

# Metered Energy Efficiency



## **A NEW PATH TO DEEP ENERGY RETROFITS**

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# Why Won't Deep Energy Retrofits Scale?

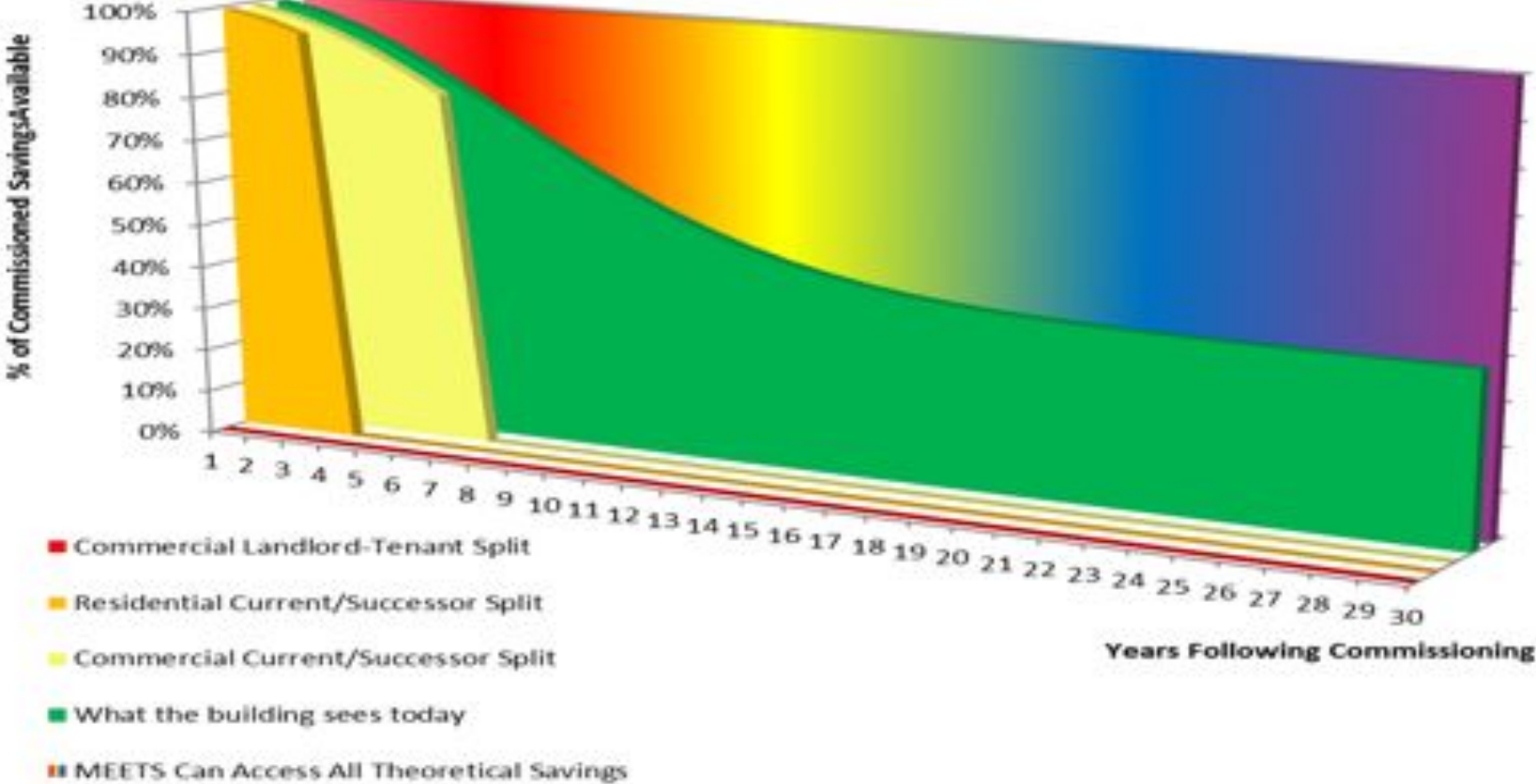
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1. Multiple Split Incentives
2. Basic Utility Economics

# Problem: Traditional EE Is All Split Incentives



### Savings Available to MEETS Financing



# Problem: Utility Economics

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**THE WALL STREET JOURNAL.**

Companies Unplug From the Electric Grid,  
Delivering a Jolt to Utilities



**ENERGY DARWINISM**

The Evolution of the Energy Industry

Halving of the addressable market over the next 2 decades

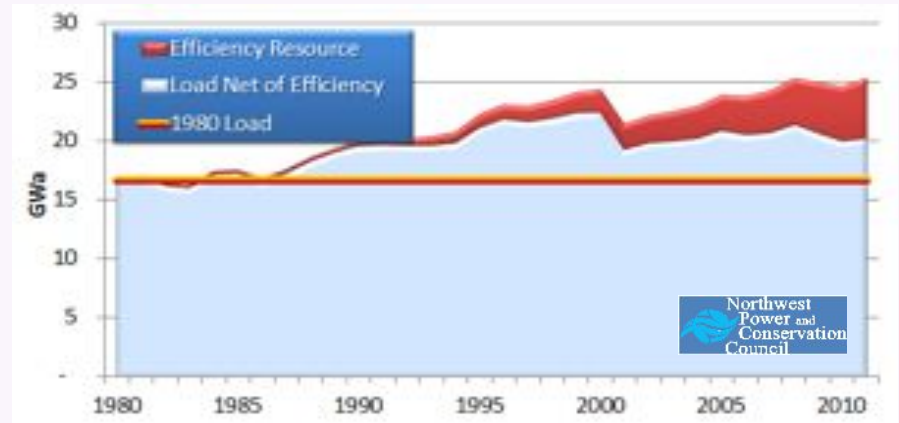
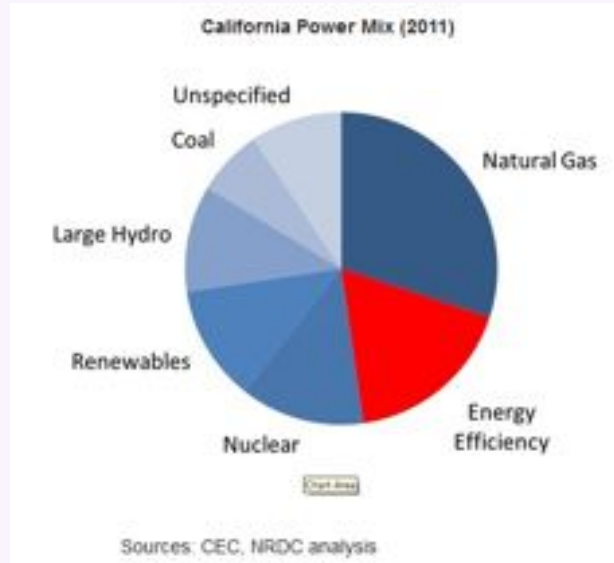
**Forbes**  
Time To Short  
Your Electric Utility?



Image: [australianinvestmenteducation.com.au](http://australianinvestmenteducation.com.au)

# Problem: Utility Economics

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Energy efficiency currently represents utility **red ink**  
Utilities earn on *investments* like generation

Traditional EE = Negative sales  
= Lost revenue  
= Lost investment

# Problem: Utility Economics (credit)

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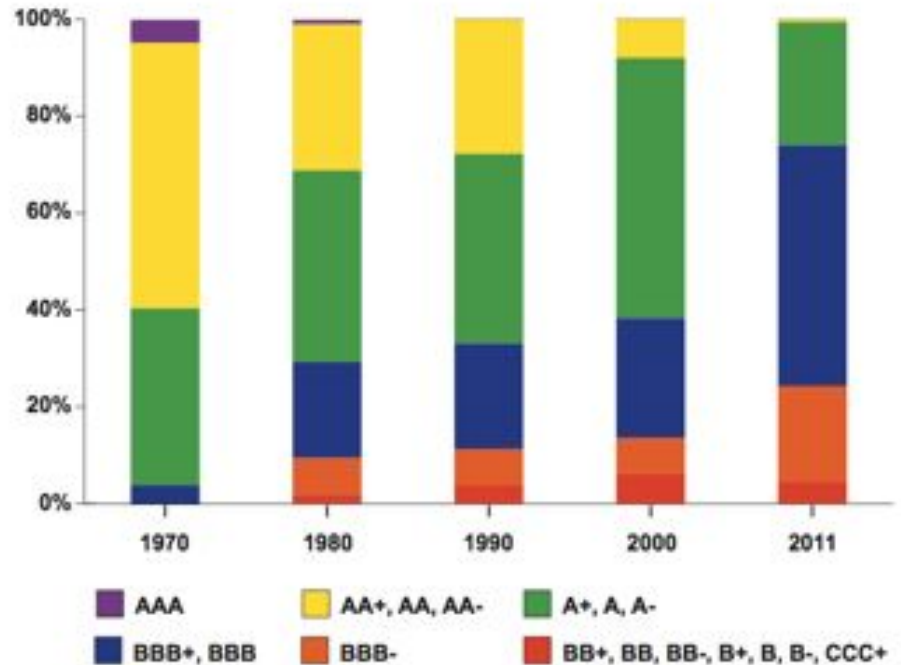
Edison Electric  
Institute

Power by Association™

Energy Efficiency and  
Distributed Generation

*“Could have a major impact  
on realized equity returns  
required investor returns &  
credit quality”*

**Exhibit 2**  
**Electric utility industry credit ratings distribution evolution**  
(S&P Credit Ratings Distribution, U.S. Shareholder-Owned Electric Utilities)



Source: Standard & Poor's, Macquarie Capital

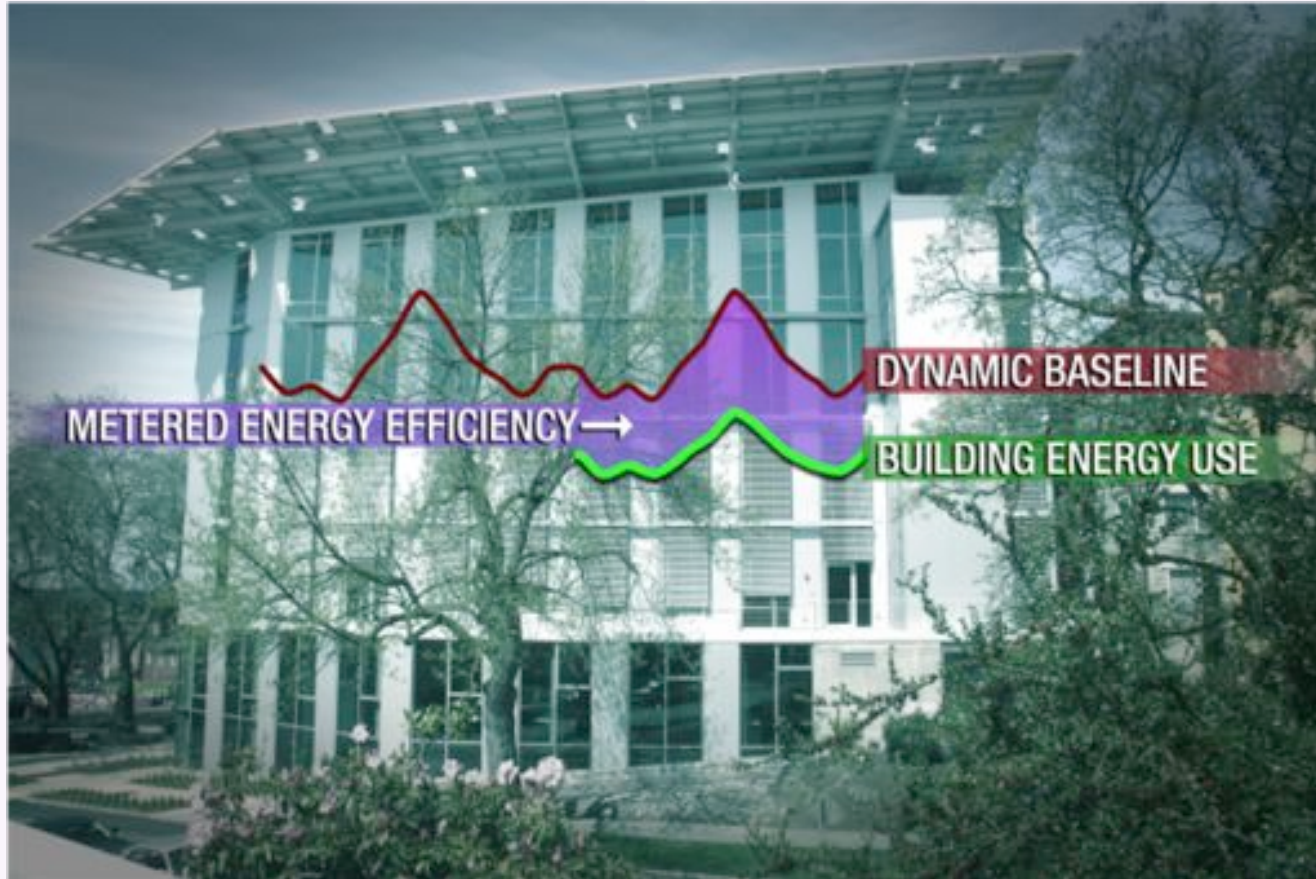
# Solution: Make EE = Generation

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1. Meter it efficiently and accurately over long periods of time
2. Buy and sell it just like generation

# Dynamic Baseline Meter

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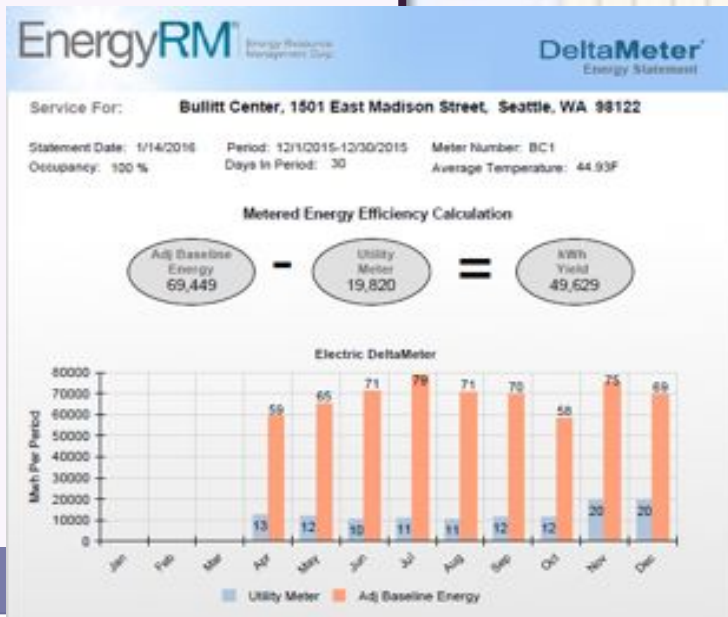
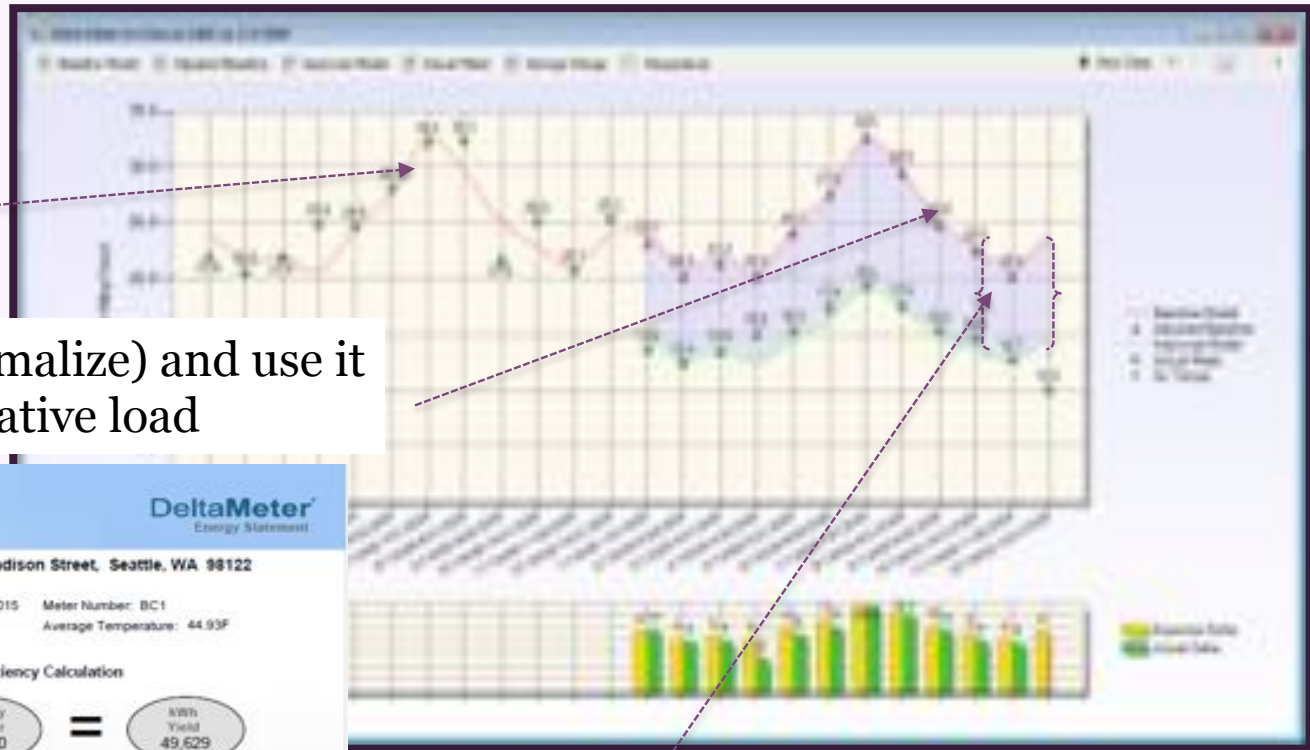


# The Meter Calculates Normalized Metered Whole-Building Energy Consumption Based on Current Measurements



Baseline derived from prior use

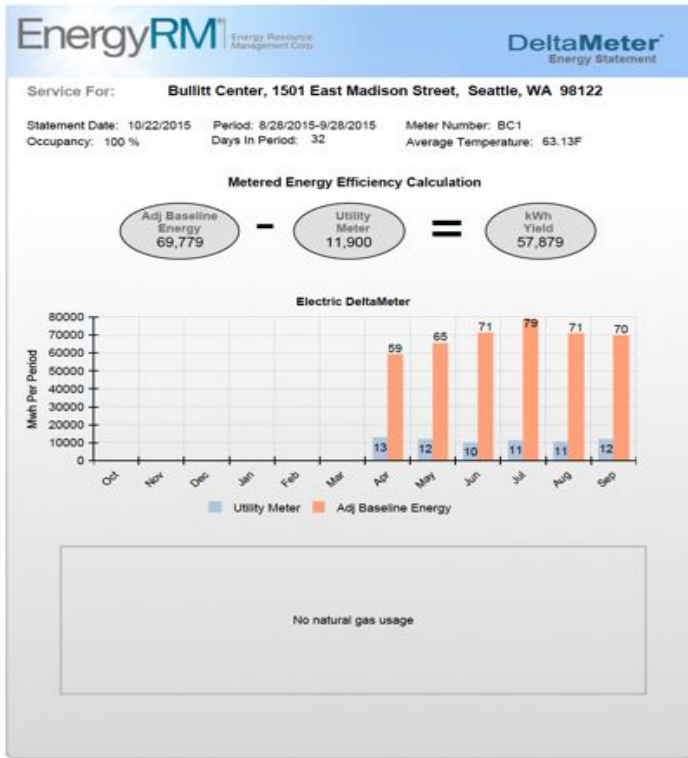
Calibrate (normalize) and use it to calculate “native load”



Efficiency is the difference between native load (normalized baseline), and supplied energy.

# Bullitt Center Results:

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Under the metering contract, any variance of greater than +/- 5% in actual energy use compared to expected use would be analyzed and resolved.

Over the twelve-month period between April and March 2015, the **net variance** between expected and actual energy use after baseline adjustments was **0.8%**

# Solution: Make EE = Generation

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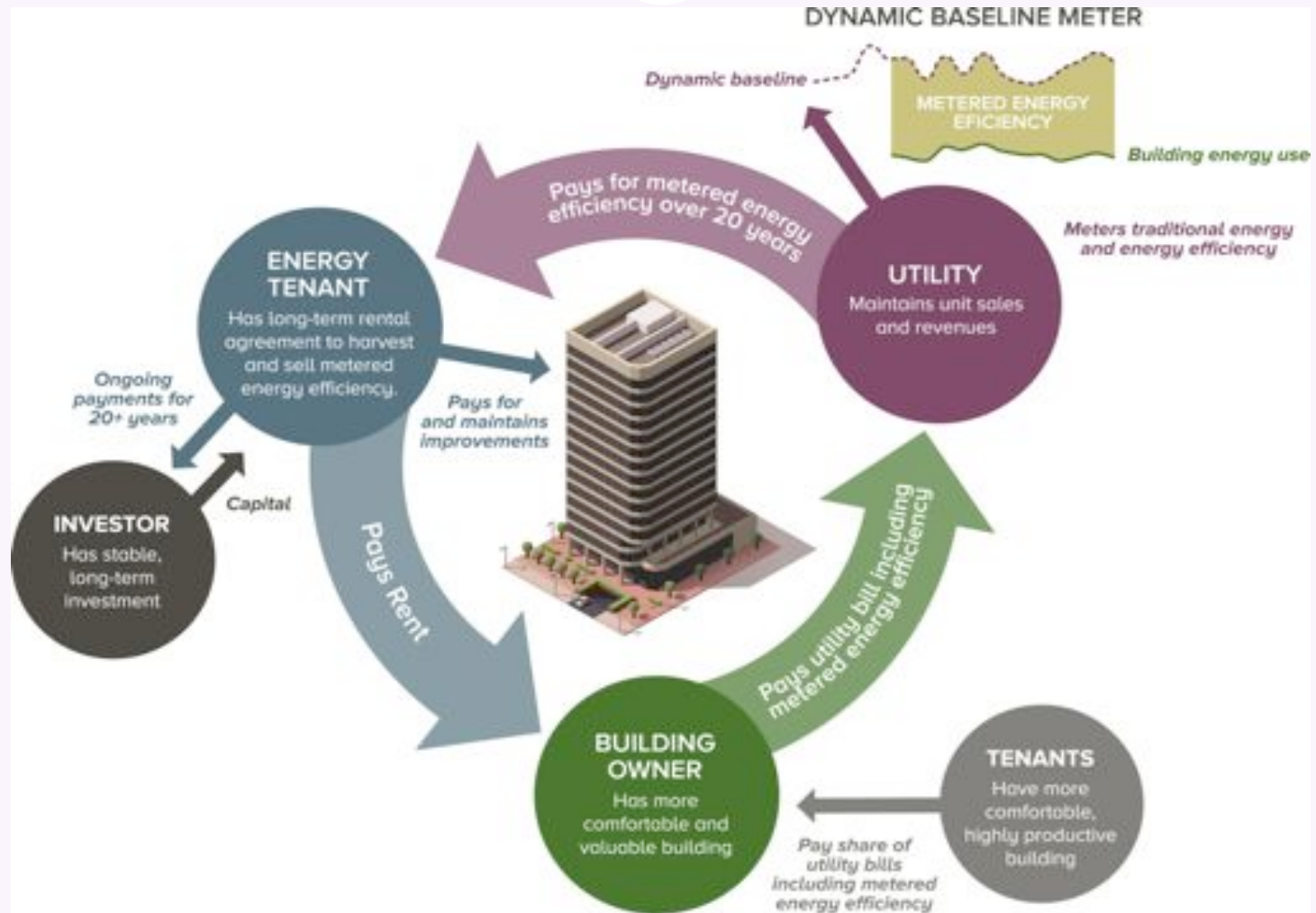
1. Meter it
2. Buy and sell it *just like generation*

## *The Metered Energy Efficiency Transaction Structure (MEETS™)*

- **MEETS is a structure, not an incentive.**
  - **Designed to use the *savings* value that is currently lost to tenants**
  - **Moves market beyond consumer (building owner) financing to capital markets financing**

# How MEETS Works

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# MEETS Benefits

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## Utility

New Load Management Resource  
Location-Specific and Reliable  
Only Pay for Units Received  
Rate-baseable: Earnings Opportunity  
No Top Line Revenue Loss  
No Lost Unit Sales

## Building Owner

New 20 to 30 Year Tenant  
New Revenue Stream  
Increased Building Value  
Frees Up Capital  
Owner Stays Out of Energy Business

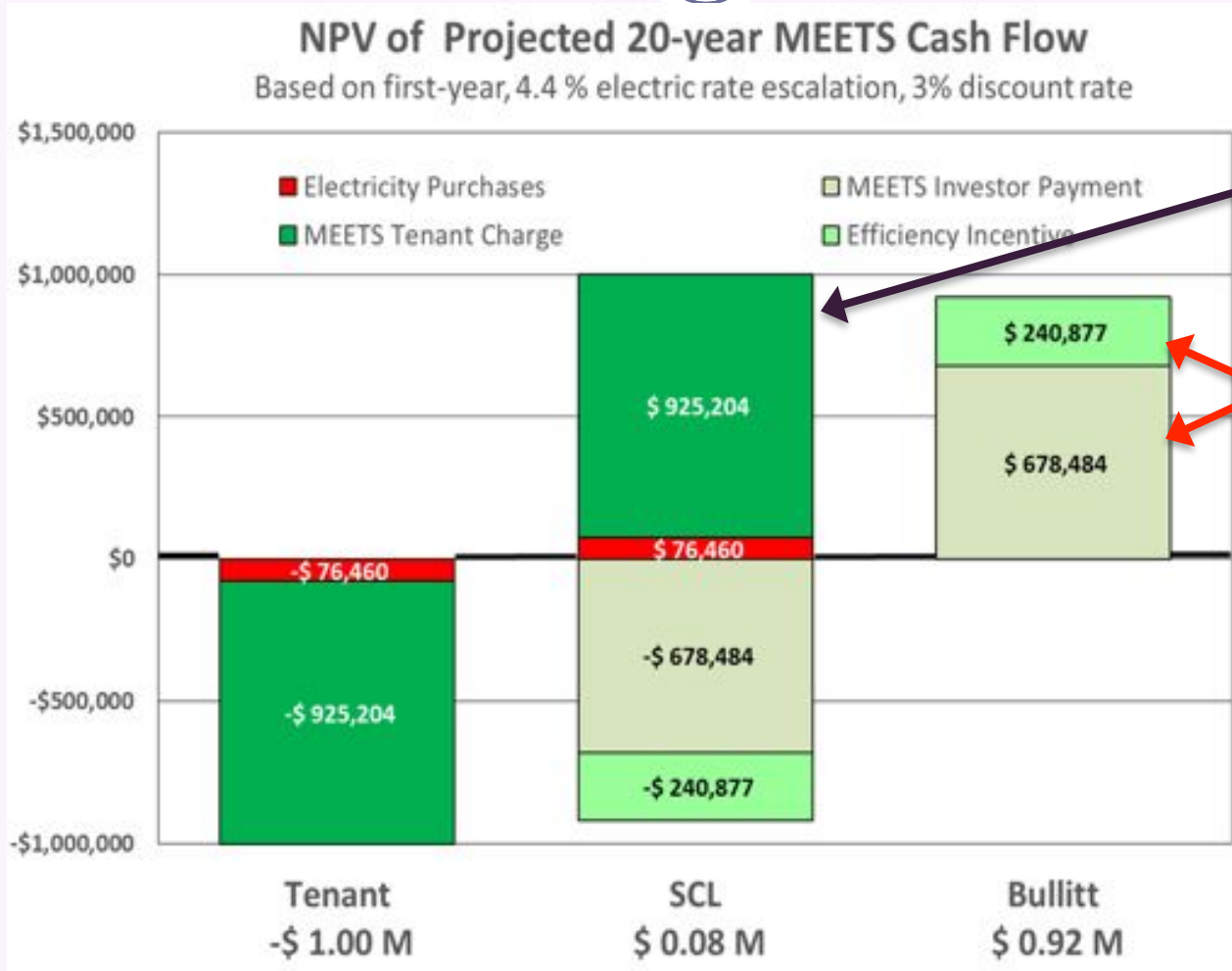
## Investors

Finance Based on Utility PPA  
Strong Counterparty  
Lower and Rated Payment Risk  
Well-Understood Instruments  
Scale Through Aggregation

## Society

Domestic Jobs  
Environmental Benefit  
Enhanced Building Stock  
Price Stability  
No Tax Dollars Required  
No Incentives Required

# Bullitt center Projected 20-yr cash flows



SCL collects more from the sale of MEETS energy than it pays out under the MEETS PPA.

In addition, SCL did not pay out \$84,000 in upfront incentives.

# Contact Information

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