

Leveraging EPAct and Financing for Direct Install Commercial Lighting Programs

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Feb. 9, 2012



How we went from this...

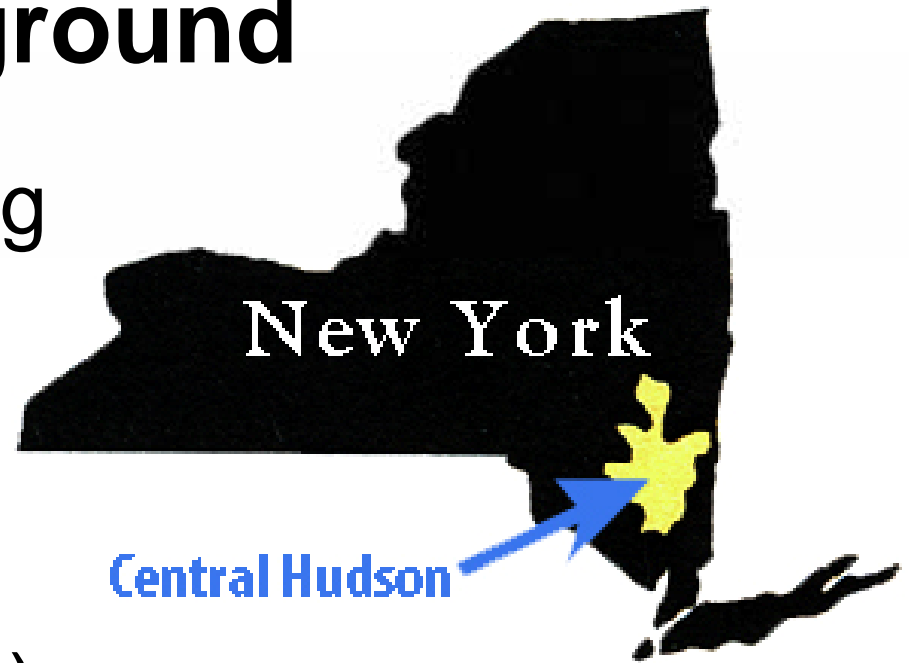


...to this



Background

- Mid-size utility serving 300,000 customers
- 2.5 years to achieve 50,942 MWh in commercial electric savings (without CFL)
- Set up prescriptive rebate program for lights, motors, drives, etc., with free audit
- “On the hook”



Challenges

- Traditional utility marketing but very little participation after 1.5 years
- Bad combination: Poor economy and cash-strapped business owners
- Critical disconnect: What qualifies? Which trade ally should I use?
- Energy audits not converted into projects

Critical disconnect

- Projects went cold after initial audit
- Energy auditors didn't provide specific proposals
- Process cumbersome for customers
- Busy customers didn't follow through

Reinvent & simplify



Lighting only



Direct installer

“70% off”

One size fits all

***“0% financing
for a limited
time!”***

Added urgency

Change marketing



Simpler messages



Testimonials



Direct mail



Email blasts

Spell out proposals

Net Investment:

Project Cost:	\$22,589.84
CHGE Incentive:	\$15,812.89
Net Cost:	\$6,776.95

Net Results:

Energy Savings (kW):	21.72
Est. Annual Savings:	\$7,906.44
Est. Annual Energy Savings (kWh):	56,475
Est. Annual Payback:	0.86
Est. Life (15yr) Energy Savings (kWh):	847,119
Est. Monthly Savings:	\$658.87
No. of Monthly Payments	<input type="text" value="12"/>
Monthly Payment:	\$564.75

Financing

- 0%
- Term of 12 or 24 months
- Installer fronts loan amount, but **why?**
- Utility handles administration
- Financing appears to be from trusted utility
- Low default rate (appx. 1.5%)

Everyone does sales

- Reallocated funding toward incentives
- Separate hotline
- Monitored sales (thermometer)
- Daily sales reports from direct installer
- Failure not an option



What is EPAct?

- Tax deduction for commercial buildings toward cost of energy efficient improvements
- Projects must reduce total energy costs
- Inspection and testing must be completed by qualified engineer

How much is the deduction?

- Maximum of \$1.80 per sq. ft. for a 50% reduction in total annual energy costs
- Partial deduction of \$0.60 per sq. ft. for a 25% to 40% reduction in lighting power density
- Deduction is for organization making the investment

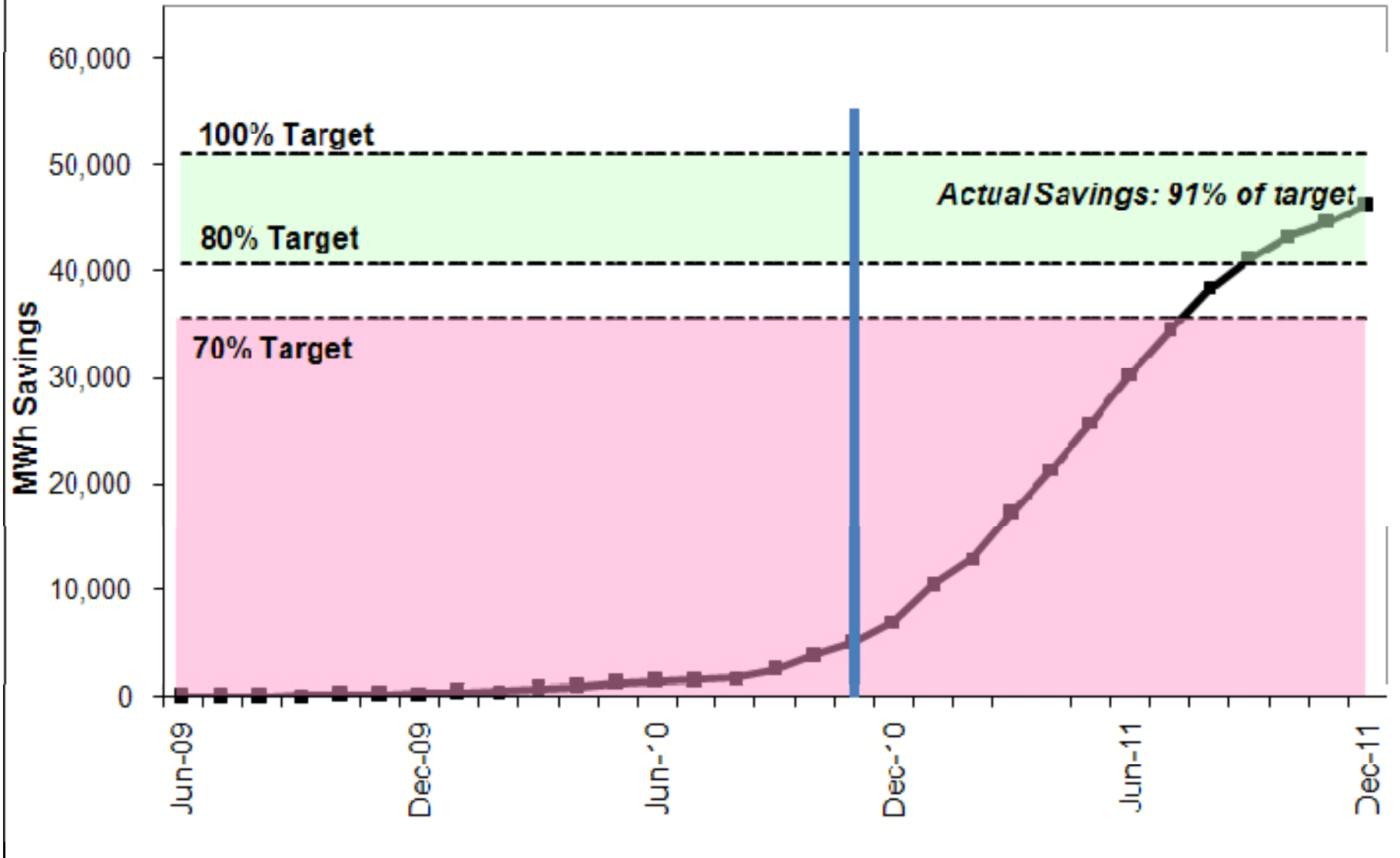
Leveraging EPAct

- For govt. buildings, **deduction may be taken by designer or installer**
- Utility covers 70% and remainder covered through EPAct
- Organization allocates deduction to installer
- Allowed utility to urge government entities to not waste taxpayer money
- Avoided lengthy bidding requirement

Results

	Old Program	New Program
Projects completed	190	1,939
Incentives distributed	\$672K	\$11.4M
Govt.-owned facilities savings (in % of kWh)	2%	30%
Anticipated results with regulator	Penalty of up to \$2M	Incentive of over \$2M

Cumulative Energy Savings



Summary and recommendations

- Consider a target measure
- Use a direct installer to create a package deal for customers
- Use a sales approach and make it easy
- Explore financing that leverages utility name instead of 3rd party
- Leverage EPC's special provision

Hit your goal!





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