# Better Buildings Residential Network Peer Exchange Call Series: *Spring Forward: Top Strategies for Growing and Scaling Your Program (301)*

May 26, 2016

## *Call and Discussion Summary*

# Call Attendee Locations

# Agenda

- Agenda Review and Ground Rules
- Opening Poll
- Brief Residential Network Overview
- Featured Speakers
  - **Leif Magnuson**, Residential Energy Efficiency Programs, Pacific Gas & Electric
  - **Janja Lupse**, New Jersey Program Director, & **Kimberly Gharbi,** Manager, Residential Account Management, CLEAResult *(Network Member)*
  - **Larry Zarker**, CEO, Building Performance Institute, Inc. *(Network Member)*
- Discussion
  - How has your organization tried to scale up or gain market share?
  - What strategies have worked well for growing residential EE programs or contracting businesses? What has not worked well?
  - What challenges or lessons have you experienced when trying to expand into new markets?
  - How have you sought to maintain quality services while scaling up?
  - Other questions/issues related to growing or scaling EE programs?
- Closing Poll and Upcoming Call Schedule

# Call Attendees: Network Members

- American Council for an Energy-Efficient Economy (ACEEE)
- Bridging The Gap
- Build It Green
- Center for Energy and Environment (CEE)
- City of Cambridge, Massachusetts
- City of Fort Collins, Colorado
- City of Holland, Michigan
- City of Kansas City, Missouri
- CLEAResult
- Columbia Water & Light
- Duke Carbon Offsets Initiative
- Energy Efficiency Specialists
- Enhabit
- Metropolitan Energy Center
- NeighborWorks of Western Vermont
- New Jersey Board of Public Utilities
- Operation Green Team
- The Oberlin Project

# Call Attendees: Non-Members

- AppleBlossom Energy
- Architectural Nexus
- Cleveland Public Power
- Fruitfull Energy
- Johnson AC
- La Plata Electric Association
- Massachusetts Department of Public Utilities
- NANA Regional Corporation, Inc.
- Rocky Mountain Institute
- Southern Alliance for Clean Energy
- SprayRock Net Zero Building Systems
- University of Illinois
- University of North Texas
- UpGrade Ohio
- Utah Governor's Office of Energy Development

# Opening Poll

- Which of the following best describes your organization's experience with growing or scaling up energy efficiency programs?
  - Some experience/familiarity – ***53%***
  - Very experienced/familiar – ***23%***
  - Limited experience/familiarity – ***15%***
  - No experience/familiarity – ***4%***
  - Not applicable – ***4%***

# Better Buildings Residential Network

**Better Buildings Residential Network:** Connects energy efficiency programs and partners to share best practices and learn from one another to increase the number of homes that are energy efficient.

**Membership:** Open to organizations committed to accelerating the pace of home energy upgrades.

**Benefits:**

- Peer Exchange Calls 4x/month
- Tools, templates, & resources
- Recognition in media, materials
- Speaking opportunities
- Updates on latest trends
- Voluntary member initiatives
- Residential Program Solution Center guided tours

**Commitment:** Provide DOE with annual number of residential upgrades, and information about associated benefits.

*For more information or to join,* energy.gov/eere/better-buildings-residential-network/join

# Program Experience: PG&E

U.S. DEPARTMENT OF ENERGY

# Residential Pay-for-Performance Pilot

Leif L. Magnuson
PG&E Customer Energy Solutions

# Project Summary

- PG&E's Residential Energy Efficiency Program is launching a Residential Pay for Performance (P4P) program in 2016 to test whether this market solution can cost-effectively scale residential energy efficiency.
- This will be the country's first residential P4P program, and the first to use "meter based" energy savings to determine payments.
- Payments will be made based on pre/post energy savings analysis performed by CalTRACK – a data analytics system we are developing with the State of California Energy and Public Utilities Commissions that will be operable in 2016.

# Project Summary (cont.)

- Bidders will be called “aggregators.” 3-5 aggregators will be selected.
- Aggregators will work directly with residential customers to reduce energy use via unlimited means including behavioral, retrofit and operational (BRO) interventions.
- Payments will be made annually for two years based on energy savings achieved across each aggregator’s portfolio of customers.
- PG&E is proposing a rate cap of $0.80/kWh and $1.80/therm. Bidders can bid in at lower rates.
- PG&E will pay a maximum of $5M total to all aggregators over the 2 year initial enrollment period (IEP). Future enrollment periods are envisioned.

# Pilot Goals

Develop models for taking Res EE to scale by enticing more private capital

Achieve Data Driven M&V by measuring "at the meter"*

Pay for measured savings performance from retrofits and BROs

Develop a program that can successfully transition to grid-tied procurement

* Weather-normalized

# Unlimited Interventions

**Unparalleled flexibility to pursue a range of improvements and activities over time to achieve residents' savings goals**

## Retrofit

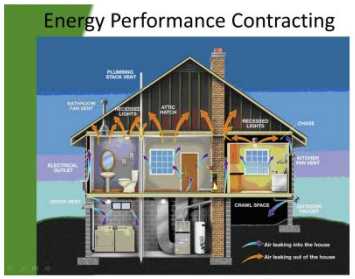
- Whole House
- HVAC
- Lighting
- Outdoor/Pool Deck

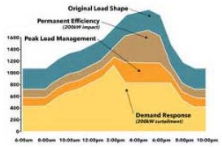
## Operational

- Smart Thermostats
- Home Energy Management Systems
- Smart Appliances

## Behavioral

- Homeowner Incentives
- Demand Response
- Other specially designed programs





# Power Savings Agreement Structure

PG&E Issues RFP with ~$5M available which will be paid based on savings at the meter ($/kWh and $/therm rates disclosed in RFP)

Bidders specify interventions and customer and savings targets, PG&E selects up to 3 bidders

PG&E establishes baselines for each designated participant (customer) and tracks weather adjusted savings via CalTRACK

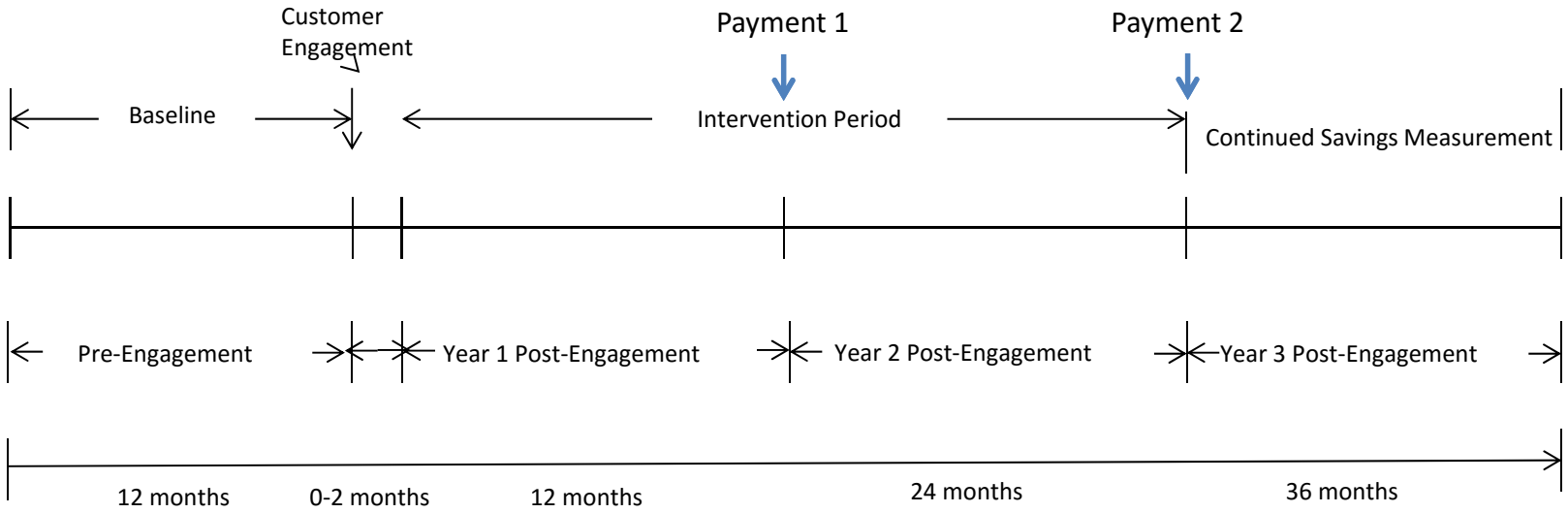
CalTRACK will compare the customers who participated to customers that did not (comparison group) to ascertain program effects

CalTRACK will display aggregated savings by bidder on a publically accessible dashboard. Bidders will be paid annually on results achieved up to maximum approved

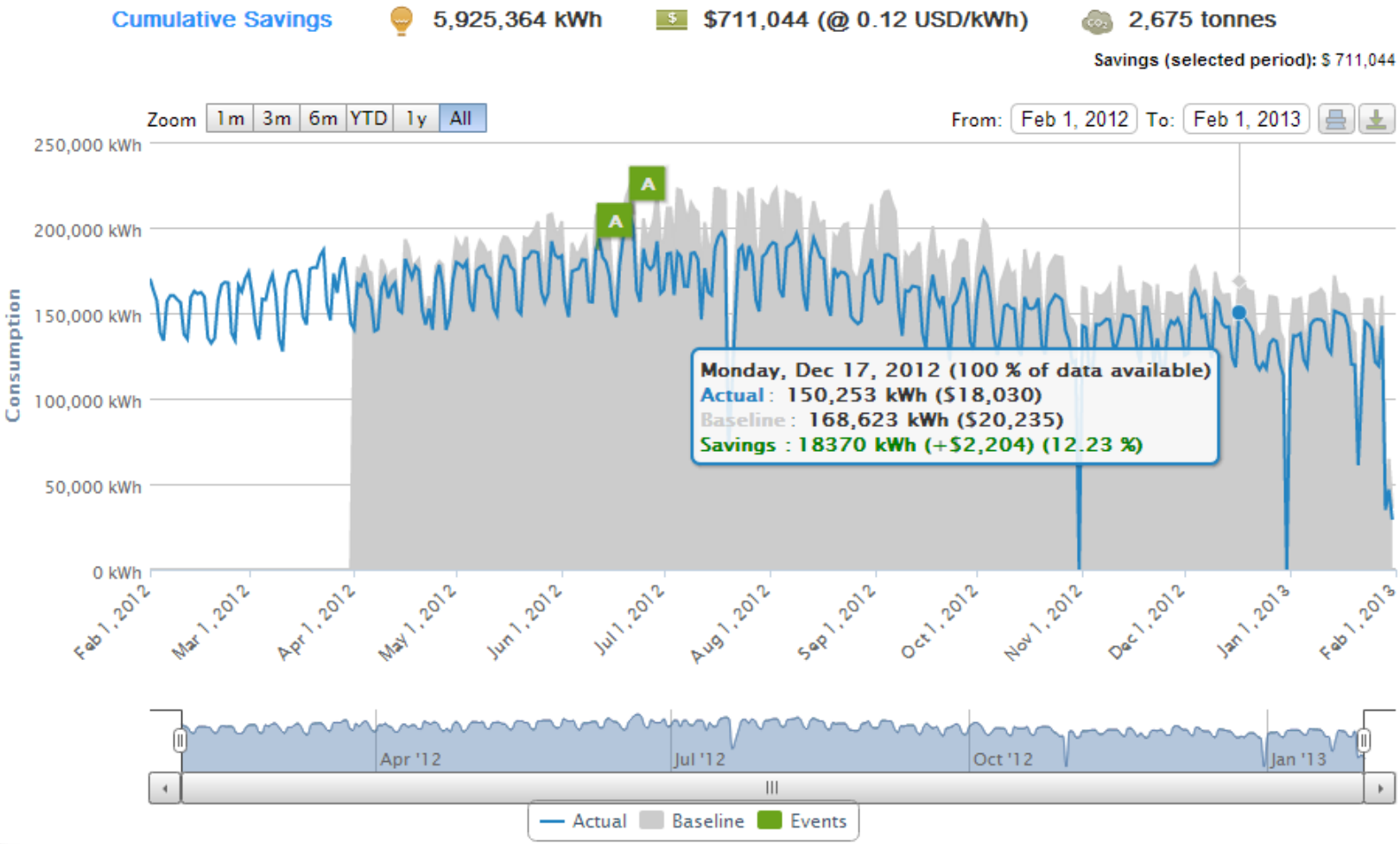
# Payable Energy Savings

- Pre/post analytics
- Savings = pre usage billing data minus post (weather normalized)
- Each participating home is analyzed then summed together to determine portfolio performance. PG&E pays each aggregator for their gross savings.

Determined at the meter via weather normalized pre/post billing analysis



# Transparent Energy Savings Dashboard*




*Example Only – Not an actual Res P4P Dashboard

Source: FirstFuel Software from PG&E's Commercial Whole Building Performance program

# Next Steps

Obtain regulatory approval

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Establish Peer Review Group to monitor the process and ensure transparency of RFP Process

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PG&E Issues RFP

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Bidders provide projected energy savings, disclose their target market and propose interventions

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Select finalists and execute "Power Savings Agreements"

# Presentation Highlights: PG&E

- The Pay-For-Performance Pilot will tackle common barriers to expanding into the energy efficiency market:
  1. **Financing:** PG&E will reduce the financial burden through annual payments for two years based on savings ($.80 cap per kWh with a max of $5 million for the duration).
  2. **Marketing and Outreach:** PG&E will retain affiliation and co-brand with the winning bidder's programs. Competitive bidders will be skilled at selling products and services. This experience will elevate PG&E's marketing and outreach capability.
  3. **Flexibility of Participation:** By opening the bid up to private companies, PG&E will take advantage of their ability to find out what customers need/want, will pay for, and the best way to meet those needs/wants.
  4. **Program Friction (Rules & Requirements):** Bidders have complete control over their program design and methods for reaching customers to allow greatest flexibility.

# Program Experience: CLEAResult (New Jersey Clean Energy Program)

U.S. DEPARTMENT OF ENERGY

# New Jersey Board of Public Utilities and its *Clean Energy Program™*

Spring Forward: Top Strategies for Growing and Scaling Your Program
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# NJ Energy Efficiency Programs

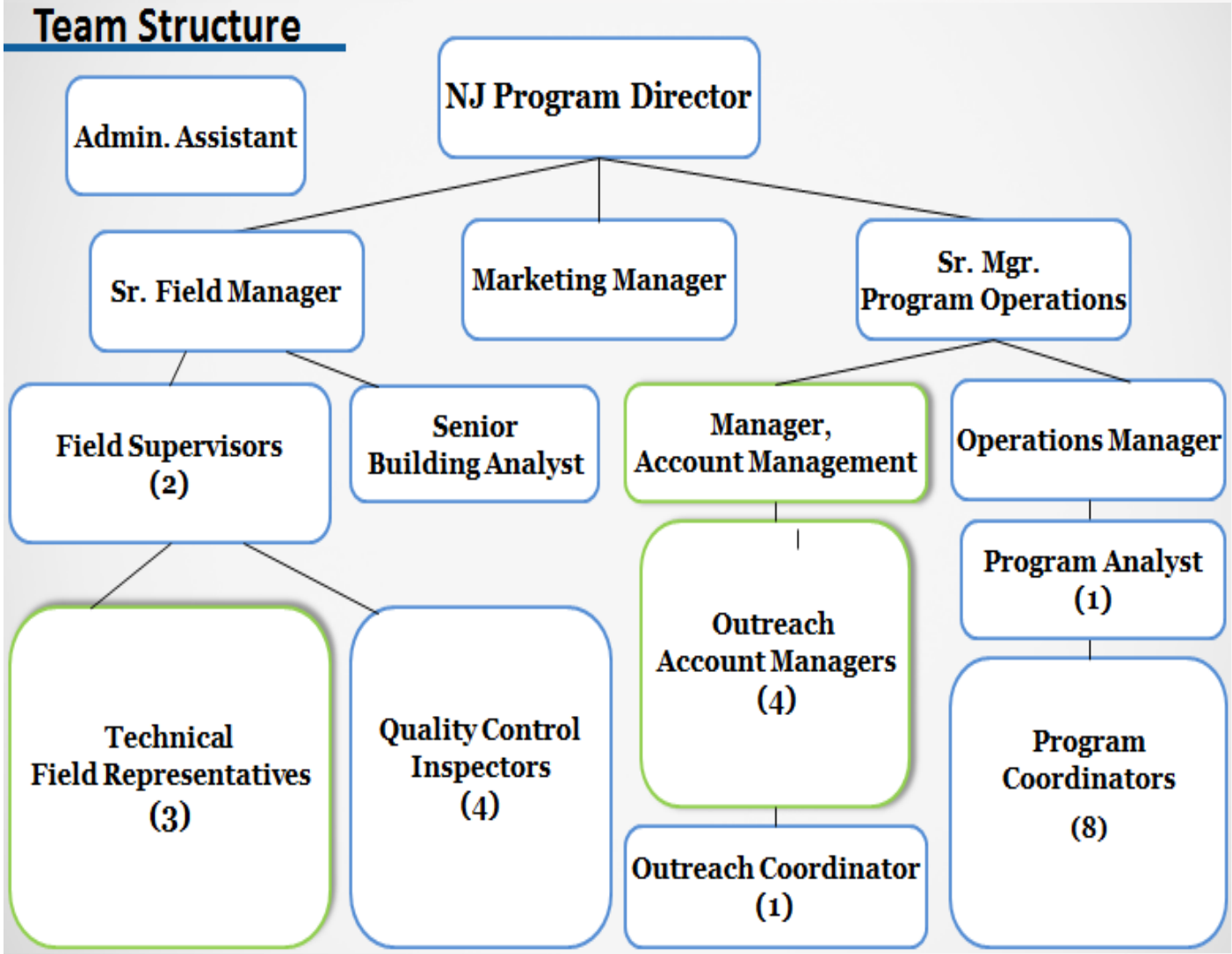
- **Home Performance with ENERGY STAR:** Participating Contractors provide home energy assessments; the program incentivizes homeowners to install recommended comprehensive energy efficient upgrades

- **Residential New Construction:** provides incentives for builders to work with Participating HERS Raters to achieve low HERS scores for single and multifamily housing projects

- **WARMAdvantage/COOLAdvantage:** a rebate incentive, high efficiency HVAC equipment replacement program.

# Direct Support to Trade Allies

## Team Structure




Three (3) Technical Field Representatives service the most technical aspects of program requirements with Trade Allies

Four (4) Outreach Account Managers work on a structure of primary and secondary outreach to various sectors

# Primary Outreach for Home Performance, HVAC, and Residential New Construction

**Primary Outreach**

**Home Performance Trade Allies**
**NJ Homeowners**
**NJ Utilities**
**Raters**
**Builders**
**Building Performance Institute (BPI)**
**ACCA**
**Efficiency First**
**Lenders (EFS, Credit Unions)**
**Department of Energy (DOE)**
**RESNET**
**NATE**
**Design Professionals**

HP/Rater Trainings: Program Orientation & Overview, Energy Modeling Software, Proactive Transactions & Business Development, Manual J & S,
Webinar Updates

Utility Partners: facilitate in person training, promote programs, provide additional financing options

BPI/DOE: continuing education units earned with our approved trainings, Engage directly with allies through in-person, roundtable discussion

# Secondary Outreach for Home Performance, HVAC, and Residential New Construction

**Secondary Outreach**

**Sustainable Jersey**
**Other Lenders**
**Distributors**
**Manufacturers**
**NJ Institute of Technology (NJIT)**
**Rutgers CEEEP**
**NJ Housing & Mortgage Finance Agency (NJHMFA)**
**Dept. of Community Affairs (DCA)**
**Realtors**
**Appraisers**
**Home Inspectors**
**NJ Home Builders Association**

Sustainable Jersey: joining with task force to recommend RFP structure to assure success in HP completions in municipalities

Distributors/Manufacturers: partnering to identify potential trade allies, promoting programs directly to these candidates

NJIT: partnering to develop technical trainings, e-learning tools, and customer journey narrative

Realtors: organizing focus group to develop dialog with realtors, educating on programs and "green" opportunities for their clients in their communities

# Presentation Highlights: New Jersey / CLEAResult

- **Trade allies are key to scaling programs**; they are in the community, meeting with homeowners, and helping to make behavioral changes.
- Providing trade allies **quality training** can help you reach and retain new customers:
  - **Sales and marketing training** gives contractors and other allies new methods and tactics for reaching customers in the residential space.
  - **Technology and business development** can make transactions smoother, which can result in a more user friendly experience for customers and a quicker turn around on jobs.
  - **Program updates and webinars** keep allies informed of important programmatic changes.
    - Close communication reduces the risk of misinforming customers and keeps all parties on the same page with program requirements and goals.

# Program Experience: BPI

U.S. DEPARTMENT OF ENERGY

# *The Importance of Maintaining Quality While Scaling Programs*

Raising the Bar in Home Performance Contracting

Building Performance Institute, Inc.

# Avoid the Pitfalls of Scaling Programs Too Quickly

- Opening the playing field to all “players”
- Trade-offs for volume
- Losing control of Customer Service
- Trying to scale the un-scalable

# Maintaining Quality Is Critical

- Program Partners are the face of your program
- Program Partners deal directly with your customers
- Program Partners must have strong internal quality
- Program Partners must have customer resolution

# Scaling Up Successfully is Possible

- Ensuring a good customer experience from the beginning is critical
- Don’t step over nickels to pick up dimes
- Partners focused on Quality is very important
- Strong Quality Management is key

# Carrot vs. Stick Approach

Drive front end quality management instead of catching poor performance after work is done through QA inspections.

# Why Quality Management?

## It Minimizes Your Risk

# Presentation Highlights: BPI

- When scaling programs, be intentional about where you **focus your efforts** for largest payback.
- Increasing volume and scaling is not for every Chuck in a truck. Typically, **10-20% of contractor allies deliver the greatest amount of volume** for your program.
  - Focus on providing your high-volume allies with tools to take their programs to scale.
- **Don't bypass quality standards and requirements** to get big savings.
  - When quality is compromised for scale, going back to fix work and mend customer relationships can spike cost and jeopardize program success.
  - BPI provides contractors with **monthly quality management webinars** to drive front-end quality management training as a key component of growing businesses.

# Discussion Highlights

- As cities and regions ramp up their **climate action plans**, there is a lot of potential to expand energy efficiency programs.
  - Energy Upgrade California is a statewide initiative that provides Californians with **whole home upgrades through**:
    - **Local Partnerships:** Local governments inform the program design for their area and identify non-profit implementers to deliver energy services.
    - **Free Energy Advisement:** Californians can call the 800 number to find out more about home efficiency projects.
- Programs cannot grow without participation from key trade allies, such as contractors. **Provide allies with the tools and incentives necessary** to ensure quality from start to finish:
  - Having a quality inspection at the back end of a project may work from a programmatic view, but it is more effective to **provide incentives to prevent problems** and avoid needing to inform the customer something went wrong.

# Related Resources in the Residential Program Solution Center

Explore resources related to growing and scaling your program:

- Tip: Maintain a sufficient workforce from program launch into program maturity.
- Program Design & Customer Experience – Assess & Improve Processes handbook—regularly assess the efficiency of your operations and effectiveness of your strategies in meeting your program goals.
- Proven Practice: Quality Assurance—avoid call-backs and enhance your program's reputation as it grows.

www.energy.gov/rpsc

- While you're there, see the latest Proven Practices post on Evaluating Residential Program Success.
- The Solution Center is continually updated to support residential energy efficiency programs—**member ideas are wanted!**

# Closing Poll

- After today's call, what will you do?
  - Consider implementing one or more of the ideas discussed ***– 27%***
  - Seek out additional information on one or more of the ideas ***– 72%***
  - Make no changes to your current approach ***– 0%***
  - Other (please explain) ***– 0%***

# Peer Exchange Call Series

***We hold one Peer Exchange call the first four Thursdays of each month from 1:00-2:30 pm ET***

Calls cover a range of topics, including financing & revenue, data & evaluation, business partners, multifamily housing, and marketing & outreach for all stages of program development and implementation

Upcoming calls:

- June 2: Five and Dime: Revisiting Strategies for Lowering the Costs of Delivering Energy Efficiency (101)
- June 9: Swipe Left, Power Down: Using Interactive Media to Instill Behavior Change (301)
- June 23: Home Improvement Catalyst: Strategies for Ongoing Customer Engagement (201)
- July 7: It's Getting Hot in Here! Best Practices for Hot and Humid Climates (101)

*Send call topic ideas to peerexchange@rossstrategic.com*

*See the Better Buildings Residential Network Program website to register*