

Wisconsin Energy Efficiency (WE²) Project

Presentation to Milwaukee's Steering and Rules Committee

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Overview

- Retrofit Ramp-up Grant Award
- Objectives and local benefits
- WE² Program design
- Why WECC?
- Project Administration and Oversight
- ME² Pilot project
- Next Steps



Retrofit Ramp-Up Grant Big Picture

- WE² grant application submitted by Wisconsin Energy Conservation Corp (WECC) on behalf of Cities of Milwaukee, Madison, and Racine
- Program will be marketed locally as Milwaukee Energy Efficiency (ME2)
- WE² was one of 25 grants awarded
 - Hundreds of applications totaling \$3.5B for \$452M of available funds
- Proposed final grant award expected to be \$20M across all three cities (\$12-\$13M for Milwaukee)



WE² Goals

- Grow the market for whole-house energy efficiency retrofits
 - Create private-sector jobs
 - Reduce energy bills
 - Reduce pollution
 - Improve the building stock
- Comparable program for commercial and industrial properties



What is a “Whole-House” Energy Retrofit?

- Coordinates a systematic energy audit with heating, cooling, and insulation contractors to save energy and \$\$
- Views the energy use in a house as an interdependent system
- Solar or other renewables are potential add-ons after energy efficiency work is completed



WE²: Whole-House Energy Retrofit Market Creation Elements

- Neighborhood-based marketing to increase customer demand
- Workforce and contractor development for supply
- Quality Assurance to ensure quality retrofits
- Coordination across various state and federal incentive programs
- Leverage private capital via loans to finance work



City of Milwaukee Budget & Impacts Over 6-Year Program

- City of Milwaukee share of overall grant award is approximately \$12M

Sector	Projected Number of Retrofits	Jobs	Energy Savings	Carbon Reduction (Tonnes CO2)
Residential	7,100	1,400	\$6M	30,104
Non-Residential	140	883	\$6M	383,345



Over-Arching Grant Requirements

- Award is for energy efficient building retrofits (not new construction)
- Sustainability
 - 6-year program
 - Federal funds for the first 3 years; must create sustainable program for years 4 - 6
- Leverage
 - 5:1 leverage required



Use of Grant Funds

- Loan loss reserve to leverage private capital for loans
- Funds for neighborhood-based marketing
- ARRA reporting requirements
- Legal and other start-up costs



Source of Local Leverage

- ME2 is a loan program with property owners ultimately paying for improvements to their property
 - Less available incentives
- No tax-levy support of grant
- Leverage for property loans comes from national private-equity firms (e.g. Renewable Funding), national or local banks, or City revenue bond
- Focus on Energy incentives
- \$1.2M from EECEBG formula grant
- WECC will likely issue RFP(s) for loan origination services and private capital terms



Use of PACE Financing Model

- 100% voluntary program
- Loan repayment secured as special charge on property tax bill
- Protection to lenders
- Protections to borrowers to realize anticipated energy cost savings through effective program design
- Prevention of fraud
- Protection to the City
- Residential PACE was approved by Common Council
- Wisconsin recently expanded PACE option to commercial and industrial properties



Plan to Grow Labor Market

- Implement a Community Workforce Agreement for trades work in ME2
 - Davis-Bacon wages
 - Workers as employees of the contractor
 - OSHA safety training
 - RPP and apprenticeship standards from the MORE ordinance
 - New hires from qualified training programs
- Coordination with Pathways Out of Poverty grant and workforce development partners



Plan to Prepare Contractors

- WECC will issue RFQ for certified contractors for ME2
- RFQ will include Community Workforce Agreement provisions
- RFQ will align contractor and worker certifications with national requirements to ensure quality workmanship
- Presentation to firms at EBE Sustainability Conference so EBE firms can prepare themselves to participate



Why WECC?

- The Wisconsin Energy Conservation Corporation (WECC) is a non-profit organization based in Madison, Wisconsin.
- Since 1980, WECC has played a critical role in changing the energy and energy efficiency landscape in Wisconsin and the Midwest
 - WECC has worked with government agencies and utilities who have helped to sponsor energy programs and impact energy policy
 - WECC has participated in a variety of research projects to verify the efficacy of efficiency options
 - WECC has identified consumer agencies to help educate and motivate the public to demand and use energy efficient products.
 - WECC ran a successful retrofit pilot project in Milwaukee
 - Opportunity to replicate ME² statewide



Leveraging Focus on Energy

- Wisconsin's statewide energy efficiency and renewable energy program
- Legislature created the program in 1999, expanded in 2005
- Aimed at increasing Wisconsin's energy independence by helping residents and businesses implement efficiency and renewable energy projects that would not occur otherwise



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Home Performance with ENERGY STAR

- Cash-Back Rewards
- Network of Market Providers/Partners
 - 70-ish independent / third-party consultants throughout Wisconsin
 - Are not employed by contractors
 - 14 in Milwaukee
 - 6 qualified contractors
 - 350+ trade allies



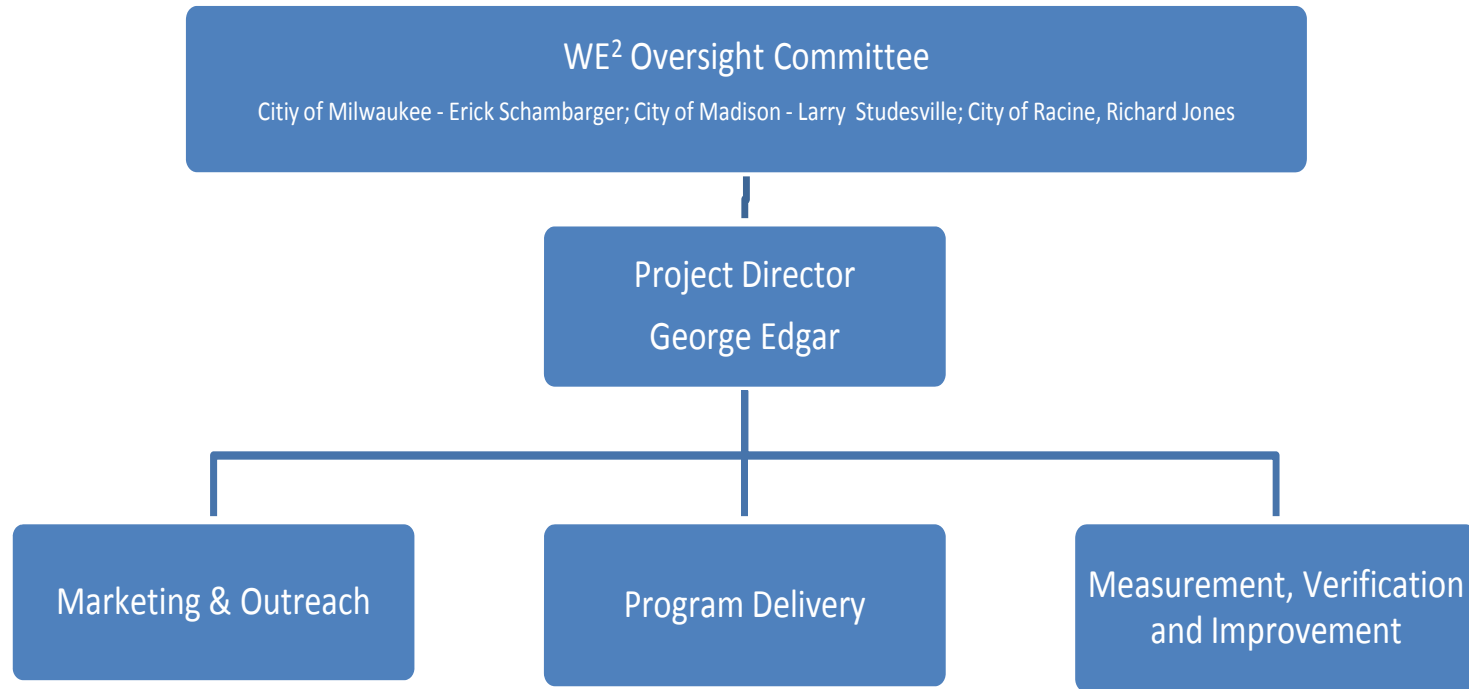
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WE² Oversight



Roles & Relationships

- WECC primary roles
 - Grant fund administrator
 - Provide expert program design and implementation guidance
- City and partner primary roles
 - Local marketing
 - Alignment with local priorities and programs
 - Community Workforce Agreement
 - Finance coordination for PACE financing
 - Comptroller review of financing options



Milwaukee Pilot - Objectives

- Utilize community
 - Form partnerships with neighborhood groups, etc.
- Test various outreach / marketing and ongoing communication techniques
- Deliver optimal building science practices / products to assure energy efficiency standards are met
- Guide / redirect home energy efficiency attitudes / behaviors toward sustainability



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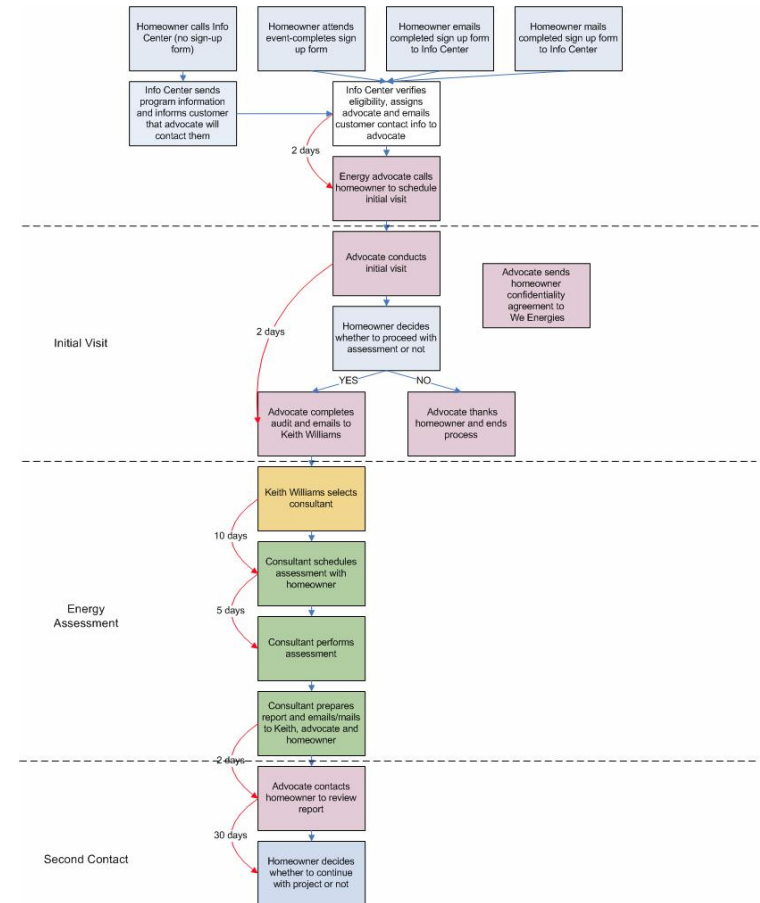
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Milwaukee Pilot - Process

- Initial interest
- Initial visit
- Energy assessment
- Second contact



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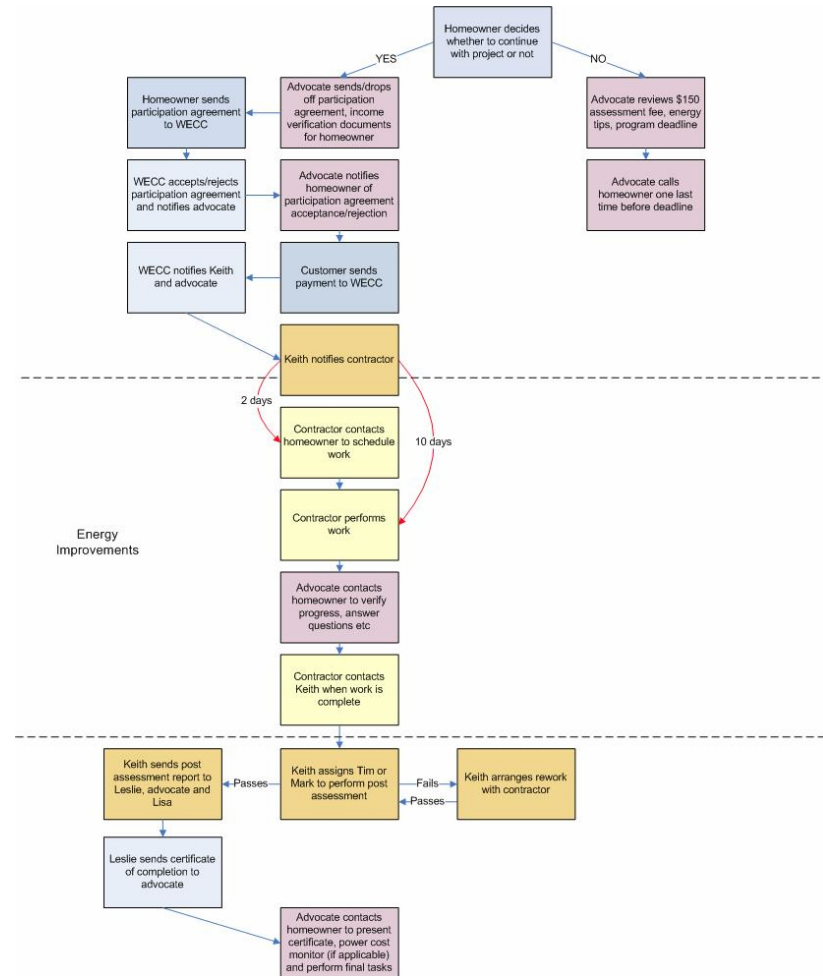
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Milwaukee Pilot - Process

- Second contact (con't)
- Energy improvements
- Post-audit / quality assurance check



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Milwaukee Pilot Lessons

- Streamline use of Energy Advocates
 - Energy Advocates and Consultants should be at the home at the same time
- Consultant and contractor requirements
 - Additional agreement via MOU



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NEXT STEPS

- Council approval to proceed with negotiations
- US Department of Energy will work with WECC and Cities to hone WE2 program and budget
- DOE wants to sign contract with WECC by June 1, 2010 for program launch in 2010
- Finalize MOU with WECC and City
- Revise local PACE ordinance to reflect new State Law
- Ongoing stakeholder input
 - Common Council, Comptroller, City Attorney, Treasure, community partners, etc.

