Metered Energy Efficiency

A NEW PATH TO DEEP ENERGY RETROFITS

Rob Harmon
Director – MEETS Coalition
206-463-4986
director@MeetsCoalition.org

Copyright ©2014-Present, MEETS Coalition. All Rights Reserved. MEETS and EnergyTenant, are trademarks of the MEETS Coalition. DeltaMeter is a registered trademark of Energy Resource Management Corp. Other trademarks acknowledged. MEETS Coalition appreciates EnergyRM’s and Equilibrium Capital Group’s assistance in the development of this document.

Why Won’t Deep Energy Retrofits Scale?

1. Multiple Split Incentives

2. Basic Utility Economics
Problem: Traditional EE Is All Split Incentives
Problem: Utility Economics

THE WALL STREET JOURNAL
Companies Unplug From the Electric Grid, Delivering a Jolt to Utilities

Forbes
Time To Short Your Electric Utility?

ENERGY DARWINISM
The Evolution of the Energy Industry

Halving of the addressable market over the next 2 decades
Energy efficiency currently represents utility red ink.
Utilities earn on *investments* like generation.

Traditional EE = Negative sales
= Lost revenue
= Lost investment
Energy Efficiency and Distributed Generation

“Could have a major impact on realized equity returns required investor returns & credit quality”
Solution: Make EE = Generation

1. Meter it efficiently and accurately over long periods of time

2. Buy and sell it just like generation
Dynamic Baseline Meter
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.

Slide courtesy of Equilibrium Capital Management
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

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

**Dynamic Baseline Meter**
- Dynamic baseline
- Meters traditional energy and energy efficiency

**Energy Tenant**
- Has long-term rental agreement to harvest and sell metered energy efficiency
- Pays for metered energy efficiency over 20 years

**Utility**
- Maintains unit sales and revenues

**Investor**
- Has stable, long-term investment
- Pays rent

**Building Owner**
- Has more comfortable and valuable building
- Pay share of utility bills including metered energy efficiency

**Tenants**
- Have more comfortable, highly productive building
## MEETS Benefits

<table>
<thead>
<tr>
<th><strong>Utility</strong></th>
<th><strong>Building Owner</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>New Load Management Resource</td>
<td>New 20 to 30 Year Tenant</td>
</tr>
<tr>
<td>Location-Specific and Reliable</td>
<td>New Revenue Stream</td>
</tr>
<tr>
<td>Only Pay for Units Received</td>
<td>Increased Building Value</td>
</tr>
<tr>
<td>Rate-baseable: Earnings Opportunity</td>
<td>Frees Up Capital</td>
</tr>
<tr>
<td>No Top Line Revenue Loss</td>
<td>Owner Stays Out of Energy Business</td>
</tr>
<tr>
<td>No Lost Unit Sales</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Investors</strong></th>
<th><strong>Society</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Based on Utility PPA</td>
<td>Domestic Jobs</td>
</tr>
<tr>
<td>Strong Counterparty</td>
<td>Environmental Benefit</td>
</tr>
<tr>
<td>Lower and Rated Payment Risk</td>
<td>Enhanced Building Stock</td>
</tr>
<tr>
<td>Well-Understood Instruments</td>
<td>Price Stability</td>
</tr>
<tr>
<td>Scale Through Aggregation</td>
<td>No Tax Dollars Required</td>
</tr>
<tr>
<td></td>
<td>No Incentives Required</td>
</tr>
</tbody>
</table>
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

Rob Harmon
Director – MEETS Coalition
206-463-4986
director@MeetsCoalition.org

www.MeetsCoalition.org