

# Energy Conservation as an Economic Development Tool

The Story of Trillion Btu



# Program History

## Xcel Energy Alternative Conservation Improvement Program (CIP) Filing:

- Address financing gap in Xcel Energy's existing CIP programs.
- Increase participation among commercial and industrial business customers.
- Partner with economic development authorities to provide low-interest loans offset by energy savings.
- Promote economic development through energy efficiency improvements (*grow jobs*).
- Save 1 trillion BTUs (*save energy*).

# Program Partners



Promote program to customers  
Perform engineering studies  
Perform energy audits



Promote program to contractors  
Provide low-interest loans



Perform technical reviews

**Contractors**

Promote program to customers  
Install energy efficient solutions

# Program Logic

## Program Activities

Outreach to contractors and customers

Energy audits to determine efficiency improvements

Low interest loan payments offset by energy savings



## Market Effects

Program awareness increases

Businesses reduce energy consumption

Businesses save money and save jobs



## Program Objectives

Increase participation in CIP programs

Save 1 trillion Btus

Promote economic development through energy conservation

# Evaluation Objectives

Ask **industrial manufacturing businesses** and **contractors** about:

1. Satisfaction with program elements
2. Barriers to program success
3. Influence on energy efficiency practices
4. Opportunities for improvement

# Participant Profile

## Characteristics of Participating Businesses

Most common use of funds	Heating and cooling Lighting
Loan amount	50% <\$500K 50% \$500K - \$1.5M+
Interest rate	4%
Annual energy savings (MMBTUs)	60% 0-4,000 40% 4,000-8,000
Annual energy savings (Dollars)	60% \$0 - \$100K 40% \$100K - \$300K

# Participating Businesses

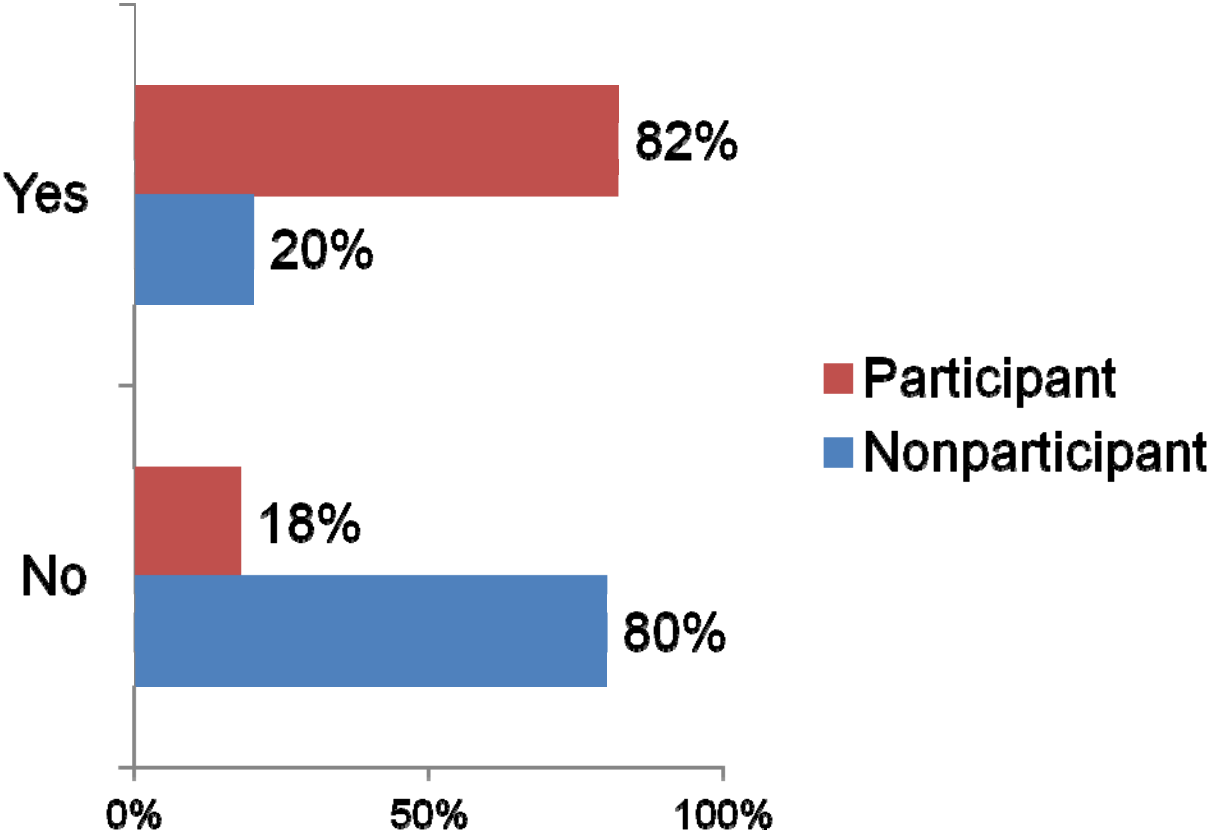
- Have **prior experience** with energy efficiency projects.
- Learn about the program through **personal contacts** (vs. mailings/internet).
- Participate in program because of **low-interest loan** and **positive cash flow** opportunity.

# Participating Businesses

- **Heating and cooling** upgrades are most common measures, followed by **lighting**.
- Participants are **highly satisfied** with program experience.
- **Participants give higher ratings** for loan terms, interest rates and materials (vs. non-participants).



Has your company's awareness of this program affected your decisions to invest in other energy efficiency or conservation measures?



# Nonparticipating Businesses

- May be **interested in future participation** or exploring potential projects.
- Sometimes **use their own resources** to fund projects.
- Are **less satisfied with loan terms**, interest rates, and materials (vs. participants).

# Participating Contractors

- **Have greater awareness** of program than non-participating trade allies.
- Are **highly satisfied** with program experience.
- Report **word of mouth** and **sales calls** are most effective program marketing tactics (vs. mailings/internet/print ads).
- **Present high-efficiency options** to customers first (vs. standard options).

# Nonparticipating Contractors

- Cite **lack of awareness** among customers and their own companies.
- Sometimes **don't know enough** about the program to participate.
- May have **just found out** about the program.
- Sometimes say **client decided not to proceed** with a potential project.

# Key Market Barriers

- **Lack of awareness** about the program.
- **Up front costs** and competing projects.
- **Less financial need** within larger companies.
- **Aversion to debt** within context of a down economy.

# Potential Enhancements

- Develop new promotional materials

Leverage the program through trade allies

- Pursue repeat customers and smaller companies

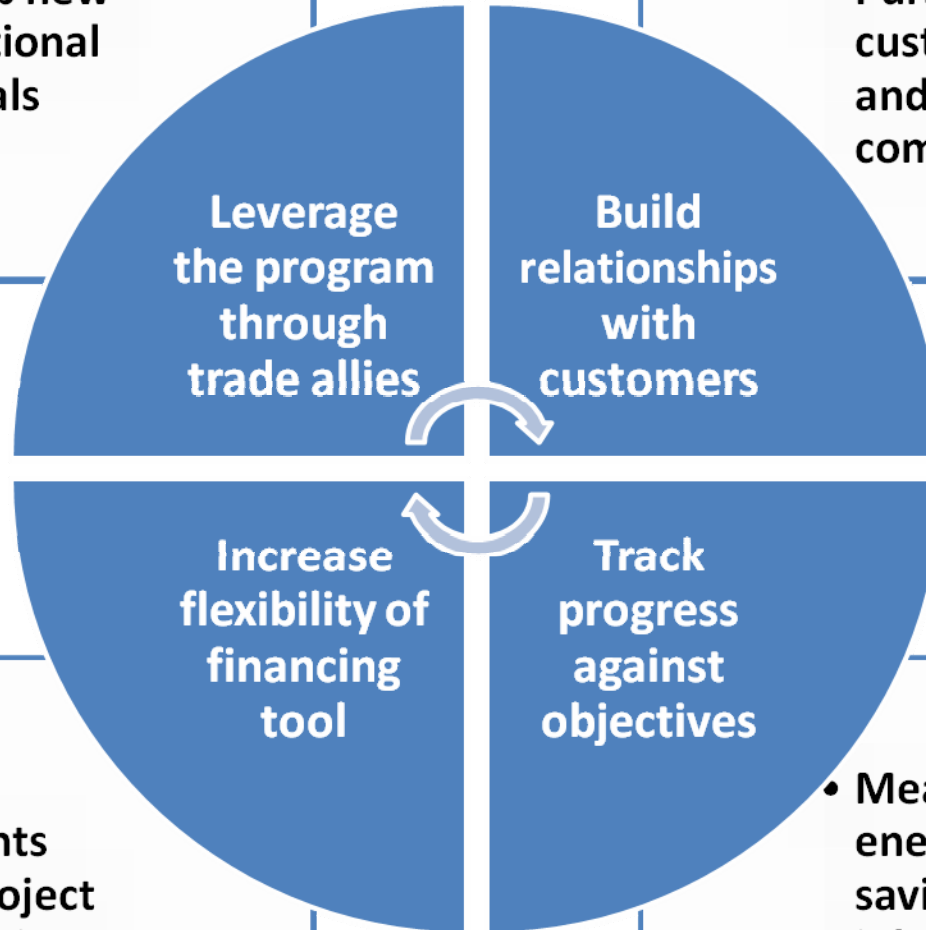
Build relationships with customers

Increase flexibility of financing tool

Track progress against objectives

- Defer payments until project completion

- Measure energy savings and jobs retained



# For More Information



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