

RESOLUTION NO. 14-040

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE ADOPTING AN ENERGY EFFICIENCY PROGRAM FOR VICTORVILLE MUNICIPAL UTILITY SERVICES

WHEREAS, Victorville Municipal Utility Services (VMUS) assesses end-use customers a Public Purpose Program surcharge on electricity and natural gas consumption for the purpose of funding cost-effective energy efficiency, conservation and research and development projects and activities that provide a public benefit to VMUS customers; and

WHEREAS, Public Purpose Program surcharges collected from VMUS electric and natural gas customers are maintained in funds separate from VMUS operating revenues and are reserved solely for use on eligible programs and activities in accordance with California Public Utilities Code sections 385(a) (electricity) and 890(a) (natural gas); and

WHEREAS, VMUS has developed an Energy Efficiency Program, attached hereto as Exhibit A, which outlines the terms and conditions for receiving services, rebates, incentives and direct funding for eligible projects and activities; and

WHEREAS, Energy Efficiency Program categories have been developed to assist VMUS and its customers with implementing cost-effective and feasible energy efficiency projects that can contribute to the statewide goal, established by the California Air Resources Board under the Global Warming Solutions Act of 2006, to reduce greenhouse gas emissions to 1990 levels by 2020; and

WHEREAS, expenditures and efficiency savings for the categories available under the VMUS Energy Efficiency Program will be tracked individually for the purpose of reporting electricity and natural gas efficiency savings to regulatory agencies, and for monitoring customer acceptance/satisfaction for the purpose of modifying the Energy Efficiency Program as may be necessary to improve participation; and

WHEREAS, to promote the efficient use and conservation of energy resources and encourage development of projects which employ qualified energy-efficient practices and renewable technologies, the City Council finds that adoption of the VMUS Energy Efficiency Program is in the interest of the public health, safety and welfare.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF VICTORVILLE DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The recitals and findings set forth above are true and correct and are hereby incorporated in their entirety as part of this Resolution by this reference.

Section 2. The terms and conditions for receiving services, rebates, incentives and direct funding available under the VMUS Energy Efficiency Program are set forth in Exhibit A, attached hereto, and incorporated by reference as if fully set forth herein.

Section 3. Except for those matters specifically reserved for action by the City Council in the VMUS Energy Efficiency Program attached hereto as Exhibit A, the City Manager or his/her duly authorized designee is authorized and directed to do and perform all acts required to administer, carry out and implement the VMUS Energy Efficiency Program.

Section 4. This Resolution shall take effect on June 19, 2014.

Section 5. The City Clerk shall certify to the adoption of this Resolution.

Exhibit A to Resolution No. 14-040

**Victorville Municipal Utility Services
Energy Efficiency Program**

VMUS Energy Efficiency Program

The Victorville Municipal Utility Services (VMUS) Energy Efficiency (EE) Program outlines the parameters for customers to receive incentives and rebates for the installation of eligible energy savings measures, equipment or systems, and for VMUS to receive direct funding for eligible projects that benefit VMUS customers through improved safety, system integrity, energy efficiency, conservation and/or research and development (R&D). EE Program payments to customers are based on expected energy savings, while funding for utility-side projects is based on actual project costs. The EE Program is funded by Public Purpose Program surcharges billed and collected in accordance with the VMUS Electric Service Rate Schedules and Gas Service Rate Schedules, as established and amended in accordance with Chapters 10.10 and 10.11 of the Victorville Municipal Code respectively.

EE Program Categories:

1. **Energy Audits**: On-site energy audits and recommendations designed to potentially improve energy operating efficiency and reduce load requirements. VMUS customers are eligible for an energy audit at no cost once every 36 months. The number of energy audits completed each fiscal year shall be limited based on available funding, and energy audits will be scheduled on a first-come, first-serve basis according to the date the EE Program application is received.
2. **Lighting Incentives**: EE Program payment for the installation of energy efficiency lighting upgrades that reduce annual energy usage. The EE Program payment is based on rate of \$0.064/kWh for one year of energy savings, but shall not exceed 50 percent of the cost of the lighting product/equipment.
3. **Construction Incentives**: EE Program payment for construction projects that include equipment components that exceed state-mandated codes, federal-mandated codes, industry-accepted performance standards, or other baseline energy performance standards by more than 10 percent. The EE Program payment is based on 25 percent of the cost difference between standard and upgraded equipment and/or materials, or \$50,000, whichever is less.
4. **Energy Demand Reduction**: EE Program payment for the installation of energy efficient equipment/technology that permanently reduces coincident summer/winter on-peak load and exceeds state-mandated codes, federal-mandated codes, industry-accepted performance standards or other baseline energy performance standards. EE Program payment is based on rate of \$100/kW for each on-peak kW that has been reduced, but shall not exceed 50 percent of the associated equipment/technology.
5. **Custom Energy Efficiency Incentives**: EE Program payment for the installation of energy efficiency equipment/improvements that reduces annual energy usage by at least 20 percent. EE Program payment is based on rate of \$0.064/kWh or

\$0.525/therm for one year of energy savings, but shall not exceed 50 percent of the cost of associated equipment/materials.

6. **Utility-Side Projects/Activities:** Direct funding for projects/activities on the utility-side of the meter that promote a benefit to VMUS customers in terms of improved safety, system integrity, energy efficiency, conservation, or R&D. Projects must be authorized by the City Council as part of the annual operating budget or through a subsequent request in a public meeting.

EE Program Terms and Conditions:

1. Participants are limited to VMUS and its electric and natural gas customers with all associated utility accounts in good standing.
2. The City Manager or designee reserves the right to temporarily suspend the EE Program, or any component thereof, at any time. However, cancelation of, or any permanent modifications to, the EE Program must be approved by way of City Council action.
3. Payments issued under EE Program Categories are limited to the availability of funds on a fiscal year basis.
4. Independent of the EE Program payment, eligible energy efficiency projects must be cost effective from the customer's perspective based upon the value of total estimated energy savings over the life of the installed measures. The installed equipment must be used for the effective useful life of the product(s) or for a period of five years, whichever is less.
5. Demand and direct energy savings attributable to energy efficiency must be stamped by a professional engineer licensed in the state of California in the applicable discipline or through a generally-accepted industry practice or valuation model. Savings calculations must include product specifications, hours of operations, the derivation of baseline conditions and all other assumptions used to support estimates.
6. Calculation of the estimated annual energy use of the existing processes/equipment being replaced must utilize efficiency values based on either accepted California (often California Code of Regulations Title 24) or federal standards, or the existing equipment efficiency, whichever is higher.
7. When there is uncertainty of energy savings or demand reduction, VMUS may require measurement and verification (M&V) up to two years after installation of the project. If VMUS determines that M&V is necessary, VMUS customer service will request that the applicant prepare and submit an M&V plan for review and approval by the City Manager or designee. For projects where M&V is required, 60 percent of the approved rebate/incentive will be paid after the project installation is confirmed,

and the balance of the rebate/incentive will be determined and paid based upon the final M&V report.

8. To verify eligibility and reserve funding, initial EE Program applications must be submitted to VMUS customer service and pre-approved by the City Manager or designee before equipment is purchased and installed. The EE Program application must be accompanied by the professional estimate of annual demand and direct energy savings outlined in item 5 above. Upon review of the application, VMUS customer service will provide written notice to the applicant of pre-approval status. The funding reservation, pre-inspection, and M&V requirements, if applicable, shall be included in such notice.
9. EE Program payment requests must be submitted by the applicant, in writing, within 120 days of issuance of the pre-approval notice to prevent cancellation of the funding reservation. Written requests must be accompanied by sufficient information to document project costs and must include, at a minimum, a copy of the dated sales receipt. The sales receipt is subject to verification and must note all necessary information to properly identify the qualifying product/equipment/materials, including, but not limited to: make/model, vendor, date, and price per qualifying unit.
10. Applicants may seek reimbursement for qualified projects that were completed up to 12 months prior to the date the application is submitted. However, EE Program applications submitted on a reimbursable basis will be considered secondarily to pre-approvals and are subject to funding availability and receipt of all relevant documentation and verification requirements outlined herein. Therefore, VMUS offers no guarantee that the applicant will receive an EE payment if the EE Program application is submitted on a reimbursable basis.
11. Payments will only be issued to VMUS customers for projects that demonstrate an overall reduction in usage or demand as required under the appropriate EE Program Category, as determined and approved by the City Manager or designee.
12. EE Program applications are subject to pre- and post-installation inspections. Customer agrees to fully cooperate with any authorized agents of VMUS for the purpose of such inspections. Customers who are not in compliance with terms and conditions of the EE Program, or to have provided false or inaccurate information on the EE Program application will be billed for a pro-rated amount of the rebate, or the full amount of the rebate, as may be appropriate.
13. All equipment installed must be new (not used, refurbished, or available for resale); used at the service address listed on the EE Program application; replace existing, operational, less energy-efficiency equipment; and utilize the same fuel source as existing equipment (electric for electric, not gas for electric).
14. With the exception of utility-side projects, rebates/incentives are based on product cost only. Labor, equipment rentals, taxes and non-material costs are excluded.

15. Individual customers may not receive EE Program incentives in excess of \$25,000 during any given fiscal year unless recommended by VMUS staff and specifically approved by the City Council.
16. Rebate checks will only be issued and mailed to the VMUS customer listed on the application for service or as indicated in an official notification subsequently submitted to VMUS in writing following the initial application for service.
17. VMUS does not endorse or recommend specific products or dealers and disclaims any warranty, whether expressed or implied, regarding the equipment installed, or for any material or labor associated with its installation, maintenance, repair, safety, satisfactory performance, or any energy savings associated with its use.