

**Program Design and Implementation Guide
Multi-Unit Dwelling Electrification Grant Program**

1. Program Concept

Provide grant funds to incentivize Multiple-unit Dwelling (MUD) housing developers to build all-electric housing projects as a critical opportunity to scale market penetration and build brand awareness for electrified MUDs.

2. Target Market

Housing developers across the MBCP service area, which includes both affordable housing developers and market-rate developers.

3. Recipient Eligibility

- 3.1. Affordable housing developers or market-rate housing developers who are planning new housing developments within Monterey, Santa Cruz and San Benito Counties and the cities of San Luis Obispo and Morro Bay are eligible to apply for Program Funding.
- 3.2. MBCP will evaluate future Program funding for developers planning housing developments in communities enrolling in MBCP electricity service in 2021. This includes the Cities of Arroyo Grande, Carpinteria, Del Rey Oaks, Goleta, Guadalupe, Grover Beach, Paso Robles, Pismo Beach, Santa Maria, Solvang and the County of Santa Barbara.

4. Project Eligibility

- 4.1. Developers must build a development within MBCP's service area.
- 4.2. An "MUD" development is defined as a project where multiple housing units are developed within one building or multiple buildings within a complex or community. Common types of MUDs include duplexes, townhomes, and apartments.
- 4.3. MUD housing projects must be built to all-electric standards for all utility needs including but not limited to water heating, space heating, and cooking appliances.
- 4.4. Developer must build a minimum of 2 units under one development.
- 4.5. MUD building/s must enroll in MBCP electrical service once built.

5. Funding Distribution

- 5.1. The application will be open until funds are fully reserved.
- 5.2. Grant awards available to each applicant are based on the type of development and the number of units that are built all-electric. Grants will be distributed as follows:
 - Affordable Housing Developments*: **\$2,500 per unit**
 - Market Rate Developments: **\$1,750 per unit**

*Affordable housing guidelines are determined by the local planning agency or authority.

- 5.3. For the first 90 days following Program launch, Program funds will be reserved accordingly:
1. 70% of funds (\$840,000) allocated for Affordable Housing units
 2. 30% of funds (\$360,000) allocated for Market Rate Housing units
 3. Awards will be distributed on first come first served basis within the funding allocations specified above.
 4. Applications received after reservation limits have been met will be added to a waitlist.
- 5.4. After 90 days subsequent to Program launch:
- a. If applicable, waitlisted applicants will be given access to remaining funds in the order in which they were received.
 - b. All remaining funds will be applied to eligible applicants on a first come first-served regardless of developer type.
- 5.5. A maximum funding amount of **\$240,000.00** (20% of the total Program budget) can be awarded to any single project/development. This means that for larger developments, MBCP's funding contributions cannot expand beyond \$240,000.
- 5.6. There is no limit on the number of separate project applications a single developer/applicant may submit.
- 5.7. Funding availability and Program status will be updated on the MBCP website through a digital dashboard.

6. Application Process

- 6.1. To apply, developers must submit an online application form and upload supporting documentation (see 6.2). The application will require details about the anticipated project:
- Project name, location, number of units, type of development
 - Construction schedule
 - Relevant documents showing intent to build all-electric MUDs (see Section 6.6)
- 6.2. At the time of application, developer must provide at least one document indicating intent to build an all-electric project. Acceptable documents include:
- Architect of Record's plans with confirmation letter from the architect describing how the building meets the all-electric requirement and citing relevant pages.
 - Confirmation letter from the electrical engineer describing how the building design plans meets the all-electric requirement
 - Construction permit, from the city/county, showing that the building will be all-electric
- 6.3. Upon receiving an application, MBCP staff will review for completeness and eligibility. MBCP will and respond back to the applicant within five (5) business days of submission to notify the customer of application status.

- 6.4. Upon application approval, MBCP Finance staff will be notified and instructed to reserve funds in an interest bearing “escrow” account.
- 6.5. Once funds have been reserved, Energy Programs staff will send a Letter of Intent (LOI) to recipients of the award (see Appendix A for LOI template).
- 6.6. Funds will be reserved for a maximum of 3.5 years after the date of issuance of the LOI.
- 6.7. Once the approved project is complete, the developer will receive funds (check payable to developer) upon meeting the following conditions:
 1. MBCP staff confirms the building/s are enrolled in MBCP electricity service.
 2. Developer submits the following documents indicating that the development was completed as an all-electric building.
 - Certificate of Occupancy -OR- Notice of Completion
 - AND-
 - Inspection report showing that all electrical work has been completed and no gas lines have been installed
- 6.8. Applicants may submit one letter requesting an extension of reserved grant funds, for up to one year. The letter must provide a description of a good faith effort towards completing the approved project.

7. Analysis

Table 1 – Analysis of Funding Distribution and Number of Units Receiving Incentives by Developer Type				
Developer Type	Percent of Allocation	Total Funding Allocated	Incentive/unit	No. of Units Built
Affordable Housing	70%	\$840,000	\$2,500	336
Market Rate	30%	\$360,000	\$1,750	206
			Total	542

Table 1 above provides an analysis for funding allocations within the first 90 days following program launch. A total of 542 units will receive grant funding assuming the program is fully subscribed within the first 90 days.

Table 2 - Anticipated Program Results	
Annual GHG Emissions Avoided	588 MTCO ₂ (e)
Annual Energy Load Added to Grid	602 MWh
Potential Annual MBCP Revenue Generated	\$54,178 /year

Results provided in Table 2 above was calculated using MBCP utility data to estimate outcomes from eliminating natural gas appliances/equipment for 542 MUD units. For a list of assumptions used for the calculation, see Appendix B.

8. Program Implementation Outline

- 8.1. Pre-launch Tasks
 - Create Letter of Intent
 - Create Terms and Conditions

- Develop FAQs and Customer Procedure

8.2. Marketing and Outreach

- Targeted emails to developers
- Follow up calls to stakeholders
- Webpage Design

8.3. Post-Launch Tasks

- Update website with funding availability
- Track and manage applications
- Payout rebates upon project completion

Appendix A - [Template]

Date

Organization

Addressee, Title

Street Address

Re: Site Name

Addressee

This Letter of Intent (LOI) serves as written confirmation that Monterey Bay Community Power Authority (MBCP) has approved the reservation of funds in the amount of \$_____ which will be provided to [Organization], a participant in the Multi-Unit Dwelling (MUD) Electrification Grant Program (“Program”), for the development and completion of [number of units; affordable/market rate] units as part of an all-electric MUD project (“Development”). Funds will be awarded upon completion of the Development meeting the terms and conditions of the Program, provided herein.

Terms and conditions are as follows:

1. Development is constructed as an all-electric MUD without on-site fossil fuel (e.g. natural gas) appliances or infrastructure.
2. Upon completion of Development, [Organization] shall provide MBCP with one (1) of the following documents:
 - a. Certificate of Occupancy
 - b. Notice of Completion
3. Upon completion of Development, [Organization] shall provide MBCP with an Inspection Report from the respective permitting jurisdiction’s building services department (or equivalent) indicating Development has been completed to all-electric requirements.
4. Development is completed within 3.5 years from the date of this LOI. If the Development has not been completed within the indicated timeframe, [Organization] may submit a letter requesting a time to complete extension, describing a good-faith effort to complete the Development. Any such time to complete extension shall be in the sole discretion of MBCP.
5. Development must be enrolled in MBCP electric generation service upon completion of the project if master metered. If the development has individual meters for each unit, then the [Organization] will work with MBCP to ensure customers stay enrolled in MBCP electric generation service.
6. MBCP reserves the right to consider factors other than those specified above and to request additional information from [Organization].
7. MBCP reserves the right to cancel or revoke the Program at any time. Notwithstanding any potential cancellation or revocation of the Program, this LOI shall remain in effect

and funds payable should [Organization] complete the Development in compliance these Terms and Conditions.

8. Release and discharge MBCP, its members, Directors, officers, employees, agents or representatives from all claims, demands, and liabilities, including bodily injury claims arising out of or in connection with the Program.

If you have any questions, please contact MBCP Energy Programs staff at Programs@mbcp.org.

Sincerely,

MBCP Signatory

Template

Appendix B
Estimates and Assumptions

MUD Electrification Grant Program Estimates	
Total Units	542
kWh added/unit/year (to the electricity grid) ⁱ	1111
Residential MBCP TOU electricity gen rate - 2019 (\$/kWh) ⁱⁱ	0.09
Potential Annual Revenue \$/year (to CCA)	\$54,178
Total MWh added/year	602.0
Therms reduced/unit/year ⁱ	177.9
Total MTCO ₂ (e) avoided/year	588
Pounds CO ₂ per therm (PG&E) ⁱⁱⁱ	13.446

The metrics above are calculated using the efficiency gains from choosing high efficiency electric appliances over lower efficiency gas appliances. Assumptions were made to follow current industry standards for Heat Pump Water Heaters (COP: 4.1) and residential induction cooktops (90% Thermal Efficiency). To calculate therm savings, GHG emissions reductions, and added electricity load to the grid, data was used from MBCPs Electrification Strategic Plan, specifically the “County Metrics” data set, as well as current PG&E GHG emissions factors for natural gas.

ⁱ 2019 Monterey Bay Community Power Electrification Strategic Plan

ⁱⁱ MBCP Calculated rates average Residential generation rate, May 2020

ⁱⁱⁱ <https://www.pge.com/includes/docs/pdfs/about/environment/calculator/assumptions.pdf>