

RESOLUTION NO. 23-012

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VICTORVILLE, CALIFORNIA, AMENDING AND SUPPLEMENTING RESOLUTION 19-019 TO PROVIDE FURTHER INCENTIVES TO VMUS' CUSTOMERS TO IMPLEMENT THE ENERGY EFFICIENCY PROGRAM.

WHEREAS, Victorville Municipal Utility Services (VMUS) assesses end-use customers a Public Purpose Program surcharge on electricity and natural gas consumption for the purpose of funding cost-effective energy efficiency, conservation and research and development projects and activities that provide a public benefit to VMUS customers; and

WHEREAS, Public Purpose Program surcharges collected from VMUS electric and natural gas customers are maintained in funds separate from VMUS operating revenues and are reserved solely for use on eligible programs and activities in accordance with California Public Utilities Code sections 385(a) (electricity) and 890(a) (natural gas); and

WHEREAS, VMUS has developed an Energy Efficiency Program, attached hereto as Exhibit A, which outlines the terms and conditions for receiving services, rebates, incentives and direct funding for eligible projects and activities; and

WHEREAS, Energy Efficiency Program categories have been developed to assist VMUS and its customers with implementing cost-effective and feasible energy efficiency projects that can contribute to the statewide goal, established by the California Air Resources Board under the Global Warming Solutions Act of 2006, to reduce greenhouse gas emissions to 1990 levels by 2020; and

WHEREAS, expenditures and efficiency savings for the categories available under the VMUS Energy Efficiency Program will be tracked individually for the purpose of reporting electricity and natural gas efficiency savings to regulatory agencies, and for monitoring customer acceptance/satisfaction for the purpose of modifying the Energy Efficiency Program as may be necessary to improve participation; and

WHEREAS, to promote the efficient use and conservation of energy resources and encourage development of projects which employ qualified energy-efficient practices and renewable technologies, the City Council finds that adoption of the VMUS Energy Efficiency Program is in the interest of the public health, safety and welfare.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF VICTORVILLE DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The recitals and findings set forth above are true and correct and are hereby incorporated in their entirety as part of this Resolution by this reference.

Section 2. The terms and conditions for receiving services, rebates, incentives and direct funding available under the VMUS Energy Efficiency Program are set forth in Exhibit A, attached hereto, and incorporated by reference as if fully set forth herein.

Section 3. Except for those matters specifically reserved for action by the City Council in the VMUS Energy Efficiency Program attached hereto as Exhibit A, the City Manager or his/her duly authorized designee is authorized and directed to do and perform all acts required to administer, carry out and implement the VMUS Energy Efficiency Program.

Section 4. This Resolution shall take effect on March 7, 2023.

Section 5. The City Clerk shall certify to the adoption of this Resolution.

Exhibit A to Resolution No. 23-012

**Victorville Municipal Utility Services
Energy Efficiency Program**

VMUS Energy Efficiency Program

The Victorville Municipal Utility Services (VMUS) Energy Efficiency (EE) Program outlines the parameters for commercial customers to receive incentives and rebates for the installation of eligible Energy Efficiency Measures (EEMs), equipment or systems, and for VMUS to receive direct funding for eligible projects that benefit VMUS customers through improved safety, system integrity, energy efficiency, conservation and/or research and development (R&D). EE Program payments to customers are based on expected annual energy savings, while funding for utility-side projects is based on actual project costs. The EE Program is funded by Public Purpose Program surcharges billed and collected in accordance with the VMUS Electric Service Rate Schedules and Gas Service Rate Schedules, as established and amended in accordance with Chapters 10.10 and 10.11 of the Victorville Municipal Code respectively.

EE Program Categories:

1. **Energy Audits:** On-site energy assessment and recommendations designed to potentially improve energy operating efficiency and reduce load requirements. VMUS commercial customers are eligible for one energy audit at no cost per fiscal year. The number of energy audits completed each fiscal year shall be limited based on available funding. Energy audits will be scheduled on a first-come, first-serve basis according to the date the EE Program application is received.
2. **Lighting Incentives:** EE Program payment for the installation of energy efficiency lighting/lighting controls upgrades that reduce annual energy consumption. A pre and post inspection is required. The EE Program payment is based on a rate of \$0.15/kWh for one year of energy savings and \$150/kW for each kW that has been reduced. The EE Program payment shall not exceed 50% of the lighting material cost (including installation) or \$50,000 per fiscal year, whichever is lower.
3. **Construction Incentives:** EE Program payment for construction projects that include equipment components that exceed state-mandated codes, federal-mandated codes, industry-accepted performance standards, or other baseline energy performance standards by more than 10%. The EE Program payment is based on a rate of \$0.15/kWh for each kWh that has been reduced, \$150/kW for each kW that has been reduced, and \$2/therm for each therm that has been reduced (whole building approach) for one year of energy savings between the baseline energy performance standards and the proposed energy performance standards for a whole building approach. The EE Program payment shall not exceed 50% of the cost difference between standard and upgraded equipment and/or materials, or \$100,000, whichever is lower.
4. **Custom Energy Efficiency Incentives:** EE Program payment for the installation of energy efficient equipment/technology that conserves energy and permanently reduces

coincident summer/winter on-peak load and exceeds state-mandated codes, federal-mandated codes, industry accepted performance standards or other baseline energy performance standards. EE Program payment is based on a rate of \$0.15/kWh or \$2/therm for one year of energy savings and \$150/kW for each kW that has been reduced and shall not exceed 50% of the total cost associated with the equipment/materials (including installation) or \$50,000 per fiscal year, whichever is lower.

5. **City Facilities:** City owned facilities that are served by VMUS are qualified to participate in any of the energy efficiency programs herein. Qualifying city facilities served by VMUS could take advantage of our direct installs program or custom incentives. The level of incentives or direct install budget will be determined by VMUS on a case by case basis.
6. **Utility-Side Projects/Activities:** Direct funding for projects/activities on the utility side of the meter that promote a benefit to VMUS customers in terms of improved safety, system integrity, energy efficiency, conservation, or Research and Development (R&D). Projects must be authorized by the City Council as part of the annual operating budget or through a subsequent request in a public meeting.

EE Program Terms and Conditions:

1. Participants are limited to VMUS and its electric and natural gas customers with all associated utility accounts in good standing.
2. The City Manager or designee reserves the right to temporarily suspend the EE Program, or any component thereof, at any time. However, cancelation of, or any permanent modifications to, the EE Program must be approved by way of City Council action.
3. Payments issued under EE Program Categories are limited to the availability of funds on a fiscal year basis.
4. Independent of the EE Program payment, eligible energy efficiency projects must be cost effective from the customer's perspective based upon the value of total estimated energy savings over the life of the installed measures. The installed equipment must be used for the effective useful life of the product(s) or for a period of five years, whichever is lower.

5. Demand reduction and direct energy savings attributable to energy efficiency must be evaluated by VMUS's engineering consulting firm using accepted industry practice or valuation model. Savings calculations must include product specifications, hours of operations, the derivation of baseline conditions and all other assumptions used to support estimates.
6. Energy savings can be incentivized based on calculations using existing conditions of equipment or using efficiency values based on either accepted State (California Code of Regulations Title 24) or federal standards, whichever is higher.
7. When there is uncertainty of energy savings or demand reduction, VMUS may require measurement and verification (M&V) up to one year after installation of the project. If VMUS determines that M&V is necessary, VMUS customer service will request that the applicant prepare and submit an M&V plan for review and approval by the City Manager or designee. For projects where M&V is required, 100% of the approved rebate/incentive will be paid after the project installation is confirmed, based upon the final M&V report.
8. To verify eligibility and reserve funding, initial EE Program applications must be submitted to VMUS customer service and pre-approved by the City Manager or designee before equipment is installed. The EE Program application must be accompanied by the estimates of demand reduction and annual energy savings outlined in item 5 above. Upon review of the application, VMUS customer service will provide written notice to the applicant of pre-approval status valid for six months. The funding reservation, pre-inspection, and M&V requirements, if applicable, shall be included in such notice. VMUS will arrange to conduct a pre-inspection to verify the conditions of the preexisting equipment.
9. EE Program payment requests must be submitted by the applicant, in writing, within 6 months of issuance of the pre-approval notice to prevent cancellation of the funding reservation. Written requests must be accompanied by sufficient information to document project costs and must include, at a minimum, a copy of the dated sales receipt. The sales receipt is subject to verification and must note all necessary information to properly identify the qualifying product/equipment/materials, including, but not limited to: make/model, vendor, date, and price per qualifying unit. The city might also conduct a post-inspection to verify the installation of the energy efficiency measure.
10. Payments will only be issued to VMUS customers for projects that demonstrate an overall reduction in energy usage (kWh) or demand (kW) as required under the appropriate EE Program Category, as determined and approved by the City Manager or designee.

11. EE Program applications are subject to pre- and post-installation inspections. Customer agrees to fully cooperate with any authorized agents of VMUS for the purpose of such inspections. Customers who are not in compliance with terms and conditions of the EE Program, or to have provided false or inaccurate information on the EE Program application will be billed for a pro-rated amount of the rebate, or the full amount of the rebate, as may be appropriate.
12. All equipment installed must be new (not used, refurbished, or available for resale); used at the service address listed on the EE Program application; replace existing, operational, less energy-efficient equipment; and utilize the same fuel source as existing equipment (electric for electric, not gas for electric).
13. Individual customers may not receive EE Program incentives in excess of \$100,000 during any given fiscal year.
14. Rebate checks will only be issued and mailed to the VMUS customer listed on the application for service or as indicated in an official notification subsequently submitted to VMUS in writing following the initial application for service.
15. VMUS does not endorse or recommend specific products or dealers and disclaims any warranty, whether expressed or implied, regarding the equipment installed, or for any material or labor associated with its installation, maintenance, repair, safety, satisfactory performance, or any energy savings associated with its use.