

PUBLIC WORKS AND UTILITIES COMMITTEE

11-0153R

RESOLUTION CREATING THE ADVANCED HOME ENERGY AUDIT PROGRAM, APPROVING PROGRAM GUIDELINES AND AUTHORIZING THE DIRECTOR OF PUBLIC WORKS AND UTILITIES TO ADMINISTER THE PROGRAM IN CONFORMANCE THEREWITH AT A COST NOT TO EXCEED \$40,000.

CITY PROPOSAL:

RESOLVED, that the city of Duluth hereby finds that:

(a) There is a need for all energy consumers to work to conserve valuable energy resources;

(b) It is in the best interests of the citizens of the city, both as the owner of a natural gas utility and as a part of the greater Minnesota community, to encourage such conservation;

(c) Based on these determinations, pursuant to Resolution 10-0537, the city and Minnesota Power, a division of ALLETE, Inc., ("MP") joined together to create the pilot home performance audit program for the purpose of offering, at no cost, basic energy auditing services to users of natural gas and electrical services in the city;

(d) The aforesaid program has proven valuable and effective in assisting customers of city and MP in reducing energy consumption and therefore there is a need to offer such more comprehensive home audit services on a longer term basis to those consumers;

(e) It is in the best interests of the citizens of the city and of the state of Minnesota and therefore a public purpose for the city to join with MP in establishing and funding a more comprehensive and longer term energy audit program to encourage the conservation of energy resources, especially natural gas resources, in the city, and create an infrastructure of home performance auditors, air sealing contractors and insulation contractors.

FURTHER RESOLVED, that the city of Duluth does hereby establish the advanced home performance audit program as described in the program guidelines, a copy of which is on file in the office of the city clerk as Public Document No.

FURTHER RESOLVED, that said program guidelines are hereby approved.

FURTHER RESOLVED, that the director of public works and utilities is hereby authorized to implement and administer the advance home energy audit program under the terms and conditions set forth in said program guidelines for up to 200 customers of the city's natural gas utility by April 1, 2012, at a cost of not to exceed \$40,000, payable from Fund 555-500-5441 (home energy conservation, public works and utilities).

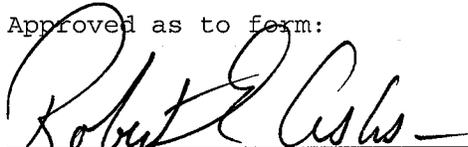
Approved:


Department Director

Approved for presentation to council:


Chief Administrative Officer

Approved as to form:


Attorney

Approved:


Auditor

PW&U/ATTY REA:dma 03/18/2011

STATEMENT OF PURPOSE: The purpose of this resolution is to establish an advance home energy audit program, to establish guidelines therefore and to fund up to 200 program audits.

For some time the City and Minnesota Power ("MP") have offered basic home energy audit services to customers in conjunction with MP at no cost to customers. However, that program does not include blower door tests, thermal scans to identify building air leaks and insulation needs, combustion safety tests on fuel burning equipment and air distribution system leakage tests. Encouraging such testing was expected to greatly enhance the ability of the audits to accurately identify areas where energy conservation measures could most productively be introduced.

Based on these expectations, in 2010, the City and MP joined to create a pilot home performance audit program which was intended to address this need. Based on the success of the pilot program, the City and MP have determined to make the program available on a longer term basis in the form of the Advanced Home Energy Audit Program.

Under the proposed program, the customer will select an energy auditing contractor from those contractors registered for the program by the department director and Minnesota Power and will contract with the selected contractor for the audit services. Upon satisfactory completion of the audit work, provision of an audit report and executed customer satisfaction certificate to the City and MP, the utilities will reimburse a portion of the audit costs to the customer, provided that Comfort Systems will only share costs for the home performance audits if the home uses natural gas and that MP's contribution will depend on the home's heating source. Comfort Systems will pay \$200 for qualifying audit, Minnesota Power will pay up to \$200 depending on the home's energy source, and the customer will pay the balance to the home performance auditor/contractor. The City's \$40,000 cost of 200 advanced home energy audit program audits will be in addition to funds budgeted for the free home energy check-up audits.

The Advanced Home Energy Audit Program may reduce the number of free home energy check-ups (standard audits) completed as Advanced Home Energy Audit Program audits are completed in place of standard audits. The overall number of home audits will be monitored in the free home energy check-up and home performance programs to determine if the total number of audits is increased.

Results from the Advanced Home Performance Audits will be used to provide information to consumers to identify efficiency and conservation measures for their homes, qualify those measures for use in Comfort Systems' residential energy conservation loan program, Minnesota Power's residential programs, and the Duluth energy efficiency program.

Regulations of the state of Minnesota require that the City expend an amount equal to 1/2 of 1 percent of its gross revenues from the gas utility on energy conservation programs and reduce customer gas use by 1 percent of gross sales. In addition, the City's present level of funding use would not meet the State's requirements and, if the City does not expend the entirety of the required amount, the State can require that the unused amount be given to them. This program is expected to increase the conservation savings from Comfort Systems' conservation programs as required by the State of Minnesota, Office of Energy Security.

A crucial component for sustainable and quantifiable program results is to establish a network of trained home performance auditors, and air sealing and insulation contractors that can serve homeowners seeking services related to mitigating air leakage problems. This program will continue to encourage development a cadre of such specialists.

This resolution authorizes the continuation of the work begun under pilot home performance audit program using diagnostic tools aimed at residential users. It would provide for comprehensive energy audits of such users, to be conducted to evaluate their various energy conservation needs and in the event that there are incentives based on quantifiable thermal energy savings, program participants would be encouraged to work with air sealing and insulation contractors from an approved list.

This program is intended to be a joint utility initiative to improve the overall energy efficiency of homes in the city of Duluth. Minnesota Power has filed its portion of the program with the Minnesota Office of Energy Security, 2009/2010 CIP programs. The program cost will be spread between the utilities and the customer if the customer is served by Comfort Systems and Minnesota Power.

Audits would be performed for residential customers limited to the budget funds allocated by the council.