



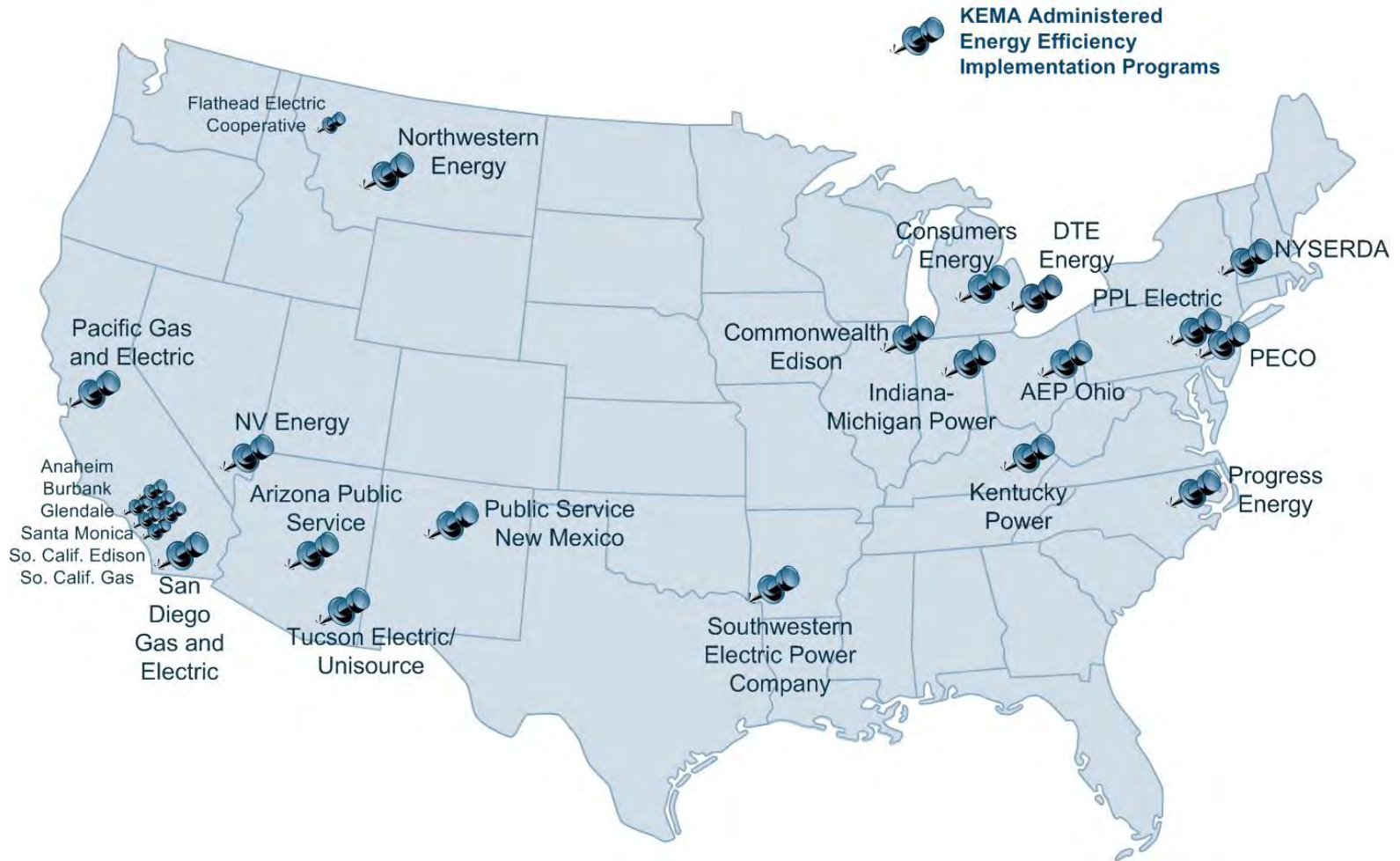
How an Evolving Utility Industry May Change the Current Market for Energy Efficiency

NAESCO Midwest Regional Meeting June 6, 2013
Charley Budd, DNV KEMA

DNV KEMA: Powerful New Partnership

- DNV is a global provider of services for managing risk with more than 10,000 employees in over 100 countries.
 - We are committed to driving the global transition toward a safe, reliable, efficient, and clean energy future
- DNV KEMA Energy & Sustainability has more than 2,300 experts in over 30 countries around the world
 - Expertise covers entire lifecycle of DSM
 - Implementing energy efficiency programs across the US

DNV KEMA Program Implementation

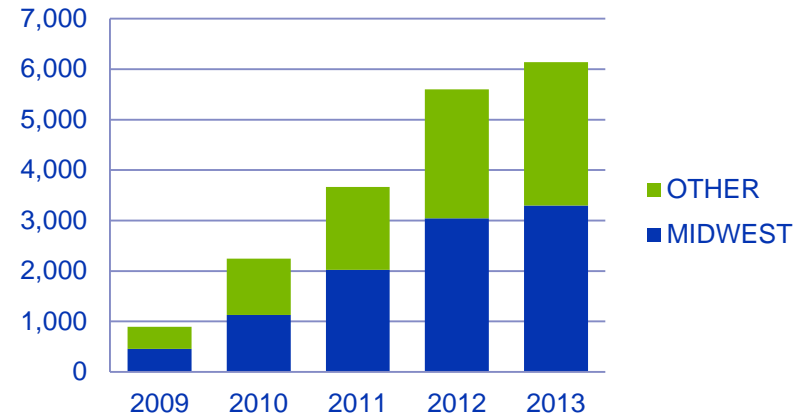


What is the extent to which utilities in the Midwest have generally used their energy efficiency programs to pursue goals largely outside the realm of resource acquisition?

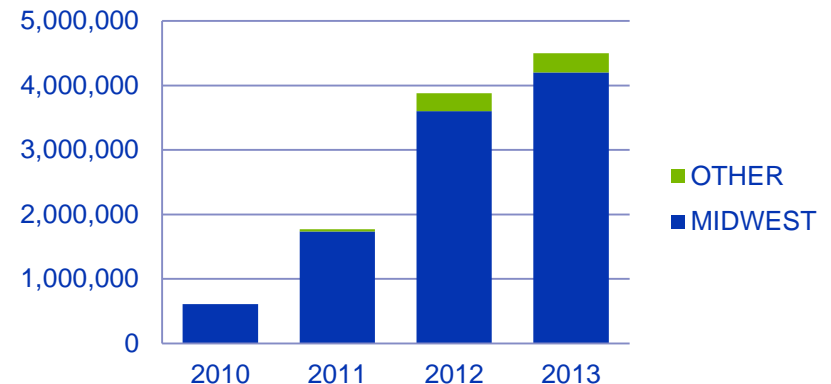
Growth of Program Results in the Midwest

- Six utilities in the Midwest
- Commercial & Industrial Programs
- Over 93,000 customers have participated in projects, upgrading their lighting, HVAC, and industrial processes.
- Annualized energy savings is over 6,000,000 MWh and over 4,000,000 MCF.
- Million-dollar weekly payouts are frequent for large programs, especially at year-end.

Cumulative GWh Savings



Cumulative MCF Savings



Beyond Resource Acquisition

- Utilities are motivated to pursue energy efficiency programs for reasons beyond resource acquisition
 - Compliance with Energy Efficiency Portfolio Standards
 - Financial Incentives – performance incentives, penalties
 - Customer Satisfaction
 - Leveraging other investments such as smart meters
 - Quid pro quo for other business priorities
 - Flexibility in operations
 - RTO opportunities

What is the future of utility and regulatory support for energy efficiency programs given changing price points for natural gas amidst a historically limited interest in the widespread pursuit of energy efficiency investment?

Trends and Opportunities

- In the marketplace
 - Low hanging fruit is diminishing
 - Behavioral programs continue to be hot
 - Projects that save electricity and gas make use of multiple incentives and rebates
 - Pilot programs test new concepts and technologies
- On the regulatory/political landscape
 - Keep an eye on the results of the formal program evaluations
 - Some states are revisiting energy efficiency policy
- Cost-effectiveness is the morale high ground

What is the impact, if any, of the energy usage data collection applications now widely available?

Energy Usage Data

- Operations value of data
 - How and when energy is used
 - Energy relative to production
- Financial value of data
 - Amount of energy used
 - When energy is used
 - Relative to energy rates of utilities and suppliers
 - Relative to programs from utilities and suppliers
- Data security

Will the existing ESCO delivery model continue to be relevant in the Midwest?

The ESCO Model in the Midwest

- Advantages

- Focus on the whole energy picture at a facility
- Focus on energy bill savings; cost effectiveness
- Address tight capital requirements
- Risk mitigation
- Use of controls technologies
- Gas and electric savings opportunities
- ESCO role as a marketing channel for energy efficiency

The ESCO Model in the Midwest – cont.

- Keys to growth
 - Increase dialog between ESCOs, utilities, implementers
 - ESCO role in identifying deeper savings

Thank you for your time and attention!

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