

Policy Innovation & Green Economic Development



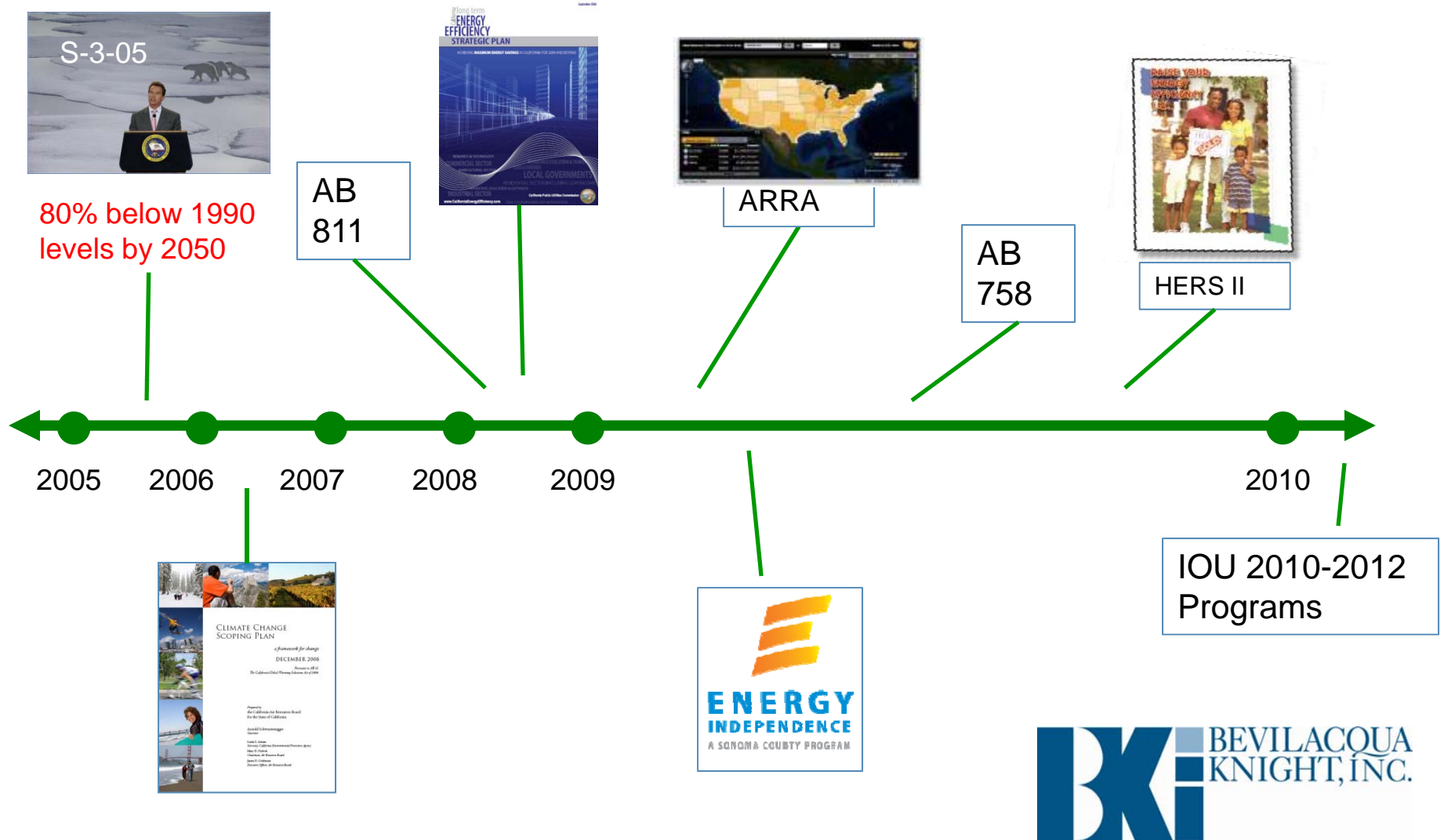
1/21/10

Brian Gitt, Principal
Bevilacqua-Knight, Inc. (BK_i)

Presentation Overview

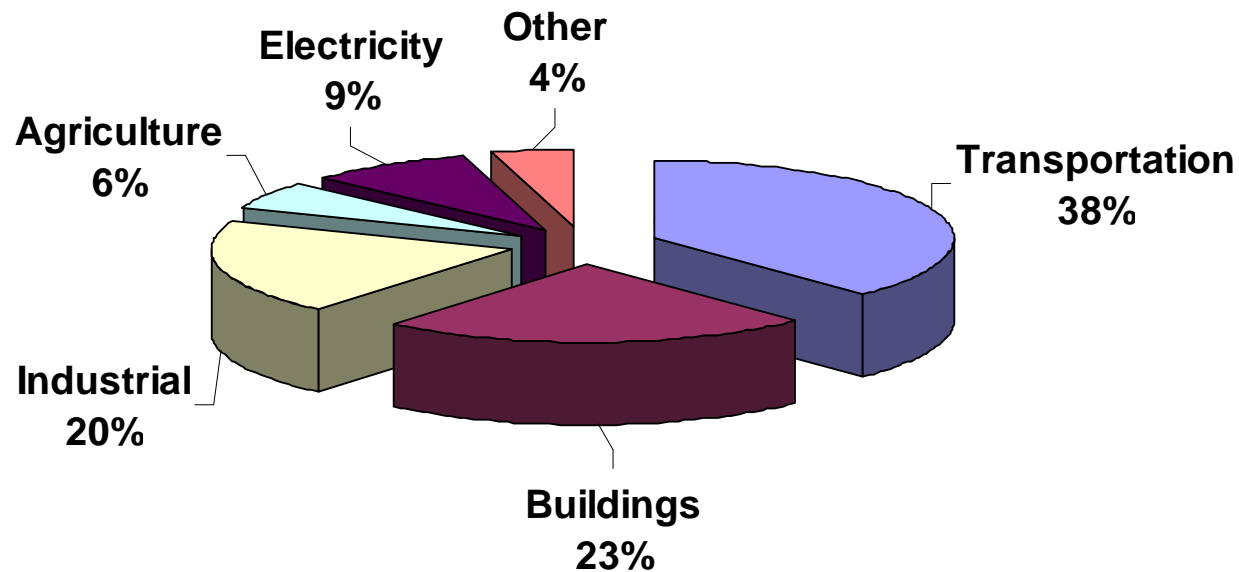
- Recent Legislative and Regulatory Initiatives
- Why Focus on Buildings
- Economic Impact
- Property Assessed Clean Energy (PACE) Financing
- Challenges
- Market Transformation Elements
 - ▣ Government Policy
 - ▣ Business Capacity
 - ▣ Consumer Demand
- Benefits of Coordination

Legislation & Initiative Support



Why Focus on Buildings?

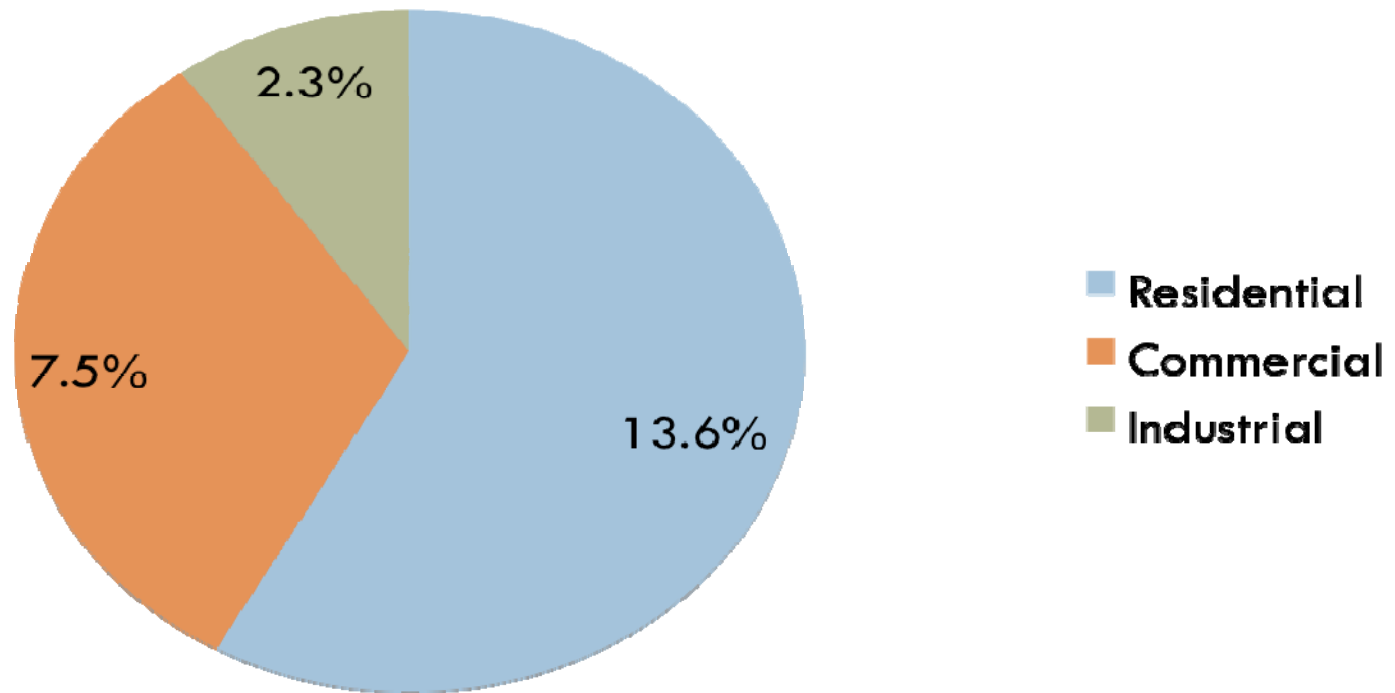
California 2004 GHG Emissions (484 MMT CO₂E)



Source: California Air Resources Board

Why Focus on Residential?

CO2 Emissions by Building Type



Source: California Air Resources Board

Why Focus on Existing Homes & Buildings?

- 2/3 of all buildings in 2050 have *already been built*
- 13.2M housing units statewide
- 5 billion plus square feet of existing commercial space
- 75% of existing homes & buildings built before energy code
- New construction rate forecast only ~1%/year



Economic Impact

Potential Economic Impact in CA

- 3 million housing units retrofitted by 2020
- \$30 billion in investment (avg. \$10K/unit)
- Over 300,000 jobs
- Sales tax revenue potential ~\$2.4 billion
- Building Permit revenue ~\$75 million

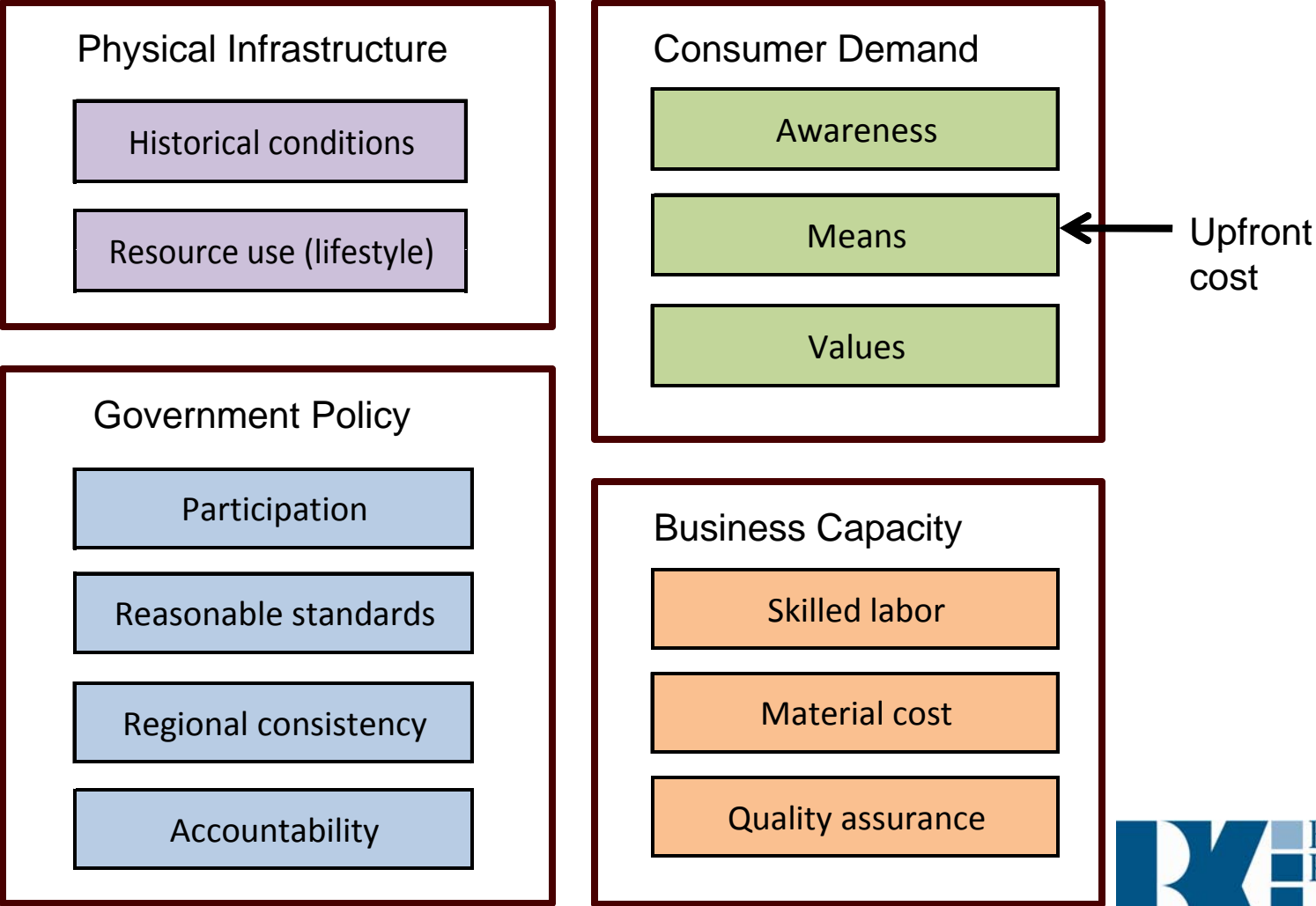
PACE Financing (AB 811)

Property Assessed Clean Energy Financing Program

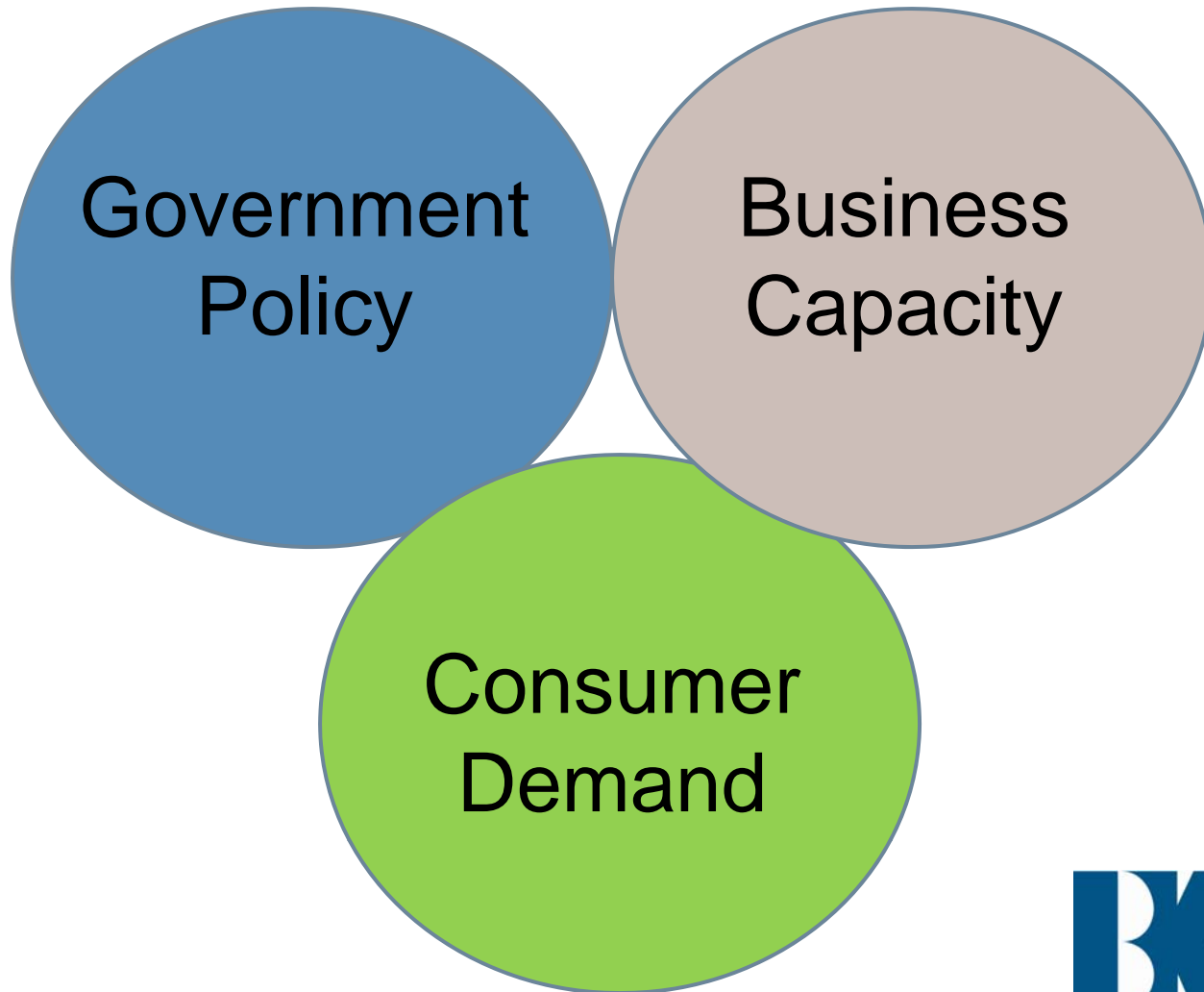
Voluntary Program allows property owners to install solar and energy efficiency projects with little or no upfront cost. Costs repaid on property tax bills over 20 years.



The Challenges (The Big Picture)



Market Transformation Elements



Government Policy

- Carrots - Start with Voluntary Market Based Approach
 - ▣ Incentives (Rebates, PACE Financing, etc.)
 - ▣ Education and Outreach
 - ▣ Technical Assistance
- Sticks – Phase in Mandatory Elements Over Time
 - ▣ *Green Remodeling Requirements*
 - ▣ *Mandatory HERS Audits*
 - ▣ *Time of Sale Requirements*
 - ▣ *Mandatory Retrofits by Date Certain*
 - ▣ *Carbon Surcharge on Energy*

Business Capacity

- Workforce Development
 - ▣ Consistent Standards
 - ▣ Contractor Qualifications
 - ▣ Training, Testing and Certification
 - ▣ Field Mentoring
 - ▣ Quality Assurance
- Tools and Resources
 - ▣ Marketing Tools
 - ▣ Technology Advancements
 - ▣ Lead Referrals



Consumer Demand

- Education and Outreach
- Remove Cost Barriers
 - ▣ Bundled Incentives (Rebates and Financing)
 - ▣ Bulk Purchasing to Drive Down Costs
 - ▣ Regional Programs to Achieve Economies of Scale
- Centralize Information
 - ▣ One Stop Shop for Convenience

Benefits of Coordination

- Economies of scale
- Comprehensive network of workforce development, quality assurance, and resource benefit tracking expertise
- Leveraging and coordination of funding sources
- Consistent regional messaging, marketing and education
- Coordination with other partners (water agencies, utilities, etc.)
- Save time and cost
- Consistent program design

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