



August 18, 2016

TO: MCE Board of Directors

FROM: Beckie Menten, Director of Customer Programs
David McNeil, Finance and Project Manager

RE: FY 2016/17 Budget Amendment (Agenda Item #11)

ATTACHMENT: A. Proposed FY 2016/17 Energy Efficiency Program Fund Budget
B. CPUC Advice Letter MCE 16-E
C. Proposed FY 2016/17 Operating Fund Budget

Dear Board:

SUMMARY:

PROPOSED ENERGY EFFICIENCY PROGRAM FUND BUDGET AMENDMENT

Energy efficiency has always been an integral component of the MCE vision. In July of 2012, MCE submitted an application for funding under the 2013 -2014 Energy Efficiency Funding Cycle (A. 12-11-007). The application was based on the initial Energy Efficiency Plan, and included the following proposed sub-programs:

1. Multifamily
2. Single family utility demand reduction pilot program
3. Small commercial
4. Four financing pilot programs: On Bill Repayment for single family,¹ multifamily, small commercial and a standard offer pilot.

This application was approved on the 9th of November, 2012, allocating over \$4 million to MCE for the implementation of energy efficiency programs. In November of 2014, the California Public Utilities Commission voted to extend the funding at annual levels through 2025, or until the CPUC moves otherwise.

In May, 2016 the CPUC granted MCE's Petition for Modification of its annual Energy Efficiency Programs and Budgets in order to account for MCE's inclusion of new

¹ The on-bill repayment pilot for single family customers was subsequently closed in fall of 2015 after the financial institution withdrew. Funds have since been re-directed to the multifamily energy efficiency program.

communities². The additional funds allocated to MCE were \$366,090 bringing total expect FY 2016/17 funding allocated by the CPUC to \$1,586,357.

In July of 2016, MCE filed an Advice Letter with the CPUC demonstrating the intended use of the additional funds (Attachment B). MCE is proposing to use the additional funding to support existing rebate programs (Table 1.) The program funds will support additional technical assistance to property owners throughout MCE's service territory, including free energy assessments for multifamily and small commercial properties and financial incentives for energy improvement projects. This funding increase will also support a direct install program, providing no cost energy saving measures to rental units. This program will initially target the new east bay communities of San Pablo, El Cerrito, and Benicia.

Table 1. Revised Program Budgets Incorporating Additional CPUC Funding.

Program and Budget Category	Prior Budget	%	Additional Funding	New 2016 Budget
Multifamily Program	\$484,515		\$183,040	\$667,555
Admin	\$30,408	0%	-	\$30,408
Direct Implementation	\$284,837	60%	\$107,699	\$392,536
Incentive	\$159,520	40%	\$75,341	\$234,861
Marketing & Outreach	\$9,750	0%	-	\$9,750
Small Commercial Program	\$475,671		\$183,040	\$658,711
Admin	\$31,538	7%	\$12,136	\$43,674
Direct Implementation	\$210,692	44%	\$79,179	\$289,871
Incentive	\$204,441	43%	\$80,566	\$285,007
Marketing & Outreach	\$29,000	6%	\$11,159	\$40,159

PROPOSED OPERATING FUND BUDGET AMENDMENT

An amendment to the Operating Fund is recommended to accommodate the receipt of grant revenues which MCE may receive during the normal course of business. Staff currently expect to receive up to \$67,500 in grant revenues relating to the construction of an electric vehicle charging stations and a photovoltaic system. Staff recommend an increase to capital expenditures of \$100,000 to accommodate fund expenses associated with the above noted electric vehicle charging stations and a photovoltaic system.

Recommendations:

1. Approve the proposed FY 2016/17 Energy Efficiency Program Fund Budget
2. Approve the proposed FY 2016/17 Operating Fund Budget