

Ingredients for a Successful Direct Install Program

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Agenda

- Why Direct Install?
- Common elements
- Variations on the theme
- Results

Why don't small businesses simply use the "classic" programs?

- Common customer barriers
 - "Hassle factor"
 - Limited time
 - Juggling diverse business demands
 - Lack of knowledge
 - Limited capital
 - Leasing



Where are the contractors?

- Contractors avoid small business market
 - Most sales proposals rejected
 - Collection (payment) process = higher risk, effort
 - Small projects less profitable

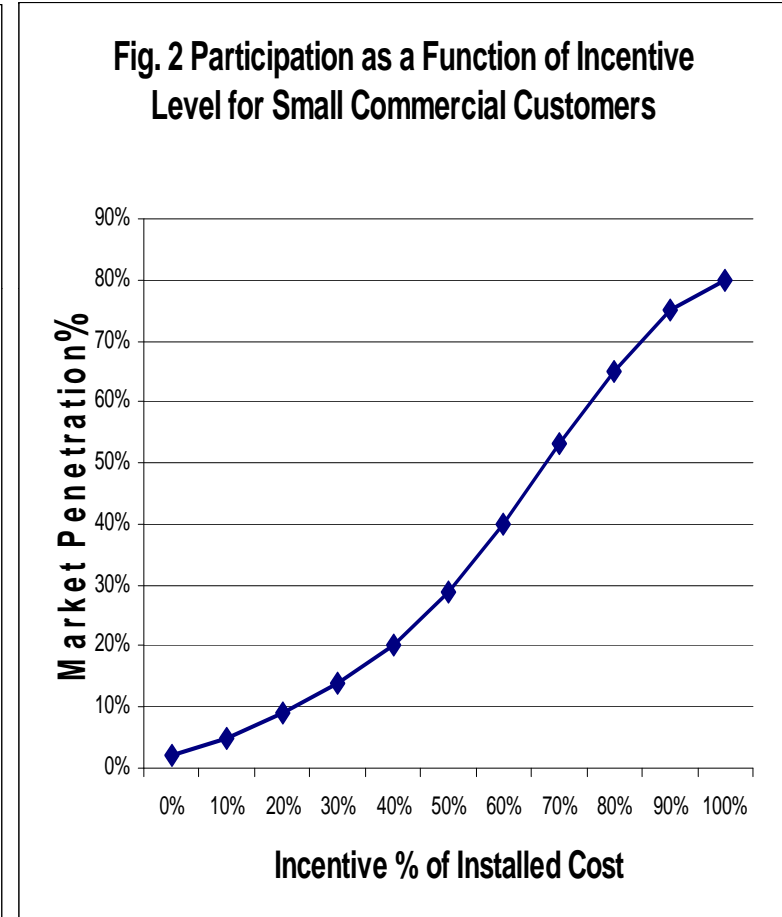
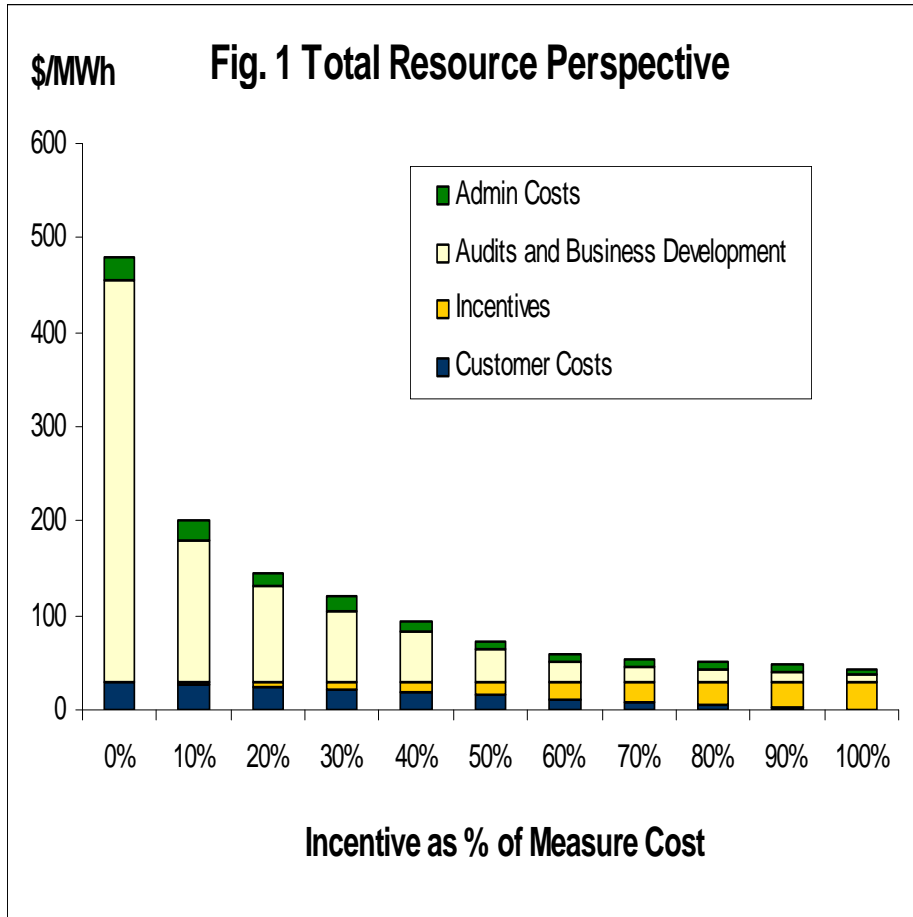


Keys to Participation

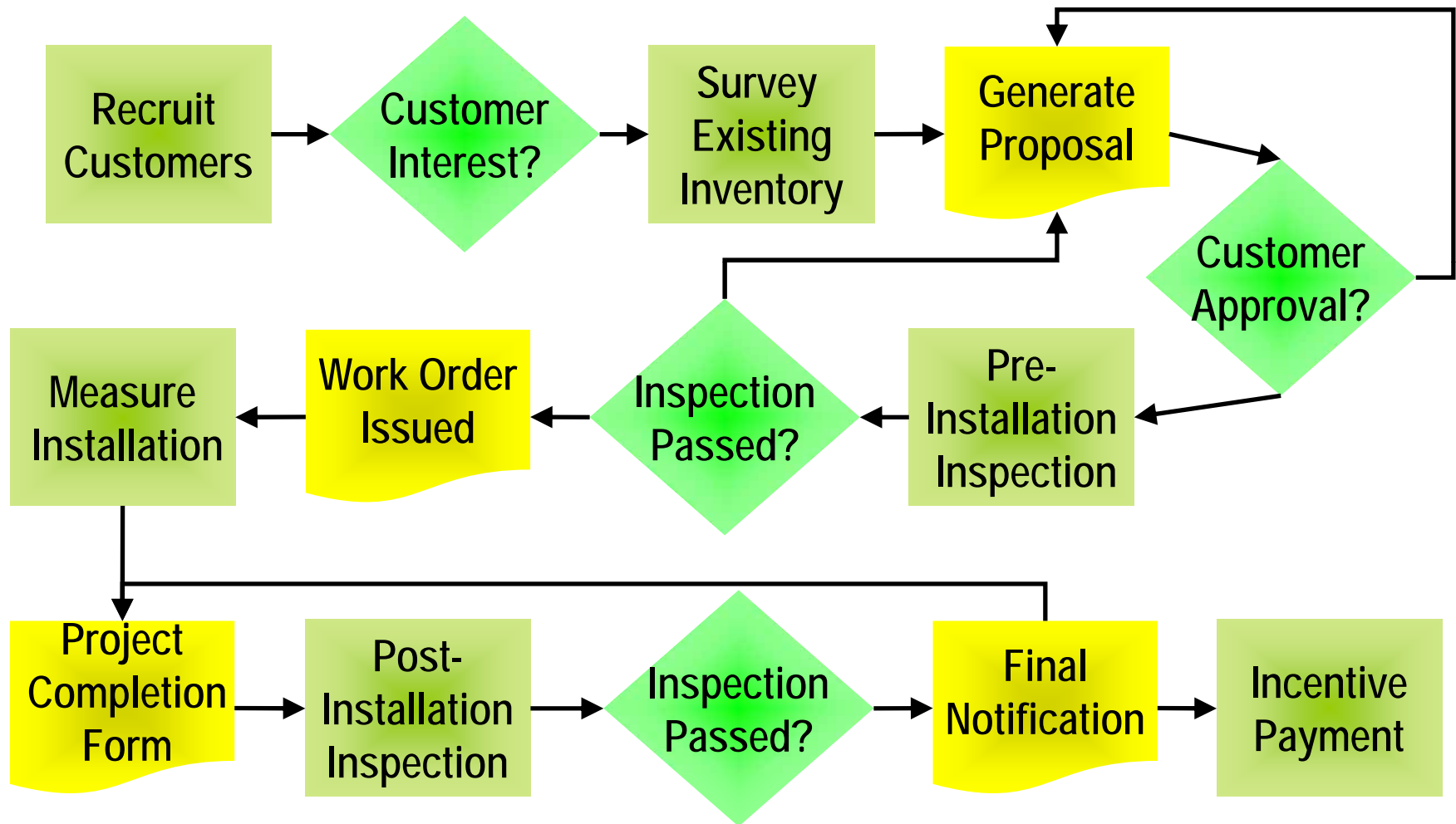
- Make decision a “no brainer”:
 - Increase incentives/eliminate cash outlay
 - Build confidence with utility oversight
- Make the market attractive to contractors
 - Assist with proposal development
 - Pay contractors directly
 - Increase incentives for easier sale



Cost Effectiveness



Direct Install Process



Direct Install Common Elements

- Low or no up-front costs to small business
- Program pays contractor
- Utility oversight
- Retrofit vs. ROB measures



Variations: Contractor Participation

- Pre-select contractors

- Set pricing/volume
- NSTAR, PSG&E
- Advantages: Utility control, lower prices, contractor co-branding



- Open Market

- Any contractor that meets requirements
- TEP, Consumers, CL&P
- Advantages: Faster launch, engages more contractors, better politics

Variations: Financing/Incentives

- No Financing/Higher Incentives
 - Faster to launch/less complicated
 - Utility control, lower program admin costs
 - NV Energy, PG&E BEST
- Third Party or Contractor Financing
 - Overcomes customer \$\$ hurdles and less liability for utility
 - Hit or miss financing availability
 - PG&E Smart Lights, San Francisco Energy Watch
- On-bill financing
 - Preferred by customers / Possible to lower incentives
 - Program pays for buy-down, bad debt
 - Upgrading utility billing system takes time, money
 - CL&P, United Illuminating, SDG&E



Variations: Determining Savings

- Deemed Savings
 - Set incentive and savings/measure
 - Easier program data process
 - Simple for customers and contractors
- Performance-based Savings
 - Incentives/kWh saved
 - Program collects before, after measures and hours of operation
 - Rewards measures that save more energy



Program Results

		BEST (PG&E)	CoolBIZ (PG&E)	SureBet Direct (NV Energy)	Small Business (TEP)
2006	kWh Savings	1,838,447	—	—	—
	Incentives	\$242,298	—	—	—
2007	kWh Savings	13,657,466	12,061,845	3,231,021	—
	Incentives	\$1,777,200	\$1,130,233	\$418,741	—
2008	kWh Savings	17,645,457	22,135,775	8,302,140	—
	Incentives	\$2,366,819	\$1,864,110	\$950,184	—
2009	kWh Savings	13,461,822	9,836,176	8,789,920	8,153,000
	Incentives	\$2,293,127	\$1,004,567	\$979,934	\$1,150,000

Conclusion

- Different approach needed for small businesses
- Direct Install works
- Options to customize

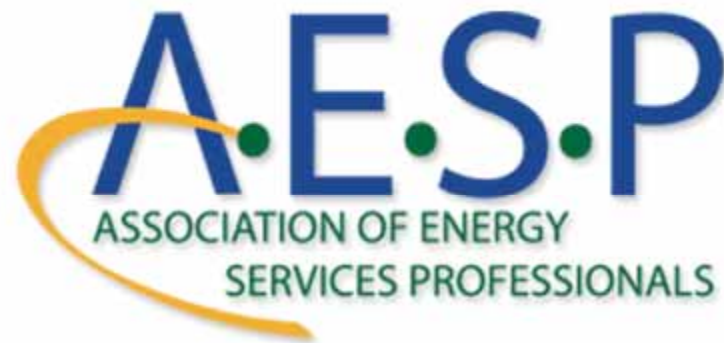


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