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ACEEE Energy Efficiency Finance Forum

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Three Challenges of Smaller Buildings

1. Market Segmentation
2. Financing Offerings
3. Technical Limitations

Different Solutions



Market Segmentation

- Small business owner
- Landlord: long-term hold vs. flip
- Retail vs. industrial vs. commercial
- Non-profit vs. for-profit
- Education vs. Community center
- Landlords vs. tenants



Financing Offerings

- Debt
- Operating leases
- Capital leases
- Utility Finance
- PACE
- Service contracts



Technical Limitations

- Limited Total Energy Savings
- Piecemeal technical approaches
- Implementation headaches



Different Solutions

- Incentives – Direct Install
- On-Bill Financing Programs

- Integrated solutions providers
- Incentives – performance-tied
- Simpler On-Bill Financing Programs

- Solutions Managers
- Efficiency Tariff



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Contact Info & Questions



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- attendees
A lot of policy people and utility people in audience
some bankers, escos, some municipal people
how do they reach out and succeed 10 min each
- four slide ppt on topics
- 1. Break out different sectors and approaches
- 2. financing
 - debt
 - operating leases
 - capital leases
 - utility finance - give stories. rules change mid project. calculators aren't sophisticated
 - service contracts
- 3. Why is small commercial harder than class A office to get action. What are obstacles
- 4. how do you bundle multiple things. Take approaches
- Joels' questions for discussion:
Thanks again for agreeing to participate and it should be a fantastic panel. Below are a few questions I have for each of you to start the discussion. Let me know what you think or if there are others that should be added.
- How do financiers segment the market (and what is meaningful to the customer) - utilities typically segment by usage, with small biz often defined as under 100KW, but that really doesn't help us understand the motivations, needs, opportunities, constraints, etc. of the market. How would you suggest the market be segmented – i.e. owner/tenant; NAICS code; revenue size; etc.
How should we approach the small biz market – utilities tend to offer the ubiquitous direct install as the primary mechanism to serve this market and, in my opinion, over incentive the efficiency upgrades:
What drives decisions for the segment and what points of influence matter most
Do we see a need for both a single technology approach (i.e. a boiler) as well as a way to bundle more items together (from lighting, HVAC, to envelope)
Could we use finance to reduce costs and why (e.g., this segment is more focused on upfront cash outlays and cash flow, so incentives may be less important than other things)
How can we use financing more creatively to serve this market
What are the main challenges we face with this segment
If you were head of small biz strategy for the utility of your choice, what would you do to better serve this market
How does financing connect to important changes in the efficiency space for the small commercial market– how will big data connect to financing for these smaller projects? How would behavioral programs and finance come together given the small deal size?
Future of financing for small commercial – do we see more customized approaches or a more prescriptive offerings or both – and why?
Where do you see big changes and opportunities.