



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Stufflebean

SUBJECT: SEE BELOW

DATE: 02-06-09

Approved

Date

2/10/09

COUNCIL DISTRICT: City-Wide

SUBJECT: SUBMITTAL OF APPLICATION TO CALIFORNIA ENERGY COMMISSION FOR A PUBLIC INTEREST ENERGY RESEARCH GRANT FOR RENEWABLE-BASED ENERGY SECURE COMMUNITIES

RECOMMENDATION

Adoption of a resolution authorizing the City Manager to submit a grant application to the California Energy Commission's Renewable-based Energy Secure Communities (RESCO) Initiative, requesting grant funding in the amount of \$1,269,000 and providing for City matching funding in the amount of \$1,076,000 to conduct the following activities ("2009-2012 San José Specific, Measurable, Attainable, Realistic and Timely Energy Solutions (SMART^E) Program."

- a. Development and implementation of a program that addresses the community need for financing the upfront costs of energy efficiency and renewable energy measures and enables the deployment of mature and viable renewable energy technologies and energy efficiency solutions.
- b. Facilitation and support for PG&E's development of a Smart Grid Project and smart meter installations.
- c. Development and implementation of San Jose's SMART^E Community Education and Outreach plan, including comprehensive education, training and outreach resources for the residents and businesses of San José through multiple-medias and an education and demonstration center.
- d. Continued implementation and support for the Redevelopment Agency (RDA) Clean Tech Incentive Program, which provides incentives to clean tech companies to locate and do business in redevelopment areas San José.

OUTCOME

Approval of this recommendation would authorize the City Manager to submit the application for State grants that will help to:

- Advance the City's Green Vision goals specifically the goal to ensure that 100% of the electricity within the City is provided from renewable resources.
- Integrate energy efficiency measures and renewable energy.
- Begin to plan for the intelligent electrical power grid of the future.
- Begin to plan for urban utility scale renewable energy generation in partnership with utilities and solar developers;
- Engage all sectors of the City of San José in energy activities through creative marketing, education and outreach—*San José SMART^E – To the Power of Smart Energy Solutions*.
- Continue San Jose's leadership in sustainability by creating a replicable model for secure, renewable energy community development

BACKGROUND

On December 8, 2008, the California Energy Commission (Commission) released a Request for Proposals to fund integrated renewable energy (RE) projects that enable effective use of multiple geographically convenient RE sources and address technical, economic, and environmental barriers to implementation of renewable energy secure communities (RESCOs) in California. Renewable Energy Secure Communities are communities that secure their energy supply (electricity and fuel) through primary (up to 100%) reliance on indigenous renewable energy resources and are therefore less vulnerable to interruptions and emergencies affecting the supply of imported energy (natural gas, grid electricity, and transportation fuels). In addition, RESCOs advance science and technology by developing and demonstrating mixed renewable energy (RE) technologies in an integrated, sustainable, and optimum manner coordinated as appropriate with advancements in energy efficiency, demand response, smart grid integration, energy storage, combined cooling, heating and power, and co-production of value-added products such as biofuels that will help make California's electricity and transportation fuels more diverse, safe, cleaner, and affordable.

ANALYSIS

The City has prepared a proposal that would provide resources to enhance and secure the City's energy supply (electricity and fuel) through implementation of multiple renewable energy, energy efficiency and other locally available resources and technologies in a community based application.

In developing the final proposal to be submitted to the California Energy Commission on February 27th 2009, the City has solicited input and collaboration from key stakeholders in the region on issues ranging from energy technology to business planning to assist the City of San José in applying for the California Energy Commission's RESCO grant. Key departments throughout the City involved in energy efficiency, renewable energy, financing, economic development and redevelopment, were also involved in the development of a comprehensive program with specific, measurable, attainable, realistic and timely energy solutions (SMART^E) to power the energy needs of San José in the future.

The internal and external stakeholder group identified the North San José Vision 2030 project area as the focus of our RESCO proposal. The City will apply for this grant under the Technical Integration Implementation Stage category, with ESD coordinating the development of the proposal. As required by the RFP, projects must be offered by community organizations already implementing specific and detailed RESCO development plans. San Jose's Green Vision, the North San José Vision 2030, in addition to other City policy strategies, initiatives and programs has laid the foundation for the detailed RESCO proposal.

Program activities within this grant application will:

- Address the community's need for financing the upfront costs of energy efficiency and renewable energy measures and enable the deployment of mature and viable renewable energy technologies and energy efficiency solutions.
- Work with PG&E to facilitate and support the development of a Smart Grid Project and Smart Meter installations.
- Develop and conduct San Jose's SMART^E Community Education and Outreach plan; activities including comprehensive education, training and outreach resources for the residents and businesses of San José through multiple-medias and an education and demonstration center.
- Work with the Redevelopment area to ensure that clean tech companies have access to RDA Clean Tech Incentives.

The City's proposal will highlight the integration of existing city activities related to the Green Vision, including solar on city facilities, transportation and energy efficient streetlight activities, green building, waste-to-energy, and other green vision program activities.

EVALUATION AND FOLLOW-UP

Updates on this program, and other Green Vision goal activities, will be provided annually as part of the Green Vision reporting structure.

POLICY ALTERNATIVES

Alternative #1: Do not submit proposal to the California Energy Commission

Pros: Avoids spending the City's proposed matching share

Cons: Passes up a major opportunity to further advance and provide resources related to the energy efficiency and renewable energy goals of the Green Vision.

Reason for not recommending: Inconsistent with the objectives of the Mayor's Green Vision.

PUBLIC OUTREACH/INTEREST

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater.
(Required: Website Posting)
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This item does not meet the above criteria however copies development of this proposal included representatives from PG&E, Silicon Valley Leadership Group, Joint Venture Silicon Valley, Solar Tech, and the local Sierra Club.

COORDINATION

Development of San Jose's proposal to the California Energy Commission for the RESCO project has been coordinated with the Departments of General Services, Finance, Airport, Transportation, Finance, Budget, Planning, Building and Code Enforcement, Economic Development, Housing, and the San José Redevelopment Agency.

FISCAL/POLICY ALIGNMENT

This item is consistent with Council approved Green Vision, and Budget Strategy Memo General Principle #2, "We must focus on protecting our vital core City services." In addition, it is consistent with the Mayor's Budget message to the Redevelopment Agency of December 9, 2008 that the Agency "work with PG&E and other utilities to develop a program to create incentives

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zones in north San José and Edenvale that benefit from special economic development rates for power.”

COST SUMMARY/IMPLICATIONS

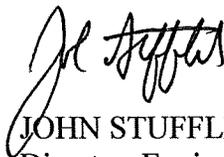
The total project cost is \$2,345,000. The City is requesting \$1,269,000 in grant funding support from the California Energy Commission's RESCO Initiative for a 2009-2012 San José SMART^E Program. The application, which would support targeted activities in the North San José area will show total city match funds of \$1,076,000 from the following sources:

- \$126,040 of City in-kind personnel services and non-personal funds (materials and supplies)
- \$750,000 from the Redevelopment Agency Clean Tech Funds;

No impact to the general fund forecast will result from these actions.

CEQA

Not a project.



JOHN STUFFLEBEAN
Director, Environmental Services

For questions please contact Mary Tucker, Environmental Program Manager, at 408-975-2581