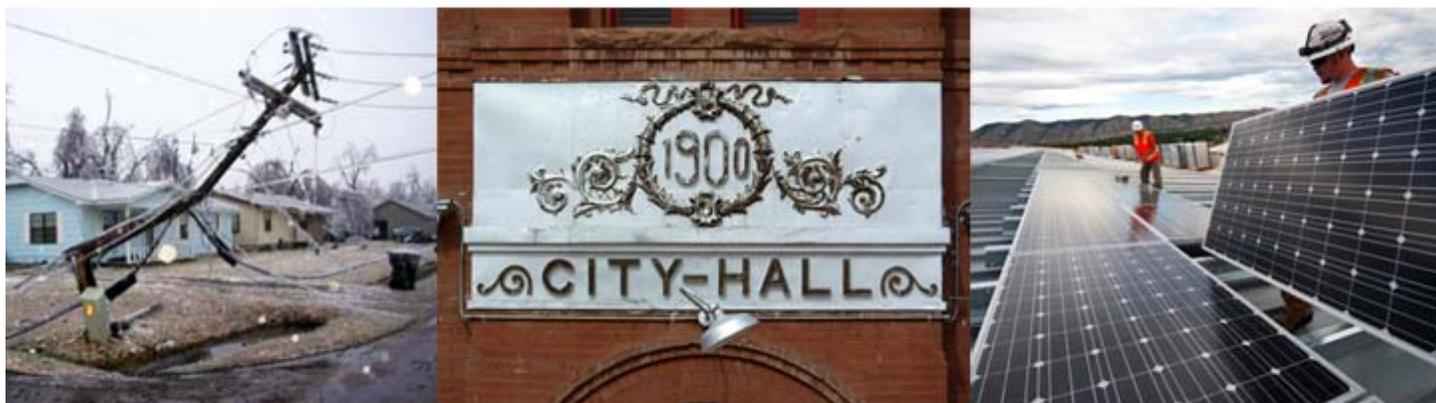


Energy Assurance for Local Government Elected and Appointed Public Officials



Local Government
Energy Assurance Planning



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Public Technology Institute

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Local Government Energy Assurance Planning (LEAP)

To find out more about local government energy assurance efforts, we encourage readers to visit www.energyassurance.us. This site, maintained by PTI, is designed to support all local governments, large, medium and small, across the nation that want to learn more about creating energy assurance plans for their communities. Once created, these plans will help ensure that local governments can provide life-saving services during an energy emergency.

Editorial Team

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Energy Assurance for Local Government Elected and Appointed Public Officials

A. Introduction

This document was prepared for both elected and appointed public officials because they represent and respond to constituent concerns in the public marketplace. Local government energy assurance (sometimes called energy security) is an emerging area that public officials are contending with as they weigh existing priorities.

Energy assurance (EA) is gaining traction because of its far-reaching implications to local government in the arenas of economic vitality, health, safety, communications and continuity of government operations.

Energy Assurance involves ensuring that community assets such as fire stations, communication/IT facilities and maintenance fleets — and the essential services they provide — continue to operate during an energy disruption until normal energy services are restored. EA has three main components: planning, preparation and investment.

Many believe that ensuring your community has a continuous supply of energy is under the purview of local energy service providers (utilities). That is true up to a point. These providers may be ill-prepared to deliver power and fuels in the event their generation, transmission and/or distribution systems fail. When that occurs, your constituents may be left without the ability to access the basic, essential public services they rely on.

Moreover, with energy supplies disrupted, important government revenue streams that depend on electrically powered computers and banking systems could be adversely affected. Can your government afford such an interruption? Do you have systems in place to minimize its impacts?

In June 2012, the City of Fresno, California unexpectedly lost power to City Hall and all computers for roughly one half-day with no explanation from its electricity supplier. This seemingly minor event actually resulted in significant lost productivity as city employees were given the option to leave early.

Not surprisingly, the loss of power to City Hall also concerned Fresno citizens. The public usually expects its local government to withstand power outages. Like other local governments, Fresno may experience similar events in the future and for longer periods of time so it is working on EA to minimize the impact of future power outages. The City wants to ensure that its services are maintained during the next unscheduled interruption.

Public officials like you have the means to assure that essential public services are maintained during an energy disruption by exercising your prerogative to create rules and regulations, set policy and procedures, and ultimately, to enact laws (ordinances) that ensure the public is served and protected against energy disruptions. The goal of any action taken in this regard is to enable your community to be energy self-reliant for a minimum of 72-hours.

B. The Case for Energy Assurance Planning

Energy has become the foundation of our everyday life; it is a part of virtually every local government service and can be very disruptive when not available. Experts agree that there will be an ever increasing number of natural and man-made events which will disrupt or severely impact energy availability in the future.

The rise in numbers can be attributed to at least three major factors: 1) aging energy infrastructure; 2) more exposure of energy systems to hazards; and 3) higher energy demand. Consider the following points.

- The average electrical generating plant was built in the early 60s; more than one-fifth of U.S. power plants are more than 50 years old.
- On any given day, more than 500,000 U.S. customers are without power for two or more hours.
- Today's high-voltage transmission lines were designed before energy security, or interstate sale of electricity was on the radar screen. The lines are subject to overloading, brownouts and blackouts.
- Energy generation is becoming more decentralized as more distributed resources, such as solar, wind and fuel cells are deployed. As a result, more systems must be monitored and maintained.
- The growing energy infrastructure in the U.S. has created a greater exposure to man-made and natural disasters.
- Unusually severe weather in recent years has caused numerous large-scale power outages, billions of dollars in property damage, hundreds of lives lost and shutdowns of essential services.

Public officials are accountable to constituents and must provide — to the best of their ability — essential community services during an energy disruption. Most, if not all, essential community services are highly dependent on energy supplies. To date, local governments have successfully prepared themselves for responding to emergencies, but have spent very little time preparing specifically for emergencies that impact the energy that flows into and through their communities. Energy Assurance planning, preparation and investment is addressing this fact.

Energy Assurance planning requires local governments to carefully examine their energy systems, determine where energy is needed, identify vulnerabilities, and act to reduce and/or eliminate the risk. For example, what would you do if your community lost power to its water or wastewater treatment plant, main police or fire stations or City Hall? Do you have a plan?

Are you certain that you will receive advance notice when a planned power outage involves your own facilities? Do you know which government facilities are the most important if the energy supply is compromised? Do you know exactly how much energy each of these facilities requires in an emergency?

Do you have quick-connect generators ready for key traffic intersections that will allow your police force to devote attention to more important issues during your next energy emergency, versus simply directing traffic? These are a few of the questions that EA will help you address.

C. How do Public Officials Begin to Address Energy Assurance?

Preparing for energy self-reliance is a team effort that includes you, your energy service providers, government colleagues, affected stakeholders and others. The first step is to get the process started in your community. A public official can assume many roles in EA planning and any one of them will add value to the process and be instrumental to an effective outcome. You may play the role of leader; advocate; enabler; champion; facilitator or catalyst.

Regardless of role, officials can take several actions to advance EA in local government.

- Voting. Every public official will from time-to-time vote on or register opinions on issues germane to EA and you will need a grasp of these issues. Your governmental structure likely has employees who are willing to give you a primer on the issues. Start with the agencies that keep track of the energy service charges, pay the bills, and perform maintenance on your facilities.

Some larger communities have design and construction engineering departments that can brief you on relevant issues. If you have an energy or environmental agency, it will likely have staff that have expertise or who can provide points of contact to gain such information. Finally, there is merit in inquiring if staffs in the fire, police, public works or general services departments have information you can use. (PTI is always available to help you with this issue. Please see the contact information at the end of this report.)

- Language development. Public officials can effect change by crafting EA language into documents for consideration, passage and implementation. Some of these documents may be internal to the local government whereas others may involve bi-lateral or multi-lateral agreements between jurisdictions. Some of the more familiar ones are:
 - ✓ resolutions
 - ✓ proclamations
 - ✓ executive orders
 - ✓ rules and regulations, ordinances
 - ✓ guidelines
 - ✓ policies and procedures
 - ✓ performance measures/metrics
 - ✓ intergovernmental agreements
 - ✓ memoranda of understanding or agreement
 - ✓ mutual aid agreements
 - ✓ contracts
 - ✓ franchise agreements

Each of these has its own particular benefit depending on the legal structure of the local government and the intended use. These documents can be used to authorize EA planning, financing and implementation.

- Constituent education. Education is a standard responsibility for any public official. Promoting EA in local government through education is important because constituents are taxpayers who are entitled to public services like police and fire protection. Constituents need to be made aware of, and perhaps participate in, the decision-making process when essential public services may be in jeopardy.
- Franchise Agreement. Many local governments negotiate franchise agreements with their energy service providers. The terms of these agreements typically stipulate utility easements on public rights-of-way, payments to the local government and other topics related to the provision of energy services.

Local governments should determine the climate for including EA programs, projects and goals in franchise agreements. The public official is the logical choice to open such a discussion. Reliability of energy services during an emergency can and should be the organizing principle for any such discussion.

D. Financing Options and Funding Opportunities

Depending on the community, achieving energy self-reliance can be relatively inexpensive, or may take significant public-private investment over a number of years. In either case, one way of viewing such an investment is to look at it as an insurance policy. That is, ask the question, “What is the risk that an energy disruption would render the local power company or fuel supplier incapable of delivering the energy required to ‘keep the lights on’ in my community?”

If the risk is high (for example, you are located in an area where floods or electricity outages tend to occur frequently) it may be worth the time and effort to build an energy assurance plan as a hedge against such risks.

Savvy public officials will want to know the spectrum of financing options and funding opportunities available to local governments for energy assurance. They will also become knowledgeable — but not necessarily experts — on many of these options and opportunities.

Details on these options and opportunities are covered in another Public Technology Institute (PTI) publication titled *Financing Options and Funding Opportunities for Local Government Energy Assurance*, which can be downloaded from the LEAP website www.energyassurance.us.

The public-private topics contained in this publication include:

- Local Government (Public)
 - ✓ General Obligation (GO) Bonds
 - ✓ Capital Improvement Program (CIP)

- ✓ Operating budget
- ✓ Municipal Lease
- ✓ Tax increment financing (value capture)
- ✓ Certificates of Participation (COP)
- Private
 - ✓ Conditional sales agreements
 - ✓ Installment purchase agreements
 - ✓ Shared savings agreements
- Utility
 - ✓ On-bill Financing
 - ✓ System Benefits Charge (SBC)

E. Local Government Best Practices and Lessons Learned

Many local governments have been actively involved in EA for quite some time. Please contact Ronda Mosley at Public Technology Institute (rmosley@pti.org) to learn about their experiences.

F. Getting Started

One way to get started on developing a local government EA plan for your jurisdiction is to acquire PTI's Local Government Energy Assurance Guidelines. It is published in two volumes. Find both at www.energyassurance.us.

However you decide to embark on this important topic, you should expect community support. Constituents may not be well informed about energy per se, but they do care about and rely on the basic services energy provides in your community.

PTI will make every effort to assist you in getting started on your own energy assurance plan and assist you along the way based on our six years of experience working with local governments across the nation.



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