

Net Zero Task Force Working Group: Incentives & Financing Tools

April 7, 2014 Meeting Notes

Present Working Group Members: Dick Jones, Peter Gorer, Beverly Craig, Jim Newman, Barun Singh

CDD Staff: Meghan Shaw, Yuna Kim

Consultants: Rachel Moscovich, Barbra Batshalom

Roadmap & Process

Working Group recommendations scheduled to be finalized by September 2014. The responsibility of the working groups is to brainstorm ideas and make preliminary recommendations. All recommendations that come from the Working Group will be presented to the full Task Force, who will ultimately decide what the final recommendations will be.

Working Groups will meet once a month. All ideas will be accounted for in a Google Doc, which members will have access to look over or add content between meetings.

Items to address:

1. Defining the current situation – an inventory of difficulties and barriers
2. Based on existing conditions, what does the future look like?
3. Develop vision and objectives- Develop SMART goals (Specific, Measurable, Attainable, Realistic, Timely); what might we need to refine?

Stakeholder Analysis

- Determines who are the partners the City needs to work with
- Address who is the actor – the city? Partners of the city?
- Getting to net zero cannot just be the city's own action – it will require a broad mix of regulation, incentives
- Articulate in final recommendations – identify stakeholders and possible roles
- The working groups will address what the City has direct authority over; what the City can influence, and instances where the City has little to no influence, which will require partnerships
- Also consider creating new entities and collaborations

Working groups will address things that do not exist now, and what it is going to take to get to net zero, which will require a paradigm shift.

Working group meeting is going to happen once a month to talk about the following topics:

1. Current situation
2. Future situation
3. Vision objectives
4. SMART goals
5. SMART goals 2 barriers
6. Strategies

Today's meeting: Define the parameters and scope of the work

- What is the current situation?

- Defining financing and incentives
 - Financial capital, social, ecosystem capital, labor, etc.
 - Non financial Incentives: owners and developers want to gain access to achieve certain goals
 - Resources outside of specific projects: education and behavior changes
 - Incentives: regulatory thing – some capitals are given for free
 - Energy liability
 - Incentives and dis-incentives: speed up or slow down the process
 - Incentives has sub categories
 - Direct incentives tie to the outcome
 - Indirect – zoning laws
 - Risk aspect (perceived vs. actual)
 - Data and management
 - Partnership
 - Finding the constraints
 - Commercial point of view – engagement with tenants, changes, opportunity to underwrite, competitive advantage over another owner, excuse to brand the project
 - Green lenses as potential incentive
- **What are the defining characteristics of financing that exist today or don't exist?**
 - Utility incentives - not well coordinated
 - Federal tax credits
 - Energy performance financing
 - PPA's
 - MASS CEC – work with startups; grants; residential incentives for solar use
 - Net metering
 - SREC
 - DOER grants (past)
 - DCR grants
 - State agency – tax payer funded
 - PACE/ on bill financing
 - Ground Source Heat Pump PPA & SHP PPA and other
 - Lease programs
 - Community solar energy project – different ownership model
 - Energy performance contracting
 - Low cost financing - MASS Development
 - NSTAR case study success story: No pay incentive
 - Balance of getting something free
 - Incentives around demand charges

- Broader rate structure
- USGBC LEED certification has positive effect but doesn't correspond to energy performance
- Problem: there is no certification for lab owners
- Justify payback period
- Sub metering information is effective
- LAB doesn't have any index so the numbers do not mean anything
- Focus on the data collection for energy performance statistics
- Lab – university and commercial buildings runs on negotiation and incentives
- Price sensitivity
- Reduction of something allowing more of something else
 - Getting people to register the value of spending more
- Incentives for owner: Rent for more in the market or save on cost
- People make decision based on value (more influential than logic/rationing)
- Tenants want a better place to live (comfort level) and owner wants better performing building – need to find ways to encourage tenant participation
- Commercial properties do not feel that the cost for energy performance is not as significant as other costs
- Competitive dynamics needed to attract tenants
- High concentration of lab and competitions among the labs
- streamline and simplify things
- Insurance incentives as financial tools
- Pace + r legislation
- Access to organization to influence the state
- Veolia distribution system – they bought the power plant to generate heat and steam
- Carbon offsets