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## RePower Summit Report

Post-Grant Program Sustainability Planning Summit  
Kitsap Conference Center, Bremerton  
April 27, 2012

### **Summit Overview and Executive Summary**

On April 27, RePower convened Kitsap County community leaders, organizations, contractors, and program partners for a half day planning summit to identify a preferred business model for RePower, post-grant. RePower is funded by three grants from the U.S. Department of Energy (DOE), Better Buildings Program. All grants must be expended by July 31, 2013. The DOE requires all Better Buildings grant recipients to develop of a post-grant business model, to ensure continued energy efficiency and conservation options for County home and business owners. 86 Summit participants provided ideas, insight, and feedback on preferred post-grant business models, marketing strategies, trade ally development needs, and financing options. The 4-hour Summit was facilitated by Kathleen O'Brien.

The Summit began with small group conversations to identify the benefits and challenges of four potential business models. These included RePower being owned and implemented by: 1) Non-Profit organization, 2) Utility, 3) Kitsap County or City Government, and 4) Private Sector. The Utility model received the most support, with over a half of all attendees raising their hand to indicate this model as the most likely to succeed and ensure program sustainability. The Non-Profit model came in second, also with a significant vote of confidence. The Private Sector model received quite a few less votes, and the government model was seen as least effective in the region, receiving minimal support.

The utility model that was explored and recommended by participants in the small group discussion consisted of a hybrid version: A non-profit agency providing assistance to the regional utilities in a partnership to ensure regional utility conservation and efficiency targets are met.

The second round of small group discussions addressed marketing strategies for ongoing program success, financing mechanisms, and trade ally development needs to ensure program success post grant. Key findings included the need for additional financing options with increased flexibility and improved marketing of the loan program and options, the need for additional trade ally network development and trainings to ensure whole house performance approaches, and the need for strong, focused marketing messages that resonate with County residents and move homeowners to action.

The Summit concluded with the formation of a Leadership Team that will meet over the next 6 months to further develop the business model. Leadership Team outcomes and draft plans will be presented at a follow up Summit in Fall 2012. A draft business plan is anticipated to be complete by end of year. A program transition plan must be in place by July 31, 2013.

The following pages detail the Summit discussions. The Summit agenda is attached as Appendix A.

### Utility Business Model

<i>Benefits of this Model</i>	<i>Concerns to Address to Make this Model Work</i>
<ul style="list-style-type: none"> <li>• Fair &amp; equitable---more so than private</li> <li>• Utilities already know how to do it</li> <li>• So many resources are available</li> <li>• Rebates &amp; incentives readily accessible on web</li> <li>• Easier admin for contractors, customers</li> <li>• Experience, coverage</li> <li>• Biggest barriers—customer clarity—ONE set of really good incentives—encourages homeowner to do more</li> <li>• LBL-EE spending nationally trending up-will double or triple until 2020</li> <li>• Utilities through regional/technical forum-have good process for creating new incentives</li> </ul>	<ul style="list-style-type: none"> <li>• Gas vs. electric fuel excludes some from incentives-consistent across utilities</li> <li>• What I can't get from PSE because I'm CNG)</li> <li>• Bottom line= KWH savings</li> <li>• Comfort, durability, jobs not priorities</li> <li>• Sometimes tendency to get bogged down-gears don't turn quite as fast</li> <li>• Challenge of hitting the "sweet spot" with incentives</li> <li>• Not as nimble in ability to respond quickly to market signals due to regulation</li> <li>• Rebates predictable-good sales tool</li> <li>• Not as innovative in ability to respond quickly</li> <li>• Can utility provide that as "the monopoly you love to hate"</li> <li>• Community connections "we're not the utility, we will help you"</li> </ul>
<i>Key Ingredients to Make it a Success?</i>	<i>What Does Repower Need to do to Make this Model Happen?</i>
<ul style="list-style-type: none"> <li>• Strong NGO→ visible, participatory, community engagement</li> <li>• Contractors must have direct voice with utility, NGO→ need respect both ways, and balance</li> <li>• Balance of utility/for-profit/non-profit</li> <li>• Quality outreach &amp; marketing HAS TO BE THERE</li> <li>• Regulatory support!!!</li> <li>• Unified program specifications X utilities (old regional specification model)</li> <li>• Bridging between customer/utility. Bridge of info to local community→ "A translator" between utility &amp; customer.</li> <li>• ETO model (hand holding, coordination, training)</li> <li>• Utility would need to get behind the NGO-too big to disconnect now</li> <li>• General rebates—customer can be pushed over the top with air sealing, air quality</li> </ul>	<ul style="list-style-type: none"> <li>• Investigate Energy Trust of OR: what did it take, what is their model?</li> <li>• Formally align goals; all stakeholders buy in</li> <li>• Seek regulatory support</li> <li>• RePower needs to better understand regulatory background on utility process</li> <li>• Alignment among different regional CEEPS</li> <li>• Transparency: what are the metrics &amp; goals</li> <li>• Better understanding of market streams, manufacturing and distribution.</li> <li>• Utilities talk more amongst themselves</li> <li>• Challenge g CFL's→ what are other low-hanging fruit? – what's the "FREE" hook?</li> <li>• Get policy makers involved in conversation</li> <li>• Engage NW Energy Efficiency Council</li> </ul>

**Support for this model:**

The majority of conference attendees identified this model - in hybrid version along with a non-profit - as the preferred model for long-term program sustainability in the County, and beyond. More than half of summit participants raised their hand when asked to indicate level of support. The Leadership Team will primarily focus on this business model in its charge to develop the Repower Business Plan in late 2012.

### Non-Profit Business Model

The discussion about this business model focused on exploring turning RePower into a 501c3, or locating the program within an existing non-profit organization with a similar mission, in Kitsap County.

<i>Benefits of this Model</i>	<i>Concerns to Address to Make this Model Work</i>
<ul style="list-style-type: none"> <li>• Mission driven &amp; disciplined</li> <li>• Motivated, passionate: about people, not business</li> <li>• Access to volunteers, donations</li> <li>• Link to mission &amp; sources of funding (foundations/grants)</li> <li>• Community ownership</li> <li>• Local focus &amp; ideas = local money</li> </ul>	<ul style="list-style-type: none"> <li>• Finances &amp; stable base funding</li> <li>• Tacit support of government entities</li> <li>• Risk of sun-setting, lack of certainty</li> <li>• Risk that passion is misaligned with funding</li> <li>• Cost-effectiveness &amp; utility determination</li> <li>• Governance - community based</li> </ul>
<i>Key Ingredients to Make it a Success?</i>	<i>What Does Repower Need to do to Make this Model Happen?</i>
<ul style="list-style-type: none"> <li>• Funding &amp; access to financing</li> <li>• Fee for services; diversified income sources</li> <li>• Strongly defined mission</li> <li>• Strong board/governance</li> <li>• Knowledge/experience</li> <li>• community partnerships and collaboration, (state, regional, local, national)</li> <li>• Relationship with trade allies</li> <li>• Trade ally standards (QC/QA)</li> </ul>	<ul style="list-style-type: none"> <li>• Find existing NGO that's ready to take it on</li> <li>• Identify strong board members</li> <li>• Leadership committee (start NOW)</li> <li>• Diverse board (utility, government, trade allies, NGO's)</li> <li>• Identifying local champions</li> <li>• Community asset analysis</li> <li>• Developing regional relationships</li> <li>• Training trade allies</li> <li>• Take advantage of learning opportunities for all</li> </ul>

**Support for this model:**

This model ranked second in level of support from conference attendees. About a quarter of summit attendees identified this model as the preferred model for long-term program sustainability and ability to succeed. The leadership Team will consider this model in its work to develop the Repower Business Plan over the summer and fall of 2012.

### Private Sector Business Model

The discussion about this business model explored options for a trade ally group or other private business entity to own and manage the program.

<i>Benefits of this Model</i>	<i>Concerns to Address to Make this Model Work</i>
<ul style="list-style-type: none"> <li>• In-house expertise</li> <li>• Revenue system is built-in → “guild” model</li> <li>• Financing comes from market (Market based solutions are the best)</li> <li>• Program grows with number of jobs completed</li> <li>• Self-sustaining by work being done</li> <li>• Performance review by board of directors → leadership team + committees to set standards</li> <li>• Paperwork reduced? (market driven efficiency)</li> <li>• Collective (+ local!) voice from contractors and centralized paperwork</li> <li>• Reduces confusion about eligibility.</li> <li>• Services are consolidated</li> <li>• Increasing quality over time</li> <li>• Reduced operating cost</li> </ul>	<ul style="list-style-type: none"> <li>• Consistency in information and communication among contractors to customers</li> <li>• Potential for “upselling”</li> <li>• Consistent access to education, for contractors and public</li> <li>• How would “members” be tested on QA → who sets standards?</li> <li>• How to get message out about “superior” product offered by trades</li> <li>• How do we get change to happen fast?</li> <li>• Would it run its course?</li> <li>• Could we still get grants? → Need this for continued outreach</li> <li>• Would prices go up? Or down? Or margins degrade?</li> <li>• How to create &amp; offer continued incentives</li> </ul>
<i>Key Ingredients to Make it a Success?</i>	<i>What Does Repower Need to do to Make this Model Happen?</i>
<ul style="list-style-type: none"> <li>• Must have partnerships with utilities → they still drive policy</li> <li>• Continued funding to offer benefits</li> <li>• Criteria for membership and quality expectations</li> <li>• Advertising for “brand” and members, and opportunities</li> <li>• Consistent medium for reaching customers</li> <li>• Partnerships with KCR + others to leverage funding</li> <li>• Broad spectrum in mp: focus on whole house performance</li> </ul>	<ul style="list-style-type: none"> <li>• Finish job + prove market → build on momentum</li> <li>• Build the brand with other programs and in other communities</li> <li>• Allow other organizations to take over brand</li> <li>• QA → internal and enable “fixing” of each other’s work if needed</li> <li>• Strong criteria for membership—without getting into “policing” mode</li> <li>• Must adhere to specifications + standards</li> <li>• Database of performance + work completed</li> <li>• Identify possible organizations and structure</li> </ul>

**Support for this model:**

Less than a quarter of summit attendees identified this model as a sustainable model for long-term program sustainability and success. The leadership Team will begin its work evaluating Summit outcomes to determine whether potential benefits of this model were perhaps not considered or identified. However, at this time the private sector model will likely will not consider this model in its work to develop the Repower Business Plan.

## Government Business Model

The discussion about this business model explored options for RePower to be managed by a local government entity, either at the City or County level.

<i>Benefits of this Model</i>	<i>Concerns to Address to Make this Model Work</i>
<ul style="list-style-type: none"> <li>• Policy influence → mandates consistency</li> <li>• Consistent funding stream</li> <li>• Universal support across different geographical areas</li> <li>• Bureaucracy/process in place</li> <li>• Potential to increase funding opportunities for homeowners</li> <li>• Pivotal player</li> <li>• Increase simplicity with program elements/administration aligned/in one entity</li> </ul>	<ul style="list-style-type: none"> <li>• Reaching beyond ‘immediate’ audience &amp; encompassing diverse individual needs</li> <li>• Cost of doing business (DBA)</li> <li>• Potentially toxic political environment</li> <li>• Bureaucracy</li> <li>• Changing priorities with change of electeds</li> <li>• Lack of government funds</li> <li>• Government regulations → how to meld with private sector/utilities</li> <li>• Identifying level of government leadership</li> <li>• Making program affordable</li> <li>• Lack of credibility with public</li> <li>• Smaller utilities don’t want increased oversight</li> </ul>
<i>Key Ingredients to Make it a Success?</i>	<i>What Does Repower Need to do to Make this Model Happen?</i>
<ul style="list-style-type: none"> <li>• Leadership → ID &amp; sell various benefits for various audiences/ Consensus</li> <li>• Community buy-in → Public &amp; Utilities</li> <li>• Long term financing structure (&gt;10yrs) &amp; program commitment</li> <li>• Benefit for government entity</li> <li>• Benefits for different socioeconomic groups, fuel sources, etc.</li> <li>• Fuel neutral program</li> <li>• Highlight personal benefits</li> <li>• Increased transparency &amp; accountability (i.e. spending of funds)</li> <li>• Public willing to share private info</li> <li>• Local government lead (city, county, state)</li> <li>• Perceived value to public education (ex. Energy bill savings)—increase public trust &amp; understanding</li> <li>• Localization (but also a challenge)</li> </ul>	<ul style="list-style-type: none"> <li>• Get elected official support now</li> <li>• Identify which government entity will be lead, get buy in → evaluate existing infrastructure, changes needed, staffing needs</li> <li>• Financing model/opportunities to meet these needs</li> <li>• Increase community education now</li> <li>• Identify scope of program (multifamily, commercial?)—look at trade ally developmental needs to address increased scope</li> <li>• Research successful/non-successful government programs for best practices</li> <li>• Coordinate conversation between government and utilities</li> <li>• Identify how to incorporate other model elements</li> </ul>

### **Support for this model:**

Barely any hands were raised in support of this model. The Leadership will evaluate comments received but will likely no longer consider this model as part of its future Business Plan development efforts this fall.

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## Marketing Messages and Tactics

Summit participants engaged in a discussion to identify post-grant marketing, communication and outreach needs to ensure long term program brand recognition and the ability to engage and motivate consumers in whole house performance upgrades. Attendees explore key messages to include, tactics to implement, and identified barriers to marketing that must be addressed.

### Key Messages

Key marketing messages should be simple and should include:

- Energy Efficiency is worth it for: 1) Comfort 2) Savings 3) Environment
- Health, safety, \$ savings, resale value, cleanliness, comfort. These factors lead to happiness.
- “Together we can do it”
- Identify and include a benchmark for customers: what do we want them to accomplish?
- Future for our children, keep our County and State green
- Invest \$ in your home like you invest in your child’s education
- “Free” can be perceived as a barrier—“what’s the catch”?

RePower will require diverse messages for different demographics and include targeted messages and outreach approaches to reach and relate to the following audiences:

- Retired community
- Renters/Property owners
- Businesses (need financials on bottom line savings)
- Homeowners
- Real estate agents (need education on benefits)

Key messages should be used to achieve early successes and create positive, happy customers who generate word of mouth leads. Oftentimes, it all comes back to \$, so key messages should be backed by financial benefits/impact data, and the financial message could serve as RePower’s umbrella message.

### Marketing Tactics for Long-Term Success

- Use the RePower community stories to expand it to other communities in WA.
  - Continue to generate and feature community champions and leaders.
- Provide comparison data in marketing collateral, such as the impact of OPower tools and other data.
- Showcase Positive Progress (utilize visuals in collateral).
- Humanize the program by providing pictures of the Trade allies and people involved.
- Explain the “Why we care” by using more Info-graphics.
- Work with lots of outreach groups and expand audience (beyond county, or statewide).
- Continue to use yard signs.
- Engage youth.
- Utilize and promote trade ally marketing + co-branding.
- More visibility for contractors (removing this barrier, showing RePower support).
- Trade allies are accountable.



- Showcase Trade Ally Energy Champions w/ customer testimonials.
- Provide RePower IDs for trade allies.
- Utilize social media tactics to make stronger connections with customers.
- More E.E. education + celebrate success.
- Create a “RePower Home” brand: a RePower standard for energy efficient homes.
- Develop a RePower Green Lease.
- Include RePower in RMLS listings to detail the EE aspects of the listed homes.
- Market to health organizations, hospitals, clinics→educating there are low-cost/no-cost ways.
- Provide creative financing options.
- Show the simplicity of financing + EE→simplifying info + education→visuals.
- Establish a widely used Rewards program: “Save energy, get points” through My Energy.
- Identify and create story for the community aspect of the commercial EE upgrades.
- Develop a RePower rating: create sign/star envy.
- Create a RePower phone app.
- Target women.

### **Key Barriers to Address**

- Cost perception.
- Get beyond green.
- Demonstrate ROI-Custom Home Energy Report.
- Visually show what customers could save through infographics.
- Increase customer awareness and knowledge of RePower and benefits of EE.
- Increase follow up with customers.
- Driven with qualitative + quantitative.
- Combat perceived barriers in program messages, such as “cost concerns” or being “too green.”

### **Trade Ally Network Development**

The Trade Ally Network discussion addressed a number of questions and suggestions for the development of a post-grant contractor network that could be supported by the program and is potentially robust enough to generate lead fees to help support the program. Questions focused on vision, tools and resources required to build a strong and highly qualified network, improve quality, and what Repower has to do now to ensure success.

### **Trade Ally Network Vision**

- Maintain standards and specifications and have compliance standard.
- Maintain local focus: Fully utilize and book current members first, then consider expanding.
- Allow Trade Ally Incentives only (no out of network/self installs).
- Raise the bar (then expand)→must follow guidelines + maintain bar when increased→remove non-performing contractors.
- QA Review (most important part for RePower)→for trade allies only.
- Provide sufficient capacity and high level of service→require 24 hour response + on-time delivery.

- Help contractors so that Repower can help utilities make their conservation targets.

### **How to Ensure a Robust Trade Ally Network**

- Monitor contractor performance through QA.
- Provide capacity, customer service, admin infrastructure.
- Must work to meet customer and utility expectations.
- Expand the RePower brand to WA, to have a strong network of partners that use same standard.
- Communicate incentive changes as soon as possible.

### **What Trade Allies Need to Participate in RePower**

- Objective modeling software: Simple & understandable, for neutral evaluation of home's needs.
- Technical help desk.
- Assistance in proposal/audit review.
- Less paperwork hassle/less change/more consistency.
- Simple reporting requirements: RePower's reporting is easy, keep it that way.
- Continued education of customers→informed customers are an easier sell.

### **RePower Actions Required to Ensure a Strong Network**

- Ensure that RePower brand lives on post-grant
- Help build a strong local contractor voice
- Provide continued education (for customers + contractors) + topic-specific training—e.g. ductless
- Continue outreach to customers + deliver leads to keep trade allies booked

## **Financing**

The Financing discussion focused on future financing options and mechanisms that RePower should explore now to offer continued financing options post grant. Questions addressed included 1) Why do you think we've seen low interest in the loan program, 2) What other financing resources do you think RePower should offer, 3) What resources can RePower provide now to help drive more EE loans?

### **Low Loan Uptake**

Various factors were identified as reasons for why uptake to date has been low:

- Property values dropping – 80% loan to value is problematic.
- Consumer fear of predatory lending and general fear factor of F.I.
- Single F.I. is problematic
- No options for commercial buildings
- Bremerton has a 45% rental market, which challenges uptake in RePower Bremerton program
- Energy efficiency benefits are not attributed to value in home price—'save act'
- More training is needed for realtors, home owners, buyers, and KCU staff.

### **Additional Financing Resources to Consider**

- Tier deeper retrofit projects to qualify for lower interest rate



- Focus on an Incentive Program:
  - If X work → \$X
  - If Y work → \$Y
- Bundle finance options
- Consider adding other lenders to program
- Provide more tools to auditors to identify savings and ROI
- Match income to loan rates
- OBF Non-EE measures 25%
- OBF: Cost-comfort-carbon
- Lower interest rate
- Provide progressive rate options
- Allow longer tenor
- Need landlord education on cost of living: they should be able to show reductions in energy use and resulting reduced cost of living for their tenants. In turn, landlords benefit from higher occupancy and reduced turnover rates.
- Lower monthly loan payments
- Design marketing materials to move away from low hanging fruit and instead promote actions that lead to deep energy retrofits.

**RePower Actions to Take Now:**

- Prepare market analysis and better explain the benefits of energy efficiency in homes
- Educate appraisers so that they can communicate the value of the retrofits. Use data from other programs such as CPW, NW Energy Star to showcase that the upgraded homes have higher value.
- Utilize a “miles per gallon” analogy
- Bankers DTI should include operating costs
- Tie loans to savings
- Split incentive issue: Find incentive solutions which address how building owners and renters are responsible for paying upgrade costs, and design incentives that encourage building owners to take action even if they don’t pay the utility bill. Vice Versa, design incentives that motivate tenants to take action when they don’t pay the bill. (E.g. cost savings are carried through to future tenants). Some pilot programs are working on developing models for this. Research and find possible options.

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## Leadership Team

The summit concluded with a request for attendees to participate in a Leadership Team to develop the business model and deliver a draft business plan for presentation at the next RePower Summit in fall 2012. The following participants have signed up to date:

Dona L. Keating	Cathie Currie	Bob Taylor	Hilary Franz
Mark Timmerman	Dan Sullivan	David Clifton	Rick Perlot
Shawn Dinkuhn	Amy Aspell	Autumn Salamack	Glenn Hagen
Tom McKinnon	Gina Schulz	William Ranes	Nicole Floyd
Seth Kolodziesjki	Jimmy Jia	Yvonne Kraus	
Lena Price	Troy Olson	Ayelet Cohen	

Additional attendees who want to participate are encouraged to sign up by July 1, 2012. Please contact Yvonne Kraus ([Yvonne.Kraus@csggrp.com](mailto:Yvonne.Kraus@csggrp.com)) to be added to the Leadership Team roster.

The Leadership meeting schedule is currently set for the following dates:

Meeting 1: Tuesday, July 28, 3-6pm.

Meeting 2: Thursday, September 6, 3-6pm.

Meeting 3: Tuesday September 25, 3-6pm.

Meeting 4: Tuesday, October 23, 3-6pm.

Location of the meetings is TBD and will be announced in July.

In late June, All current participants will receive an invite detailing the plan and meeting location. All Leadership Team meetings will be facilitated by Kathleen O'Brien from O'Brien and Company. Each meeting will focus on a specific business plan section. The Leadership Team will present the proposed business plan at the second RePower Summit in fall 2012.

## Appendix A

# The Future of RePower - Summit Agenda

**DATE/TIME:** April 27, 2012 - 8:30am to Noon

**PURPOSE & DESIRED OUTCOME:** Bring together RePower stakeholders and regional leaders in energy efficiency to determine the best governance/financial structure to create a sustainable RePower program and home energy efficiency market post grant-period in Kitsap County.

### AGENDA

<b>8:30 a.m.</b>	<p><b>Welcome</b>  Moderator: Kathleen O’Brien, O’Brien &amp; Co., LEED AP  Mayor Patty Lent, City of Bremerton</p>
<b>8:45 a.m.</b>	<p><b>RePower Overview</b>  Hilary Franz, Executive Director, FutureWise</p>
<b>9:00 a.m.</b>	<p><b>Business Model Summary</b>  Yvonne Kraus, RePower Program Manager, Conservation Services Group (CSG)</p>
<b>9:15 a.m.</b>	<p><b>Interactive Breakout Session – Business Model Summary</b></p> <ul style="list-style-type: none"> <li>• <i>Nonprofit Model Team Leader:</i> Hilary Franz</li> <li>• <i>Private Sector Model Team Leader:</i> Yvonne Kraus</li> <li>• <i>Government Entity Model Team Leader:</i> Autumn Salamack, Resource Conservation Manager Kitsap County</li> <li>• <i>Utility Model Team Leader:</i> Linda Streissguth, Manager, Local Government &amp; Community Relations at Puget Sound Energy</li> </ul>
<b>10:15 a.m.</b>	<p><b>Break</b></p>
<b>10:25 a.m.</b>	<p><b>Group Summary</b></p>
<b>10:45 a.m.</b>	<p><b>Breakout session: Marketing, Trade Allies and Consumer Financing</b></p> <ul style="list-style-type: none"> <li>• <i>Marketing Team Leaders:</i> Katharine Howard &amp; Ayelet Cohen, CSG Marketing Director and CSG Marketing Coordinator</li> <li>• <i>Trade Allies Team Leader:</i> Seth Kolodziejcki, CSG Trade Ally Manager</li> <li>• <i>Consumer financing Team Leader:</i> Dan Clarkson, Director, Energy Efficiency Finance Corp.</li> </ul>
<b>11:30 a.m.</b>	<p><b>Report key findings/Q&amp;A</b></p>
<b>Noon</b>	<p><b>Adjourn</b></p>