

The Economic Magic of Energy Efficiency: Benefiting Customers and Channel Actors



- MA is the national leader in Energy Efficiency (EE)¹
- Over 65,000 employees in EE industry²
- More than 4,000 firms active in EE²
 - 36% growth since 2013
- Concentration of activity in Metro-Boston
 - Growth in Southeastern, Northeastern and Western MA²

1: ACEEE 2015

2: 2014 MA Clean Energy Industry Report



Source	Economic Impact
2014 EE Program Investment	\$650,000,000
Annual EE Customer Investment ¹	\$227,000,000
Annual Electric Savings from EE ²	\$210,000,000
Annual Therm Savings from EE ²	\$18,000,000
Annual Total	\$1,105,000,000

1: MA Program Results, <http://ma-eeac.org/results-reporting/>

2: Calculations reference data from masssavesdata.com and US Dept of Labor, <http://www.bls.gov/> (Oct 2015 Data)

Upstream Product Buy Down/Instant Rebate

- Distributor Perspective

	EE Equipment	Standard Equipment
Distributor Cost	\$800	\$350
Price to Market	\$900	\$400
Gross Margin	\$100	\$50

- Distributor has to sell 2 units of standard equipment to make margin of 1 energy efficient unit

	EE Equipment	Standard Equipment
EE Incentive to Distributor	\$450	\$0
End Price to Market	\$450	\$400

- EE incentive allows margins to be maintained but lowers the “first cost” to the market

Upstream Product Buy Down/Instant Rebate

- Contractor and Customer Perspective

	EE Equipment	Standard Equipment
Market Cost from Distributor	\$450	\$400
Price to End Customer	\$675	\$480
Contractor Gross Margin	\$225	\$80

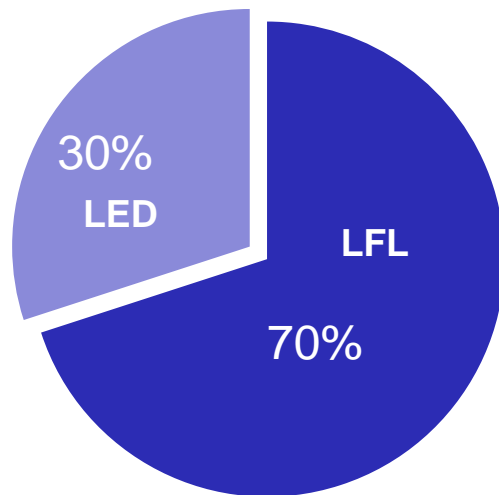
— What if there were no incentive?

	EE Equipment	Standard Equipment
Market Cost from Distributor	\$900	\$400
Price to End Customer	\$1,080	\$480
Contractor Gross Margin	\$180	\$80

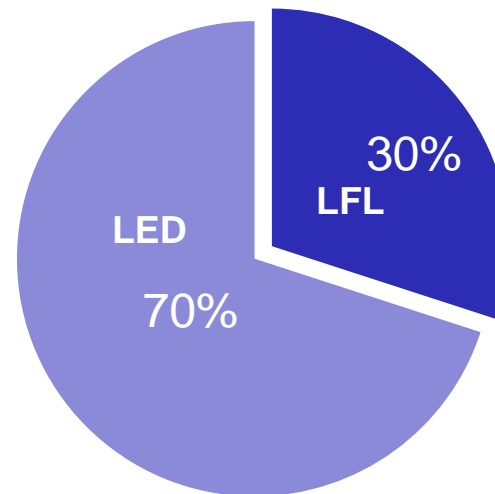
Upstream Product Buy Down/Instant Rebate

- Impact of 90-day LED Fixture Initiative

**% of Fixture Sales
Prior to Initiative**



**% of Fixture Sales
During Initiative**



Small Restaurant Project

- Comprehensive Measures
 - Lighting & Refrigeration

Project Cost	\$6,100
EE Incentive	\$4,265
Customer Investment	\$1,835

Annual Energy Savings	\$2,400
Simple Payback	9 Months
ROI	131%



“More inviting atmosphere.”

“Happier, more comfortable customers”

EE Programs Influence Market

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graph TD; A[EE Programs Influence Market] --> B[Channel & Customer Benefits]; B --> C[Reinvestment Occurs];
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Channel & Customer Benefits

Reinvestment Occurs



“The power to question is the basis of all human progress.”

- Gandhi

 THANK YOU

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