

Commercial Audits and Their Impact on Project Implementation

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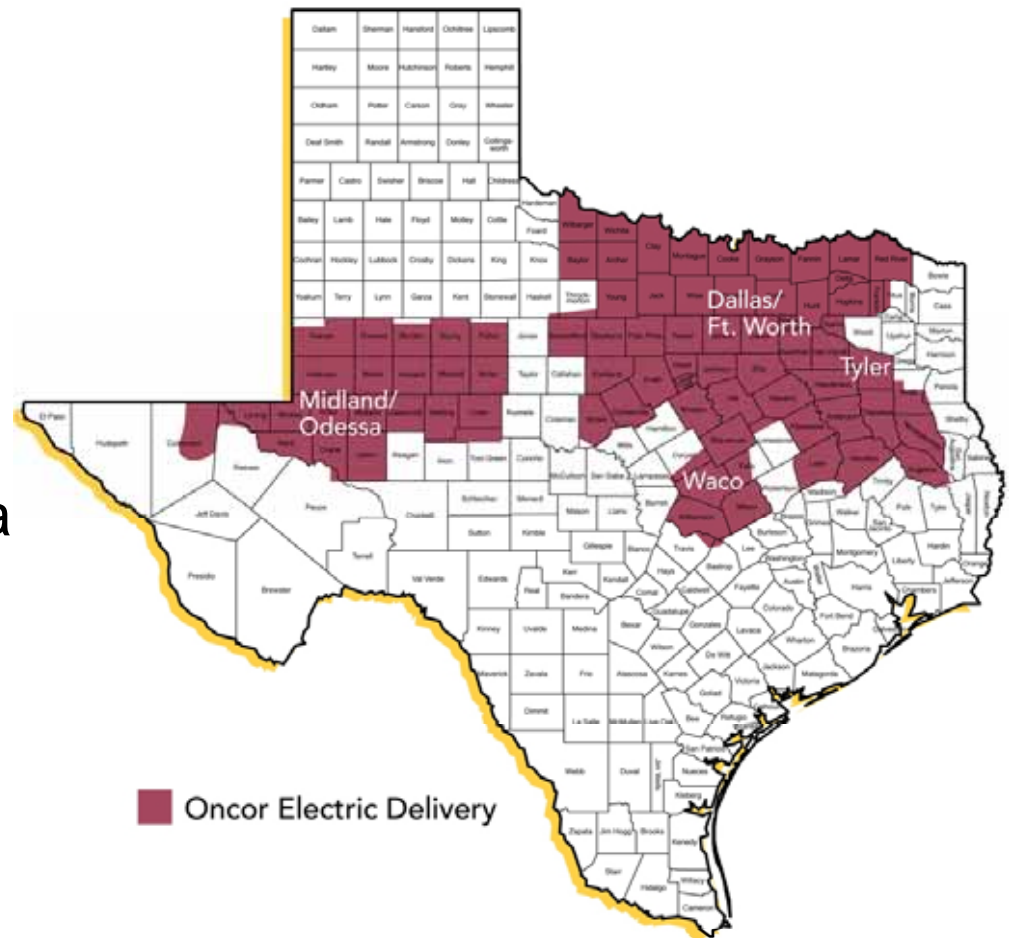
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Who is Oncor?

- Oncor is Texas's largest regulated electric delivery business and one of the largest in the U.S.
- We supply electricity to approximately 7.5 million consumers in a service area of over 400 communities
- Oncor delivers electricity to one of the nation's largest regions for electricity demand, helping to assist the economy of the service area



Program Funding

- Oncor committed to spend an additional \$100 million in DSM/Energy Efficiency Programs from 2008-2012.
 - The additional programs complement their existing statutory programs
 - The programs are designed to target underserved markets and technologies and provide consumer education
 - At the end of the five year period, these programs will be reviewed for consideration as statutory programs

Commercial Audit Program

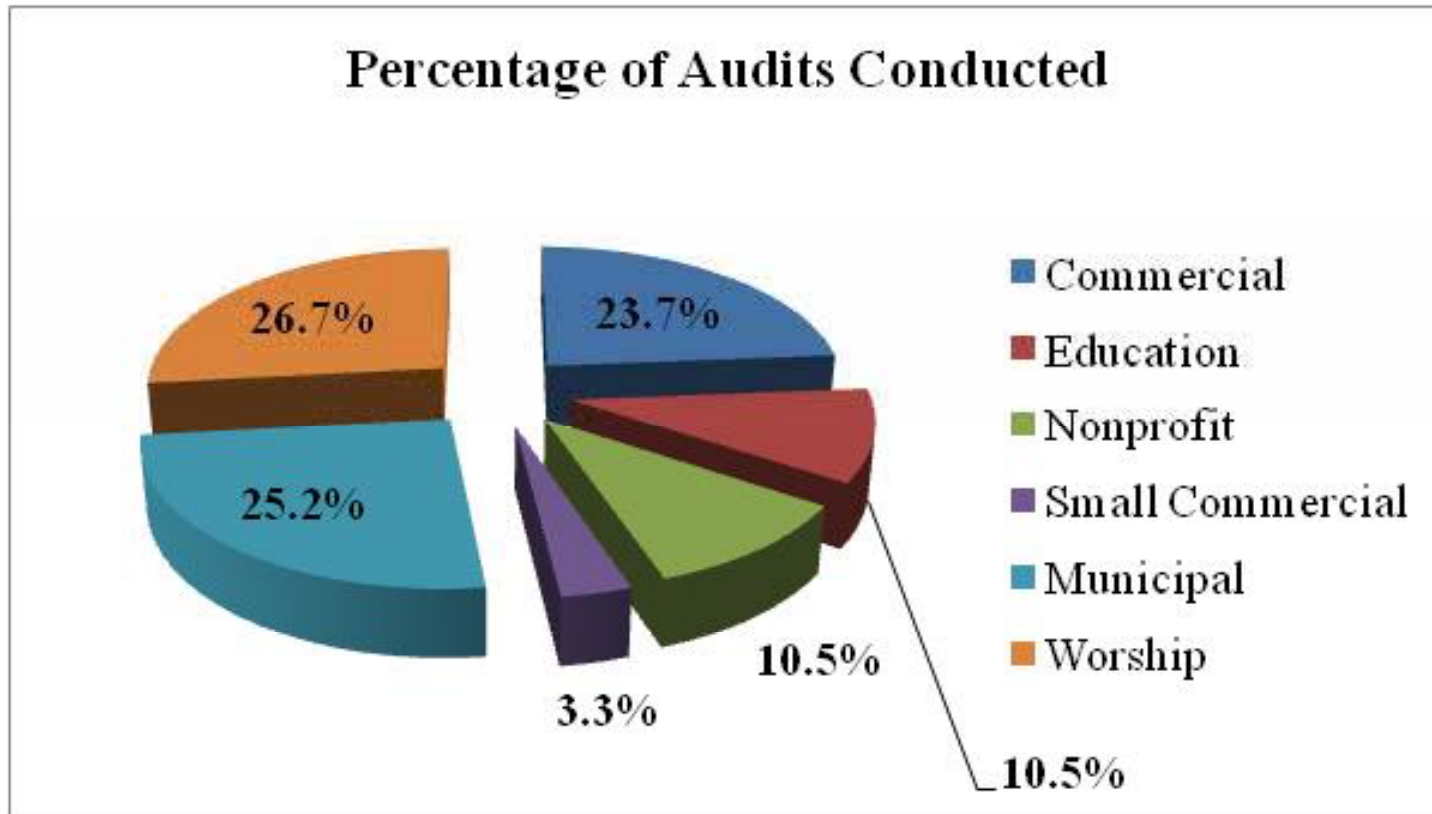
- The Commercial Audit Program provides:
 - A comprehensive audit at no cost or at a reduced cost
 - A report that identifies eligible energy efficiency projects
 - Education and support to underserved and financially constrained markets
- Program participants are encouraged but not required to follow-through with energy efficiency projects



Program Goals

- Jump-start an energy efficiency movement in the Oncor service area
- Create energy-conscious customers
- Connect eligible customers with qualified energy efficiency Service Providers
- Make unbiased recommendations for energy efficiency improvements at customer facilities
- Direct customers toward additional Oncor incentive and grant programs
- Encourage implementation of energy efficiency projects resulting in electrical savings
- Provide a network of trained Service Providers that can provide energy efficiency services to customers

Target Markets

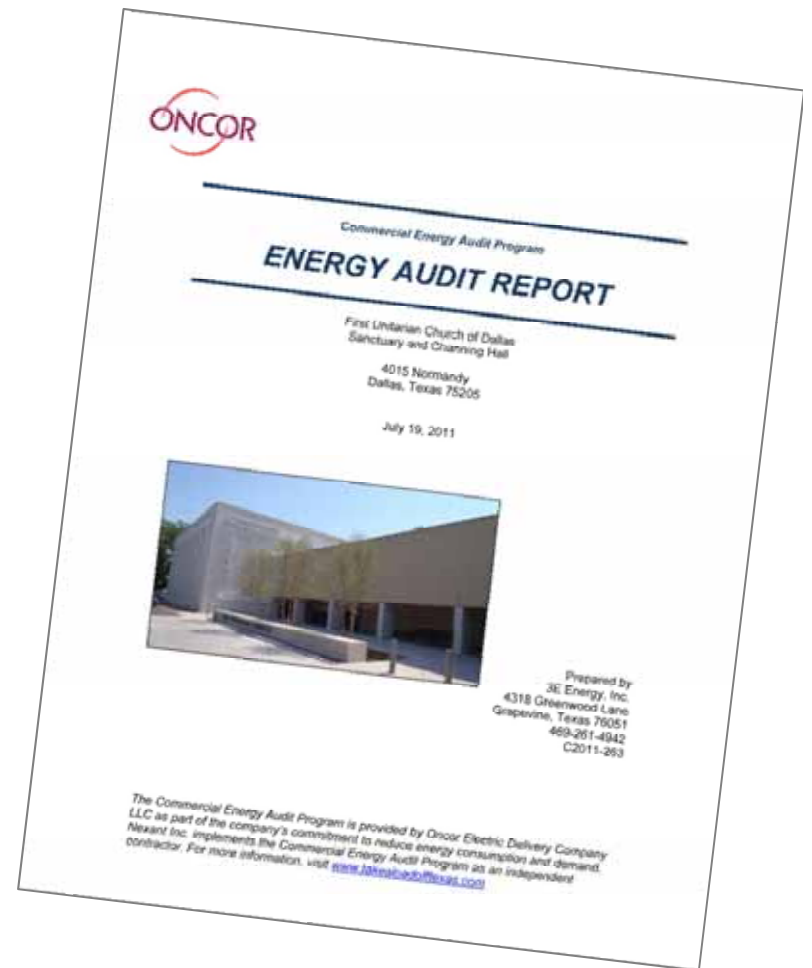


What's in an Audit?

Parameter	ASHRAE Level I	ASHRAE Level II	Commercial Audit Program
Site evaluation	Yes	Yes	Yes
Benchmarking	Yes	Yes	Yes
List of low-cost, no-cost measures	Yes	Yes	Yes
List of high cost measures	Yes	Yes	Yes
Detailed energy savings	Yes	Yes	Yes
Detailed cost savings	Yes	Yes	Yes
Detailed scope of measure evaluation	Yes	Yes	Yes
System performance testing		Yes	
Cost estimates of measures		Yes	Yes
Estimates of "people factor"		Yes	
Analysis of maintenance procedures		Yes	
Payback periods of measures		Yes	Yes
Applicable state, federal and utility incentives	Yes	Yes	Utility Only
LEED Operations & Maintenance credits	Yes	Yes	

The Audit Report

- Convey an accurate portrayal of the existing building conditions (via benchmarking, utility bill analysis, etc.)
- Identify areas for potential energy improvements and provide customer with information to determine the most cost-effective projects
- Recommend energy improvements
- Estimate project cost, electrical savings, incentives, and payback
- Discuss applicable Oncor incentive and grant programs
- Clearly define next steps



Incentive and Participation Rates

- In 2009 all audit costs were covered by Oncor
 - High level of participation from commercial customers and large cities monopolized the program budget
- In 2010 the incentive structure was modified to include a 50/50 cost share with large commercial customers and maximum audit cap for all markets
 - This strategy was used to deter free riders

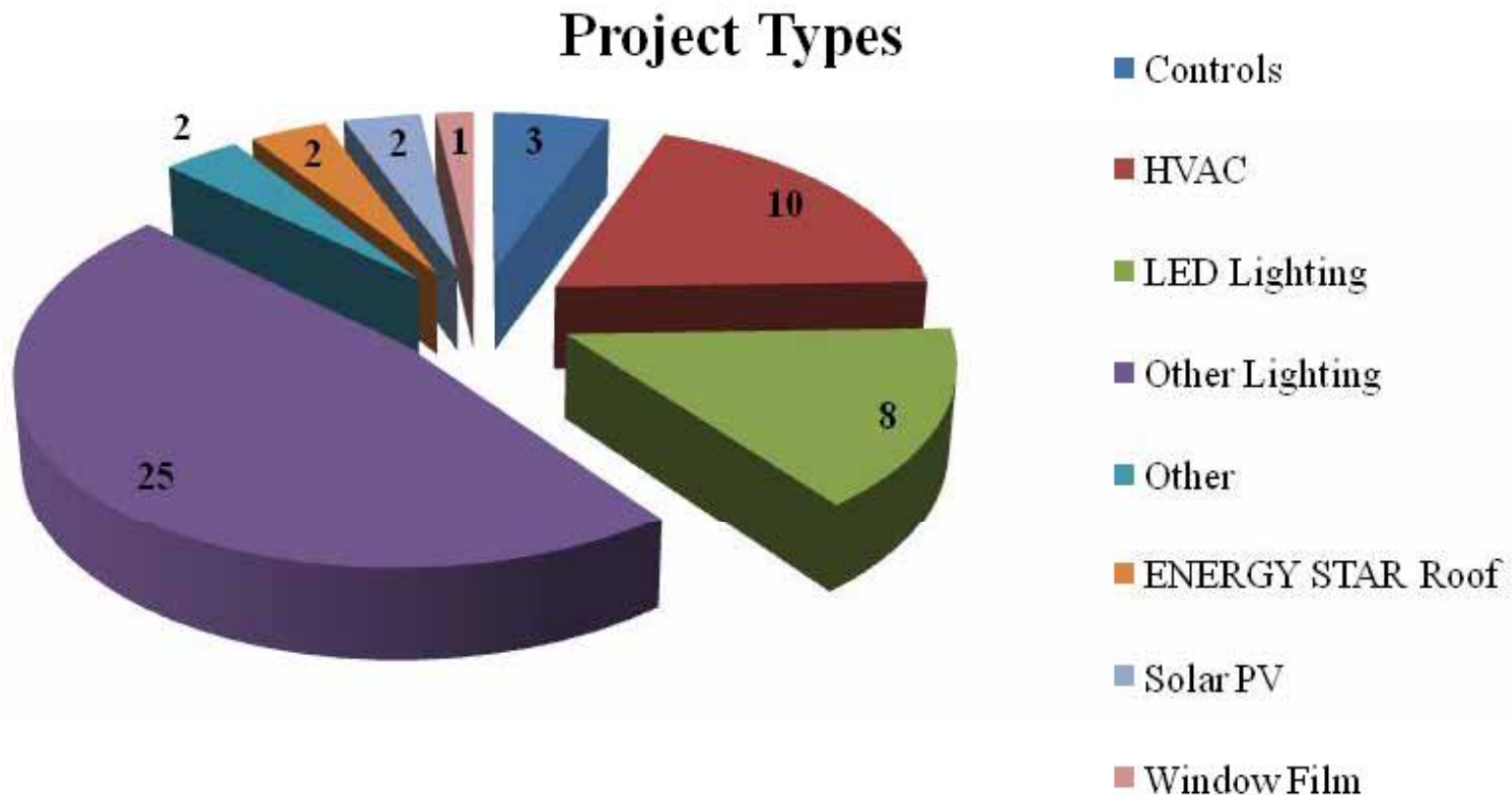
Market	2009	2010	2011
Commercial	29	18	11
Education	7	16	12
Healthcare	5	4	7
Hospitality	16	0	0
Municipal	44	21	20
Nonprofit	4	36	83

Impacts on Project Implementation

Total Audits Conducted: 333

Total No. Projects: 53

Conversion Rate: 15.9%



Capturing Energy Savings

Energy savings derived from two sources:

1. Tracking projects
 - Audit customers that implement projects and receive an incentive from another program
 - Savings for these projects are not credited to the audit program
2. Follow up surveys
 - Participants are contacted six months after an audit to determine if any projects were implemented
 - A minimum of 10% of projects receive a post installation inspection

Method	kW	kWh
Projects implemented that received an incentive (through another program)	10,848	26,757,695
Projects implemented without an incentive (survey results)	281	1,125,996

Lessons Learned

Lesson #1: Know your audience.

- One size does not fit all
- Tailor the audit experience to meet the customers needs, goals, and budget

Lesson #2: Don't go overboard.

- There can be too much of a good thing
- Including too many details can overwhelm the customer

Lessons Learned

Lesson #3: Review the audit report with the right people.

- Review the report in person with decision makers
- Provide a high level summary that includes the critical information to make a decision

Lesson #4: Train auditors to provide excellent customer service.

- Any auditor can complete an audit, but a well trained auditor can help customers get the best bang for their buck

Conclusion

- Out of 333 audits, 53 projects were implemented by 24 participants
 - The overall conversion rate is 15.9%, but the customers that received audits had the tendency to complete more than one project.
- As a stand-alone program, audits are difficult to make cost-effective
 - Integrating audits into existing programs increases the number of projects and allows for increased capture of savings
- Adding audits to existing programs helps reach underserved markets



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Long Beach, CA**

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