date, 95 customers have taken advantage of this program and it is expected that the remaining \$1,560 will be expended by the end of the year.

4. Redefine the Commercial Lighting Rebate and appropriate an additional \$40,000 of Public Benefit Program Funds.

This program provides a financial incentive to City commercial electric customers who replace or retrofit existing T12 lighting with more energy efficient lighting. The current rebate is a fixed amount of up to \$15 per fixture retrofitted. Participation in the program has been minimal. To make the program more attractive to the average commercial customer with lighting in operation 8 hours or more per day, it was recommended by the Utility Commission that the rebate be based upon the amount of energy saved and the actual cost of retrofitting existing fixtures, so that the cost of the retrofit will be paid back (in saved electricity cost) in 1.75 years. This would increase the rebate for businesses that are open long hours each day and be more in keeping with the intent of SB 1037 to provide the most in energy savings for the amount of public benefit money spent. In 2001, \$20,500 was allocated for this rebate. Currently, there is \$9,803 available for rebates and hazardous waste disposal of ballasts filled with PCB and all lamps. If customers who have inquired about the rebate or the anticipated increase in customers applying for a rebate participate in the new program, it is expected that current funds will not be adequate to meet all requests. An additional \$20,000 plus the previously approved \$9,803, will provide for approximately 50 additional or total rebates.

5. **Offer a customized rebate to any electric customer whose proposed project meets energy efficiency requirements as established by the California Energy Commission and appropriate \$20,000 for rebates.**

This program would encourage unique energy-efficiency projects that are not otherwise offered by our current rebate programs and would allow the customer to capitalize on a broader range of energy saving projects. The projects should decrease electrical usage and/or energy demand at a facility located within our service territory. Eligible equipment must be permanently installed and have replaced less efficient equipment. Also, a rebate toward the cost of an energy audit by an outside firm that resulted in energy efficient measures being implemented would be eligible. The rebate would equal the projected energy saved in watts multiplied by \$.15. An example of a project that meets the criteria for this rebate would be a new energy efficient motor for a commercial walk-in refrigeration unit. This incentive has been discussed with and approved by the Utility Commission.

SUMMARY:

In the past, energy efficiency programs have proven effective in meeting the needs of electric customers and in reducing customer energy usage. The request for an additional appropriation of \$85,500 to augment and continue existing rebate programs meets the needs of City electric customers, and meets the Public Benefit requirements of AB1890(1996), as well as provides energy savings required by SB1037. The Utility Commission unanimously recommended approval during regular commission meetings.

Mary Kammer, Utility Conservation Coordinator

APPROVED FOR SUBMITTAL TO THE CITY ADMINISTRATOR:

Ronald V. Stassi, Utilities Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Gary Keefe, City Administrator