

Government Affairs Issues and Opportunities



ESC Market Transformation Conference
Atlanta, Georgia
October 4, 2018

Overview of Presentation

- Intro to NAESCO
- Incoming NAESCO Executive Director
 - Dr. Timothy Unruh
- M&V, the Elephant in the Room
- State Issues
- Problem Programs and Successful Programs

NAESCO Today

- National trade association of ESCO industry
- 47 ESCO members – 6 new ESCOs this year
- 41 Affiliate members
 - Contractors
 - Equipment manufacturers and distributors
 - Attorneys and engineering firms
 - ESCO project financiers
- \$6-7 Billion of projects in 2018

Last Year

- Last year, you invited me to be your keynote speaker – but family health issues prevented me from speaking at the last minute
- However, a couple of weeks following the event, I received a plaque in the mail.
- I was honored, and did not want to miss the opportunity to thank ESC for giving me this great award!



Transitions

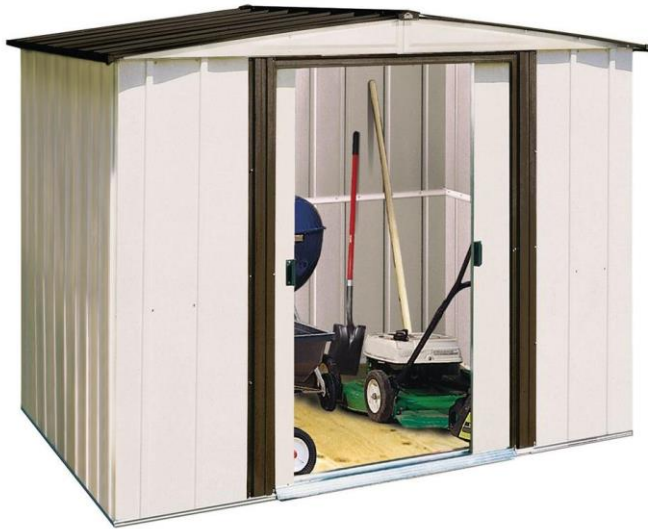
- Last year, when I was invited to speak, my title was:
 - Deputy Assistant Secretary of Renewable Power
- Perhaps some of you might remember when I was:
 - Director of the Federal Energy Management Program
- As of January 1, I will be the:
 - **Executive Director of the National Association of Energy Service Companies**



Measurement and Verification

The Elephant in the Room

Measurement and Verification



- Ever put together a steel storage shed?

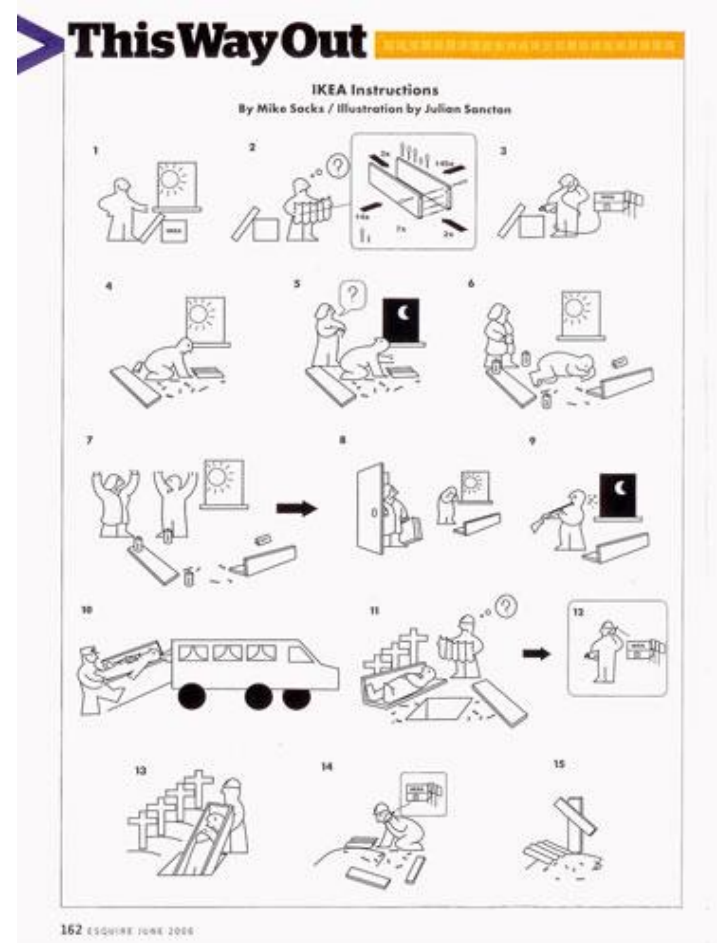


What Does the “G” in GESPC Mean?

- **Guaranteed**

provide a formal assurance or promise, especially that certain conditions shall be fulfilled relating to a product, service, or transaction.

- **What are we Guaranteeing?**



Full Circle



- What was the Guarantee when this shed was purchased?
- What did the buyer want?
- **Clue: Look inside the doors!**
- Measurement and Verification has the potential to move from a drudgery to an opportunity
- By re-thinking our goals in Measurement and Verification, we can move from documenting variations to discovering opportunity.

Guaranteed vs. Stipulated

- **What do we gain by stipulating savings?**
 - Lower risk for ESCO?
 - Less work for customer and ESCO?
- **What do we lose by stipulating savings?**
 - Credibility of ESPC with policy makers?
 - US DOE MUSH ESPC Working Group
 - Potential customer blowback down the road?
 - Opportunity to expand project with NEBs?
 - Opportunity for add-on project phases?

Herding the Cats – State Issues Problem vs Successful States

Current State Issues

- **Illinois**
 - AIA legislation dead – back again in 2019?
- **Ohio**
 - Continuing battle over EERS and RPS
 - PowerForward – conservative grid modernization
- **North Carolina**
 - New ESPC document set modified by NAESCO/ESCOs
 - Legislation to increase the RPS/EERS
- **South Carolina**
 - EE to substitute for VC Summer nuclear plant?

Current State Issues

- **Business Energy Coalition**
 - Active in NC, PA, VA, NV, CO, OH
- **Florida**
 - DMS discontinued ESCO list – causing problems
- **California**
 - Ongoing complex EE program proceedings
 - Council-sponsored legislation to ease bottlenecks
- **New York**
 - Ongoing utility restructuring proceeding
 - NY ESCOs should look at utility DSIP filings
 - EE goals increased – new NYSERDA programs pending

Problem States vs Successful States

- **Problem States**

- Illinois – construction industry opposition
- Florida – DMS indifference + DFS “scoring”

- **Successful States**

- Pennsylvania – Enforced gubernatorial mandate
- North Carolina – Promotion + tight control
- Massachusetts – Promotion + tech assistance

- **Lessons Learned?**

- Short term vs Long term?

Questions?

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