

Better Buildings Neighborhood Program
Peer Exchange Call: *Program Sustainability*
September 27, 2012

The Better Buildings Neighborhood Program (BBNP) Peer Exchange call on Program Sustainability was the largest BBNP Peer Exchange call to date, with 119 people registered and 74 participating. It provided a chance to highlight key program sustainability issues, opportunities, and solutions as programs near the end of their Recovery Act grant periods and are thinking about long-term institutional design, revenue streams, partners, program delivery, and other topics. The call served as a kick-off for a series of future peer exchange calls over the next several months on specific topics that participants identified. This document includes topics and examples discussed on the call, input contributed using the chat feature, and a summary of the poll results.

1. Suggested Peer Exchange Topics and Program Examples

The items below are a synthesis of suggested topics for future peer exchange calls (and related examples), grouped by category.

Revenue Streams

- *Contractor fees.* How much do programs charge, for what services, and at what stage of the process?
 - *Example:* Michigan charges contractors for quality assurance at the end of a job (1.99% of the loan amount)
 - *Example:* New Orleans charges contractor fees
 - *Example:* Many contractors in Virginia have expressed their support for a program that charges fees for viable leads; the Local Energy Alliance Program (LEAP) is in the process of rolling out a fee system
- *Lender fees.* Are programs charging lender fees? What is the price structure?
 - *Example:* In Michigan, lenders pay \$1500 to get into the pool, and then \$58 per application
- *Unique fee-for-service revenues.* How do programs assign prices for their services, especially for those who have unique lines of business (e.g., revenue streams from contractors, homeowners, associations, lenders, and/or others)?
- *Utility-based funding/revenue streams.* How are programs working with utilities and structuring sustainable utility-based revenue streams?
 - *Example:* San Francisco has extensive experience with utility funding. Funding is approximately \$7M annually now and is about to increase another \$2M-\$4M in January. It may double or triple in 2014
- *Bond funding:* Success stories about programs using Qualified Energy Conservation Bonds (QECBs), Clean Renewable Energy Bonds (CREBs), or any other bonding programs; also, benefits and risks about using bonding to "fund" programs

- *Example:* San Francisco is running a Commercial Property Assessed Clean Energy (PACE) program and using QECBs to lower loan rates on Commercial PACE
- *Grant funding.* Success stories about programs using Community Development Block Grant funding, state grant funding, etc. Suggested focus: Who made the decision to fund them, what were the key strategies used, how did they position themselves, what metrics did they share, what results did they promise, and how did they go about pitching their funding request?
- *Local government revenue streams.* For example, funding streams from energy efficiency savings from improvements to local government facilities.
- *Venture capital/impact investments.* The current climate and feasibility of municipal programs pursuing venture capital or impact investment opportunities.
- *Cross-program funding.* Possibility of funding residential activities with fees from commercial programming.
- *Energy market revenues.* Funding programs using energy markets, such as regulatory strategies to allocate Demand Side Management funds to a local energy authority, forward capacity markets, etc.
 - *Example:* The Connecticut program is monetizing the energy savings from its free lighting program in the state renewable energy credit (REC) market (which has a class for energy efficiency); the program is doing monitoring and verification and REC registration now
 - *Example:* Cincinnati is facilitating a conversation with PJM Interconnection to be able to use energy efficiency credits in their forward capacity market; because PJM covers 13 states, Cincinnati's effort would have likely benefit to all BBNP programs in PJM territory
 - *Example:* Marin County, California is pursuing community choice aggregation (i.e., for "green power")

Working with Utilities

- *Adding value for utilities.* How can programs partner with utilities? What is the "pitch"? How can programs benchmark energy efficiency program costs versus utility costs?
 - *Example:* Connecticut has been calculating its own per-unit costs but is having trouble benchmarking because it doesn't have access to data on utility costs
- *Working with different types of utilities.* How can programs work with utilities when there are multiple utilities (and/or multiple types of utilities) within a region?

Scaling Up/Regionalization

- *Merging programs.* What are lessons from the experience of existing programs merging successfully?
 - *Example:* Michigan is looking to connect with 2-3 non-profits in the state to support future work
- *Regional Networks.* What are the successes and failures of forming regional networks?
 - *Example:* Chapel Hill and Carrboro, North Carolina (local government programs) are working to create a regional alliance operated by an independent nonprofit
- *"Growing pains."* How can programs scale up without loss of local investment?

Regulatory/ Policy Strategies

- *State enabling environment for energy efficiency.* What are examples of state policies that have helped create funding and/or mandates for energy efficiency efforts? How can programs get “bridge” funding from states as they work towards developing long-term, sustainable revenue streams?

Business Models

- *Non-Governmental Organization (NGO) Program Administration.* How viable is the NGO model? How can programs transition from a locally-run government program to an NGO?
 - *Example:* SustainableWorks (based in Santa Monica, CA) can discuss the viability of the non-profit model.
 - *Examples:* Chapel Hill and San Francisco are programs looking to convert from a local government program to an NGO.

Driving Demand

- *Home Energy Scoring.* How can programs best use Home Energy Score (HES) or other home energy scoring programs?
- *National visibility.* Is there any opportunity to have the Department of Energy (DOE) help to promote a national advertising campaign (i.e., for home performance, National Energy Awareness Month, etc.)?

Other Proposed Topics

- Regional problem-solving/Mastermind calls
- DOE Evergreen Fund guidance
- Healthy Homes Model

2. Pre-Discussion Polls

Results from polls conducted at the beginning of the peer exchange call are below.

Poll #1: Does your program have a business plan?

Respondents: 50

- Working on It: 24 (48%)
- Yes: 15 (30%)
- No: 11 (22%)

Poll #2: What will be your primary sources of revenue post-ARRA?

Respondents: 47

- Utility-based revenues: 13 (28%)
- Actual or prospective grant funds: 10 (21%)
- Contractor and/or customer based revenues: 10 (21%)
- Financing-based revenues: 8 (17%)

- Other: 6 (13%)

“Other” Responses on Poll #2

- Mix of sources (x2 responses)
- Combination of utility & contractor/customer revenue
- Washington State Capital Budget "Jobs Act"
- Government Department Fund
- We haven't figured out what primary funds will be just yet
- County reserves for 1 1/2 yrs post grant

Poll #3: Who are your program's most important partners moving forward? (pick the top 2)

*Respondents: 50**

- Contractors (e.g., home performance, HVAC, etc.): 43 (86%)
- Utilities: 34 (68%)
- Other: 9 (18%)
- Realtors: 4 (8%)
- Real Estate Industry: 3 (6%)

**The total count/percentage is greater than 50/100% because respondents were asked to pick two choices; note that a few respondents only chose one; for those choosing more than two, only the first two choices were tallied*

“Other” Responses to Poll #3

- Local government (x5 responses)
- Local community groups/ organizations and capital programs (x3 responses)
- State agencies (x2 responses)
- Other municipalities (x2 responses)
- County government
- NGO's
- School-based organizations (Energize for the Prize)
- Lenders
- Private sector admin contractors
- The DOE of course....

3. Post-Discussion Polls

Results from polls conducted at the end of the peer exchange call are below. Several of these polls were based on ideas suggested by participants on the call.

Poll #4: Which of the following future peer exchange topics are of most interest to you? (pick the top 2)

Respondents: 45

- Potential revenue streams: 33 (73%)
- Working with utilities: 18 (40%)

- Business model design and development: 13 (29%)
- Working with private sector partners (e.g., contractors): 12 (27%)
- Institutional design and governance: 7 (16%)

**The total count/percentage is greater than 45/100% because respondents were asked to pick two choices; note that a few respondents only chose one; for those choosing more than two, only the first two choices were tallied*

Poll #5: Which of the following types of future funding would you be most interested in discussing with peers? (pick the top 2)

Respondents: 44

- Utility-based revenues: 19 (43%)
- Contractor or customer-based revenues: 18 (41%)
- Public sector, foundation, corporate or other direct funding: 17 (39%)
- Financing-based revenues: 14 (32%)
- Sales of project “attributes” (e.g., carbon, energy savings, etc.): 14 (32%)

**The total count/percentage is greater than 44/100% because respondents were asked to pick two choices; note that a few respondents only chose one; for those choosing more than two, only the first two choices were tallied*

Poll #6: Which of the following topics mentioned would you be most interested in for a future peer exchange topic? (pick the top 2)

Respondents: 39

- Alternative revenue streams (e.g., various fee): 27 (69%)
- How to partner with/sell ourselves to utilities: 16 (41%)
- Success and failures of forming regional networks: 16 (41%)
- Transitioning from locally run gov't program to NGO: 9 (23%)
- How to use the HES program to support BB moving forward: 7 (18%)

**The total count/percentage is greater than 39/100% because respondents were asked to pick two choices; note that a few respondents only chose one; for those choosing more than two, only the first two choices were tallied*

Poll #7: What types of information/format for future calls would be most useful to you? (pick the top 2)

Respondents: 34

- Presentations of program examples or case studies: 21 (62%)
- Focused problem-solving: 17 (50%)
- Facilitated peer-to-peer discussion: 12 (35%)
- Presentations on guides, tools and other resources: 10 (29%)
- “How to” training: 6 (18%)

**The total count/percentage is greater than 34/100% because respondents were asked to pick two choices; note that a few respondents only chose one; for those choosing more than two, only the first two choices were tallied*