Energy Efficiency Market Sustainable Business Planning

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DOE Better Buildings Neighborhood Program

Business of Energy Efficiency Workshop

BETTER BUILDINGS
U.S. DEPARTMENT OF ENERGY

jobs

Why are we here?

savings

New, scalable approaches

program launches

Where have we been?

branding

workshops

partnerships

Where are we now?

marketing outreach

testing new approaches

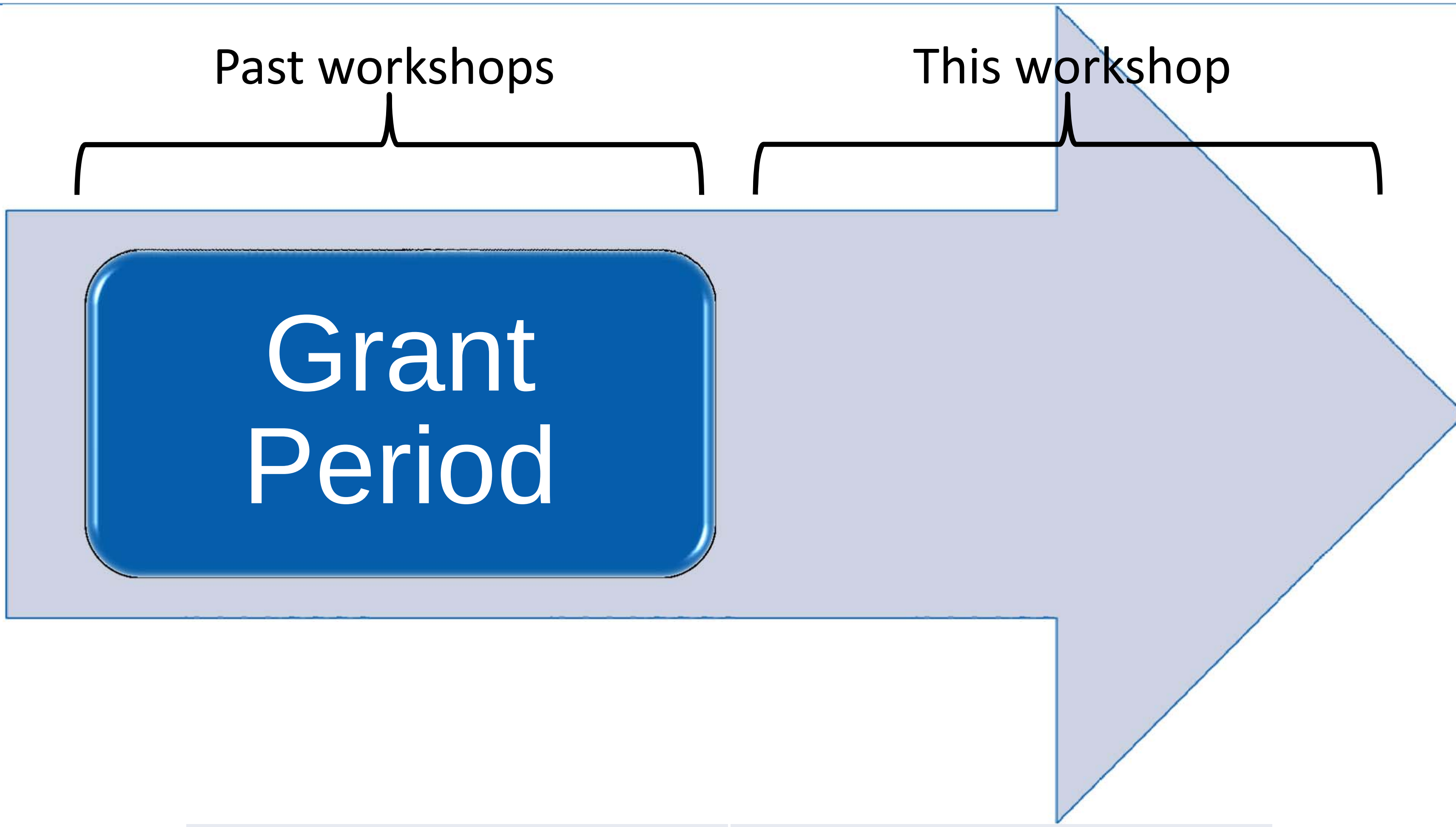
Reduce delivery costs

Where are we going?

more retrofits, more jobs

business models

Where are we now? vs.
Where are we going?



Pressure to Spend Quickly	Pressure to Spend Slowly
Room to Test Innovations	Need to Have a Solid Model

Better Buildings Neighborhood Program

MISSION

Grow the number of sustainable energy efficiency markets across the country

VISION

A self-sustaining market for building energy efficiency upgrades that results in economic, environmental, and energy benefits across the United States

GOALS

- ***Develop sustainable energy efficiency upgrade markets***
- Upgrade more than 150,000 residential and commercial buildings to be more energy efficient
- Save consumers approximately $65 million annually on their energy bills
- Achieve 15% to 30% energy savings from energy efficiency upgrades
- Reduce the cost of energy efficiency program delivery by 20% or more
- Create or retain approximately 30,000 jobs
- Leverage more than $3 billion in additional resources

Sustainable Energy Efficiency Market

- **Self-sustaining program** operating
- **Consumers** upgrading their homes
- **Contractors** have the technical, sales, & business skills to sell home energy upgrades on their own and make a living
- **Utilities** (E or EE) are delivering whole home energy upgrade programs that meet regulatory scrutiny
- **Banks** continue to offer financing for energy upgrades

Where are YOU going?

How will the market work financially?

Will the program continue to exist as it is?

Where do I see my program in 3-5 years?

Who will the customers be and what will they want?

What players and partners will deliver services in a future market?

How can I reduce fixed and variable costs?

How can I transition services to other market players?

How can I adapt my program moving forward?

How can I transition to a new kind of organization?

We are charting new territory

Limited success to date motivating large numbers of Americans to invest in home energy upgrades, especially if they are being asked to pay for a majority of the costs

Trying to move from thinking like government grant recipients to private sector, sustainable businesses

Key Business Planning Questions

What is the long term vision?

What services will be delivered?

Who will run the program and how?

What assets are needed?

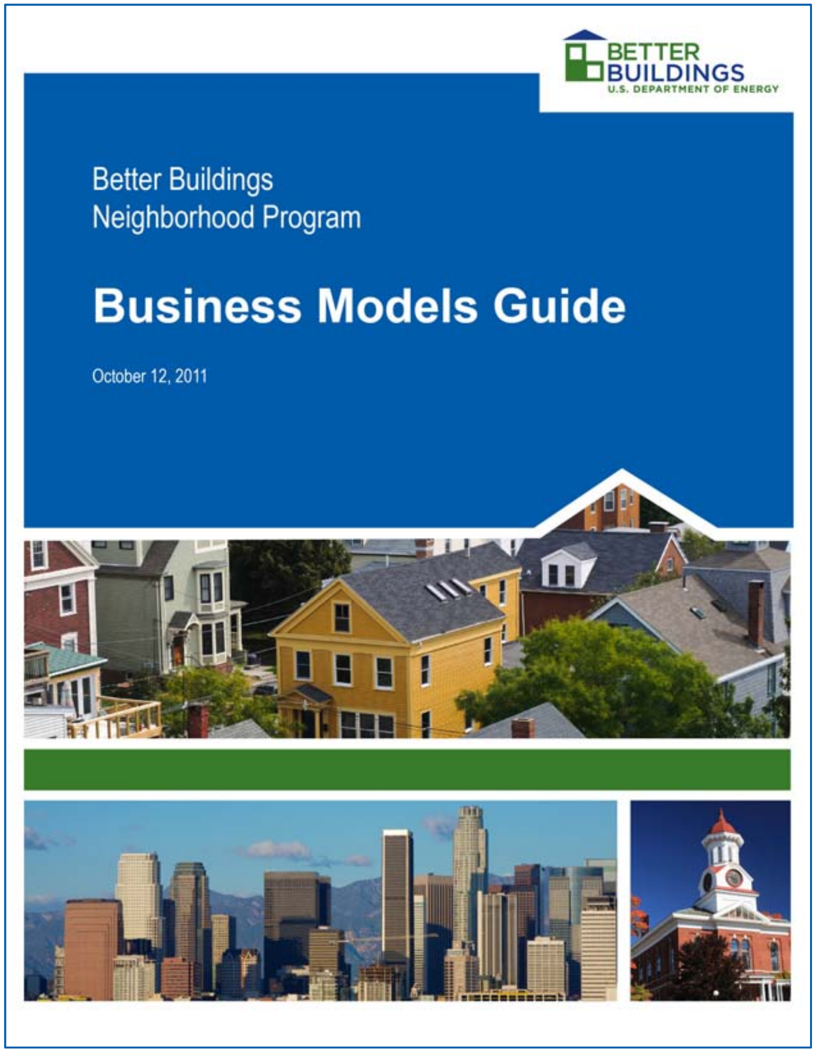
Who are the partners?

How will it stay financially sound?

Who are the customers?

Business Model Study

- January through July 2011
- Interview and analyzed six key actors in the market:
    - Remodelers
    - HVAC Contractors
    - Home Performance Contractors
    - Retailers
    - Utilities
    - Non-utility program administrators
- What are their business models



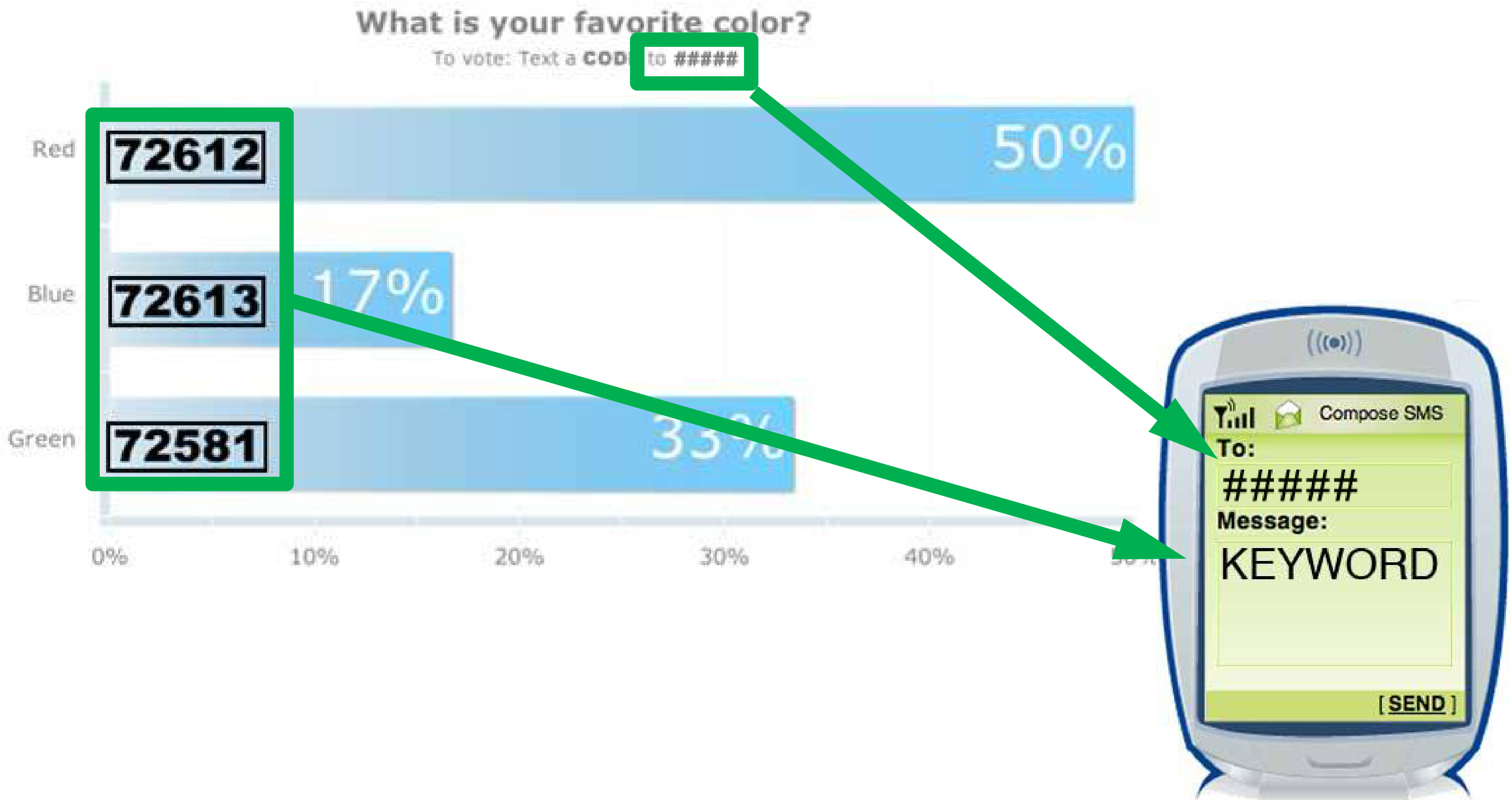
Thanks to the Contributors

- **Remodelers**
  - **Building Science Academy**
  - **Case Design & Build, Inc.**
  - Every Watt Matters
  - Merrick Design & Build, Inc.
  - MidSouth
  - The Levine Group
  - The Avenue Builders
- **Home Performance Contractors**
  - **Conservation Services Group**
  - **GreenHomes America**
  - Next Step Living
  - Recurve
  - WellHome/Masco
- **HVAC Contractors**
  - **Bartholomew Heating and Cooling**
  - **Building Science Academy**
  - **Electric and Gas Industries Association**
  - McCullough Heating and Air Conditioning
  - Sheet Metal and Air Conditioning Contractors' National Association
  - Warm Thoughts
- **Retailers**
  - Best Buy
  - Green Depot
  - **Lowe's**
- **Non-Utility Program Administrators**
  - Alameda County
  - **Better Buildings for Michigan**
  - **Better Buildings for Rutland County**
  - **Conservation Services Group**
  - **Greater Cincinnati Energy Alliance**
  - Heshong Mahone Group
  - **New York State Energy Research and Development Authority (NYSERDA)**
  - **California Center for Sustainable Energy**
  - **STEP UP - University Park**
- **Utility Program Administrators**
  - APS (AZ)
  - Burlington Electric
  - Dominion Electric
  - **Efficiency Vermont**
  - Electric Cooperatives of South Carolina, Inc.
  - Mountain Association for Community Economic Development
  - Pacific Gas & Electric
  - Redding Municipal Utility
- **Financial Institutions**
  - Advantage Capita
  - Claremont Creek
  - Paladin Capital Group

PRE-WORKSHOP QUESTIONS

Pre-Workshop Survey

How To Vote via Texting



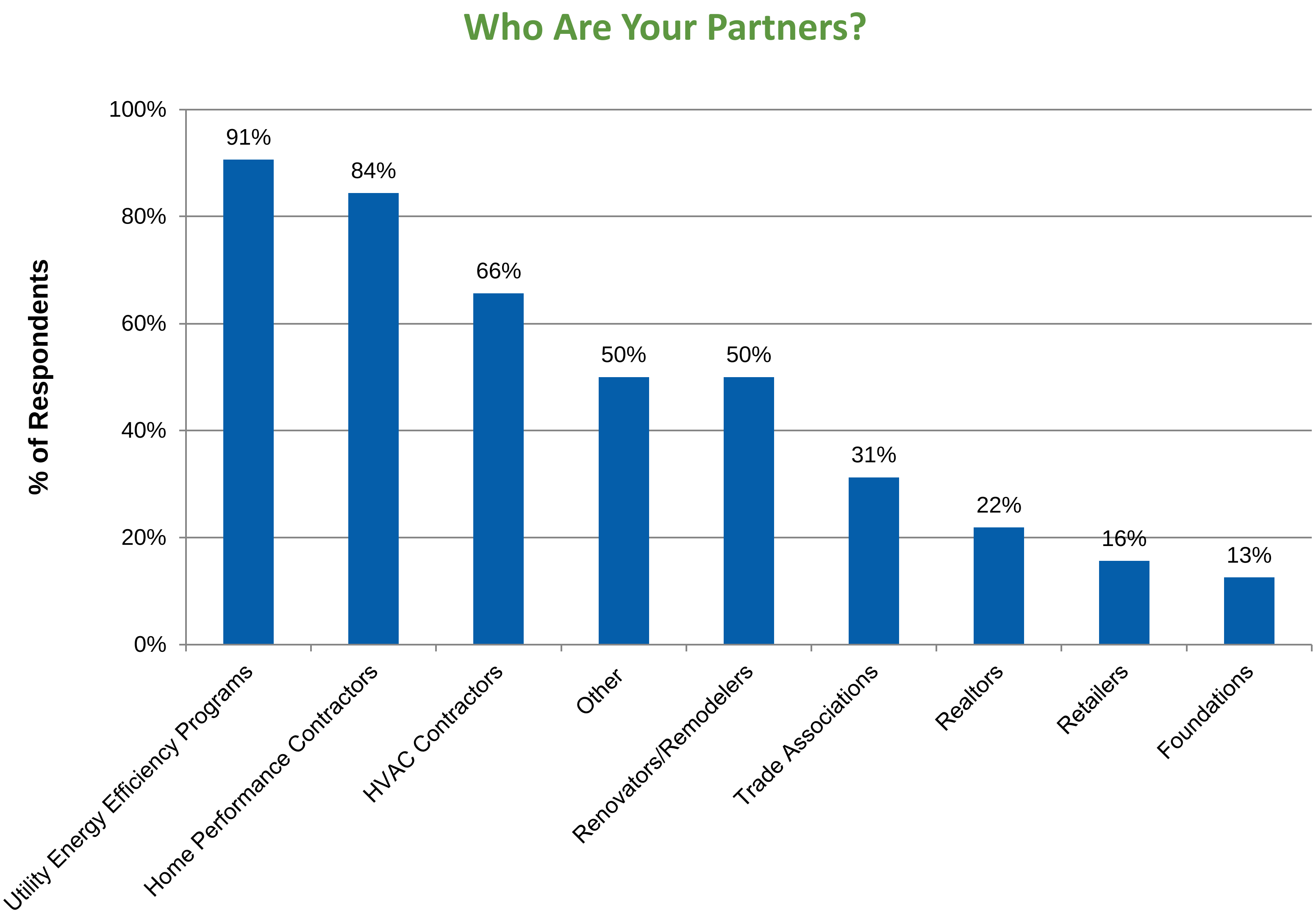
Partnering

Who is the most common partner?

- A Utilities
- B Home Performance Contractors
- C HVAC Contractors
- D Renovators/Remodelers
- E Trade Associations
- F Real Estate
- G Retail

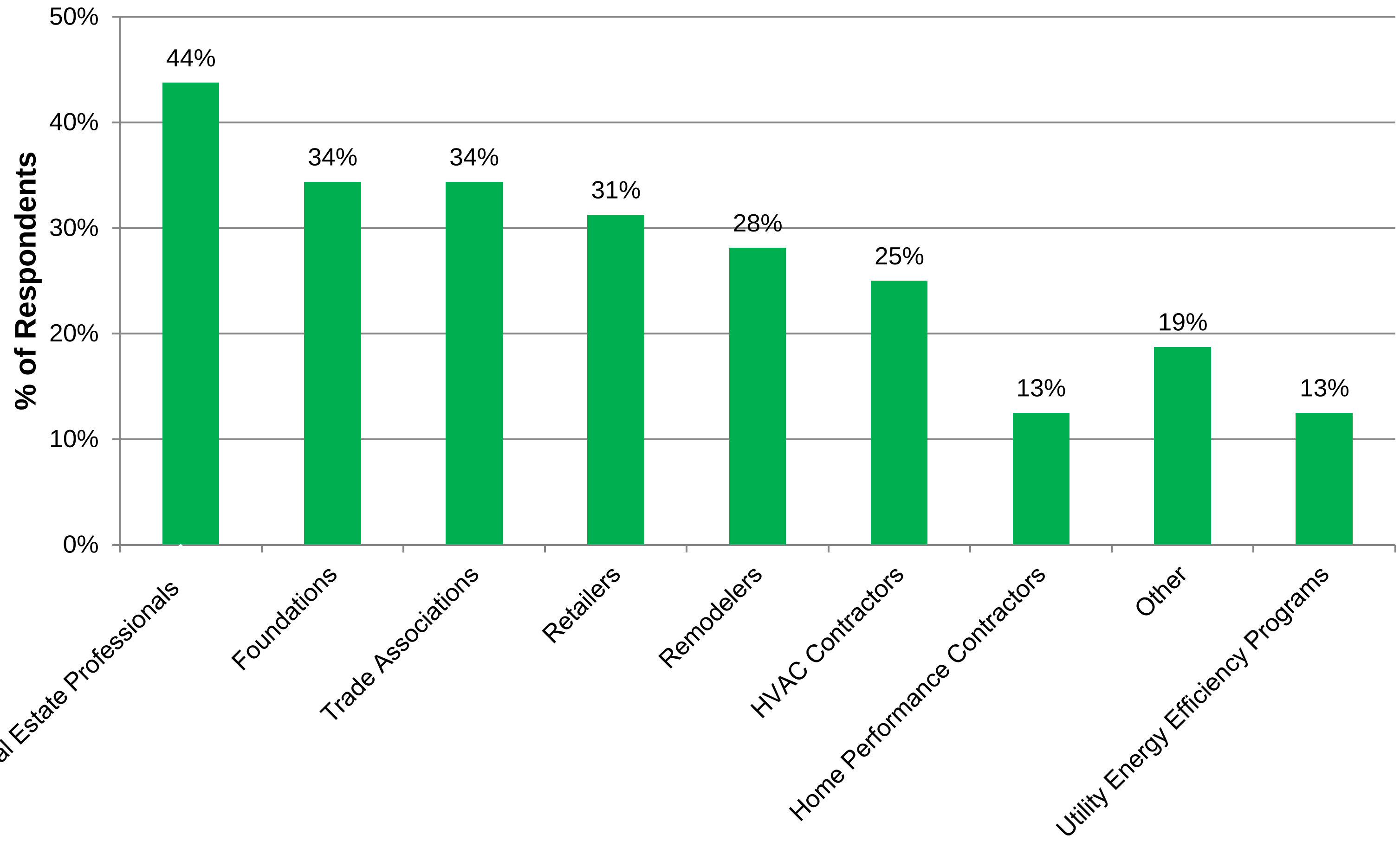
Partnering

Results: Current Partners



Results: Future Partners

What Organizations Would You Consider Critical Partners in the Future?



Future Revenue

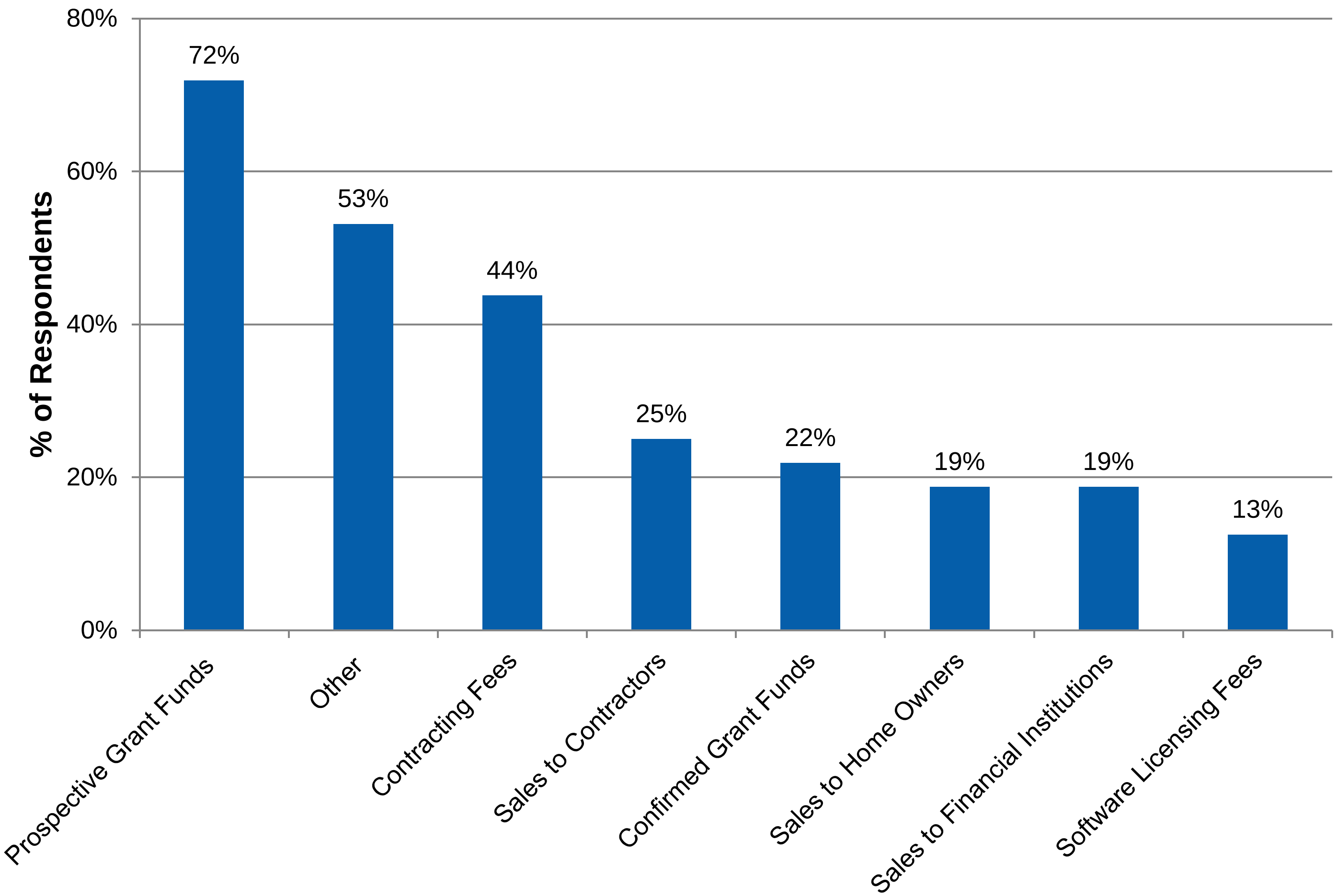
What are the most commonly identified future revenue sources?

- **A** **Sales to Homeowners**
- **B** **Software Licensing Fees**
- **C** **Confirmed Grant Funds**
- **D** **Contracting Fees**
- **E** **Prospective Grant Funds**

Future Revenue

Results: Future Revenue

What Are Your Most Likely Future Revenue Sources?



Results: Services Offered

Driving Demand	Financing	Data and Evaluation	Workforce Development
• Direct Consumer Outreach (100%) •Mass Marketing (91%) •Social Media Marketing (78%) •Web Advertising & Search (81%)	•Loan Loss Reserve (69%) •Revolving Loan Fund (50%)	• Quality Assurance (90%)	•Contractor Pre-Qualification (91%)

Service Delivery / Program Management

- Program Administration Software (72%)
- Customer Relations Management Software (66%)
- Contractor Management Software (59%)

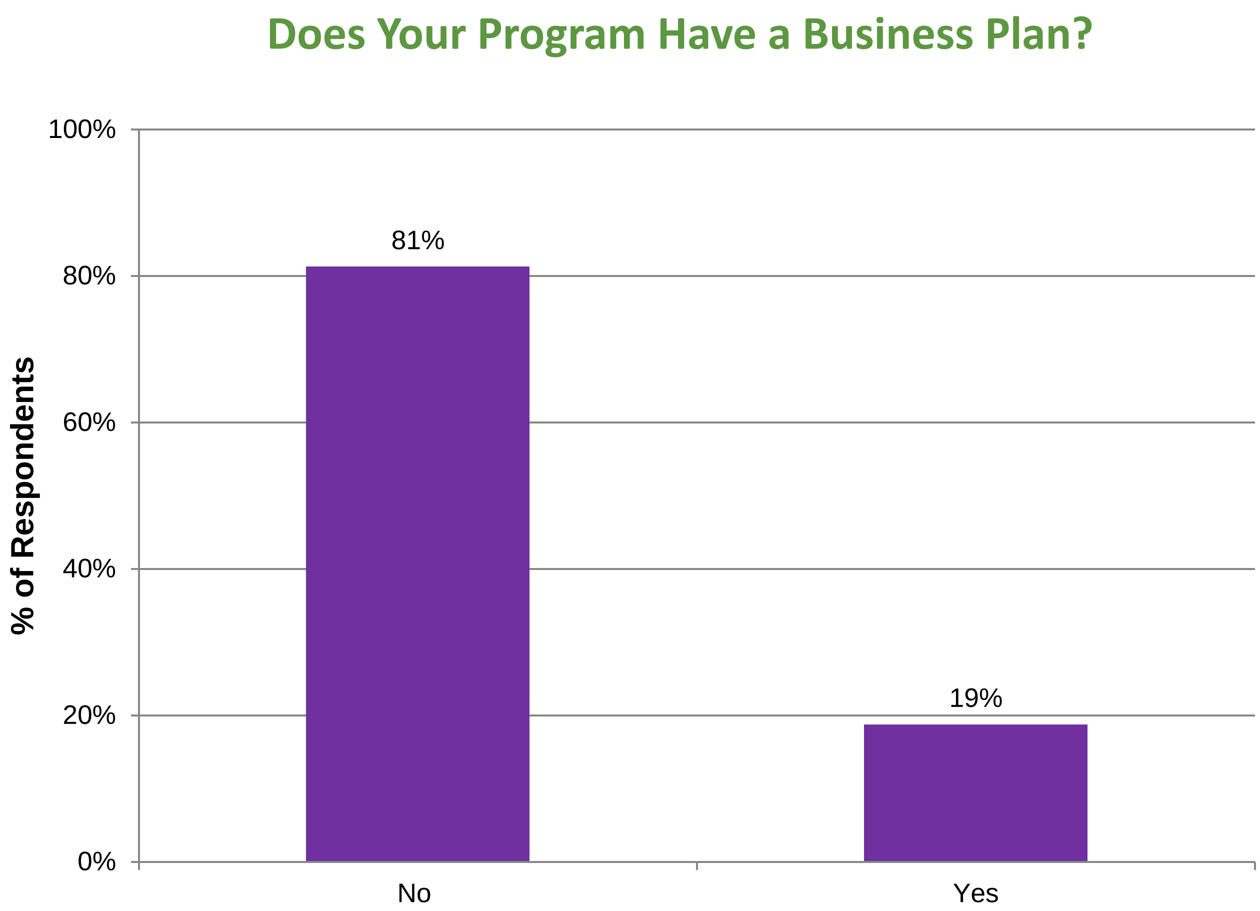
Business Plans

What percent of programs have a business plan?

- A ~10%
- B ~20%
- C ~40%
- D ~60%

Business Plans

Results: Business Plans



Results: Operations