



**VA Energy and the Environment  
Commission Presentation**

# One Year Ago...



**Governance Board of Directors was established to form LEAP. Funding came from a \$500,000 competitive grant award from the Southeast Energy Efficiency Alliance won by the County of Albemarle and the City of Charlottesville. LEAP's goals:**

- 20-40% efficiency gain per structure
- 30-50% market penetration (get to scale)
- 5-7 year performance period
- Public-private partnership
- Self-sustaining approach
- Replicable model



# The Nonprofit Implementer



## What are the benefits?

- Functions like a business, not a bureaucracy (self-sustaining, less dependent on government budgets)
- Can partner with private sector, foundations, and investors in ways municipality or utility cannot
- Success is dependent on creating local jobs, stimulating the economy, and providing **value** to the building occupants
- The alliance structure means it will build and strengthen the relationships between partners .



# What is LEAP?



Nonprofit energy services organization: energy and water efficiency program implementer for Thomas Jefferson Planning District

- Outreach and marketing on the advantages of efficiency
- Financing source for energy and water related improvements
- Quality Assurance provider for property owners and occupants

Workforce development engine to train and grow the performance contracting industry through our partnership with local community college

Dominion Power partner – SmartGrid technology for energy management and verification of efficiency gains

Aggregator of energy efficiency benefits for the community



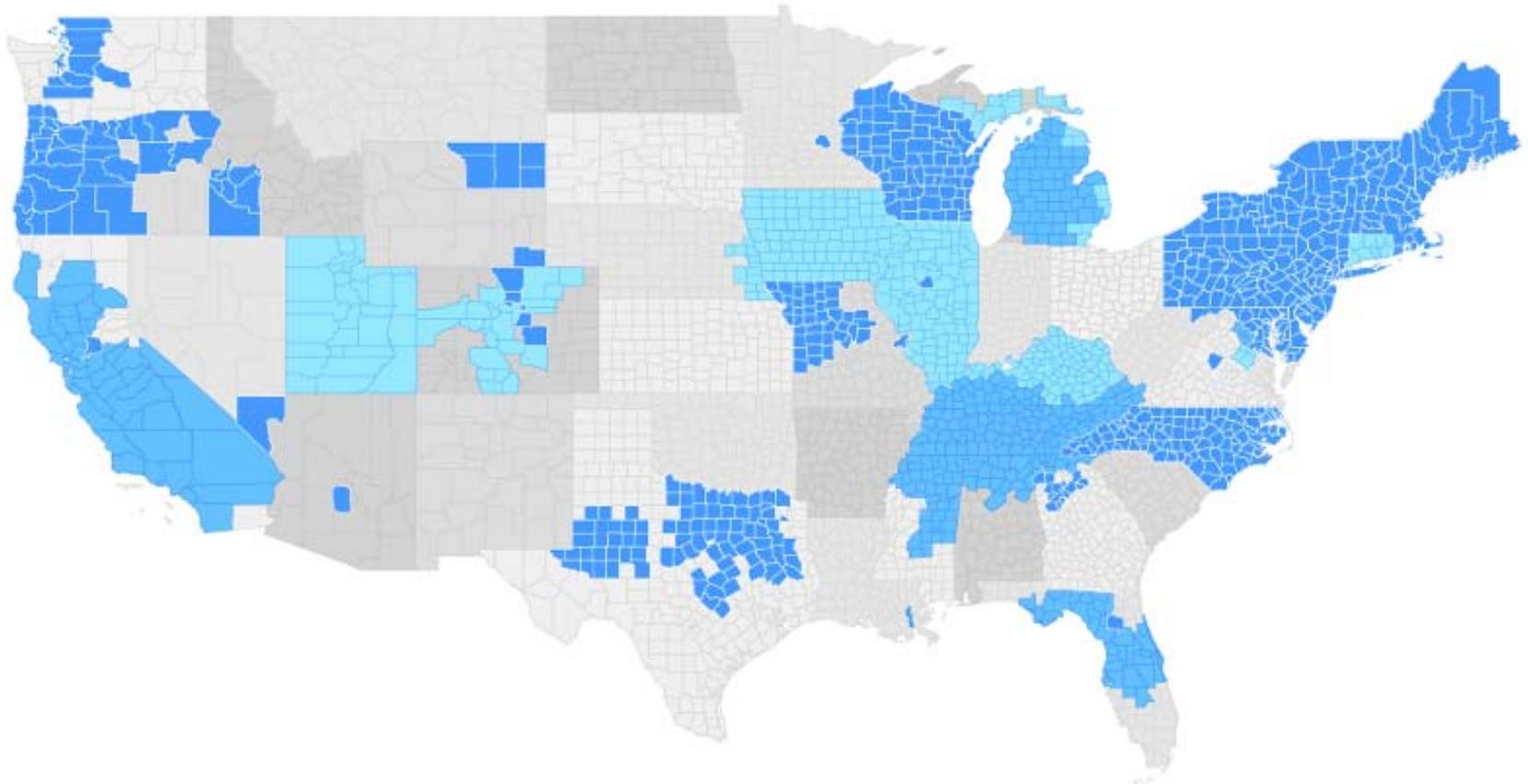
# Other VA Energy Alliances



## Who are they?

- Green Jobs Alliance is forming Hampton Roads Energy Alliance with funding from DOE/SEEA Better Buildings grant
- Richmond Regional Energy Alliance has a Governance Board and will be funded by newly awarded SEP grant to DMME
- Southwest VA Regional Energy Alliance (Roanoke and Blacksburg) have had several stakeholder meetings to form one and will be funded by SEP grant
- Fredericksburg and James City exploring the concept as well and already have funding from EECBG and EPA grants
- Current discussion on creating a Virginia Energy Efficiency Council

# Home Performance w/ ENERGY STAR



# Loading Order & Loan Tiers



## Fundamentals

- *Insulation*
- *Air & Duct Sealing*
- *Lighting*
- *Appliances*
- *Water Conservation*
- *Plug Loads*

Tier 1  
< \$7500 loan

## Major Systems

- Fundamentals plus:*
- *Heating*
  - *Air Conditioning*
  - *Duct Reconfiguration*
  - *Solar Thermal*
  - *Water Heating*

Tier 2  
< \$25,000 loan

## Renewables

- Fundamentals plus:*
- *Solar PV*
  - *Geothermal*
  - *Wind*

Tier 3  
< \$50,000 loan

# REA/EE Program Impacts



## 1 % Market Penetration Translates To:

Retrofit Investment	Jobs Created (low)	Jobs Created (high)	Payroll Created (low)	Payroll Created (high)
\$108,964,225	1961	2724	\$68,647,462	\$95,343,697

# Municipal Concerns



## Risks

- Who will implement the program SB 1212 will fund? Who will provide oversight and Quality Assurance? Who will residents call if there is a problem?
- What if our dept ratio is high? Where will the capital pool come from?
- What are the costs for setting up the program? How many departments and staff are involved and what is the I.T. situation to support it?

# Issues with VA 15.2-958.3



## Concerns Raised by Municipal Legal Offices

- Regarding the Public Finance Act:  
Can bonds even be issued to finance an energy efficiency loan program?
- SB1212 (§15.2 958.3) requires that private lenders be allowed to participate. Unclear how “private lenders” is defined.
- Need specific language defining WHO can fund: municipality, banks, foundations, investors, etc.?

# Issues with VA 15.2-958.3



## Concerns Raised by Municipal Legal Offices

**Enforcement mechanisms - mechanism for recovering on defaulted loans needs to be specifically stated in legislative language.**

- Does lender or local government play the role of enforcer for loan repayment?
- Why doesn't legislation specifically enable local governments to collect repayments in the same manner as real estate taxes, with appropriate seniority given to the lien, as is provided in VA's stormwater statute?
- Other legislative language on enforcement mechanisms for snow removal, weed removal, and nuisance abatement authority for localities includes specific mechanisms for cost recovery.

# Preferred Solutions



- Clarify legal issues raised
- Create a state financing program for energy efficiency

An accessible capital pool and loan loss reserve would address significant concerns regarding how localities could most efficiently establish these programs without each having to set up the financing mechanisms, debt service, and address the potential default concerns.

*Leading the effort in our local community to conserve water and energy in buildings  
to promote cost savings, job creation, sustainability, local economic  
development, and environmental stewardship.*

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