



## MEMORANDUM

**TO:** Mayor Laurel L. Prussing and Members of the Urbana City Council  
**FROM:** William R. Gray, Public Works Director  
N. Patrick Pioletti, Facilities Manager  
**DATE:** July 8, 2010  
**RE:** Program Modification to the Energy Efficiency and Conservation Block Grant  
(Act on Energy Program by Ameren IP)

### Action Requested

To obtain City Council direction via a motion to modify one of the programs of the Energy Efficiency and Conservation Block Grant.

### History

In October, 2009 the City of Urbana received an Energy Efficiency and Conservation Block Grant (EECBG). One facet of this grant was to provide the citizens of Urbana with a free energy analysis of their residence by underwriting the \$25.00 fee currently charged by Ameren, through their contractor conservation Services group (CSG) for a zero net cost to the resident. However, no firm, signed agreement had been reached with Ameren or CSG at that time.

Staff has undertaken negotiations and has reached agreement (copy of the Memorandum of Understanding is attached) to not only offer the same zero dollar net cost to the resident for the analysis, but also compensate residents an additional 40% of the Act On Energy incentive currently available to Ameren customers for undertaking housing shell improvements. The table below illustrates the maximum additional incentive amount available to Urbana residents under the current program for the improvements identified.

Shell Improvement	Maximum Incentive		
	AOE	COU	Total
Air Sealing (gas)	\$370	\$148	\$518
Air Sealing (elec)	\$430	\$172	\$602
Attic Insulation (gas & elec)	\$580	\$232	\$812
Wall Insulation (gas)	\$660	\$264	\$924
Wall Insulation (elec)	\$1,570	\$628	\$2,198

This further incentive will enable the city to encourage Urbana residents to take steps necessary to improve energy efficiency and have a larger impact on Urbana's carbon footprint. A copy of the plan details relating to carbon reduction achieved and leveraging ratios under this modification is attached.

Specifically:

- Ameren through CSG and the City of Urbana will promote the program to residents of Urbana.
- CSG will schedule the home visit, conduct the analysis, and provide a report to the resident. The report will contain information on recommended shell improvements and the payback period based upon energy cost savings.
- CSG will inform residents of the additional incentives for completing shell improvements including the 40% of incentive match available.
- If residents choose to proceed with shell improvements, CSG will provide a list of certified contractors to perform the work.
- Upon completion of energy use analyses, CSG will bill the City of Urbana on a monthly basis for each one performed at the rate of \$25.00, and include a report on the specific properties visited.
- Upon completion of the recommended shell improvements, CSG will bill the City of Urbana for 40% of the Act On Energy incentive provided to the resident. This will appear to the resident as a credit against the total bill amount. CSG will also provide detailed information on number and locations of those homes and the projected impact of the improvements.
- This modification has been discussed with our Department of Energy case officer. The department of energy has approved our requested changed and are in support of proceeding thusly.

Staff feels that these modifications to the original proposal will allow the City to expend all funds prior to the end of the grant period (November 1, 2012), encourage Urbana residents to complete energy conservation projects, leverage the grant money to reach a large number of homes, and have a larger impact on Urbana's carbon footprint.

## Summary of Incentives and Savings

**Total Funds Available**  
**\$72,000**

	25-mo. Plan	17-mo. Plan
Number of audits	869	709
Total audit subsidy	\$21,714	\$17,719
Annual carbon saved	191	156
Total Carbon Saved	955	780
Funds available for incentives	\$50,286	\$54,281
Incentive Matching Rate	40%	40%
Number of retrofits	224	242
Annual carbon saved	611	660
Total Carbon Saved	9,784	10,561
Total number of homes served*	980	830
Total Carbon Saved	10,739	11,341
Cost of Carbon Saved	\$6.70	\$7.80
Total Private Investment	\$786,404	\$781,382
Leverage Ratio	10.92	10.85
(Private Investment / Public Funding)		

\* Total assumes half of the retrofitted homes will have had an audit as well.

lbs. of carbon per kWh	1.50
lbs. of carbon per therm	12.06
lbs. per metric ton	2204.6

<u>Cost per mT of carbon offsets</u>	
ClimateSAVE	\$21.00
TerraPass	\$13.12
Carbonfund.org	<b>\$10.00</b>



## Memorandum of Understanding

The City of Urbana and AmerenIP/Conservation Services Group (CSG) hereby agree to provide incentives on energy evaluations and housing shell improvement measures to residents of Urbana, Illinois.

Currently, via the Act on Energy Program, CSG performs residential energy evaluations at a reduced fee to the resident of \$25.00. Through this agreement, the City of Urbana will further underwrite that amount resulting in a net cost to the resident of \$0. Further, should the resident proceed with recommended housing shell improvement measures through the CSG program, the City of Urbana will match 40% of the Act On Energy incentive currently available as of July 1, 2010.

The funding from the City of Urbana is available from an EECBG grant and must be expended no later than November 1, 2012. However, both parties hereby set a goal of expending/committing all funds by December 31, 2011.

Specifically, CSG will:

- 1) Provide all energy evaluation services currently available under the Act On Energy program to residents located within the corporate limits of the City of Urbana.
- 2) Provide all such residents complete information on matching incentives for recommended housing shell improvement measures.
- 3) Promote the program via direct mail to residents.
- 4) Send monthly invoices to the City of Urbana detailing number and location of energy evaluations performed at the rate of \$25.00 each.
- 5) Send monthly invoices to the City of Urbana detailing the number, location, and amount of shell measures undertaken which were eligible for the 40% matching incentive.

The City of Urbana will:

- 1) Promote the program using various means including UPTV, list-serves, neighborhood newsletters, and press releases.
- 2) Process and pay CSG invoices expediently.

Both parties will monitor expenditures to ensure that all funds are properly applied and all schedules/deadlines are met. Further, should changes to the AmerenIP incentive amounts occur in the future, the parties will negotiate as necessary to modify this agreement in order to address the needs of as many Urbana residents as possible.

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William R. Gray, PE  
Public Works Director  
City of Urbana

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Robert King  
Executive Vice-President - Operations  
Conservation Services Group