

Policy Briefing Summary

City Council



Regarding:	Resolution to Grant \$125,000 for a Small Business Energy Efficiency Incentive Program (1 of 2 readings)
Staff Contact(s):	Emily Irvine, Climate Program Manager, Kristel Riddervold, Director of the Office of Sustainability, Taylor Harvey-Ryan, Grants Program Manager
Presenter:	Emily Irvine, Climate Program Manager
Date of Proposed Action:	March 2, 2026

Issue

The Office of Sustainability (OS) recommends awarding \$125,000 in grant funds to the Community Climate Collaborative (C3) to establish and administer a pilot *Small Business Energy Efficiency Incentive Program*. This new program would support Charlottesville small businesses and non-profits in making energy efficiency retrofits at their locations, therefore reducing their energy bills and greenhouse gas emissions.

Background / Rule

Approximately 95% of Charlottesville's greenhouse gas emissions are attributable to non-municipal, community-based activities. Of this share, approximately 30% come from the non-residential sector, including small businesses and non-profits. The City's Climate Program recognizes that this sector can benefit from targeted support in reducing emissions from their buildings through energy saving strategies. Small businesses and nonprofits often operate on very thin financial margins and often lack the bandwidth or technical expertise needed to make energy improvements, even if it could lower their utility bills and positively impact their operating costs.

In January 2026, OS issued a Notice of Funding Availability (NOFA) seeking a non-profit partner to develop and deliver a pilot energy efficiency program to support local small businesses and not-for-profit organizations in reducing their energy use. The goals of such a program are to:

- Reduce energy usage and utility costs for area small businesses and non-profits.
- Provide energy audits and technical assistance as well as financial support to small businesses to make energy improvements in their buildings.
- Support area businesses in reducing their greenhouse gas emissions.
- Leverage additional funds available to businesses from utility-led energy programs.
- Augment services available to commercial entities through the Energy Resource Hub.

Analysis

In response to the NOFA, OS received a proposal from C3 to deliver a program that would provide commercial energy audits, technical assistance, and tiered financial subsidies to support Charlottesville small business and non-profits. The program proposal meets the intended goals as described in the NOFA, and OS staff recommend adopting the resolution to grant the funds.

The *Small Business Energy Efficiency Incentive Program* proposes to provide participants with an ASHRAE¹ Level-1 equivalent energy audit (industry accepted standard), customized technical assistance, and funds to support energy upgrades. It is specifically designed to stack funds available through Dominion Energy's [Small Business Improvement Enhanced Program](#), therefore leveraging

outside funds that local business owners often lack the time or expertise to access.

The pilot program proposes three levels of improvements that build on one another, with a maximum incentive amount of \$4,500 available to any one small business or non-profit organization:

1. Level 1 – Weatherization and Insulation – Eligible measures include building weatherization, air sealing, duct sealing, and insulation practices. The incentive provides up to a 50% rebate, capped at \$1,000 per participant, for the total project cost of the eligible Level 1 measures.
2. Level 2 – LED lighting, Controls, and Window Films – Eligible measures include LED lighting, smart thermostats, lighting sensors (occupancy and daylight), and window films that reduce heating loads from solar insolation. Program participants will be supported in aligning measures with applicable Dominion Energy criteria to maximize benefits. The incentive provides up to 30% rebate, capped at \$1,500 per participant, for the total project cost of the eligible Level 2 measures.
3. Level 3 – Appliances, Equipment, and Electrification – Eligible measures include purchase and installation of conventional appliances to EnergyStar-certified appliances; retrofit of a natural gas water heater to a heat-pump water heater; or the upgrade of HVAC. Incentives are equal to 30% of upgrade costs, capped at \$2,000.

This program supports ongoing implementation of the City's Climate Action Plan. It also contributes to the Climate Action and Partnerships Strategic Outcome Areas of City Council's 2023 Strategic Plan Framework.

[ASHRAE](#) is the American Society for Heating, Refrigerating, and Air-Conditioning Engineers. An ASHRAE Level-1 Energy Audit is a known standard to industry professionals.

Financial Impact

There is no budgetary impact to the City. The proposed grant funds will be funded through the Climate Action Initiative Fund, previously appropriated as part of the FY2026 Capital Improvement Program.

Recommendation

Staff recommends adoption of the Resolution.

Recommended Motion (if Applicable)

Motion to approve the resolution granting \$125,000 to C3 for a Small Business Energy Efficiency Incentive Program and to schedule the resolution for a second reading..

Attachments

1. Small Biz EE Program_Resolution