

Sustainable Revenue Sources for Local Energy Alliances

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Moving from Stimulus to Sustainable Revenues

- ARRA and EECBG funds should be seen as seed capital to be used to establish a long-term sustainable program
- Potential sources of long-term revenue include:
 - Percentage of project investment
 - LEA staff charges for services
 - Fund management fee
 - Membership dues
 - Utility contracts
 - Sale of peak-hour demand reductions
 - Environmental attributes sales
 - Renewable energy sales

Without long-term revenue, the local energy alliance (LEA) will not have lasting effects!

1: Service Fee as Percentage of Project Investment

Fee for LEA value-added services, including:

- QA services provided by LEA or Independent Engineer
- Owners agent services for large customers, EPCs
- Project management for residential upgrades
- Arranging financing, subsidies and grants
- Publicity, community recognition
- Utility collaboration
- Government approvals
- Verified documentation of savings and other targets met

Service charge can be % of project investment or flat fee

- Covered by customer co-payment portion of upgrade financing

2: Direct Labor Charges



LEA staff can charge for services like:

- Energy Watchperson role
- Owner's agent role



LEA staff can charge for services provided to:

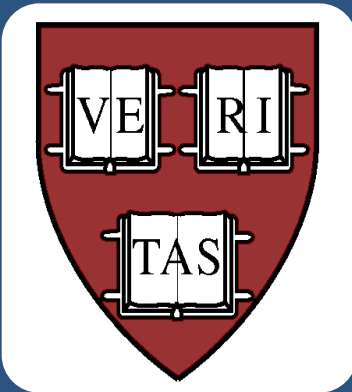
- Municipal
- Institutional
- Large residential
- C&I buildings

3: Financial Management Fee



LEAs that manage a revolving loan fund can charge

- Annual management fee (1-3% of fund value)
- Origination fees for loans initiated (1-3% of loan value)



Example: Harvard University's Green Loan Fund

- Funds available for energy efficiency investment
- Managing agency retains interest to cover admin costs

4: Commission on Customer Purchases

- LEAs can work with vendors to advertise via their community website or other channels
- LEAs then receive a percent of the resulting sales

Example: City of Charlottesville plans to use its web platform to drive sales of energy-efficient products



5: Contracts with Utilities

Community based programs have shown that they are more effective and cheaper than traditional utility energy-efficiency campaigns

Due to:

- + Trust of local government affiliation
 - + Better marketing channels (door to door, bill stuffers)
 - + Behind-the-meter relationships
- LEAs can set up pay-for-performance contracts, based in part on the amount of behavioral change seen by the utility
 - LEAs can eventually also provide QA and program management services to the utility
 - LEAs are a valuable ally in documenting “impact” to regulators



6: Sale of Demand Reductions

LEA can take a percentage of demand response payments, as a “match maker” fee
(Mostly applicable to C/I clients)



- Active markets in New England, New York, Mid-Atlantic, California, and Texas
- Several new companies are evolving as demand aggregators
 - GridPoint
 - EnerNoc
 - RTP Controls
 - Cpower
 - Comverge
- Utilities often claim such payments for any customer receiving rebates, so negotiation necessary

7: Environmental Attributes

Carbon Credits

- Renewable energy, energy efficiency can participate in US voluntary market
- Several state-specific markets are also evolving



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Renewable Energy Credits (RECs)

- LEAs can sell RECs to voluntary programs, utility green power pricing schemes, or utility RPS programs, or trade in market

ncGreenPower

White Tags

- Pilot program in place in New York
- Offered through Sterling Planet
- Other states and utilities considering

STERLING
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8: Share of Renewable Energy Sales



LEAs may assist in arranging renewable-energy installations, using power-purchase agreements or other contract and financing forms



LEA acts as a co-developer with an experienced R.E. general contractor, using its position in the community to open up “brownfields,” parking, and other public lands



LEA assists in financing, government subsidies, permits, utility interconnections, and long-term power sales agreements (in-kind contributions as an Equity Partner) – for share of revenues

Start Planning Now!

With proper planning, LEAs can transition from ARRA funding to self-sustaining!