



Minutes of the Oberlin City Council Work Session

Held on April 19, 2010

6:30 P.M.

President Sloane called the Work Session to order at 6:36 PM. He announced that the purpose of the work session was to hear and discuss a presentation from Oberlin Electric Director Steve Dupee and staff from American Municipal Power (AMP) regarding the planned Efficiency Smart Program.

Members Present: Sharon Soucy, Scott Broadwell, Kate Pilacky, Kenneth Sloane, Bryan Burgess Elizabeth Meadows, Charles Peterson.

Staff Present: Belinda Anderson, Clerk of Council; Sal Talarico, Finance Director; Eric Norenberg, City Manager; Doug McMillan, Energy Services and Sustainability Initiatives Manager; Steve Dupee, OMLPS Director.

Guests Present: Randy Corbin, Senior Director of Energy Policy and Sustainability and Bob DeWitt, Director of Business Development Services for Amp Inc.

Oberlin Electric Director Steve Dupee restated the purpose of the work session. After providing Council with an oral précis of the Efficiency Smart Program, Dupee introduced guest speakers: Randy Corbin, senior director of energy policy and sustainability and Bob DeWitt, director of business development services for Amp Inc.

The presentation was led by Randy Corbin as Bob Dewitt provided input from the audience. Corbin highlighted Amp energy savings initiative from the onset. Indicating that in February of 2008 the AMP Board adopted an aggressive goal that would aim to save 1% of its member's annual usage by the 2015 time frame. A copy of the PowerPoint presentation is attached to this document where Amp presenters discussed and reviewed the following:

- Energy Efficiency benefits (i.e., to delay future supply costs by cutting members annual usage in half and to promote local economic development).
- Energy Efficiency Program accrued benefits used to rapidly offset energy efficiency costs.
- 2008 SDS Research Survey of AMP Member customers which revealed strong member support for becoming energy efficient.
- Collaborative efforts with Vermont Energy Investment Corp (VEIC).
- ESPP Features
 - turnkey entity,
 - performance based,
 - holistic marketing approach,
 - focuses on service (i.e., call center, residential, commercial, & industrial) and building long term infrastructure.

- AMP and Member Responsibilities.
- Overview of ESPP contract and proposed launch timeline.
- Costs and benefits of the Efficiency Smart Power Plant Services

Sloane asked how proactive would VEIC be in contacting commercial/industrial customers and initiating their participation in the program. Corbin advised that VEIC would first take advantage of the work that has been done through OMLPS. They would hire regional account managers that would come out to meet with current customers to talk about opportunities. Corbin advised that they would have access to VEIC's 10 years of experience in running Efficiency Vermont at a very fair price that will help them to find these customers that they are looking for.

Sloane asked what the upfront costs would be to commercial customers. Corbin explained that subscribing members like Oberlin would be charged \$1.50/ MWh. Oberlin could determine how that cost is assessed to its customers.

Sloane confirmed that VEIC would be held accountable if goals were not met. Corbin advised that VEIC would be held accountable in two ways. 1) If they didn't hit their overall goal, VEIC would not receive their margin. 2) If they didn't hit their goal in Oberlin which is 70% of the system average goal, they would have to make good in the next three years.

Sloane asked if Council would have an opportunity to talk to VEIC before they agreed to participate in the program. Corbin advised that they could make the consultants available.

Soucy asked how long the initial contract would be in place before it was up for review. Corbin advised that the initial contract at 70,000 MWh was a three year contract. This would allow AMP/VEIC an opportunity to review the services being offered as it related to the needs of the community and make the necessary adjustments, to improve the overall quality of the program.

Soucy asked for clarification related to the 1% goal, it was a common understanding that with demand side management they could achieve greater savings than the goal suggested. Corbin explained that the 1% percent goal is for the entirety of the system. A 1% percent goal would not address every household, commercial, or industrial establishment in AMPS service territory in three years. For those that could be addressed VEIC would be able to achieve a 1% annual savings. That doesn't mean that they quit there that would mean that the contracts that they would envision going forward in perpetuity would keep trying to get 1% percent a year, so that overtime the accumulative savings over the life of the service measures would approach 22%.

Soucy asked if this meant that at the end of three years their goal would be at 3%. Corbin said that would not be the case they had hoped to achieve 1.1% savings by 2015, which is a significant amount on a load of 3500 Megawatts. Dupee added that though they have some success stories, over the City's entire load, it would amount to a savings of 1%. For example, the College had done some very meaningful energy efficiency improvements in their facilities over the past few years, but in that same time their load has continued to increase due to new facilities that have come online or additional loads in existing facilities. Corbin further noted that what was being addressed here is how fast the system would grow on a cumulative basis, he cited examples with VEIC and Ohio State University.

Burgess asked if it were possible to encourage energy service companies to come to Oberlin by offering them incentives (from rebate dollars through ESPP) to help underprivileged residents purchase refrigerators at no upfront cost. Corbin remarked that he would find it difficult to believe that an ESCO would be willing to front the money for refrigerators. In addition he didn't see the value in giving Oberlin's rebate dollars to a company that had already figured out a way to make money without it. He felt the incentives would be better directed to those that aren't being served by the ESCO. Finally he advised that he would contact VEIC to get an answer.

Pilacky asked if Oberlin would receive rewards through the program for reducing its energy consumption. Corbin advised that the obvious benefit would be the fact that Oberlin's future supply costs would be lowered. Other benefits would include access to more customized features available only to those who achieve great success through the program. Pilacky asked how they would keep track of energy portfolios associated with the ESPP and other energy efficient endeavors undertaken by the City. Corbin advised that they would stay in contact with OMLPS point of contacts.

Peterson asked if reports would be provided. Corbin advised that all subscribers would be provided with a report from VEIC.

Pilacky asked if every Amp Community would be participating in this program. Corbin advised that this was open to Ohio municipalities to keep the costs down. But Danville, VA is being considered at this time due to its size.

Sloane asked what kind of non-profit classification was VEIC. Corbin said to his knowledge they were the same as AMP, 501(3).

Soucy asked how this program would help to strengthen relationships with Oberlin School District and the College. Dupee advised that the program would help to lower operating costs for all parties involved.

Burgess asked if the benefit/cost ratio of 2.25 represented a million dollars worth of savings to the City of Oberlin? Corbin advised that the true cost savings would be predicated on what the power supply cost is, but the 2.25 would seem to indicate that there would be a million dollars worth of savings, but he would need to check with VEIC to get the answer.

Doug McMillan, OMLPS felt that the program would help to get more people involved in the energy efficiency program since the pay back period had been reduced to a 2 year time frame. He recalled that in the past many people were reluctant to participate in the EE program due to the long term commitment.

Tony Mealy, Professor Street asked how many subscriptions had been turned in at this time? Corbin advised that Bowling Green was the only municipality that had signed up at this time. Mealy also asked if the Vermont program encouraged or discourage gas over electricity? Corbin advised that they did not.

Meadows asked what number would need to be achieved in order to say that you have achieved critical mass. Corbin advised that that amount needed would be 5.5 million MWh.

Being that there was no additional information to come before Council at this time, the work session adjourned at 7:38:41p.m.

Attest:



BELINDA B. ANDERSON, CMC
CLERK OF COUNCIL

Approved: 05/03/2010

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KENNETH SLOANE
PRESIDENT OF COUNCIL

Posted: 05/04/2010

EFFICIENCY\$MART

*The Efficiency Smart Power Plant (ESPP) –
A Sustainable
Resource that Lowers Retail Bills*

City of Oberlin
April 19, 2010

What is Energy Efficiency?

Energy efficiency is using less energy to provide the same (or improved) level of service to the energy consumer in an economically efficient way

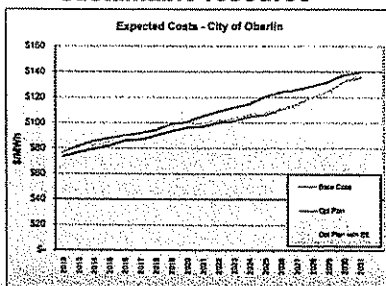
Why Energy Efficiency?

- Balances supply portfolio with a sustainable resource
- Offsets demand growth (and potentially lowers future supply costs)
- Reduces dependence on flawed wholesale markets
- Reduces risk from carbon
- Reduces risk from uncertain fuel markets

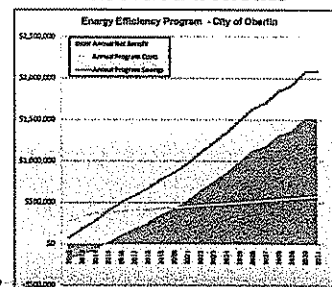
Why Energy Efficiency?

- Cheaper than buying power off market or building additional capacity
- Lowers retail bills (even though cost per kWh increases)
- Promotes local economic development
- Helps respond to competitiveness issues vs. surrounding utilities
- Supports the public power mission

Lowers cost of supply portfolio with a sustainable resource



Initial cost of EE is rapidly offset by accrued benefits



Your Retail Customers Support EE*

- Over 95% of residential respondents believe it would be "very" or "somewhat" valuable if they could save 5+% on their energy bill by becoming more energy efficient
- Almost half (49%) of residential customers are willing to pay up to \$1.25 more per month to fund EE efforts and 27% would pay up to \$2.50.

* 2008 SDS Research Survey of AMP Member Customers

Why Launch the ESPP Now?

- The ESPP will promote local economic development at a critical time
- Important tool for customers
- Creates jobs
- Begins to control growth in member load when carbon controls are imminent
 - Despite current economic downturn, we must take a long-term view toward solutions in 2020 and beyond
- Reduces fuel market volatility
- Reduces risk from organized markets
- Competing IOUs proceeding with programs
- The ESPP will take time to ramp up

AMP and Energy Efficiency

AMP has been working with the Vermont Energy Investment Corp. (VEIC) since late 2007 to analyze the potential benefits and approaches for an enhanced energy efficiency program for members

VEIC

- Non-profit founded in 1986
- Extensive experience in energy efficiency program analysis, design and implementation
- Clients in 25 states and several countries
- Work with public power clients
- Runs *Efficiency Vermont* – nation's first statewide provider of EE services

Proposed ESPP Features

- Creates an Ohio-based *turnkey entity* to deliver the ESPP (primarily through VEIC's expertise and financial incentives)
- *Performance-based* (a portion of VEIC's profit is at risk)
- Uses a "*markets approach*" (holistic effort designed to address a retail customer's EE needs as a whole and not simply offer programs)

Proposed ESPP Features

- Differs from traditional contract with an ESCO due to ESPP's focus on building long-term infrastructure (i.e., "capacity building")
- Differs from an EE educational program alone – serious service focus

Proposed ESPP Services

- **Call center**
- **Residential**
 - Retail Efficient Products
 - Emerging Markets
- **Commercial**
 - New Business Construction and Renovation
 - Existing Facilities
 - Equipment Replacement
- **Industrial**
 - Existing Facilities
 - Market Opportunities

ESPP Customer Call Center

- Central contact point for all member customers and market participants (i.e. trade allies, vendors, design professionals, general public)
- Primary role: assist member customers with all aspects of their energy efficiency needs
- Supported by ESPP website
- Calls recorded in the tracking system

Retail Efficient Products

- Influence purchase decisions at point of purchase
- Provides incentives to discount EE products in retail locations
- Focus on *lighting* (CFLs, fluorescent, and solid state) and *appliances* (refrigerators, freezers, dehumidifiers, clothes washers, dishwashers, room and central air conditioners)
- Leverage DOE Energy Star programs/products wherever possible

Emerging Markets

- Initially will focus on refrigerator & freezer turn-in (i.e., a turnkey operation conducted by a subcontractor who provides incentives, pick-up and disposal of inefficient refrigerators/freezers)
- Future efforts such as *Project Porchlight*; community challenges for energy efficiency; leveraging Smart Grid technologies; and leveraging renewable energy programs

Commercial

Existing Facilities

- Prescriptive incentives for lighting, motors, HVAC equipment at time of replacement
 - Programs will provide set incentives either directly to the consumer or passed down to consumer through upstream programs
 - Prescriptive incentive is a pre-determined financial incentive that applies to a specific eligible technology
 - Example: \$20 incentive per fixture for a high performance linear T8 fluorescent fixture
- Custom service will focus on lost opportunity and retrofit high-use customers (using custom incentives)

Commercial

New Construction/Renovation

- Focus on lost opportunity measures relating to incremental efficiency upgrades (using custom incentives)

Industrial

- Custom service will focus on lost opportunities and retrofit measures (at existing facilities) for targeted high-use customers (using custom incentives)

Commercial and Industrial Custom Services

- Technologies promoted will include:
 - Interior and exterior lighting;
 - HVAC;
 - Motors, variable speed drives;
 - Domestic hot water;
 - Building envelope; and
 - Refrigeration
- Also municipal structures (i.e., public buildings such as local government facilities and schools)

AMP Responsibilities

- Advisory Committee/AMP Board oversight
- Contract administrator
- Fiscal agent
- Measurement, verification and evaluation (via contractor)

Member Responsibilities

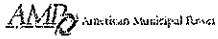
- Subscription/funding/local authority
- Members may need to review rate structures
- Assign local contact person (or AMP regional representative)
- Share customer data with ESPP
- Determine reporting and project oversight requirements
- Cooperate with measurement, evaluation, and verification process

ESPP Contract Overview

- Average subscriber price = \$1.50/MWh
- Billed to member through Power Cost Adjustment
- Projected cumulative kWh savings of 70,000 MWh
- Declining costs over the term of the contract

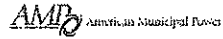
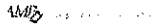
ESPP Launch Timeline

- 2nd quarter 2010 – AMP/VEIC contract finalized/signed
- 3rd quarter 2010 – Round 1 subscription period complete
- 4th quarter 2010 – Call Center open/services begin to launch



**Oberlin, OH - Costs & Benefits of the Efficiency
Smart Power Plant Services**

- **Annual MWh Sales:** 112,068
- **Mix of MWh Sales:** Res. 19%; Com. 6%; Ind. 75%
- **Annual Cost for ESPP:** \$148,670
- **3-year Cost for ESPP:** \$446,010
- **3-year Annual MWh savings:** 1,450
- **Lifetime MWh savings:** 19,415
- **Percent of annual load reduction:** 1.29%
- **3-year Peak Demand Reduction(kW):** 267
- **Lifetime benefits:** \$1,004,700
- **Annual customer savings:** \$138,300
- **Lifetime customer savings:** \$1,851,832
- **Benefit/Cost ratio:** 2.25
- **Levelized Cost (cost per kWh saved):** \$0.0335



When customers embrace EE...

they use less electricity,
their bills are lower,
their utility's power supply costs are lower,
they have increased long-term rate stability,
the local economy is stimulated, and
their utility can better manage multiple risks.

