



Meeting Minutes: Commercial Interim Work Group
March 5, 2012

Moderators:

Scott Smith, Smith Management Group
Samantha Williams, Midwest Energy Efficiency Alliance

DEDI Participants:

Lee Colten

Stakeholder Participants:

Joan Pauly, USGBC	Tyler Campbell, Commerce Lexington
Paul Kaplin, USGBC	Roger Hickman, Big Rivers Electric Corporation
Sonya Dixon, OMU	Gretchen Gillig, PSC
Maria Koetter, City of Louisville	Amy Sohner, Bluegrass PRIDE
Joanna Isaacs, Bluegrass PRIDE	Van Meter Pettit, Green Bank of Kentucky

I. WELCOME, INTRODUCTIONS:

1. Review of Dec. 2 commercial discussions
 - State and work group are not advocating any particular position.
 - Stakeholders across the State tell us that, while utility-run commercial DSM/EE programs currently exist, the commercial sector is a large untapped market for efficiency
 - These sessions are one means to find a way to capitalize on existing opportunities to make EE more accessible to Kentucky's significant commercial base, as well as learning from best practices in other states.
2. Opportunities to provide feedback outside group forum - contact Scott and/or Samantha by email, phone
3. Designation of group leader/reporter

II. RECAP OF ISSUES RAISED ON FEBRUARY 10 INTERIM CALL

1. Case Study – Ann Arbor Downtown Development Authority’s “Downtown Energy Saving Grant Program”

- a. Important to help get downtown areas involved in energy efficiency, and give them plenty of incentives to do so. The Ann Arbor model uses general tax revenue and parking fees to make upgrades.
- Facilitator Question –
 - What do folks from Louisville, Lexington think about this?
 - How could this work in KY?
 - Advocate Response
 - Don’t work specifically with downtown
 - Local activities to promote EE, which was their main focus last year:
 - Working on mostly residential EE education, trying to get people to modify behaviors
 - Other programs include LED lights for the downtown
 - Energizing the Arts grant, encouraging non-profit arts facilities to do EE upgrades, also work in tandem with residential program.
 - Local business activities:
 - GoGreen, Save Green workshop - Gives recognition to businesses who choose to reduce their waste reduction, and to reduce polluted water flowing from property
 - A lot of businesses incorporated demand conservation program
 - Have accumulated 400 businesses through Livegreen Lexington partners
 - Many businesses are interested in “green teams” and audits at their offices
 - Concern that rental units are not efficient, what kinds of efforts could be made to address this?
 - Business Chamber – Advocates have interfaced with the Chamber marketing and communication group
 - Local Government – Involved in programs to encourage EE
 - 100s of buildings involved, commercial businesses
 - Uses EnergyStar portfolio manager tool
 - Used block grant to complete conservation audits for non-profits
 - Response to Ann Arbor DDA model – Would have to check into whether there would be an opportunity to set aside some parking meter \$\$ for downtown EE upgrades

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2. Use of DSM Funds in More Competitive Way for Commercial Sector

- **Facilitator Comment** – Folks on the previous commercial call agreed that there are two classes of commercial interests, based on size of energy use. The larger commercial sector may benefit from using DSM funds as a competitive pool, similar to the industrial “self direct” approach in other states
 - Washington State’s approach through Puget Sound Energy - Industrial customers have option to participate in competitive process for DSM funds
 - Main thrust - Customers lose access to these funds if they don’t take advantage of them up-front – this helps create motivation within the corporate structure to ramp up the project process so as not to lose access to the funds
- **Business Chamber Response** - A lot of the commercial folks who want to make large efficiency upgrades might benefit from this.
 - Changing the scope, from an assessment to a competitive grant process, may incent them beyond what they are currently doing.
 - Incentive grants have been very successful for water projects
 - Unfortunately, small businesses may lose out in this approach
 - Suggestion that we do a tier system of competitive grants to meet the needs of larger and smaller facilities
- **Housing/Green Bank** - Work force development needs to be part of this equation
 - For these competitive funds to be effective, folks need to be capable of doing whole-building diagnostics. Tend to have people who operate within a trade of HVAC or insulation. Not trained to put whole facility together, whether it be commercial or residential
 - Ideally, get training benchmarks established, and performance outcomes established, so not only is the \$\$ competitively awarded, but there are some real opportunities to show that energy has indeed been saved

III. REVIEW OF REFERENCE MATERIALS

3. Kentucky’s Existing Incentives

- **Facilitator Question** - How could these be tailored to meet the needs of the commercial sector, and further efficiency?
- **Housing/Green Bank Response** – Michigan, for example, has billions to invest in incentives, has been really aggressive.
 - Michigan’s approach to incentives is “agnostic”, i.e., not tied specifically to energy, yet broad enough to cover energy efficiency projects
 - Need to be a good enough incentive to make it worth it to businesses to go through the application procedure, but also needs performance incentives to make sure this is worthwhile

- Each transaction should lead to energy savings and avoided power plant generation/expenses, and be tied to EE metrics.
 - Economic case has not been made to businesses.
 - Kentucky is strong on economic development, but mostly when it comes to attracting new large commercial and industrial folks
 - Would like to see Cabinet for Economic Development focus on building the next generation of power plants, and developing incentives to invest in efficient building stock.
- Facilitator Question – We need to find a way to temper innovative ideas, with simple incentives for small businesses, commercial folks, that are keyed to performance incentives

4. Texas Loan STAR Program-Revolver Loan Fund

- Facilitator Question - We talked last week about establishing an RLF and the challenges with doing that.

IV. ADDITIONAL ISSUES TO ADDRESS ON MARCH 22

1. Transparency of Energy Savings

- Facilitator Question - Does the group agree with this statement?
 - To build credibility for EE amongst the commercial entities and all customer classes, we need reliable data that is easily accessible in both form and content to all energy users.
- Advocate Response – In their Energizing the Arts program, they encourage people to share what they are doing, share best practices to the extent possible
- Advocate #2 –We should also consider whether data could be reported/shared electronically
- Housing/Green Bank - Energy Trust of Oregon may be a useful model
 - It's a fairly new entity, statewide scope, and a unity of mission that is capable of providing a level playing field for contractors who want to work in this industry and provide the quality assurance we'd need for this to work.
 - If there were a one-stop shop that had credibility as a third party, that may go far.
- Utility – Some of this transparency is already under way
 - Each utility member is indirectly responsible for measuring performance, and the organizing utility is in charge of doing program installation audits.

- They are also being required to report on a semi-annual basis the performance of those programs. They are developing a method for reporting these metrics to their own board, and to the PSC.

2. Review March 22 collaborative agenda, breakout sessions

3. Closing Comments