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# Energy Upgrade Los Angeles

Commercial Building Performance Initiative



**CRA/LA**  
BUILDING COMMUNITIES

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# Energy Upgrade LA - Background

**Goal:** “To catalyze holistic energy and water performance upgrades in Los Angeles’ existing non-residential commercial buildings, and build the business case for investment in resource efficiency projects.”

- ❑ Pilot program within Energy Upgrade California
- ❑ Funding through ARRA Energy Efficiency & Conservation Block Grant + State Energy Program Grant
- ❑ Available through **June 30, 2012**



# Current Status and Timing

- Finalizing Scope of Work with selected Program Management Team
- Revising strategic outreach plans & associated budgets
  - Smart Meter Initiative
  - Small Buildings Initiative
  - Large Buildings Initiative
- Target soft launch on Earth Day, April 22 2011

# NO COST Program Offerings

- Online “Self-Assessment” Tool
- Phase 1 Savings Opportunity Assessments
- Phase 2 Investment Grade Assessments
- Facilitated access to Utility, State and Federal incentives (including EAct 179D)
- Purchase & Installation of 300 Smart Meters
- Measurement & Verification through LADWP
  - MV Web
  - ELM Program



# NO COST Program Offerings

- Introduction of Financing Options & Investors
  - PACE financing
  - Energy Services Agreement / SPV Structure
  - Capital Lease
  - Unsecured / Subordinated Loans
  - New mortgage product(s)
- Credit Enhancement on PACE Financings
  - \$2.5M Debt Service Reserve Fund
- “Fast Track” option for shovel-ready projects

# Property Owner Commitments

- Provide access to data, staff, buildings
- Communicate performance goals
- Communicate implementation plans
- Articulate clear investment criteria
- Communicate project funding plans/needs
- Assess proposed measures on their economic & operational merits
- Share anonymized post-retrofit energy consumption data through LADWP M&V



# Savings Opportunity Assessments

## ■ Eligibility Criteria

- Must be a non-residential income-producing property
- Must be within LADWP territory
- No size restriction
- Complete application and data release

## ■ Scope

- ASHRAE Level 1 walk-through assessment
- Energy Star Benchmarking
- Identification of energy / water savings opportunities
- Consistent & transparent estimates of Costs, Savings, rebates, & incentives



# Investment Grade Assessments

## □ Eligibility Criteria

- > 50,000 GSF or monthly electricity demand > 200 kW
- Complete application

## □ Scope

- ASHRAE Level 2 assessment
- Refine cost, savings, and rebate/incentive estimates
- Liaise with potential investors (if requested by owner)
- Scope may be expanded For qualifying projects
  - ASHRAE Level 3
  - Detailed Energy Modeling
  - Development of stamped drawings
  - EAct tax deduction certification



# Streamlined Rebate/Incentive Access

- The EULA program manager will manage processing of all Utility rebates on the owner's behalf
- Customized savings calculation tools will ensure “clean” rebate applications
- All projects are eligible for rebate/incentive processing support
  - Auditor must use EULA rebate calculation tools
- The EULA program manager will keep the owner apprised of timing

# Measurement & Verification

- EULA will enroll properties in LADWP's MVWeb or Energy Load Monitoring (ELM) programs
- MV Web is free, and provides monthly consumption data online
- ELM is inexpensive, and provides front end analytics and online access to interval data
  - For qualifying property owners EULA will cover the cost of ELM for 1 year
- Data will not be disclosed to 3<sup>rd</sup> parties, except in aggregate



# Introduction of Financing Options

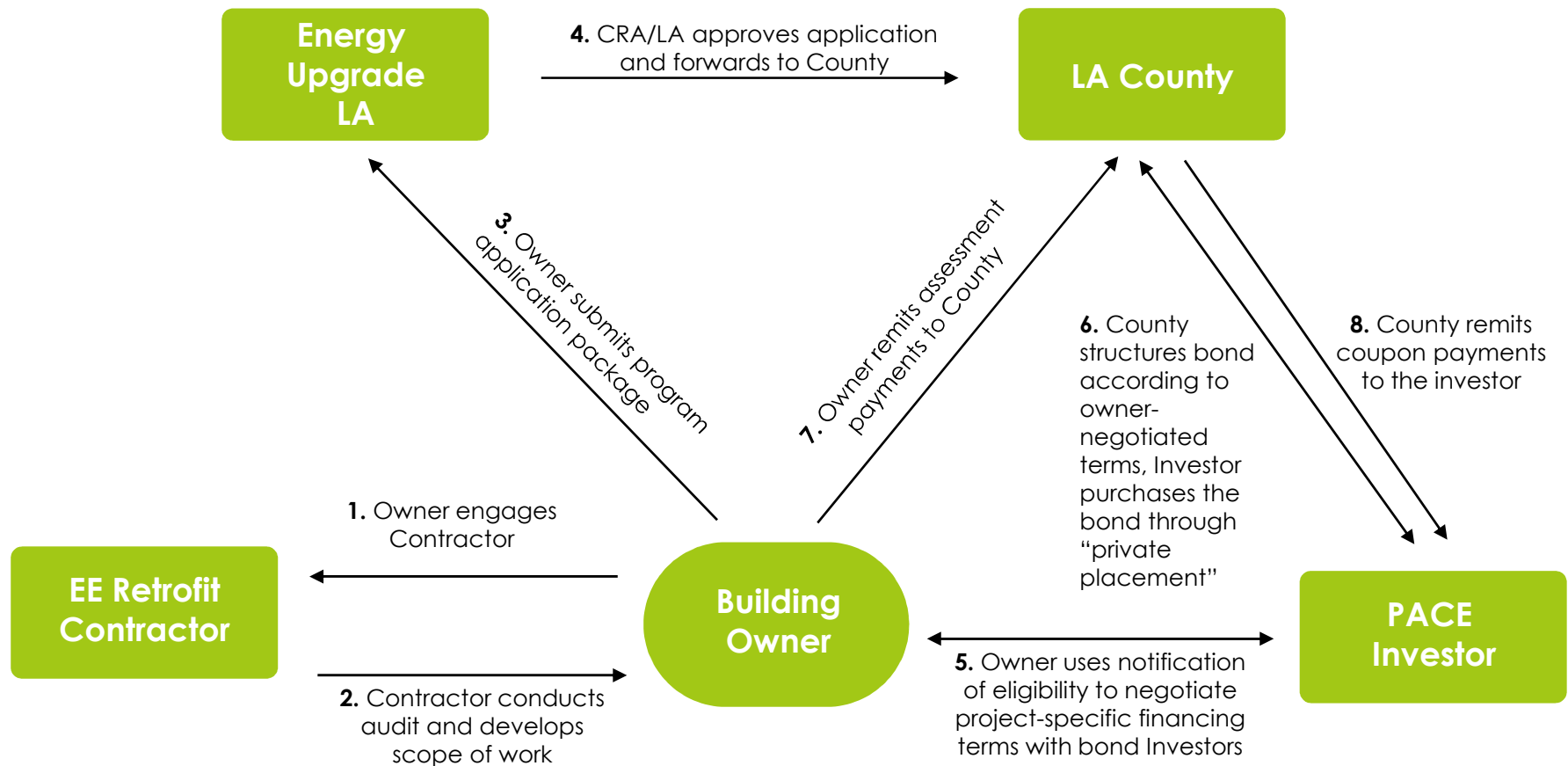
- The program web portal will have information on various financing structures available in the market
- CRA/LA will post a list of qualified investors on the program web portal
- The EULA program manager can facilitate introductions to investors at owners' request
- Owners negotiate directly with investors – the City does not play any role in negotiation of financing terms



# Credit Enhancement for PACE Financings

- In order to de-risk the proposal for the mortgage holder, a Debt Service Reserve Fund (DSRF) will be made available to the mortgage holder
- DSRF protects the mortgage holder in the event of a delinquency – and keeps PACE investor whole
- Reserve levels will be set according to needs of “first movers”
- Reserve levels will be stepped down over time as projects stabilize

# PACE Financing - Mechanics



# Answers to FAQs

- ❑ Owners may self-implement projects, and/or work with whichever contractor(s) they like.
- ❑ Owners may choose a pre-qualified auditor from the EULA list, or propose another qualified auditor.
  - ❑ All auditors must follow the EULA scope of work and use the EULA tools in order to be funded through the program.
- ❑ Auditors may stay on to provide project management and additional services at owner's cost.
- ❑ Owners may elect to receive Statements of Interest from retrofit investors without making any commitment or revealing their identity.
- ❑ Solar PV/thermal and other onsite generation projects are financeable.
- ❑ EULA incentives are available subject to brief interviews with EULA staff



# Answers to FAQs

- There will be caps on the # of buildings that an individual owner can submit for audits. This exact # is still TBD as of 3/8/11.
- There is no min/max size limit for an individual building to receive an audit.

# Additional Questions?

