

SBSP Commercial Upstream Incentive Project

2014 Building Technologies Office Peer Review



U.S. DEPARTMENT OF
ENERGY

Energy Efficiency &
Renewable Energy

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Project Summary

Timeline:

Start date: Oct. 2012

Planned end date: Mar. 2015

Key Milestones:

1. **Northwest** - Launched pilot (Dec. 2013)
2. **Midwest** - Engaged MEEA, AEP Ohio, Duke, Dayton P&L (March 2014)
3. **Southeast** – Engaged SEEA, utility outreach (March 2014)

Budget:

Total DOE \$ to date: \$500,000

Total future DOE \$: \$125,000

Target Market/Audience:

Commercial distributor/manufacturer salesforce selling EE products to end-user decision-makers, utility program administrators

Key Partners:

Northwest Pilot	NEEA, BPA, D&R
Midwest Pilot	MEEA, AEP Ohio, Duke, Dayton P&L
Southeast Pilot	SEEA

Project Goal:

- Develop replicable toolkit for upstream incentives program
- Increase EE product sales above historical baselines by targeting distributors
- Overcome “it won’t work here” concerns by launching programs in multiple regions
- Achieve market transformation where sales recur without incentives

Purpose and Objectives

Problem Statement: End user-based energy incentive programs have had difficulties engaging Small Building Small Portfolio customers despite the high potential for energy savings.

Target Market and Audience: SBSP customers and product distributors/manufacturers

Small Buildings¹

- 4.6 million small commercial buildings in U.S. (95% of total)
- 36 billion ft² (50% of total)
- 3 quads of energy annually (40% of total)

Energy Efficiency Incentives²

- \$7.2 billion budgeted in 2012
- 23 TWh electricity savings in 2011 (0.62 % of total sales)
- 222 MM therms NG savings (0.28% of residential and commercial sales)

1. EIA Commercial Buildings Energy Consumption Survey (2003)
2. Industry Research and Recommendations for Small Buildings and Small Portfolios, NREL 2013.

Purpose and Objectives

Impact of Project:

- 1. Project end-point:** Resource toolkit to guide future incentive programs using methodology, best practices and lessons learned from each pilot
 - **Argonne's impact**
 - Build open & transferrable resource platform for all utilities
 - Develop toolkit with protocols & best practices for replication on a national scale
 - **REEOs' impact**
 - Use first-hand experience to reach out to utilities to promote future distributor incentive projects
 - **Utility's impact**
 - Enhance distributor relationships and reach new markets
 - Expand scale of incentive programs and promote transformative energy savings

Purpose and Objectives

Impact of Project:

2. Impact path – measuring impact towards goals

- a. **Near-term (up to 1 year after project):** Sustained increase in sales of 20% or more above baseline
- b. **Intermediate term (1-3 yrs after project):** Scale-up pilot projects to include more partners and regions with reduced overhead costs and phased out DOE support
- c. **Long-term (3+ yrs after project):** Market transformation occurs so that EE product becomes default choice (sales persist in absence of incentives)

Approach

Engage Partners

- **Utility outreach** - work with REEOs to find utility partner to fund incentives
- **Distributor outreach** – initiate discussions to identify “early champions” & gather feedback

Product & Incentives

- **Select EE product** – work with utility partner and REEOs to identify high impact product
- **Design incentives & bonuses** - “simple to follow” incentives, bonuses for timely data, ideas

Implement Pilot

- **Distributor selection** - identify participating distributors & pilot locations
- **Partner agreements** – negotiate & sign distributor participation agreements & NDAs

Launch Pilot

- **Program support** - provide training & marketing support
- **6-month incentive program** – validate monthly sales, determine incentive & stipend awards

Post-Program

- **Evaluate pilot success** – determine energy savings, market share gains, recurring sales
- **Conduct feedback interviews** – gather lessons learned & best practices
- **Build toolkit** – create guidelines for future projects

Approach

Key Issues and Distinctive Characteristics

- **Toolkit for increased replication**
 - Facilitates SBSP participation
 - Developed through stakeholder feedback
- **Upstream engagement**
 - Leverage sales expertise and market knowledge
 - Engage distributors/manufacturers early as planning partners
- **Facilitate energy efficient business operations**
 - Automated stocking and ordering practices
- **Market transformation**
 - Uptake continues after incentives are removed/redirected
 - Scale-up from pilot to broader market

Progress and Accomplishments

Progress:

Northwest Pilot

Partners: NEEA, BPA, D&R

Product: Low-wattage T8 fluorescent lamps

Launch: Winter 2013

Midwest Pilot

Partners: MEEA, AEP Ohio, Duke, Dayton P&L, Ohio Mfrs. Assoc.

Product: Notched V-belts

Launch: Summer 2014

Southeast Pilot

Partners: SEEA, utilities TBD

Product: TBD

Launch: Summer 2014

Progress and Accomplishments

Accomplishments:

General

- Launched in NW with 5 distributors, nearing completion
- Rapid expansion to two additional regions
- Leveraged lessons learned to reduce planning time and costs

Regional

- **Northwest pilot** – early sales growth achieved at 4 of 5 distributors
- **Midwest pilot** – engaged industry associations as pilot partner
- **Southeast pilot** – outreach to utilities, industry experts, trade associations

Market Impact

- Verifiable energy savings from low-wattage CFLs in the Northwest
- Strong potential for market transformation
- High level of interest in program replication from three Midwest utilities

Progress and Accomplishments

Lessons Learned

Marketable EE product

Keep it simple

Early feedback

Even playing field

Data play-in

Offer stipends



Program Decisions

Select simple-to-sell & easily measurable product

Offer simple-to-follow incentive design

Get distributor opinions to cut planning stage

Offer same incentive to all distributors

Require data as condition to participate in pilot

Motivate distributors

Project Integration and Collaboration

Project Integration:

- Engaged REEOs to leverage regional membership
- Outreach with utility partners
- Secured distributors as early champions for planning stage feedback
- Partnered with industry specialists and trade groups as pilot partners

Partners, Subcontractors, and Collaborators:

- Northwest pilot – NEEA, BPA, D&R International
- Midwest pilot – MEEA, AEP Ohio, DPL, Duke, Ohio Manufacturers Assoc.
- Southeast pilot – SEEA

Communications:

- Training webinars, REEO board meetings, REEO newsletters, local events, conferences, DOE dissemination
- Will present results at relevant industry/trade conferences

Next Steps and Future Plans

- **Northwest pilot**
 - Mid-program review
 - Post-program evaluation to build toolkit
 - BPA/NEEA expansion of program beyond pilot
- **Midwest pilot**
 - Finalize program structure with AEP, DPL and Duke
 - Incentives program will launch Summer 2014
- **Southeast pilot**
 - Continue outreach for utility partner and EE product selection
 - Incentives program will launch Summer 2014

REFERENCE SLIDES

Project Budget

Project Budget: \$250k was initially provided for the Northwest pilot. An additional \$250k was allocated for the Midwest and Southeast pilots. Future funding will allow for the development of additional incentives programs

Variations: A no-cost extension was granted for the Northwest pilot in September 2013 to allow more time for program preparation.

Cost to Date: \$280k of \$500k

Additional Funding: BPA provided a 50% cost share (\$125k) to D&R International for the Northwest pilot. Participating utilities will provide all incentive payouts.

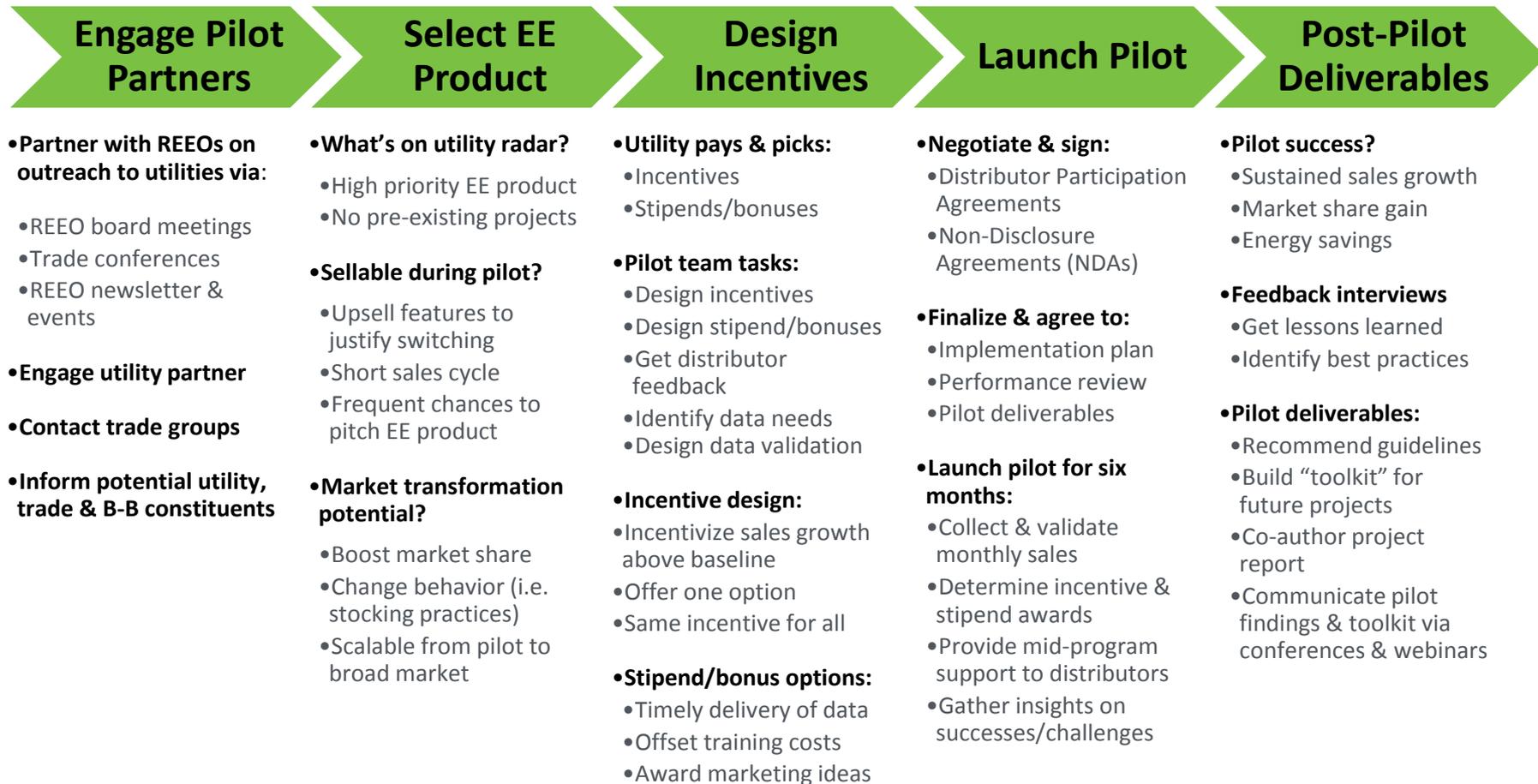
Budget History

October 2012 – FY2013 (past)		FY2014 (current)		FY2015 – March 2015 (planned)	
DOE	Cost-share	DOE	Cost-share	DOE	Cost-share
\$250,000	50%	\$250,000	0%	\$125,000	0%

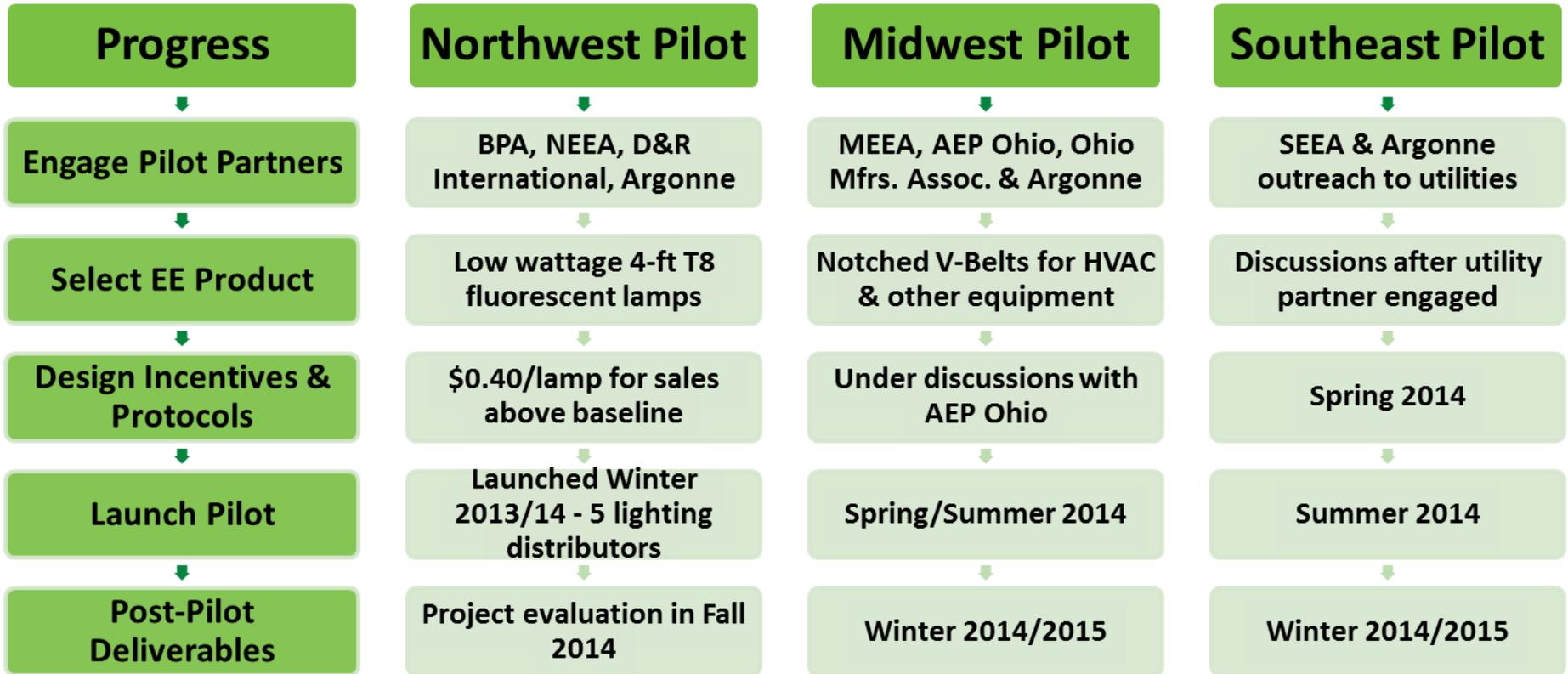
Project Plan and Schedule

Project Schedule												
Project Start: Oct. 2012	Completed Work											
Projected End: March 2015	Active Task (in progress work)											
	◆ Milestone/Deliverable (Originally Planned) use for missed											
	◆ Milestone/Deliverable (Actual) use when met on time											
	FY2013				FY2014				FY2015			
Task	Q1 (Oct-Dec)	Q2 (Jan-Mar)	Q3 (Apr-Jun)	Q4 (Jul-Sep)	Q1 (Oct-Dec)	Q2 (Jan-Mar)	Q3 (Apr-Jun)	Q4 (Jul-Sep)	Q1 (Oct-Dec)	Q2 (Jan-Mar)	Q3 (Apr-Jun)	Q4 (Jul-Sep)
Past Work												
Q1 Milestone: Northwest draft project plan - Go/No-Go	◆											
Q3 Milestone: Northwest LOI from utility partner - Go/No-Go			◆									
Q4 Milestone: Northwest final project plan				◆								
Q4 Milestone: Northwest stakeholder kickoff meeting				◆								
Q1 Milestone: Northwest Pilot launch					◆							
Q1 Milestone: Midwest draft project plan					◆	◆						
Q2 Milestone: Midwest LOI from utility partner - Go/No-Go						◆	◆					
Q2 Milestone: Southeast draft project plan							◆					
Current/Future Work												
Q3 Milestone: Southeast final project plan - Go/No-Go								◆				
Q3 Milestone: Southeast LOI from utility partner - Go/No-Go								◆				
Q3 Milestone: Midwest Pilot launch								◆				
Q4 Milestone: Southeast final project plan									◆			
Q1 Milestone: Southeast pilot launch										◆		
Q2 Milestone: Final report of program replication											◆	

Approach



Progress and Accomplishments



Project Communications

Argonne's Outreach to Promote CUIP Project:

- EESA/DIS Division Review, Jan. 2014
- Presentation to the Weidt Group, Feb. 2014
- Presentation to CLEAResult, Feb. 2014
- Presentation to DOE Office of Economic Impact and Diversity, March 2014

NEEA/BPA's Outreach to Promote NW Pilot:

- Full Lighting Manager's Webinar, March 2013 and April 2014
- NEEA Commercial Advisory Group, April, August and Oct. 2013
- NEEA Development Group, May and Nov. 2013
- NW Energy Stakeholder Summer Summit, June 2013

Project Communications

MEEA's Outreach to Promote MW Pilot:

- Discussions with AEP Ohio, Dayton Power and Light, Duke Energy, Ohio Manufacturers' Association, Go Sustainable Energy, Jan-March 2014.
- MEEA Board of Directors Meeting, Feb. 2014

SEEA's Outreach to Promote SE Pilot:

- Discussions with Conservation Services Group, CleaRESULT, Ecova, Johnson Consulting, ICF International, Jan-March 2014
- Newsletter announcement, March 2014
- SEEA Board of Directors Meeting, April 2014
- Informational Webinar with Argonne, April 2014