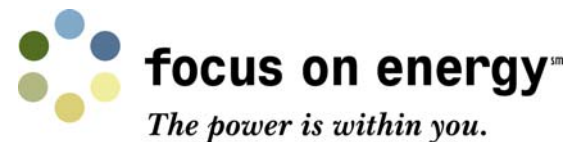


Beating Bureaucracy: A Method to Get Large Commercial Companies to Embrace Energy Efficiency

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Bureaucracy: A Two Edged Sword

- Edge One: how will we ever get them to implement a project?
- Other side: ...just think about the huge opportunities for improvement and savings!

Multi-Billion Dollar Grocery Chain

- High growth company
- Owns more than 100 stores in Wisconsin +
- Excess of \$25 million spent on utility bills
- No one in charge of managing utility expense
- High challenge / high potential reward for energy efficiency program

Barriers identified

- Engineering dept stretched thin
- Reduced cost doesn't benefit eng dept
- Policies/procedures difficult to manage
- CFO approves capital expense, but doesn't understand energy projects
- Corporate culture

Transaction Based Program Implementation

- Rebates to change a specific buying decision
- Prescriptive incentives for lighting and HVAC
- Ally gets program involved on a specific project
- Incoming customer requests for “energy audit”
- Although relationships happen, program design:
 - Tends to focus on transactions, not relationships
 - Driven by kWh, kW, and/or therm savings goals
 - Primarily works with facility manager level, not executive

Relationship Based Program Implementation

- Evolution from transaction to relationship
- Established teams for specific markets
- Strategic in approach to the market
- Created Memorandum of Understanding
- Strategic Account Management
- Energy Star Benchmarking

Energy Savings and Budget History

<u>Fiscal Year</u>	<u>MWh</u>	<u>MW</u>	<u>Therms</u>	<u>Budget</u>
FY02 (16 mo)	8,900	1.7	450,000	\$2.6MM
FY03	18,200	3.8	850,000	\$2.5MM
FY04 (teams started)	17,000	3.0	600,000	\$2.3MM
FY05	21,200	3.7	1,000,000	\$2.4MM
FY06 (projected)	24,000	4.0	1,300,000	\$2.1MM
<i>% change</i> (from FY03)	+32%	+5%	+53%	-16%

Attribution Factor Improvement

Attribution Factors for Commercial Sector

	<u>kWh</u>	<u>kW</u>
FY03	47%	58%
FY05	67%	65%

40% improvement for kWh and 12% improvement in kW

Strategic Account Management (SAM)

- Based on the 80/20 rule
- Allocate disproportionate level of resources to targeted customers
- Can a public benefits program treat customers differently?
- Establish criteria for selection of customers

Benefits of SAM

- Stronger customer relationships
- Improved understanding of business/goals
- Enhanced participation rate and more comprehensive
- Increased attribution in program

Steps of Working with Key Account

- Executive level buy-in
- Help customer understand energy use
- Get commitment using MOU
- Solicit contractor involvement
- Find early successes
- Use Press Releases and Case Studies to promote successes

Roundy's Case Study

- 100+ stores; \$25MM in energy costs
- Eng dept busy and not responsible for cost
- Bureaucracy to get projects approved
- Wide variety of stores – purchases from at least five chains plus new construction
- Where do we start?

Roundy's – Getting Started

- Working with VP of Indirect Procurement
- Performed energy use analysis by store
- Signed initial MOU in August of 2004
- Performed detailed audits in three stores
- Involved contractors (lighting/refrigeration)
- Set goal of 6-8% energy savings

Roundy's – Top Five Energy Users

Rank	Sq Ft	Elec \$	Gas \$	Total \$	\$/sq ft
1	26,790	\$140.8	\$12.9	\$153.7	\$5.74
2	41,945	\$169.9	\$40.1	\$210.0	\$5.01
3	40,174	\$169.1	\$29.8	\$198.9	\$4.95
4	55,475	\$222.3	\$52.2	\$274.5	\$4.95
5	67,583	\$293.9	\$21.7	\$315.7	\$4.67

Roundy's – Accomplishments

- Ranked stores by energy usage - baseline
- Roundy's participated in One-2-Five program
- Hired subcontracted energy manager
- Lighting – small projects in over 60 stores
- Refrigeration – ASHC in 26 stores
- Saved about 1% of energy usage
- Understand process of project approval

Summary – Lessons Learned

The “Do” List:

- Get executive management involved
- Use a MOU agreement
- Get their contractors involved
- Offer sufficient benefits to key account
- Meet regularly (i.e. monthly/quarterly)
- Use meeting minutes and action items list

Summary – Lessons Learned cont.

“Cautions”

- Don't put too many eggs in one basket
- There is significant learning curve
- Do you have the right people to do SAM
- Criteria must include that the customer is willing to participate
- It may take time to see results

Thank You!

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