

## **MA Large Retrofit Program Workplan**

### **Preamble**

The design framework of the Large C/I Retrofit Program is described in detail in the [4/30/09] Energy Efficiency Plan. This basic framework has been developed and honed over time and has proven to provide the most efficient and flexible vehicle to address customer business requirements and PA savings and accountability requirements. It is the framework used by virtually all North American energy efficiency programs, regardless of administrative structure or location.

While the framework is sturdy, it will be necessary to make a number of modifications and enhancements to content of the program services within this framework as we move from a budget constrained universe to a full acquisition environment.

The intent of this Appendix is to define the necessary steps and issues that will require resolution, along with appropriate timelines, to move into this new environment. The workplan can be summarized under the following topical areas –

- Integration of formerly individual electric and gas programs into a seamless experience for customers, with implications for -
  - Marketing and outreach
  - How we deliver savings to customers
- Enhancing go-to-market efforts to adapt and adopt proven practices for:
  - Sales/account management
  - Management of channels/vendors
- Continuing to enhance program tracks through their lifecycle - early pilot, development, maturity and sunset
- Exploring additional mechanisms to assist customers with financing their portion of the project cost and using these strategies to (potentially) leverage greater portions of customer side funding

Our goal is to incorporate these enhancements while ensuring we don't lose sight of other important considerations:

- Importance and nature of individual PA goals & budgets
- Need to encourage PA creativity and innovation in niche or geographic markets, while continuing to develop common platform approaches
- Market differences (demographics, energy rates, etc) and the implications for relative emphasis by individual PAs

### **Integration – Marketing & Outreach**

PA's will develop a single statewide campaign to ensure consistent messaging. (Individual PAs may supplement with localized or niche marketing.) Other areas that will have a consistent delivery will include –

- Convergence on a single program name and marketing materials (companies can co-brand with their individual logos.)
- Worksheet teams representing all PA's will determine common Rx measures, gas and electric with common incentives. Single format for program materials with same “look and feel”, organized the same way, single program name, and one customer application for any combination of measures from any fuel. (Again, companies can co-brand forms individually)
- Specific Issues to be Addressed –
  - Legal language on applications
- Above integration design should be substantially complete by 1/1/2010

### **Integration – Delivering Savings to Customers**

The intent here is to provide seamless delivery of all energy efficiency services to customers. This will ensure ease of access for customers as well as promote comprehensive services. Key features of this objective include -

- Seamless delivery to customers of all applicable services, by a dedicated team of PA staff with a lead customer contact coordinating all services and experts on a given customer project.
- All common prescriptive measures, eligibility criteria, incentive levels and forms the same (exception for any PA co-branding, which is subservient to overall EE services statewide branding and program name).
- Custom incentive structure and/or approach for any cost-effective custom measures, regardless of fuel or Demand Response (DR) or Combined Heat & Power (CHP) will be negotiated with customer based on common guiding principals.
- Through a continuous improvement process, individual PA's may “pilot” specific approaches, however in general will follow a consistent approach through consensus of the worksheet teams
- Coordinated treatment of chain customers and those with facilities in multiple territories that is invisible to the customer (*e.g.*, customer can deal with single project lead who coordinates resource/PA issues behind the scenes internally).
- Technical assessment (TA) services address all appropriate gas, electric, DR and/or CHP opportunities through one-stop-shopping approach. There will be a single pool of prequalified TA vendors, available to all PAs, but customers can propose their own TA provider if they wish (subject to technical qualification and approval of rates).
- Single standard customer co-pay offer for TA services, regardless of what EE, DR, DG or gas or electric opportunities are addressed.
- Any coordination or allocation of efforts between a gas and electric PA must be “behind the scenes” and invisible to the customer. (*i.e.*, a customer deal with project lead coordinator, who pulls in necessary resources from the other fuel company and coordinates internally, but customer does not have to go to two PAs separately to address all opportunities.)
- The goal will be to provide the level of overall management and technical support the client needs to smooth the process from project identification to installation completion and final verification and

inspection. This “hand-holding” service will do all that is necessary to help customer overcome individual barriers to ensure measure installations are done, administrative and paperwork burdens minimized, etc. Project management coordination services provided by PA staff to:

- Provide customers with vendor/contractor referrals
- Advise and assist customers with bid specs, vendor selection, and oversight/quality control.

Specific Issues to be Addressed:

- How is “lead” PA determined?
  - How will “lead” manage other entity?
  - What about the customer’s preference?
  - How will TA studies be split?
- Substantial implementation by 1/1/2010

### **Enhance Go-to-Market Approaches**

In addition to marketing outreach, PAs will continue engaging customers through account managers and channel partners (trade allies). Specifically:

- Dedicated Account Managers assigned to large customers (need definition, at a minimum top 200) to play lead role in on-going business development with customers by:
  - On-going personal contact with appropriate customer staff
  - Building personal relationship focused on long term partnership to provide value re energy services.
  - Understanding customer’s business needs and unique barriers and devising strategies to overcome them.
  - Understanding customer’s investment and business plans, including timing of product changes, renovations, expansions, etc. Use this knowledge and partners with customer to develop long term master plans for EE upgrades at the time of natural investments in equipment and systems. Continue to track and follow customer over time to ensure opportunities are captured when they become available, with long term goal of deep savings over time.
  - Consider performance based incentives to motivate Account Managers and encourage innovation. This can be through specific contract metrics if contracted to third parties, or bonus structure within PA staff.
- PAs will identify ways to modify Project Expediter approach to leverage their efforts to go deeper.
  - Currently Project Expeditors are vendors that focus on single product lines or end uses. Their interest is naturally on making a sale in their specialty, installing it, and moving on. While they provide some good Rx savings, ability for PAs to capture more comprehensive savings in these facilities is limited, and perhaps even reduced under this approach.
  - PAs will explore ways to redesign the contractual relationship with Project Expeditors to encourage more comprehensive approach, either by Project Expediter directly, through referrals, through bringing utility staff or Technical Assistance vendors in, etc.

- PA marketing efforts are valuable, but need to be leveraged to capture more opportunities. Solution provider, performance-based model is one option.

- **Issues**

- How to define large customers among different fuels
- Redesign approach, train Project Expediter's on it, and institute by 1/1/2011

### **Program Track Enhancements**

As stated above the C&I Retrofit Program construct is a mature delivery model that is continually improved through enhancements to specialized tracks within the model. The following are tracks/strategies which are either in pilot stage or are in development –

- Whole Building Assessment, which addresses “deep” comprehensive retrofit opportunities, needs to be ramped up significantly. Specific quantitative goals for any “deep retrofit” program track or approach will be defined
  - While largest projects may take time to be comprehensive, and should build on the long-term solution provider/account manager relationship to develop master energy plans, others will be ripe for deep retrofits at one time.
  - Incentives and services should be structured to encourage and reward comprehensive, multi-end use and multi-fuel projects. (*e.g.*, get more money as share of costs for going deeper). Target should be at least 20-25% whole building savings.
  - Address interactions, and take into account capital cost savings from downsizing and thinking about building as a whole system. Count all resource and non-resource benefits in cost-effectiveness screening and financial presentations to customers.
  - Issues
    - Full building energy audits are costly and historically been unproductive tools to achieve savings without full engagement and buy-in from the customer
    - Value of audit degrades over time if not implemented
  - Determine a goal for number of Whole Building Assessments for 2010
- Present projects to customers as a package of measures/services and single financial offering. This should include presenting financial information in terms business customers use and understand, including cash flow analysis. Engage customer in understanding financial and other barriers and customize offers to overcome them, while minimizing ratepayer costs.
  - Consider negotiated incentives for packages of measures
  - Issues
    - Historically customers still want choice of al-a-carte
  - Incorporate strategy by 1/1/2010
- Targeted initiatives to subsectors of specific markets
  - Data centers, hospitality, restaurants, etc.

- Determine strategy and incorporate into plans
- Retro-commissioning
  - Investigate strategies to make this track cost effective
  - Develop mechanism to accurately count savings
  - Use as leveraging point to both provide Retro-commissioning services but to also identify and address capital intensive measures.
  - Use as mechanism to build long term relationship with customers to ensure that they invest over time in capital measures as appropriate.
  - Specific Issues to be Addressed -
    - Costs of studies
    - Short measure lives
    - Cost effectiveness
  - Continue to pilot, work with associations and other utilities to make this program cost effective
- Focus industrial services on process opportunities
  - Lead project coordinator/solutions provider should bring in experts in the specific industrial process from TA firms. Build credibility with industrial customers and identify opportunities that can provide substantial energy and non-energy benefits to customers.
  - Quantify and communicate all energy and non-energy benefits to customers, and use in cash flow analyses.
  - Target CHP opportunities.
  - Specific Issues to be Addressed -
    - Industrial sector has short payback requirements
    - CHP track issues and strategies defined as a separate document
  - Incorporate CHP by 1/1/2010
- Retrofit Performance Lighting

Test cost-effectiveness of Performance Lighting through pilot installations in a variety of space applications in a variety building types and sizes.
- Early retirement

Test cost-effectiveness of early-retirement for major equipment.

  - Specific Issues to be Addressed -
    - Measure life

## **Financial Services**

The Retrofit Program is a mature program delivery model that is continually improved through track enhancements. The following are tracks which are either in pilot stage or are in development -

- Make on-the-bill (or sundry) financing available to participants in this program. Design financing to provide immediate positive cash flow with floating term, and use as a way to lower cash incentives to meet customers' needs and reduce ratepayer costs.
- Integrate availability of financing into cash flow analyses presented to customers.
- Investigate mechanisms to capitalize on-the-bill (or sundry) financing separate from expensing in the year loaned out thru SBC/EERF.
- Evaluate benefits of on-the-bill versus sundry bill financing
- Identify features
  - Minimum/maximum
  - Length of term
  - Fees/other charges
  - Secured/unsecured
  - Identify Sectors and sector characteristics
- Identify Funding
  - Facilitation with 3rd party banks
  - Performance Contracting
  - Other (stimulus, etc.)
- Specific Issues to be Addressed
  - Verify that value to incorporation of on-the-bill financing (vs. sundry billing) can justify expense
  - Cash flow strategy may not work for all sectors
  - How to deal with Performance Contracting
- Investigate other financing options by 1/2011
- Evaluate on-the-bill versus sundry by 1/1/2011