



City of San Diego

San Diego Clean Generation Program Update

Natural Resources & Culture Committee

October 28, 2009

CLEAN GENERATION PROGRAM

WHY ARE WE DOING THIS?

- AB 811: Authority given to cities and counties
- Generate demand of local products
- Stimulate the growth of our cleantech sector
- Create green jobs
- Reduce greenhouse gas emissions
- No cost to the City's general fund



CLEAN GENERATION PROGRAM

SELECTED FIRM

Renewable Funding / CCSE Team

- **Renewable Funding, LLC.**
 - Short term (Gap Financing)
 - Purchase agreement for micro-bonds
 - Core administrative services
 - Industry leader
- **California Center for Sustainable Energy (CCSE)**
 - Administrative services
 - CSI integration
- **North American Development Bank (NADB)**
 - Guaranteed to purchase bonds from Renewable Funding



CLEAN GENERATION PROGRAM OVERVIEW

- **Eligible Measures**
 - Energy Efficiency Retrofits
 - Renewable Energy Fixtures
 - Water Efficiency Fixtures
 - New Construction
- **ARRA Leveraging**
 - EECBG / SEP / PUC Partnership



CLEAN GENERATION PROGRAM OVERVIEW

- **Capital**

- \$20,000,000 with potential for accessing additional funds
 - 20 Year Treasury plus 245 basis points + annual On-Going Fees at 24 basis points
 - As of 10/21/09 = 6.89%
- Duration of Loan up to 20 years
- Legal Authority: San Diego City Charter
- Boundaries: The legal boundaries of the City of San Diego



CLEAN GENERATION PROGRAM OVERVIEW

- How the Clean Generation Program will work
 - Apply
 - Approval
 - Install
 - City places a lien on the property
 - Interim funding issued to pay the installer
 - Create / Sell Micro Bond
 - Payback
 - Over 20 years along with the regular property tax payments



CLEAN GENERATION PROGRAM WORKING GROUP

- Vaillant Solar Systems
- CCSE
- SDG&E
- CleanTECH San Diego
- Environmental Health Coalition
- US Green Building Council
- REC Solar
- California Solar Industries Association
- Building Industry Association
- Greener Dawn
- Siliken
- Qualcomm



City of San Diego



CLEAN GENERATION PROGRAM WORKING GROUP

- Work Group Task
 - Review the Mayor's draft program design and make recommendations
- Changing Environment for PACE Programs
 - New state and federal guidelines appearing weekly
 - Guidelines are inconsistent



CLEAN GENERATION PROGRAM WORKING GROUP

- Three meetings held
- Fourth meeting planned after community meetings
- Training and Outreach Sub-Committee established
- Quarterly meetings in 2010 to assist the Mayor with analyzing program results



CLEAN GENERATION PROGRAM

PROGRAM DESIGN

Program Participation Options

- Minimum Loan Amount: \$5,000
- Energy audits required
 - In order to get incentives must test out with:
 - 10% energy reduction or 10% HERS II score reduction
 - Test in with a HERS score of 100 or verify the property is Title 24 (2005 Standard Compliant)



CLEAN GENERATION PROGRAM

PROGRAM DESIGN

Program Participation Options (continued)

- Energy Efficiency and Renewable Energy
 - \$50,000 max loan amount
- Energy Efficiency Only
 - \$50,000 max loan amount
- Renewable Energy Only (SEP Guidelines may not allow)
 - \$30,000 max loan amount
- Water Efficiency
 - No audit required
 - Water Department must verify plans are likely to generate water savings
 - max loan amount (TBD)



CLEAN GENERATION PROGRAM

PROGRAM DESIGN

Incentives and Enhancements

- District Formation Costs
 - \$100,000
 - Source: EECBG
- Marketing and Outreach
 - Materials / Outreach / Advertisement Budget = \$100,000
 - Source: SDG&E Partnership
- City Staffing
 - Debt Management
 - .5 FTE = \$75,000 for 1 year
 - Source: SDG&E Partnership
 - Environmental Services
 - .5 FTE = \$75,000 for 1 year
 - Source: SDG&E Partnership



CLEAN GENERATION PROGRAM

PROGRAM DESIGN

Incentives and Enhancements

- Program Incentives
 - Energy Efficiency: 20% reduction in energy usage
 - Energy Audit: \$500 grant
 - Source: EECBG
 - Energy Efficiency Rebate: \$3,000
 - Source: SEP
 - Eligibility: 20% reduction of HERS II score between test in and test out
 - Energy Efficiency: 10% reduction in energy usage
 - Energy Audit \$500 grant
 - Source: EECBG
 - Energy Efficiency Rebate: \$1,500
 - Source: SEP
 - Eligibility: 10% reduction of HERS II score between test in and test out



CLEAN GENERATION PROGRAM

PROGRAM DESIGN

Program Eligibility

- Allocation: First come first serve
- Residential four units or less
 - Small multi-family residential will be allowed
 - Need to form a group to explore the best way to include larger residential properties
 - Commercial / industrial may be allowed for water efficiency



CLEAN GENERATION PROGRAM

PROGRAM DESIGN

Program Eligibility Continued

- Economic Development Components (Local Job Creation)
 - In order to be eligible for the program, applicants would have to comply with one of the following criteria:
 - Purchase all the equipment and materials from a point a sale within the City of San Diego
 - Hire installer(s) or contractor(s) from within the County of San Diego
 - Purchase 50% of the equipment and material from manufacturer(s) located within the City of San Diego
 - Exemption can be made if is impractical for a property owner to meet one of the criteria listed above



CLEAN GENERATION PROGRAM

PROGRAM DESIGN

Program Eligibility Continued

- Underwriting Criteria (Recommend align with best practice criteria / DOE guidelines)
 - Ownership: Property owner must initiate and sign application
 - Loan to Value Ratio: 3:1 is legal ratio, 10:1 is suggested ratio
 - Home Equity
 - Property screen must demonstrate positive equity in home
 - Property Tax Payment History
 - Must have a good payment history
 - No delinquencies in the past 3 years
 - Other Liens
 - Must insure the Clean Generation lien is superior to all other liens on the property
 - No involuntary liens may be on property



CLEAN GENERATION PROGRAM

PROGRAM DESIGN

Program Marketing

- Contractors / Retailers / Installers
 - Prior to program launch hold workshops to train contractors / retailers / installers
 - Offer additional workshops every six months
 - Establish point of contact at CCSE for contractors with questions
- Earned Media
 - Mayor / Council / program participants
- Non-Governmental Spokesperson
 - Potential for celebrity spokesperson / advocate
- Leveraging / promoting existing programs
 - Coordinate the marking of all available programs / rebates and incentives with all players in the energy efficiency and renewable energy market space
 - Utilize community organizations and groups to market the program
 - City should play a leadership role



CLEAN GENERATION PROGRAM

PROGRAM DESIGN

Program Compliance

- Independent test in test out for EE requirements
- CSI for Solar: Require participation
- CCSE administers contractor list for:
 - Renewable Energy (non-solar)
 - Energy Efficiency
- 10% of projects get checked



CLEAN GENERATION PROGRAM

PROGRAM DESIGN

Training

- Training and Outreach Sub-Committee
- Engage the San Diego Workforce Partnership
 - Educate WFP on the demand this program will create for skilled workers
 - During contractor orientations provide sources to access trained skilled workers



CLEAN GENERATION PROGRAM TIMELINE

- October 28, 2009 – NR&C
 - Informational Item on the design of the Clean Generation Program
- November (First Two Weeks)
 - Public meetings to discuss the program design
- December 9, 2009 - NR&C
 - Approval of contracts for administrative and financial services



CLEAN GENERATION PROGRAM

TIMELINE (CONTINUED)

- First Week of January – City Council
 - Approval of contracts for administrative and financial services
- Mid February - City Council
 - Approval of District Formation
- Month of March – Community and vendor workshops
 - Discussions about how to use and participate in the program
- Late March – Program goes live (Tentative)



CLEAN GENERATION PROGRAM

Questions /
Feedback?



City of San Diego

