

Letter from the AES.P Chair

Looking Forward to a Happy and Interesting New Year

by John Hargrove



John Hargrove
NV Energy

Happy New Year to you all! Now that we are all back from well-earned vacations, I hope everyone is energized and ready to take on another exciting year in furthering the cause of energy efficiency. I am, I think!

Since last year we have been keeping a list. Now all you “naughty” people out there, there’s no reason to worry, it’s a list of good things you can expect from AES.P in 2013. Not only are we going to have more free Brown bag webinars but soon you will be able to earn CEUs from attending them. There will be more training and networking opportunities in cool locations too.

And we have also been listening on ways to improve our 23rd National Conference in Orlando later this month.

The National Conference is going to offer free WiFi...yes! Now PLEASE, don’t spend your entire time in Orlando on your phone and laptop so that the top of your head is the only thing speakers will see from the podium.

Speaking of phones, there will be a conference app at National so we will be communicating even more with you and keeping you up to speed.

January 2013

Upcoming Events

Chapter Events

January 15 - Southwest Chapter
[Board nominations deadline](#)

January 16 - Northwest Chapter
["The Geezer and the Geeks: Passing the Thumb Drive of Energy Efficiency Knowledge"](#)

January 22 - Rocky Mountain Chapter
"Fracking and Oil/Gas Exploration - Facts and Issues"

February 5 - Chicago Chapter
[Board Nominations deadline](#)

February 7 - Chicago Chapter
[Chapter Event](#)

Brown Bags

February 21
[Future of Energy Efficiency in the Pacific Northwest](#)

If you would like to organize a Brown Bag, please contact Kisha Gresham at kisha@aes.p.org.

Listen up Young Professionals.... AESP is launching a special initiative to serve young professionals. Save the date for a special kick off Young Professionals' event on Jan. 28 at 7pm, at National. Watch for me at this event, I will undoubtedly be the owner of the grayest hair in the room. That is if I can stay up that late.

A great program awaits you in Orlando, but admittedly that's not an improvement, because it's great every year.

I look forward to seeing you at the National Conference in just three weeks' time. By the way, have you registered yet? Don't forget that online registration closes next week so [register today](#) and save \$100!

See you in Florida.

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Industry News

The following executive summaries of current news items were written for Strategies after being compiled from various news sources.

AESP Training Courses

January 28, 2013

Orlando, FL

- Principles of Demand-side Management
- Principles of Evaluation, Measurement & Verification

January 31-February 1, 2013

Orlando, FL

- Strategic Marketing of your Energy Efficiency Program

If you would like to schedule an onsite training please contact Suzanne Jones at (480) 704-5900 or suzanne@aesp.org. For more information about the AESP Institute, [click here](#).

Conferences

January 28-31, 2013

[23rd National Conference](#)

Orlando

April 29-May 1, 2013

[AESP Spring Conference](#)

Dallas

Sept. 30-Oct. 2, 2013

AESP Fall Conference

Seattle

WELCOME & THANK YOU to our New and Renewing Members!

New Individual Members

Aaron Kwiatkowski, DNV KEMA

Ali Levine, Performance Systems

Development

Andy Ireland, Flynn Wright

Ashley Erdman, Texas New Mexico Power Co

Brad Goar, Florida Power & Light

Brandon West, Direct Technology-Energy

Solutions Group

Carmen Best, CPUC

David Levine, Embertec

David Tabata, AEP-Ohio

Dee Martir, Calico Energy

Derrick Finn, Finn Projects

Dipak Parikh, CLEAResult

Ernie Plasencia, Florida Power & Light

Gordian Raacke, Renewable Energy Long Island

Israel Cuervo-Fernandez, Florida Power & Light

Jeff Seifert, StreamLinX

John Saussele, Bosch

Green Button: One Year Later

Intelligent Utility (12/12) Vol. 4, No. 6, P. 45 Sinai, Nick

Thirty-five major utilities and electricity suppliers have signed on to the Green Button Initiative, and the commitment will impact more than 36 million families and businesses. Last fall, the Obama administration called on the industry to make customer data available in easy-to-understand, standardized formats, and utilities and their technology vendors responded by agreeing to place 'Green Buttons' on their websites that enable consumers to securely download their energy use data. 'Green Button Download My Data' is now a live feature for more than 16 million families and businesses in California, Texas, Massachusetts and the Mid-Atlantic states. And dozens of companies are developing Web and smartphone applications and services for homeowners and businesses that use the Green Button. Meanwhile, federal agencies have launched programs to encourage the development of apps and services, and have also focused on protecting the privacy of customer energy data. The beauty of Green Button is that it organizes and displays information using a common standard that encourages investment and innovation, which in turn supports the economy and job creation. Some utilities are already working on including natural gas and even water consumption data in the Green Button standard.

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Demand Growth and the New Normal

Public Utilities Fortnightly (12/12) Vol. 150, No. 12, P. 22 Faruqui, Ahmad; Schultz, Eric

Industry watchers expect overall growth in demand for electricity in the U.S. to continue to decline in the coming years, driven by downward pressures from five primary areas: the weak economy, demand-side management, codes and standards, distributed generation, and fuel switching. Demand fell with the recession beginning in December 2007 and has stayed down even as the economy has slowly begun to recover, in large part because of continued belt-tightening by consumers. Consumers are also increasingly taking advantage of demand-side management practices and technologies such as peak demand rebate programs and the use of smart meters and programmable thermostats to drive down their energy consumption. New codes and standards by both the federal and state governments are driving increased efficiency on the producer side, as are programs such as ENERGY STAR and LEED certification on the consumer side. Some consumers, in particular the industrial and commercial sectors, are also making use of distributed

Kathy Schmitt, Florida Power & Light
Kelly Mulder, Nexant
Kevin Hartman, Ameresco
Lyle Jones, Toronto Atmospheric Fund
Marek Loder, Performance Systems Development
Marisa Ceppi, Franklin Energy Services
Mark Case, ETC Group
Miguel Lasaga, Florida Power & Light
Mike Andreolas, Florida Power & Light
Monica Landrini, Florida Power & Light
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AESP is a member-based association dedicated to improving the delivery and implementation of energy efficiency, energy management

generation methods, such as rooftop photovoltaic cells and microturbines, to defray their energy costs. Finally, the falling price of natural gas in the U.S. has driven many producers to switch to this cheaper fuel, while many others are finding newer, cheaper ways to use natural gas to generate power. Some factors including the increasing use of digital devices and the potential widespread adoption of plug-in electric cars may help drive growth in demand, but many suspect that demand growth will eventually settle to a new normal of between 0.7 percent and 0.9 percent annually.

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Report: Energy Efficiency Has Cut Need for \$260 Million Worth of Power-Line Upgrades

Nashua Telegraph (NH) (12/16/12) Brooks, David

Energy efficiency programs in the six New England states have proved so effective at reducing demand that we can put off building a quarter-billion dollars' worth of planned upgrades to electric transmission towers and lines, according to the agency that runs the region's power grid. "We revised an ongoing study of the Vermont-New Hampshire area of the power grid, applying projected (energy efficiency) savings – plus some new resources, minor upgrades – and we can defer 10 transmission upgrades that earlier studies showed were needed," says Stephen Rourke, vice president for system planning for ISO-New England. "This will save an estimated \$260 million." The study forecasts long-term energy demand for the region in the light of the many state and private programs designed to cut power use. On average over the next decade, Rourke says, the study estimates that energy efficiency efforts such as swapping out old-fashioned light bulbs would eliminate growth in New England's average annual power use, cutting it literally to 0 percent. Peak levels will still grow over the next decade, ISO-NE estimates, but at less than 1 percent a year, about two-thirds the rate previously predicted. Overall, from 2015-21, the report estimates an annual savings of 1,343 gigawatt-hours because of energy efficiency. "We were surprised at the level, the breadth and depth of the (energy efficiency) efforts," Rourke says. The study looked at "more than 125 different plans in place for how states are funding and implementing (energy efficiency), and a whole range of rules and methods for reporting back on the performance."

While ISO-New England has specific forecasts for power needs and generation three years into the future, handled through what are called forward-capacity market, the new study takes a longer look. The forward-capacity market estimates had already incorporated some energy efficiency, notably the demand response system in which companies

and distributed renewable resources. AESP provides professional development programs, a network of energy practitioners, and promotes the transfer of knowledge and experience.

AESP
15215 South 48th Street,
Suite 170
Phoenix, AZ 85044
(480) 704-5900

Submissions are due by the 12th of each month to Adeline Lui at Adeline@aesp.org
(480) 704-5900

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agree to cut back use on peak days in return for lower rates. The latest report is the first attempt to quantify the effect of many other efficiency programs, usually aimed at homeowners.

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BG&E Makes a Smart Grid Case

Transmission & Distribution World (12/12) Vol. 64, No. 12, P. 40 Frey, Paul J.; Vukojevic, Aleksandar; Smith, Michael S.

In 2011, Baltimore Gas & Electric (BG&E) developed a smart grid distribution pilot platform on six test feeders with three main goals: Implement volt/volt-ampere-reactive control to lower energy usage; install capacitor bank controllers with two-way communications to make field capacitors more reliable; and reduce the customer average interruption duration index (CAIDI) by installing fault circuit indicators (FCIs) with remote notification. To successfully carry out the installation and commissioning of FCIs on six test feeders, BG&E developed a three-step process that involved defining which FCIs to install on the platform, developing new methodology for the optimum number and optimum placement of FCIs, and carrying out cost-benefit and discounted cash-flow analysis. BG&E conducted an analysis on the test feeders and determined that the greatest benefit of adding the FCIs on the system was reduced CAIDI and, consequently, greater customer satisfaction. Revenue realized from lower CAIDI depends on the number of customers per feeder, customer average load, CAIDI reduction, the difference in price and cost of electricity, feeder SAIFI, and the number of feeders.

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EPRI on Customers: What We Know, What We Don't

Intelligent Utility (12/12) Carson, Phil

The Electric Power Research Institute (EPRI) recently issued a report titled "Understanding Electric Utility Customers—Summary Report: What We Know and What We Need to Know." The report focused on how customers use and value electricity by reviewing actual customer behavior in pilots and programs that assessed behavior in relation to pricing, energy use feedback, and control technologies. One of the essential drivers of the need to understand actual customer behavior is that such an understanding could lead to improved energy efficiency measures by utilities. "The readiness scorecards suggest that there is much to do to verify the impacts of behavioral programs," the report states. "The recent resurgence of pilots, many implemented explicitly to resolve uncertainties about price effects, has elevated public dialogue

about the need for and benefits of pricing electricity to reflect the marginal, not average, cost of supply. While there is near universal concurrence that we should be pricing electricity differently, there is a shortfall of definitive and committed action to make that come about." The report asserts that "as is the case with new pricing structures, an ever-increasing body of field research has done little to spur utilities to embrace feedback as a means for meeting energy efficiency goals, engaging customers, or both ... If utilities are uncertain about, and therefore skeptical of, the impacts of pricing structure, feedback, and control technology, it is not surprising that customers do not seem to be highly inclined to participate in such offerings, or to respond to mandatory interventions when they are enrolled." The report concludes that "the impasse is likely to persist until we devise and adopt insightful and verifiable behavioral models and credibly quantify their characteristics through field research. If utilities continue to go it alone, responding to local and limited interests, it may be a decade or more before we realize resolution and have available actionable interventions. Rigorously designed research implemented in a cooperative and collaborative way could bring about resolution much sooner, in time to influence forthcoming decisions about investments to meet future electricity demand."

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Ohio Not Easing Rules on Energy Efficiency

Columbus Dispatch (OH) (11/29/12) Gearino, Dan

An attempt to rewrite Ohio's energy efficiency standards is likely dead until at least well into 2013. FirstEnergy, the leading supporter of the measure, said on Nov. 28 that it no longer expects the legislature to take action in the next few weeks. The utility hopes lawmakers will revisit the topic in 2013. FirstEnergy and other large electricity utilities have said the costs of escalating energy efficiency standards will be a drag on the economy. The proposal, which would have been added to an unrelated measure, would have frozen the energy efficiency standard at its current level. The law, passed in 2008, says power companies must take action to reduce customers' electricity usage, with goals that rise each year until 2025. Some business and environmental groups oppose any attempt to change the standard, contending that energy efficiency is a boon to the economy because it leads to lower electricity demand and lower bills. "I'm delighted to hear that there will be nothing under the Statehouse Christmas tree for FirstEnergy this year," said Jack Shaner, deputy director of the Ohio Environmental Council. Legislative aides expect the issue to come up early in 2013, when there will be more time to review it.

Because of the energy efficiency standard, utilities have taken actions that saved enough power to meet the annual needs of hundreds of thousands of households. Rob Nichols, spokesman for Ohio Gov. John Kasich, had no comment about the fate of the current proposal, but he did speak about the larger issue of energy efficiency rules. "We are always looking for ways to create a jobs-friendly environment here in Ohio," Nichols said. "The cost of energy is a big piece of that. Helping energy companies control their energy costs is important, and we should always keep in mind that the cheapest and cleanest energy is the energy we don't need to use."

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Featured Articles

WHAT'S AHEAD FOR THE ENERGY EFFICIENCY INDUSTRY IN 2013?

A special two-part article exclusively for AESP members



RENEWABLE ENERGY OUTLOOK

2013 kicked off with a bang, with support for renewable energy included in a deal to avert the so-called fiscal cliff, reports the Wall Street Journal. The package of tax provisions approved by Congress on Jan. 1 offers relief to a range of renewable energy companies, from manufacturers building wind turbines in Iowa to refiners developing biomass facilities in Mississippi. A key component of the legislation renews a wind-power tax credit that had been the subject of intense lobbying in recent weeks, with opponents calling it too expensive at a time of high budget deficits. The cost of extending the credit, which is worth 2.2 cents for every kilowatt-hour of electricity generated by a wind farm, is estimated at \$12 billion over 10 years by the Joint Committee on Taxation. Most Republicans opposed the subsidy, although GOP lawmakers from states with healthy wind-power sectors, such as California and Iowa, joined Democrats and clean-energy advocates in arguing that an extension was integral to preserving 75,000 jobs in the wind-energy business.

The Direction of Wind

Because wind-farm developers hurried to finish projects in 2012 before the credit expired, a good part of the pipeline for future projects has already been installed. The fiscal-cliff deal modified the wind credits so that developers can receive them for projects that begin construction by Jan. 1, 2014, rather than having to connect to the electricity grid by that date. Without the looser terms, the one-year extension would have been of little benefit because it can take 12 to 24 months to build a wind farm. Still, the bill offers little long-term certainty for renewable energy companies. Along with the year-end deadline for wind farms to start construction, the extended tax credits for advanced plant fuels also expire at the end of 2013.

Innovative Funding Sources for Energy Projects

President Obama's 2009 stimulus package included the largest single piece of energy legislation in American history: \$90 billion for energy projects on a wide variety of fronts. In less than three years, it financed construction of solar and wind farms, doubling renewable electricity generation. It also paid for the installation of 13 million "smart" meters, a start to modernizing the U.S. electrical grid; bankrolled the weatherization of 1 million homes, saving low-income families an average of \$400 a year on utility bills; and buoyed the domestic electric vehicle industry, financing construction of more than two dozen advanced battery factories. But the stimulus money is almost depleted, leaving many of these projects without a government benefactor and

making them orphans in a competitive marketplace dominated by the deep-pocketed fossil fuel industries. There is a growing discussion, however, on how to attract more private capital to the clean technology sector.

Master Limited Partnerships and REITs may hold the key

Some economists and green tech entrepreneurs have advocated a change in federal tax law to allow renewable energy companies to use a tax-advantaged investment device known as a master limited partnership. This approach has attracted \$350 billion in private investment but is limited to oil and gas extraction and pipeline projects. Another proposal would allow real estate investment trusts, which are like mutual funds for real estate, to cover energy transmission networks and renewable energy generation.

States and cities, for their part, are pursuing projects to leverage relatively small amounts of public money to attract private capital for energy efficiency and innovation projects. Connecticut's Clean Energy Finance and Investment Authority, as an example, is using a portion of its federal stimulus dollars to provide incentives for private banks to help homeowners install solar heating or make their properties more energy-efficient.

On Bill Repayment kicks off in California

In California, meanwhile, an innovative and pioneering energy efficiency and renewable energy finance mechanism took a step closer to reality in December with the introduction of a bill by state Sen. Kevin de Leon that would authorize the Public Utilities Commission to establish a first-in-the-nation On-Bill Repayment (OBR) program. The landmark initiative gives consumers a creative way to save money and energy by financing energy efficiency retrofits and renewable energy projects through their utility bills. The Environmental Defense Fund (EDF) estimates that even with 1 percent of residential properties participating annually, the effort could generate more than 20,000 jobs for the hard-hit construction industry and reduce more than 7 million tons of carbon dioxide emissions per year. EDF also estimates that this program could generate \$2.7 billion in annual private investments once it is up and running. "A well-designed On-Bill Repayment program could



meaningfully increase the banking industry's ability to finance energy efficiency projects throughout California," says Vincent Siciliano, CEO of New Resource Bank, a likely participant in the program. The bill is pending referral to the state policy committee and is expected to be first heard in early spring.

OUTLOOK FOR DEMAND RESPONSE IN 2013

2013 is poised to be a breakthrough year for residential demand response (DR), according to Energate executive Louis Szablya. The U.S. economy is forecast to grow through 2013, and demand for electricity will grow with it. If the summer brings unusually high temperatures, DR will become critically important. Industry observers say DR will improve its value proposition in the wholesale electric markets and therefore will compete more effectively with generation and attract more interest from the investment community.

Residential DR

Residential DR with intelligent home energy management systems will finally be recognized as an environmentally friendly and effective way to put flexibility back into the power system by complementing the increasing penetration of variable renewable resources and supporting distribution automation systems. Mobile applications are predicted to continue dominating computing trends, and utilities will embrace mobile platforms as being integral to their customer relationship and residential DR programs, according to Smart Grid News.

Consumers, meanwhile, will expect home energy management mobile apps to provide remote control and management of their smart thermostats and other appliances. However, Szablya predicts that utilities will continue to struggle with how best to use the data they already have and therefore will remain hesitant to integrate other datasets (or fuse data) to develop the "Meta Data" that might be useful to customers. Finally, he says that pre-pay for electric service will gain in popularity, "and that is likely to prompt utilities and aggregators to consider innovative business models."

Commercial DR

Forbes magazine reports that the business community, too, recognizes the rising importance of DR. Sam Healey, a portfolio manager at Lamassu Capital, says his top trend for 2013 is the maturation of the DR industry. And Garvin Jabusch, cofounder and chief investment officer of Green Alpha Advisors, believes "infrastructure upgrades to accommodate a

renewables-friendly distributed smart grid (especially where networks have been damaged such as in the wake of superstorm Sandy)” will be a major development this year. Demand response is probably the cheapest way to increase grid stability, and back-up generators many firms install in response to Sandy-style blackouts can also be used to provide DR. Other industry observers, such as Rafael Coven, managing director at the Cleantech Group, expect a stronger entry of major utilities and industrial companies into the Demand Response/Demand Management space. He predicts “continued aggressive acquisitions by conglomerates of energy controls, sensor, software, and services companies. These are the companies that can really leverage the technologies and scale them into global businesses. As such truly innovative companies in smart energy space are perfect candidates for acquisition.”

OpenADR emerges

One significant development on the DR front is the announcement by the OpenADR Alliance that investor-owned utilities Pacific Gas & Electric (PG&E), San Diego Gas & Electric (SDG&E), and Southern California Edison will require the OpenADR 2.0 standard for new customers in their DR enabling technology programs in 2013. According to the alliance, OpenADR is an open global standard that enables electricity providers and system operators to automatically communicate DR signals with each other and their customers using a common language over any existing IP-based communications network. "The availability of products complying with the OpenADR 2.0 standard will allow us to reduce the cost and improve the performance of our AutoDR programs," says PG&E product manager Albert Chiu. "Using an OpenADR-based system, our customers can better manage their energy use during DR events, and the utility can minimize stranded assets at the same time. The automated system has provided PG&E and our customers a better way to manage DR resources."

This article continues next month with a focus on commercial buildings and the Smart Grid, including lessons learned from superstorm Sandy.

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AESP News

Orlando Here We Come!

AESP's 23rd National Conference is just 3 weeks' time. It's the biggest gathering for AESP members and EE professionals -- to come together to

learn about all the latest developments in energy efficiency and to network. This year the agenda boasts of over 110 speakers and moderators presenting 60 sessions in program implementation, consumer behavior, evaluation, pricing, policy, technology and more. [Register today](#) before online registration closes on Jan. 17.



Young Professional or New to the Energy Industry?

You're new, you're excited to work in this industry, you're full of energy (literally!). AESP is equally excited to be launching a Young Professionals Initiative in 2013 to serve the unique needs of our industry's future leaders. We will kick it off with a special gathering for Young Professionals this Jan. 28 at 7pm in Orlando. If you are attending the National Conference, make sure to put this in your conference calendar. There'll be refreshments, fun activities and the opportunity to get to know others just like you!

National Capital caps the year

AESP's National Capital chapter celebrated the holiday season with a networking event at the Washington Plaza Hotel on the evening of December 11. It was attended by over 50 attendees representing a wide range of energy efficiency stakeholders – utilities, consultants, DOE and EPA staff, members of Alliance to Save Energy, ACEEE and other nonprofit organizations, and several AESP Board members. The event was an opportunity to chat and network with many energy efficiency professionals visiting from the east coast and Canada, who were in town for a public forum on EM&V.

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