

Upstream Approaches to Commercial and Industrial Lighting Programs



Moderator:
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ACEEE MT Symposium
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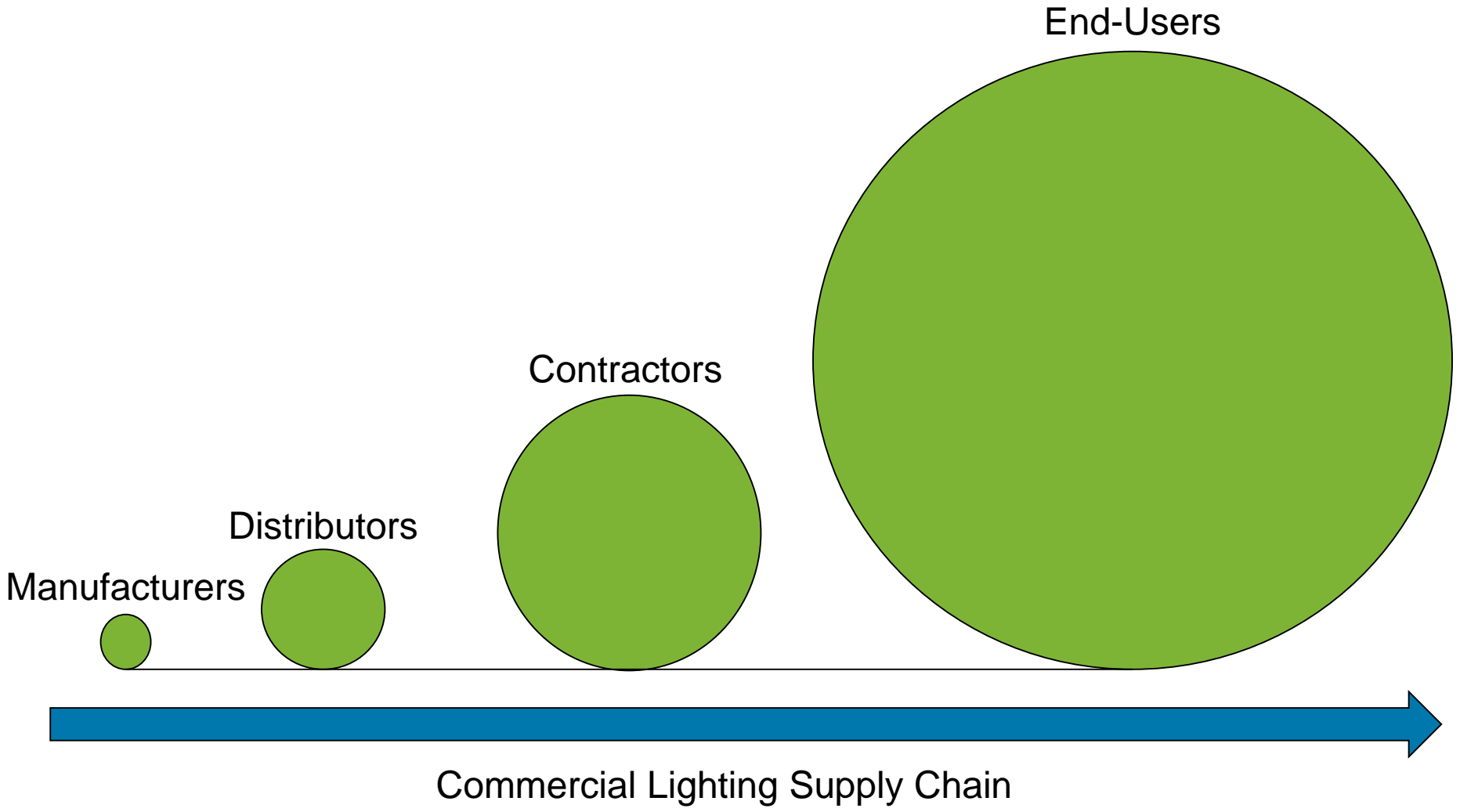
Panelists

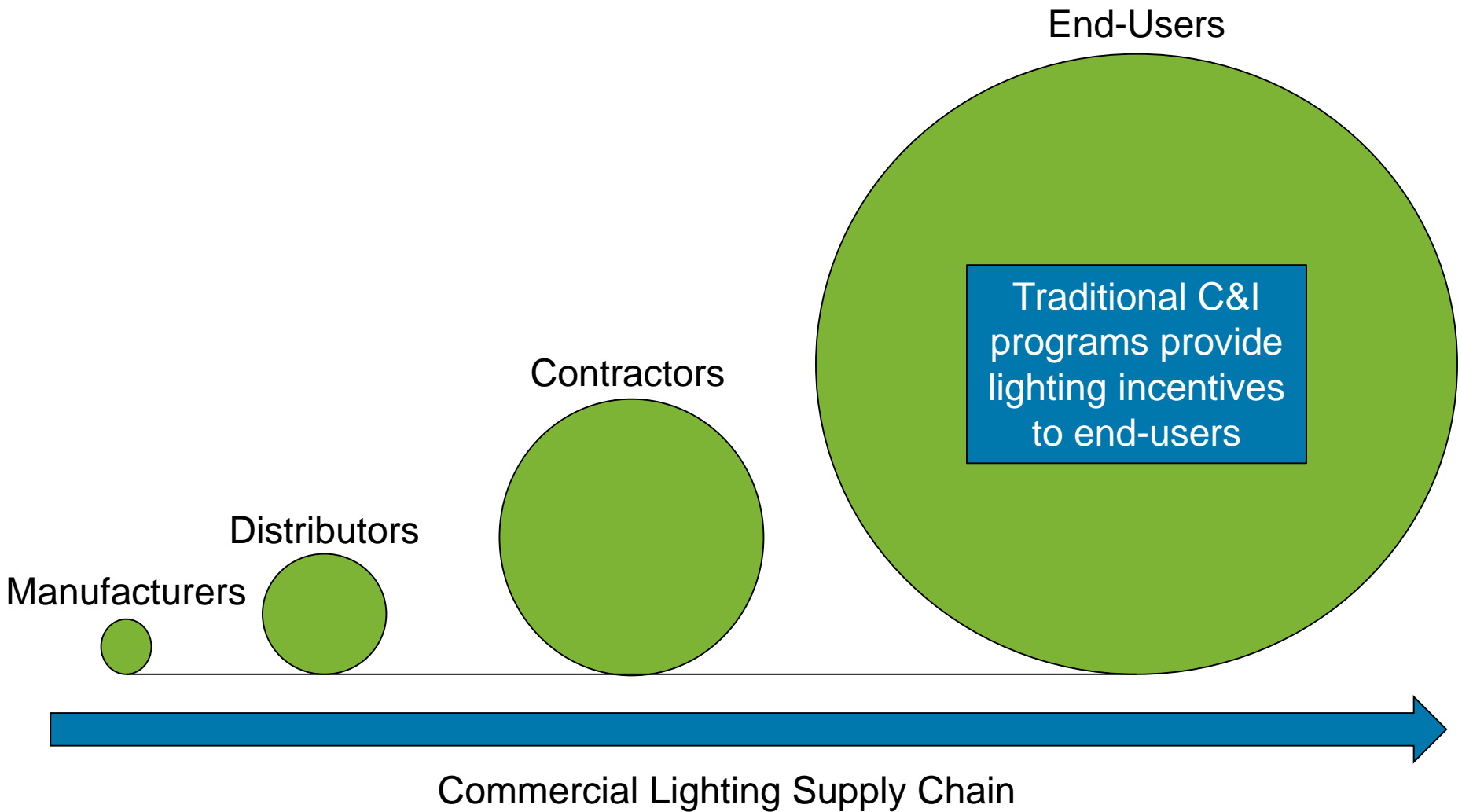
- ▶ *Dan Mellinger*
Lighting Strategy Manager
Efficiency Vermont / VEIC

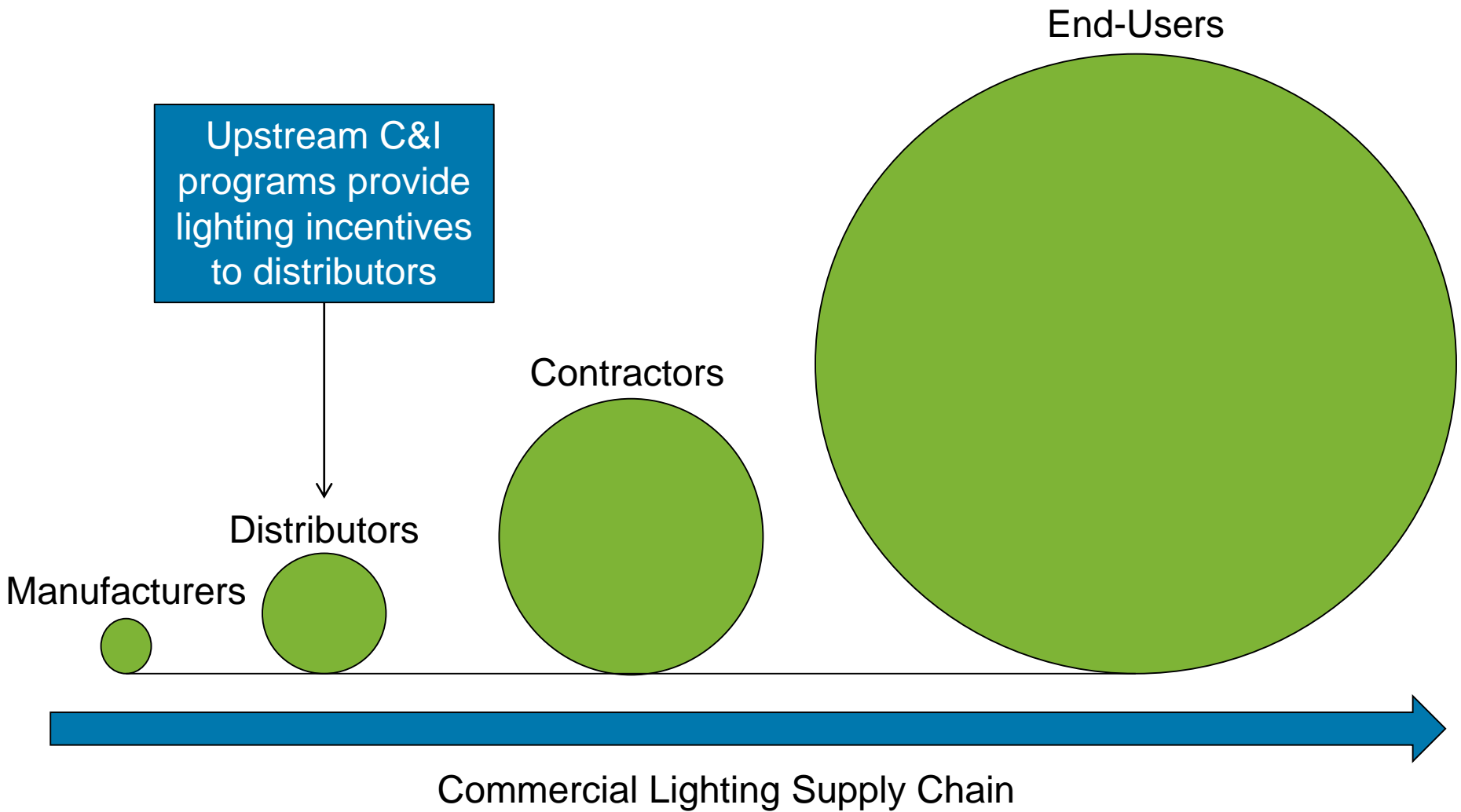


- ▶ *Rishi Sondhi*
Product Manager
NSTAR / Northeast Utilities









Why shift incentives Upstream?

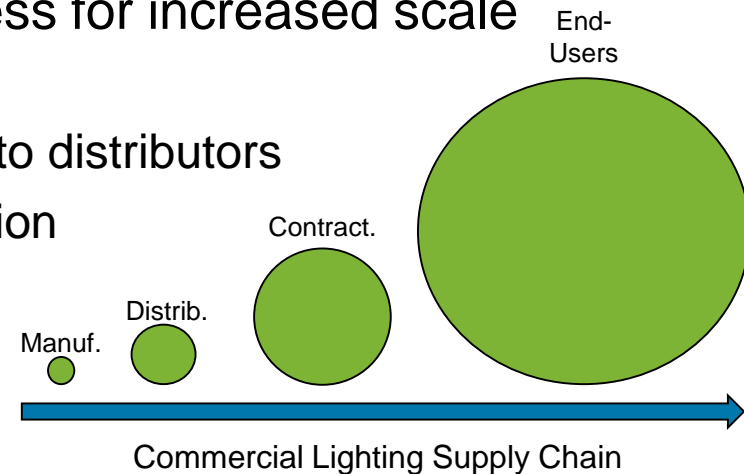
Manufacturer/Distributor Perspective:

- ▶ Allows manufacturers/distributors to more directly utilize incentives to sell more EE products
- ▶ Acknowledges that many sales are based on lowest first cost
- ▶ Reduces or eliminates distributor risk of stocking and prioritizing selling of EE products
- ▶ A better business proposition compared to end-user rebates
- ▶ “If the efficient product is the same cost to my customers and carries the same or better performance, why would I stock or sell less efficient product?”

Why shift incentives Upstream?

EE Program Perspective:

- ▶ Potential greater participation and savings compared to downstream
- ▶ Leverage market to reach more customers
- ▶ Quickly address stocking/availability barriers
- ▶ Streamlined and cost-efficient process for increased scale
 - Fewer touch points
 - Shift data collection responsibility to distributors
 - Electronic data upload and validation



Upstream Program Design Considerations

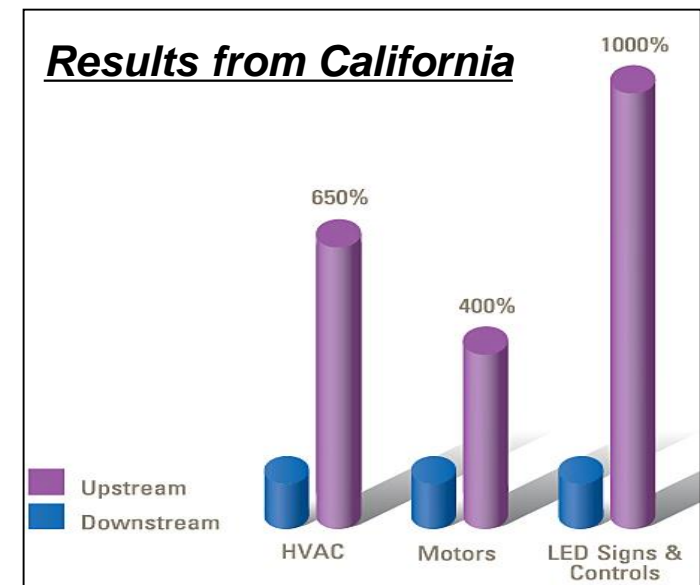
- ▶ Losing customer touch point
- ▶ Lack of site-specific data for each installation (e.g. hours of use)
- ▶ EM&V & QA/QC
- ▶ Gaming of program rules
- ▶ Products sold, but not installed
- ▶ Products sold, but installed elsewhere
- ▶ Credit to EE program for providing incentive
- ▶ Confining sales to program or utility territory
- ▶ Paying incentive to distributor rather than ratepayer
- ▶ Overlap with continued downstream programs

Upstream C&I Lighting Program Examples

- ▶ Efficiency New Brunswick (2007 – 2010)
 - www.energycnb.ca/commercial/commercial-lighting.html
- ▶ California and Nevada (2007 – Present)
 - www.cainstantrebates.com
- ▶ Efficiency Vermont (2009 – Present)
 - www.energycvermont.com/smartlight
- ▶ ComEd (2011 – Present)
 - www.comed.com/business-savings/programs-incentives/Pages/lighting-distributors.aspx
- ▶ Massachusetts and Rhode Island (2011 – Present)
 - www.masssave.com/professionals/incentives/upstream-lighting

Upstream Approach also works with other Technologies

- ▶ California and Nevada Upstream Program also includes:
 - HVAC
 - Motors
 - Water Heaters
 - Commercial Food Service Equip.
- ▶ Massachusetts and Rhode Island Upstream expanding to:
 - HVAC (Q2 2013)
 - Refrigeration (future)
 - Commercial Food Service Equip. (future)



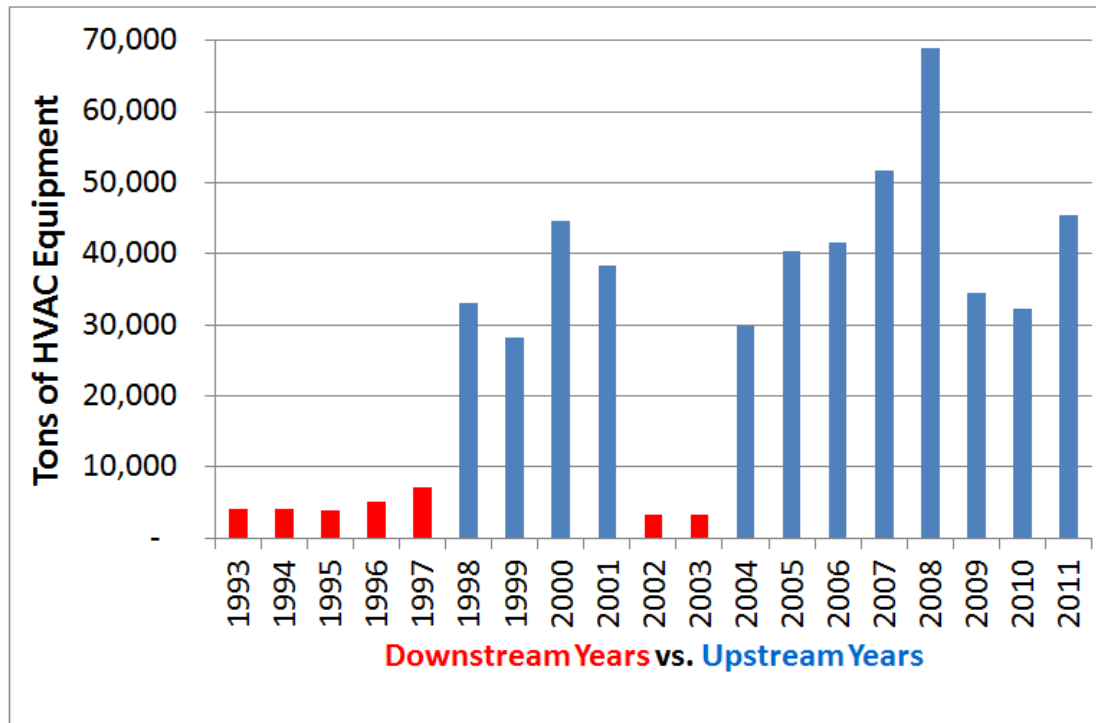
Average Annual Energy Efficiency Program Performance
Downstream vs. Upstream

Source: Daniel Cornejo, Energy Solutions

E N E R G Y SOLUTIONS

Compelling Upstream HVAC Results from California

- ▶ 1993-1997, and 2002/3: Downstream program approach
- ▶ 1998-2001, and 2004-2011: Upstream program approach





Integrated Energy Resources

Thank you

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Upstream Program Design Considerations

- ▶ Losing customer touch point
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- ▶ EM&V
- ▶ Gaming of program rules
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Discussion Questions

- ▶ What has allowed you to try this approach? Would other program administrators be able to do something similar or are you operating under unique circumstances?
- ▶ How is your messaging and promotion similar to/different from traditional programs?
- ▶ What are the market conditions that might make one upstream approach relatively more favorable than another approach?
 - Challenges of discontinuous market
- ▶ To what extent does the upstream C&I approach transform markets?

Discussion Questions

- ▶ Are comprehensive savings opportunities lost with the upstream approach?
- ▶ What are the components of the MOU with Manufacturers?
- ▶ What are the components of the agreement with Distributors?
- ▶ Are there challenges with collecting sales data from manufacturers or distributors?

Discussion Questions

- ▶ Who are the key target audiences for program outreach and how might the approaches discussed help enable engagement and collaboration?
- ▶ What are key aspects to know and understand about the supply chain actors to inform program participation criteria (e.g., what information will distributors need to be able to share with programs to make the program work and how do you deal with business sensitive sales info?)
- ▶ What other products/markets might be well suited for this type of approach and why? Would you ever shift all of your C&I lighting equipment incentives upstream? Why or why not?