

Food Service Industry Programs

Exemplary Programs

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*Food Service Industry programs
Exemplary Program*

***California Statewide Food Service Equipment Program
Pacific Gas & Electric
San Diego Gas & Electric
Southern California Edison
Southern California Gas***

PROGRAM OVERVIEW

In 2006 California's Investor-Owned Utilities (IOUs) launched a consistent and comprehensive statewide incentive program that supports the purchase and installation of energy-efficient commercial food service equipment. The food service industry is one of the most energy-intensive sectors in the United States. Through this initiative Pacific Gas and Electric Company, San Diego Gas & Electric, Southern California Edison, and Southern California Gas Company made a significant commitment to reduce energy consumption within the commercial food service sector. Prior to 2006 the IOU programs supported a few ENERGY STAR[®] Commercial Food Service measures within their general commercial programs; however, 2006 marked the first year a dedicated statewide effort was made to market a comprehensive package of food service equipment to this industry.

California's food service industry consists of over 90,000 independent and chain restaurant locations. Equipment is specified and purchased in many different ways; decision makers range from individual restaurant owners to international chain restaurant engineers. Food service equipment is a major capitol expenditure where costs range from thousands to tens of thousands of dollars, with incremental costs of integrating efficient controls and technology in the hundreds to thousands of dollars. The food service sector can be characterized as a first-cost driven market where there are a large number of customers purchasing inefficient, and in many cases used equipment to keep their operations running. In addition to a focus on first-cost, there is very little awareness of how much energy is being used to operate equipment. Identifying and educating decision-makers in the food service industry is a critical component in making the statewide efforts a success.

The California IOU Commercial Food Service programs were designed around a core of ENERGY STAR equipment that has been complemented by a wide range of additional equipment developed based on testing procedures pioneered by the PG&E Food Service Technology Center. The IOU programs feature equipment that includes ENERGY STAR steam cookers and fryers, and—due to California Title 20 appliance regulations—hybrid levels on ENERGY STAR hot food holding cabinets and reach-in refrigerators and freezers. A customer incentive on a wide range of products alone is not enough to make these programs successful. To educate this market segment the IOUs offer a number of program services that include site audits, equipment testing, and new restaurant plan reviews, as well as regular seminars on energy efficiency to food service industry professionals. By implementing a program that combines

promotion, outreach, training, and incentives, the IOU programs promote the importance of making energy efficiency a key component in purchasing decisions.

Eligible facilities receive on-site audits to identify a full range of opportunities for energy savings---no-cost, low-cost and investment opportunities. These auditors and/or audit reports educate customers about no-cost operations and maintenance (O&M) practices (cleaning refrigerator coils, educating food service employees about efficient equipment use such as turning on equipment only when needed or using fewer burners in down times), low-cost efficiency opportunities (retrofitting lighting in restaurants, including best products for restaurant ambiance), and investment opportunities (early replacement of old or inefficient food service equipment).

Rebates are available to food service customers for a wide range of energy-efficient food service equipment. A complete list of qualifying products and link to all IOU program websites is located on each participating utilities' websites.

Regular seminars are hosted throughout California that focus on energy efficiency in restaurants. These seminars range from beginning to advanced levels and are available to commercial end users, consultants, manufacturers, dealers and utility field representatives. Very large facilities such as universities or prisons can request that trainings be brought to them. Training topics include O&M practices, energy savings opportunities, efficient equipment procurement recommendations and available rebates. The outreach message is focused on the savings potential that can be cost-effectively realized through food service equipment retrofits, O&M changes, and available incentives for the purchase and installation of qualified products. The goal of these presentations is to increase awareness of the opportunity to "up-sell" energy efficient equipment using lifecycle cost analysis as a tool.

Energy efficient equipment typically sells at a premium, so sales representatives are offered training through the PG&E Food Service Technology Center, Southern California Gas Company's Energy Resource Center (ERC), and Southern California Edison's Customer Technology Application Center (CTAC) on how to use available program incentives to sell customers on the features and benefits of energy efficient equipment. IOU program managers have attended dealer sales meetings to train their salespeople on site. Interested dealers are also provided point of sale promotional materials to help them identify and sell energy-efficient equipment.

In August of 2006, the IOUs introduced the first of its kind Energy-Efficient Theatre Kitchen at the 2006 Western Foodservice & Hospitality Expo in Los Angeles. The Western Foodservice & Hospitality Expo is the largest show of its kind on the West Coast representing California's \$51 billion dollar food service and hospitality industries. The 2006 Expo showcased over 650 exhibits with more than 15,000 industry professionals in attendance. The IOUs participated with ENERGY STAR in this promotion that featured chefs cooking delicious recipes in a theatre kitchen made up of energy efficient food service equipment. During the course of this three-day event, over 3,500 packets of educational literature were distributed, and over 600 leads were generated throughout the state for consumers interested in rebates on equipment for their food service facilities.

Direct customer outreach is accomplished through the IOUs' account service representatives, program literature, coordination with the national ENERGY STAR program for food service equipment, trade associations, industry conferences, direct mail campaigns to food service customers, and equipment dealer point of sale materials. Case studies are also being considered as a way to highlight savings attained in sample projects so that owners and managers of like facilities can more accurately estimate the cost and savings of retrofitting their existing equipment. Direct customer outreach is accomplished through the IOUs account service representatives, program literature, coordination with the national ENERGY STAR program for food service equipment, trade associations, industry conferences, direct mail campaigns to food service customers, and equipment dealer point of sale materials.

PROGRAM PERFORMANCE

The following is a list of statewide program accomplishments for 2006:

Description	Quantity
Total Program Food Service Equipment Rebates All Products	1,003
Food Service Energy Efficiency Seminars Held	105
Food Service Energy Efficiency Seminar Participation	3,477
Food Service Equipment Dealer Field Visits	49
Food Service Equipment Design Consultations	16
Food Service Site Audits	86
Energy Efficiency Program Information Distributed at Western Foodservice Expo	3,500
Leads Generated From Western Foodservice Expo	600

LESSONS LEARNED

In its first year the Statewide IOU Food Service program created a program to meet the needs of restaurants and other food service establishments in California. Because this is a statewide effort there are economies of scale for food service owners and managers with multiple facilities. The program catalog covers 11 different equipment categories and 40 separate products which make it the most comprehensive program offering in the nation.

There are also cost effective synergies that arise among the IOUs. Chain account outreach and information is coordinated and shared between IOU's program facilitators to make the programs as seamless as possible to chain accounts that operate throughout California. The Southern California Gas Company recently hosted a chain account focus group meeting where the IOUs

gained valuable insight on the principles that govern chain account equipment purchasing decisions. This information is being used to help the IOUs refine how marketing and program processes for this industry segment are developed and implemented.

The California IOU Food Service programs feature ENERGY STAR equipment specifications whenever possible, providing a model that is easily adaptable for food service providers nationwide. IOU customers are regularly directed to the tools and information posted on the ENERGY STAR web site. The ENERGY STAR Commercial Food Service Equipment Incentive Finder has proven to be an effective tool for national chains wishing to locate energy efficiency programs throughout the country. The IOUs also encourage national chain accounts to support the ENERGY STAR program, which has led to opportunities to gain an even deeper level of commitment to energy efficiency and program participation.

PROGRAM AT A GLANCE

Program Name: California Statewide Food Service Equipment Program

Targeted Customer Segment: Commercial customers with food service applications

Program Start Date: 2006

Program Participants: 1003 rebates paid in 2006; 105 food service efficiency seminars held in 2006; 3,477 participants in the seminars.

Annual Energy Savings Achieved: Not available.

Peak Demand (Summer) Savings Achieved: Not available.

Budget: Not available.

Funding Sources: California ratepayers through public goods charges on customer bills

Best Persons to Contact for Information about the Program

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*Food Service Industry Programs
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***Food Service Program
CenterPoint Energy***

PROGRAM OVERVIEW

CenterPoint Energy's Food Service Program has two distinct components: (1) an incentive program for the installation of qualifying high efficiency equipment, and (2) a Commercial Foods Service Learning Center that provides hands-on training with new high efficiency natural gas equipment.

CenterPoint Energy's Commercial Food Service incentive program provides rebates to both end-use customers for the purchase of qualifying equipment, coupled with a dealer incentive for each piece of equipment that is installed within its service territory in Minnesota. The purpose of the program is to encourage energy conservation opportunities for commercial food service customers. Because customers in the foodservice market have a high energy intensity per square foot compared to other commercial customers and because of numerous available energy-efficient food service appliances and technologies, there is a great potential to influence customers' foodservice equipment decisions. There are also many commercial food service end-uses beyond ovens including broilers, fryers, and charbroilers, which give customers a wide variety of options for the type of equipment purchased.

Additionally, the Commercial Foodservice Learning Center provides opportunities for end-users of equipment to learn via hands-on and lecture style training about the benefits of high efficiency natural gas equipment because many of these customers do not have the ability or accessibility to test new higher efficiency equipment. The Commercial Foodservice Training Facility is used to demonstrate efficient natural gas technologies most often used in foodservice facilities. The Facility provides training on how to use natural gas cooking equipment more efficiently and the proper ways to maintain the equipment. The facility is available to manufacturers, dealers and customers that utilize food service equipment.

CenterPoint Energy's Food Service Program started in the mid-1950s with an emphasis on showing end-use residential customers how to successfully cook with natural gas. Since the late-1990s, the emphasis of the Food Service Program has been on the efficient use of natural gas food service equipment in the commercial market through the rebate program and through training at the Food Service Learning Facility.

Additionally, since the late-1990s CenterPoint Energy's Food Service Program has continually expanded to include incremental pieces of qualifying equipment for rebates every other year when the program is reviewed and approved by the regulatory agencies. The primary driver for the continual expansion is that with the higher cost of natural gas, more pieces of equipment are beneficial from the societal perspective in a cost-benefit analysis, and therefore have been included in the portfolio of the program. For example, the 2000-2001 Conservation Program

included four pieces of food service equipment and the recently approved 2007-2008 Conservation Program includes eleven pieces of energy efficient natural gas food service equipment.

Finally, the food service sector continues to be one of the fastest growing sectors of energy usage due to the continued trend of consumers dining out and purchasing pre-pared foods. Additionally, the growth of both the education and health care market segments continue to drive increased demand for food service equipment, and hence the need for energy efficient natural gas applications.

PROGRAM PERFORMANCE

In calendar year 2006 CenterPoint Energy provided rebates for almost 500 different pieces of foodservice equipment throughout its service territory, generating approximately 41,000 MCF of natural gas energy savings for the customers.

CenterPoint Energy implements this program in partnership with approximately 250 dealers and 50 manufacturing representatives that do business within CenterPoint Energy's service territory in Minnesota.

LESSONS LEARNED

CenterPoint Energy believes that its foodservice equipment rebates are moving the market to higher efficiency natural gas foodservice equipment, and that is the most successful element of its program. CenterPoint Energy also believes that the key to a successful foodservice program is the relationship with the business partners because they are so effective at reaching the end-users of the equipment and influencing their decision on which type of equipment will be installed at a facility. Additionally, the Foodservice Learning Facility is an important element of the overall foodservice program because it provides an opportunity to work with both business partners and end-use customers to help educate them about the options of high efficiency natural gas food service equipment.

CenterPoint Energy offers the following guidelines for building a successful food service program:

- Establish a rebate program that is consistent over the years so that decision makers know that if they install a certain technology, they will qualify for a rebate;
- Build relationships with business partners and trade associations because they are the most cost-effective method to influence end-use decision makers on the purchase and installation of foodservice equipment; and
- Understand the market and develop targeted marketing and advertising channels for both the business partners and end-use customers; and

- The Foodservice Learning Center is extremely helpful in the promotion of the program because it provides an opportunity to interact with customers and trade allies to display and test high efficiency foodservice equipment; and
- Actively establish relationships with trade associations such as Restaurant Association, American Culinary Federation, Dietary Managers Association, School Nutrition Association, Gas Foodservice Equipment Network, and Manufacturers Agents Association for Foodservice Industry by actively participating in organizations through volunteering, sponsorships and advertisements in trade publications; and
- The foodservice industry is a relatively small industry and have a dedicated staff person who knows the trade allies, dealers, distributors and end-use customers is critical to the success of the program.
- The education, health care (hospitals and nursing homes) and hospitality are market segments that have actively participated in the foodservice program because these segments have relatively stable decision makers and are institutions that are not driven by simple payback as much as the operational costs of the equipment. The restaurant market segment is much more difficult to influence because of the constant turn-over of staff, low start-up costs, and highly competitive nature of their business.

CenterPoint Energy's Food Service Program is one of the few programs specifically serving food service applications of commercial customers. Since food service equipment is typically the second largest user of natural gas for a commercial customer behind space and water heating, there are ample opportunities to encourage customers to save natural gas efficiently through the installation of more efficient food service equipment.

PROGRAM AT A GLANCE

Program Name: Food Service Program

Targeted Customer Segment: Commercial customers with food service applications

Program Start Date: Predecessor program established in 1950s. Present form established in late 1990s.

Program Participants: About 500 rebates paid for qualifying equipment in 2006

Annual Energy Savings Achieved: 41,000 MCF in 2006

Peak Demand (Summer) Savings Achieved: Not applicable (natural gas only)

Budget: \$190,000 in 2006

Funding Sources: CenterPoint Energy conservation improvement program funds (ratepayers)

Best Person to Contact for Information about the Program

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*Food Service Industry Programs
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***Food Service Technology Center
Pacific Gas & Electric***

PROGRAM OVERVIEW

Since 1987 the PG&E Food Service Technology Center (FSTC) has provided nationally recognized energy efficiency consulting services to the commercial food service industry. Restaurant owners and operators, institutional food service providers, cooking equipment manufacturers and kitchen designers rely on the FSTC to provide unbiased, comprehensive information about energy use and efficiency.

The FSTC provides an array of services to the food industry, including:

- Kitchen equipment test reports that allow customers to objectively compare the performance of cooking and food preparation equipment;
- Design consultation services that help business owners design and specify equipment for their food service operations for maximum efficiency;
- On-site facility surveys that culminate in a list of recommended actions to cut energy use and costs;
- Educational seminars that cover all aspects of energy performance in commercial kitchens; and
- Equipment testing services to determine the energy and performance characteristics of food service equipment.

Restaurants rank among the most energy-intensive commercial spaces in California on a square-foot basis. Many opportunities exist to improve energy efficiency; lower operating costs, and enhance the performance of the building and cooking systems. Food service equipment is a major capitol expenditure where costs range from thousands to tens of thousands of dollars, with incremental costs of integrating efficient controls and technology in the hundreds to thousands of dollars. The food service sector can be characterized as a first-cost driven market where there are a large number of customers purchasing inefficient, and in many cases used equipment to keep their operations running. In addition to a focus on first-cost, there is very little awareness of how much energy is being used to operate equipment. PG&E's FSTC program addresses these unique challenges. A critical component of FSTC's success has been educating decision makers in the food service industry on the performance, benefits and availability of a wide range of energy-efficient technologies.

FSTC develops comprehensive performance test methods and applies them to equipment submitted by end-users and manufacturers. Because the Center is fuel neutral, FSTC can approach the evaluation process with an absence of bias unmatched in the industry. Therefore, end-users and manufacturers can have complete confidence in the objectivity of the Center's findings and recommendations.

In addition to being a clearinghouse of information on equipment performance, FSTC also has expertise in commercial kitchen ventilation and building energy efficiency, including lighting, glazing and HVAC.

FSTC consists of a fully instrumented 9,000-square foot appliance research facility capable of measuring energy consumption of both gas and electric appliances under controlled laboratory conditions. FSTC's research is endorsed by a distinguished group of advisors who provide focus and industry support.

PROGRAM PERFORMANCE

FSTC is the industry leader in commercial kitchen energy efficiency and appliance performance testing. The Center has developed over 30 Standard Test Methods for evaluating commercial kitchen appliance performance. The National Restaurant Association (NRA) estimates there are 925,000 food service facilities (including non-commercial and institutional) in the U.S., with a total annual energy bill exceeding \$12 billion. This breaks down to an estimated 130 million MWh of electricity and 3 billion therms of natural gas. To date, it is estimated that the FSTC is directly responsible for an annual reduction of 1.3 million MWh and 30 million therms in commercial food service. The gross energy savings potential within this building sector is enormous since most efficiency opportunities remain untapped. PG&E expects significant market transformation on the order of a 10% reduction in annual energy consumption, or 13 million MWh and 300 million therms, to occur over the next decade as the knowledge base established by the PG&E Food Service Technology Center is leveraged across the country and internationally.

LESSONS LEARNED

In the first fifteen years of FSTC operation, the FSTC team has risen to the challenge of engaging the food service industry to work cooperatively with the food service industry in order to bring a rigorous engineering approach to energy efficiency. In FSTC's early years, establishment and certification of standard test methods for equipment was the defining activity of the Center.

In recent years, FSTC has been able to leverage the foundation of the test methods, developing educational materials, codes and standards support, and a utility-leading food service incentive program to induce fundamental changes in the food service sector. Customers and equipment manufacturers, utilities and regulatory agencies are now working cooperatively in close collaboration with FSTC to transform the industry, bringing energy efficiency to the forefront of design and purchasing decisions.

Recognizing the unique expertise of the center, the US Department of Energy's Federal Energy Management Program (FEMP) contracted with FSTC to develop proposed specifications for federal purchasing of energy-efficient commercial food service equipment, including fryers, griddles, steamers, food-warming ovens, and pre-rinse spray valves. These specifications, since adopted by FEMP and codified as statutory requirements for federal purchasing in the Energy

Policy Act of 2005, have also been adopted for public procurement by state and municipal agencies, including the City of New York, and also served as the foundation for ENERGY STAR® labeling of this equipment.

Through the development of over 30 ASTM standard test methods for commercial cooking equipment by FSTC, operators and equipment vendors now have an objective basis for evaluating performance and energy efficiency. As increasing numbers of utilities in the U.S. and abroad begin offering financial incentives for premium efficiency food service products, and ENERGY STAR® has established standards for several food service product types, customers are demanding high-efficiency products, and manufacturers are responding by improving the energy efficiency performance of their product offerings.

Several examples of FSTC's impact on the market illustrate how energy efficiency has become standard practice for food service industry leaders:

- Supermarkets have increasingly installed commercial kitchens as a means of meeting customer needs and increasing operating margins. Through educational efforts undertaken by the FSTC team, several national supermarket chains now require third-party energy efficiency test reports from all vendors seeking to bid on equipment purchases. Leading chains [e.g., Safeway and Raley's] have begun to specify equipment that provides superior energy efficiency.
- Several leading restaurant chains such as Denny's Corporation, Darden Restaurants, Inc. [Red Lobster, Olive Garden], Burger King Brands, Inc. and Chipotle Mexican Grill, Inc. have incorporated energy efficiency requirements into their purchasing decisions, driving equipment manufacturers to have their products tested and the results made public.

For example, McDonald's Corporation approached the FSTC to provide technical support to The Energy Efficient McDonald's (TEEM) demonstration project. This resulted in three of the demonstrated energy efficient technologies being incorporated in the McDonald's corporate design specifications. The project data subsequently were featured with consent from McDonald's in several professional conferences and seminars

Another leading fast food hamburger chain that uses a proprietary broiler worked with a manufacturer to develop a new design that is more energy-efficient, using FSTC staff expertise and laboratory facilities to evaluate performance.

- FSTC staff has shown political acumen in driving manufacturers to support new standard test method protocols, equipment testing, and research and development that leads to higher efficiency products. In one example, FSTC's director brought representatives from two major supermarket chains and two manufacturers of large commercial baking ovens together, and hammered out an agreement that led to the adoption of a new test method, and the development of premium efficiency products.
- FSTC has supported PG&E's efforts to establish a California statewide incentive program for commercial cooking equipment along with a supporting educational

program, and to convince the investor-owned utilities in southern California to adopt identical programs. A first, this new three-year rebate program, successfully piloted in the latter part of 2005, provides performance-based incentives for both gas and electric commercial food service equipment including fryers, griddles, ovens, ice machines [air cooled] and solid door refrigerators and freezers and glass door reach-in refrigerators. FSTC is working with agencies such as the Consortium of Energy Efficiency [CEE] to develop food service specifications that can be used by utilities across the nation. The rebate program in California is leading to a fundamental shift in the entire food service equipment industry, as major chains and operators across the country increasingly specify equipment that meets the program guidelines and manufacturers respond with product redesigns to meet program qualifications.

- The team at FSTC has persuaded commercial food service operators to increasingly adopt “life cycle cost” metrics in their purchasing decisions, and in response FSTC has developed an industry-recognized web-based calculator that allows customers and manufacturers to accurately compare products based on their particular operational variables.
- In all activities FSTC has demonstrated an ability to bring manufacturers, customers, utilities and regulatory bodies to the table to reach groundbreaking agreements that have lead to fundamental shifts in the industry. Numerous manufacturers who were traditionally wary of energy efficiency and performance testing are now supportive, recognizing that efficiency can be a key competitive advantage both nationally and internationally. Customers now have the means of objectively evaluating relative equipment performance and can make informed decisions in their buying choices. Utilities and regulatory agencies now have the ability to rationally reward energy efficiency in the food service market.

PROGRAM AT A GLANCE

Program Name: Food Service Technology Center

Targeted Customer Segment: Food Service Industry

Program Start Date: 1987

Program Participants: Not available

Annual Energy Savings Achieved: To date it is estimated that FSTC is directly responsible for an annual reduction of 1.3 million MWh and 30 million therms in commercial food service *nationwide [not just PG&E customers]*.

Peak Demand (Summer) Savings Achieved: Not available

Other Measures of Program Results to Date: Has played key role in developing numerous testing protocols and industry performance standards for commercial food service equipment.

Budget: Approximately \$2 million for 2006

Funding Sources: California ratepayers through public goods charge (PGC) funds

Best Person to Contact for Information about the Program:

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