



Durham County Clean Energy Reinvestment Committed Fund

White Paper

Purpose

The purpose of this policy is to commit energy efficiency and renewable energy rebates and incentive funding toward the County's renewable energy and greenhouse gas emissions goals. This would capture energy-saving, electric vehicle and charging, and renewable energy related rebates and elective pay tax incentives, and reinvests them into additional energy efficiency, renewable energy, and fleet electrification projects aligned with the goals and initiatives outlined in Durham County's Renewable Energy Plan (REP). Committed Funds are board directed, earmarked for the intended purpose, and can only be changed by a board action. If the Board chooses to move forward with more substantial funding for Sustainability in the future, a distinct Fund could be a possible path at that time.

Background

In recent years, Durham County has significantly expanded its portfolio of renewable energy projects, supported by strategic frameworks such as the REP and High Performance Building Policy. Under federal Inflation Reduction Act provisions, local governments are now eligible for "elective payments" (direct-pay tax incentives) for activities such as:

- Installing solar panels and geothermal systems
- Purchasing electric vehicles (EV)
- Installing electric vehicle charging stations

The amount the County will receive each year will vary depending on eligible projects completed in the prior year. In 2023, Durham County received \$62,505 in elective payments. While elective pay was originally designed to be available for over a decade, recent Federal Law changes will phase them out in the next few years. Staff are about to submit required tax forms for projects in calendar year 2024 and anticipate having eligible projects to submit in calendar year 2025.

In addition to the Federal payments, Durham County is eligible for Duke Energy rebates for some projects. In the past, these rebates have either been used for additional work on the building from which the rebates were earned or added to the General Fund. This proposal is to funnel the rebates into the committed fund for use on additional projects that could generate more rebates. Duke Energy rebates are expected to continue to be available throughout the foreseeable future.

Proposal

Create a committed fund to:

- Receive all elective payments and energy-related rebates
- Reinvest funds into additional renewable energy projects that support REP goals but are not already included in the County's Capital Improvement Plan (CIP)

Projects to be funded through the committed fund will be selected by the inter-departmental Sustainability Team based on recommendations in the REP, Comprehensive Facilities

Assessment, and staff expertise. Team recommendations will be brought to the Manager or BOCC for approval based on County expenditure approval requirements.

This mechanism will ensure Durham County maximizes the long-term impact of these rebates, compounding investments in renewable energy and sustainability projects aligning with County goals.

Justification

- **Strategic Alignment:** Directly supports Durham County's Strategic Plan Goal: *Sustainable Infrastructure & Environment* and multiple strategies in the REP (specific strategies included below)
- **Scalable Impact:** Establishes a reinvestment loop that increases the ROI of renewable energy and efficiency projects
- **Fiscal Stewardship:** Creates transparency and accountability for how incentive dollars are allocated
- **Cross-Departmental Support:** Developed collaboratively by Budget, Finance, Engineering & Environmental Services, and General Services

Alignment with the Renewable Energy Plan

The proposed Energy Reinvestment Fund directly supports the following strategies in the REP:

- **Strategy 5.1.3** – *Create a revolving fund for renewable energy investments*
This proposed fund creates a mechanism for reinvesting earned rebates and incentives into future renewable and energy efficiency projects.
- **Strategy 4.2.2** – *Identify and apply for external funding to support fleet transition*
The fund can capture elective payments from EV and charging infrastructure purchases to reinvest in further fleet electrification.
- **Strategy 3.3.3** – *Implement energy efficiency upgrades in County buildings*
Rebates received from building efficiency measures can be funneled back into similar non-CIP improvements.

Next Steps

1. Receive Board of County Commissioner approval to establish the committed fund
2. Budget Office to set up and manage the fund account
3. Develop reinvestment criteria and an annual reporting structure in collaboration with cross-departmental team

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