



## Legislation Text

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### CITY COUNCIL AGENDA ITEM

#### **ACTION REQUESTED:**

Approve the recommendation to implement the proposed changes to the voluntary Renewable Energy Program

**DEPARTMENT:** Electric Utility

**SUBMITTED BY:** Lucille Podlesny, Director

#### **BOARD/COMMISSION REVIEW:**

The Public Utility Advisory Board Puab (PUAB) unanimously supported (4-0) the next steps to the voluntary Renewable Energy Program.

#### **BACKGROUND:**

The voluntary Renewable Energy Program began in 2004. This program is a way for electric utility customers to monetarily support renewable energy. Renewable energy generators, such as solar and wind farms, produce both electrons and renewable energy certificates (RECs). Electrons are the electricity flowing in the wires from the generator to an outlet (equivalent to water in the pipes coming to a faucet). A REC is a certificate representing the number of electrons produced by a renewable energy generator and is given a dollar value. For more details view a short video [here](https://www.naperville.il.us/services/electric-utility/powering-our-community-for-the-future/renewable-energy-program/) [<https://www.naperville.il.us/services/electric-utility/powering-our-community-for-the-future/renewable-energy-program/>](https://www.naperville.il.us/services/electric-utility/powering-our-community-for-the-future/renewable-energy-program/). The electric utility purchases and retires RECs equivalent to the amount of renewable energy kWhs supported each year under the terms of the program.

In 2012, the program expanded to provide grants to non-residential customers. The intent of the grant was to incent individuals to measurably increase local renewable energy usage, displace fossil fuels, develop community education opportunities, and to support recurrent projects. Since 2014 the program has granted \$317,500 for nine projects. Recipients have included North Central College, Naperville Park District, Midwest Sports and Pain Specialist, and NEX-NRM.

In 2016, the City Council approved a \$100,893 award for the installation of solar panels on the Municipal Center roof. In 2019, the City Council approved a \$34,169 award for the installation of solar panels on the roof at the Public Works building on Forthill Drive. The Public Works building received an additional DOE grant for \$100,000.

In 2019, at the request of City Council, staff partnered with a group of program participants, including members of the Sustainability Task Force, Naperville Park District, North Central College and non-profits (churches), to evaluate and recommend possible enhancements and modifications. There was great interest from the group in providing some immediate changes in a stepped approach with a promise to continue to consider changes as time progressed. These initial changes, approved by

council in September of 2019, allocated more dollars to purchase RECs, a new residential solar grant option, and an educational component. To date, one residential solar grant has been awarded with two pending. 2019 REC purchases increased to 83,000, bringing the total amount of renewable energy used by the City to 16% (a 6% increase over 2018). Ten percent comes directly from Illinois Municipal Electric Agency (IMEA), the City's electricity provider.

The program currently has 2,774 (2,753 residential and 21 non-residential) participants. It generates approximately \$258,000 annually and has a cash balance of \$1.5 million.

### **DISCUSSION:**

As mentioned during the City Council meeting this past September, staff continuously evaluates the voluntary Renewable Energy Program and will take the stepped approach in phasing in changes as the needs of the community evolve. Staff has been discussing next steps for the program with a small working group consisting of Councilmen John Krumman and Kevin Coyne, and Dan Knotter, a member of the sustainability task force and PUAB member. In addition, the Sustainability Task Force has been consulted. At this time, staff is ready to move forward with the next set of modifications to the program. The following summary of changes are recommended:

- Add grant dollars to support energy efficiency for all customers; 'The Greenest Watt is the Watt Not Produced'. This would include adding a rebate for all program participants who improve their energy efficiency per defined requirements.
  - Residential participants who replace windows and/or an exterior door, and
  - Non-residential participants who follow the requirements currently defined though the IMEA program.
- Increase the number of RECs purchased to meet the State of Illinois' goal of 25% renewable energy by the year 2025. This would include:
  - RECS produced from generators on line after June 1, 2017
  - First attempted purchased from IL or surrounding states and then US
  - Total percentage will include IMEA's REC holdings
- Increase the current solar incentive to residential customer from a flat \$1000 to \$300/kW.
- Add an electric vehicle (EV) level 2 charging stations grant of \$500 if the participant agrees to charge their vehicle between the hours of 11pm and 7am and understands the utility will use the consolidated data of all EV's to evaluate the impact on the electrical system.
- Add flexibility in adjusting the grant dollar funding amounts yearly based on previous years allocations.
- Report yearly to City Council the impact of the program from the previous year and on the new proposed funding levels for the upcoming year.

The proposed changes would allow for \$410,000 to be paid out in grants if all levels are achieved. An approximate \$250,000 would be spent on REC purchases. Staff anticipates the current number of participant support for the program to increase annually with the additional education and benefits the program provides. Staff is comfortable in setting these limits and readjusting for the following years

as the uses are monitored and demands of participants change.

**FISCAL IMPACT:**

The Renewable Energy Program's fund balance as of 12/31/2019 is approximately \$1.5 million.