

Metered Energy Efficiency



A NEW PATH TO DEEP ENERGY RETROFITS

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

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ADDRESS SPLIT INCENTIVE

- Standard efficiency project cost benefits
 - 25% incentive / **75% avoided utility expenditures**
- In many lease structures:
 - Investor/owner receives incentive
 - Tenant receives benefit of reduced bills
- If an owner pays the bills but sells before the end of measure life:
 - Benefit of reduced bills is “gifted” to new owner
- These are “split” incentives

The Metered Energy Efficiency Transaction Structure (MEETS)

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MEETS is a structure, not an incentive

- Designed to use the *savings* value that is currently lost to tenants
- EE is metered against a dynamic baseline & sold to the utility under a long-term PPA
 - Meter was accurate = 0.8% during 1st year
- Utility bills the building for the EE in energy units at retail rates
 - Eliminates the split incentive

Why MEETS Matters

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50,000 Square Foot Bullitt Center with Retail Energy Price of 6 cents/kWh

	Traditional Incentive Structure	MEETS
Total Dollar Value of Utility Payments for EE	\$84,000 (incentive)	\$1.22 million (PPA)
Total Utility Collections from Building for Saved Energy	\$0	\$1.25 million
Ratepayer Cost or (Benefit)	\$84,000	(\$33,000)
NPV Dollar Value of Payments to Building (5% Discount Rate)	\$84,000	\$740,000
\$NPV per Square Foot	\$1.68	\$14.80
Utility Payment per kWh	2.5 cents (deemed & paid upfront)	8.41 cents with escalator, as delivered for 20 years

Why MEETS Matters

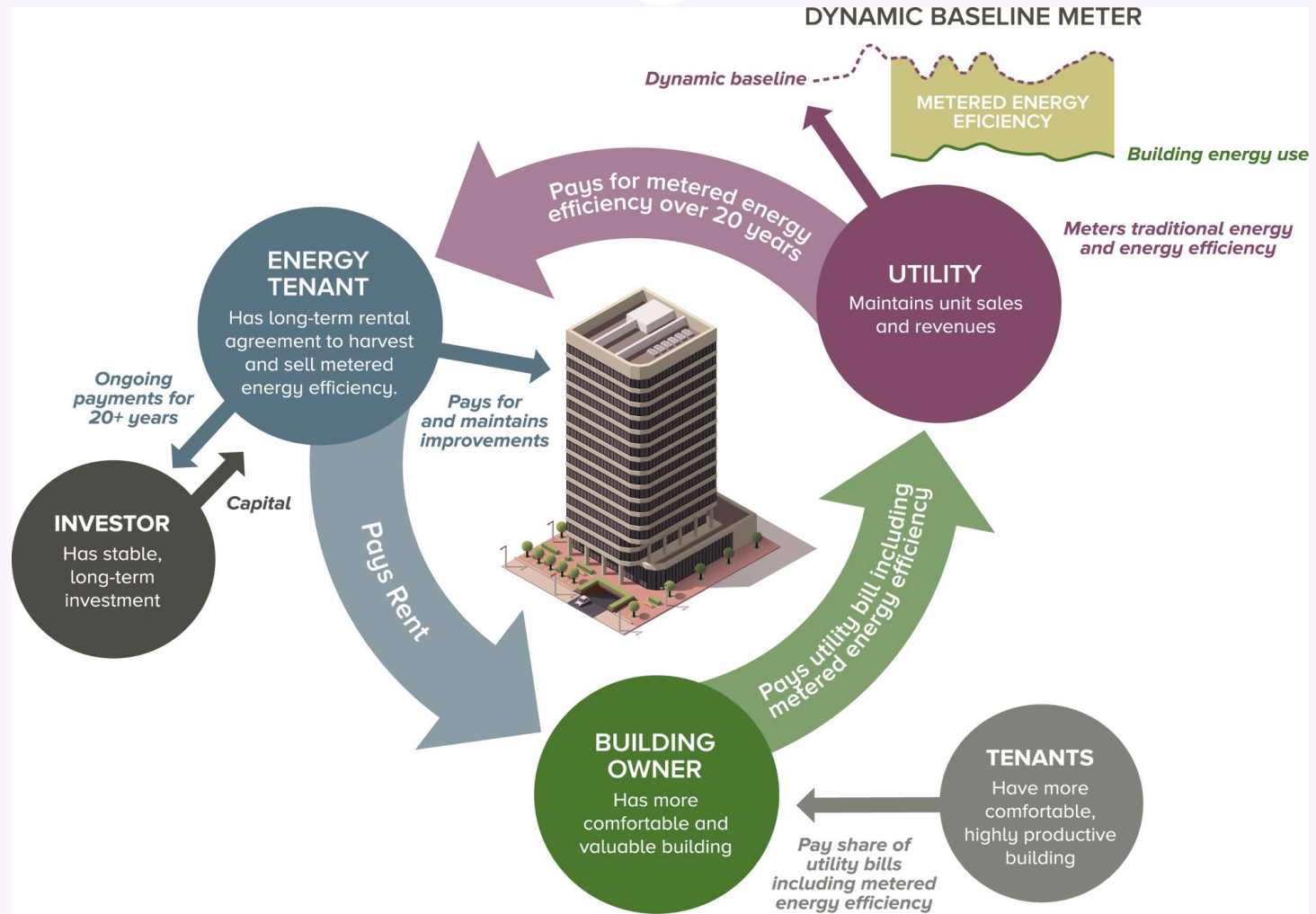
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50,000 Square Foot of Office Building with
Retail Energy Price of **15 cents**/kWh

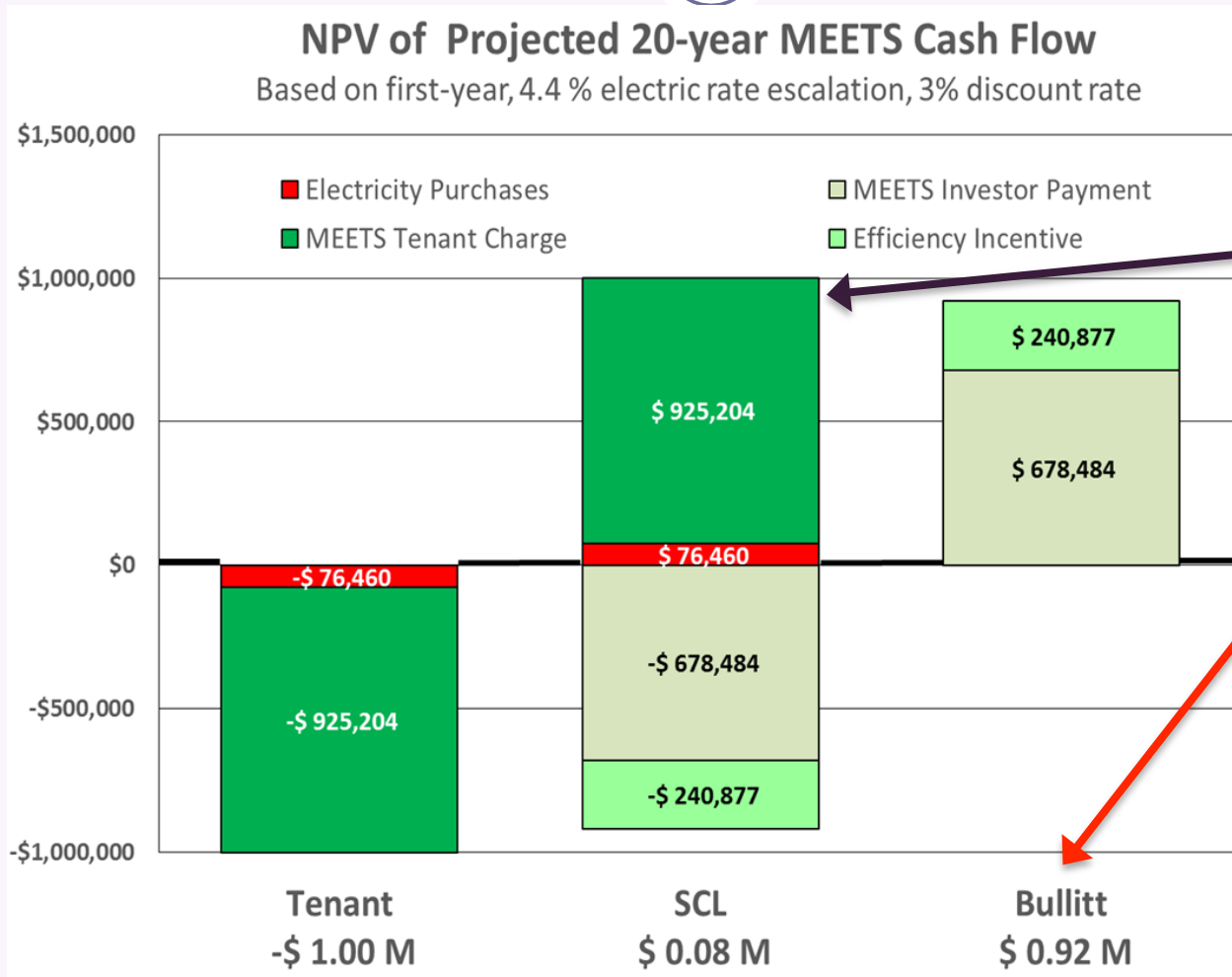
	Traditional Incentive Structure	MEETS
Total Dollar Value of Utility Payments for MEETS Energy	\$84,000 (incentive)	\$2.6 million (PPA)
Total Utility Collections from Building for Saved Energy	\$0	\$3 million
Ratepayer Cost or (Benefit)	\$84,000	(\$353,000)
NPV Dollar Value of Payments to Building (5% Discount Rate)	\$84,000	\$1.6 million
\$NPV per Square Foot	\$1.68	\$13.60
Utility Payment per kWh	2.5 cents (deemed & paid upfront)	17.5 cents with escalator, as delivered for 20 years

How MEETS Works

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Bullitt Center Projected 20-Year Cash Flows



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

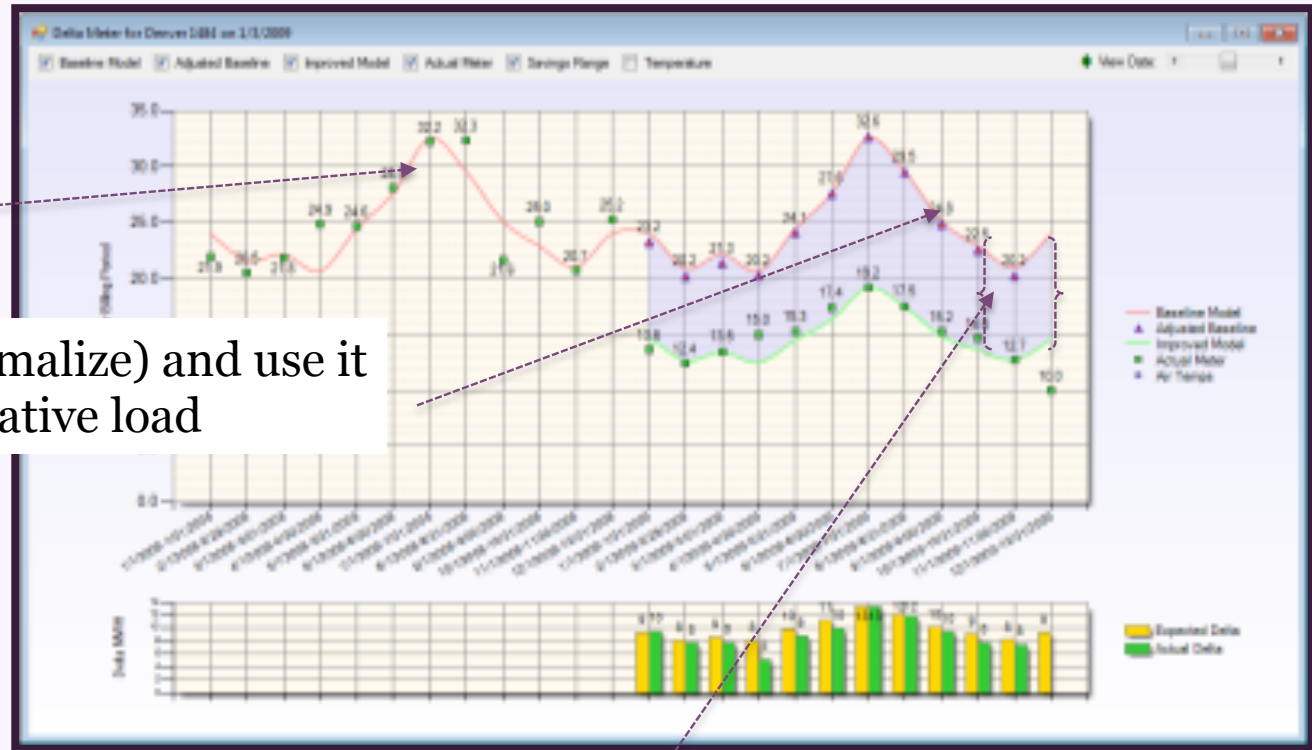
In addition, SCL did not pay out \$84,000 in upfront incentives.

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



Baseline derived from prior use

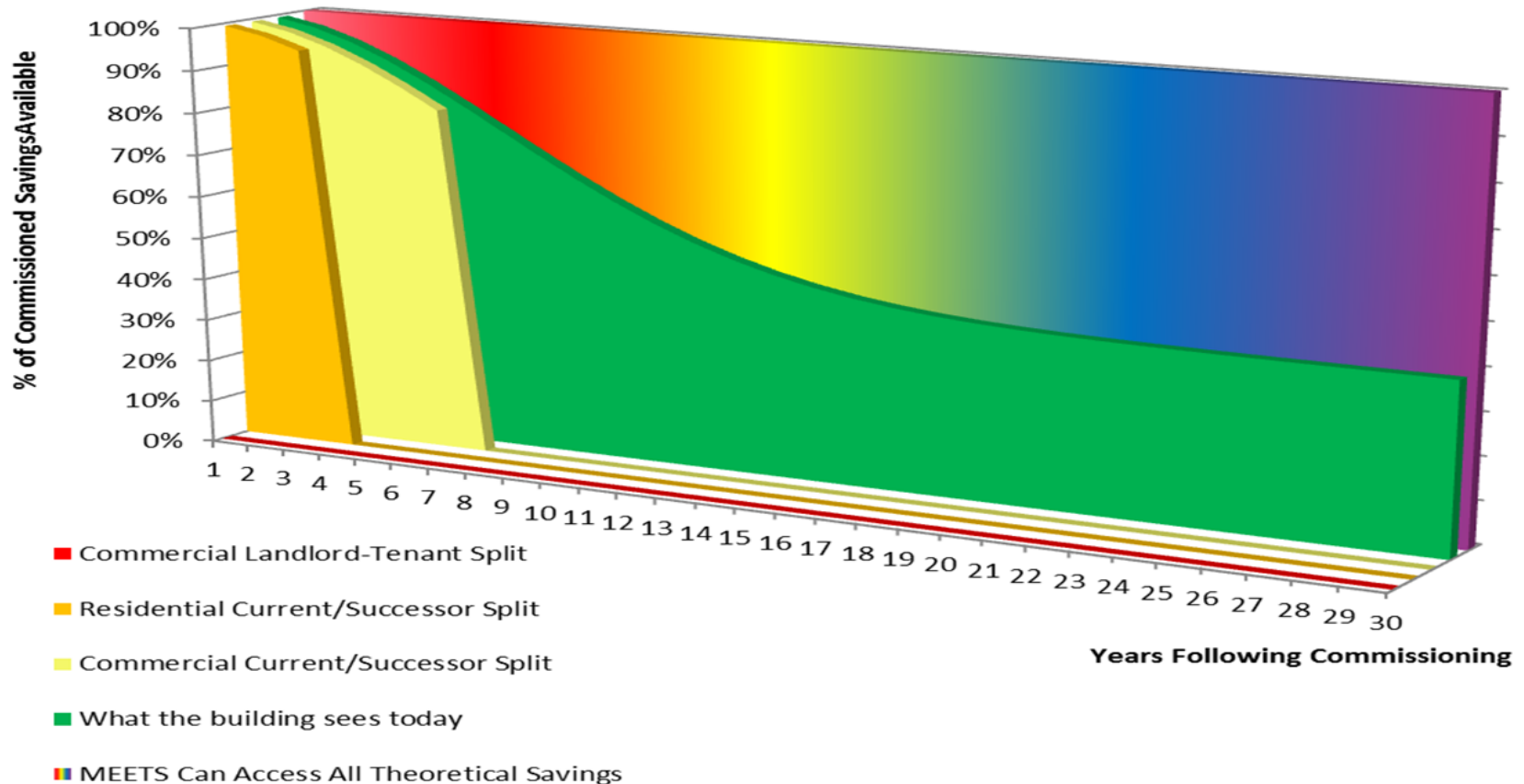
Calibrate (normalize) and use it to calculate “native load



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

Problem: Traditional EE Is All Split Incentives

Savings Available to MEETS Financing



Contact Information

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