

CITY OF REDDING, CALIFORNIA

Council Policy

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BACKGROUND

There are several reasons for instituting a Demand-Side Management (DSM) policy for City construction. Instituting energy efficiency in City buildings makes good business sense as it reduces operating expenses for City departments through lower energy costs. A strong DSM policy for City construction sets an example for the rest of the community, demonstrates the City's commitment to energy efficiency, and has beneficial effects on the environment.

PURPOSE

It is the intent of this policy to reduce energy costs, demonstrate the City's commitment to energy efficiency, and benefit the environment.

POLICY

City departments sponsoring construction projects which are expected to cost more than \$25,000 shall, during the design/planning phase, evaluate DSM measures and technologies which exceed current state- and federally-mandated building standards.

1. The Electric Department shall publish and keep current forecasts of future electricity rates.
2. The Electric Department shall keep a list of DSM methods and technologies whose application is expected to exceed state- and federally-mandated building standards. This list will be generated as part of the federally mandated Integrated Resource Planning (IRP) process.
3. Requests for Proposal (RFP) and any contract which includes the design of a City construction project shall include the following analysis:
 - a. A calculation of energy savings from the DSM measure or technology over the expected life of the measure.
 - b. The result of multiplying those energy savings by forecasted electric rates (see No. 1, above).
 - c. The value from discounting the stream of energy cost savings back to the present using an assumed cost of capital of 7 percent.
 - d. The benefit/cost ratio calculated by dividing the discounted energy cost savings by capital costs of the measure.

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DSM measures and resultant benefit/cost analysis shall be listed and identified separately except where there are technical, synergistic or design reasons to combine two or more measures.

4. The department sponsoring the project, in consultation with Electric Department staff, shall review the DSM evaluation and prepare a recommended list of DSM measures for inclusion in the final project which have a benefit/cost ratio of 1.1 or better. The list shall include a brief narrative of each DSM measure, its expected life, capital cost, maintenance cost, and energy and demand savings.
5. Prior to award of a construction contract or acceptance of the final design, the list of DSM measures recommended for inclusion in the project shall be submitted to the City Council for its consideration.