"Comprehensive" Energy Efficiency for Local Govt. (what tips the scale?)

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Local Government is Different!

- Tuned to "return on investment"
- Federal and State Government focus includes Externalities
- Municipal model is semi-private corporation (think local bank)
- Even more so in New England

The scale is tipped to saving money and customer service

- THREE YEAR SIMPLE PAYBACK MAXIMUM
 - Lighting meets above so that's what was done
 - Probably true in your Town as well except for municipal power plant towns.
 - Newton since 2000 has "invested" \$945K in lighting projects with NSTAR rebating \$700K.
 - \$245K final cost returned in two years <u>plus</u> improved customer service.

Example Day and Brown Gyms

■ T5 Fluorescent replaced Mercury Vapor





Other "attractive" investments

- New Construction high performance design incentives
- Behavior modification/Training
- Simple controls (time clocks, sensors)
- Renewable Trust Fund Grant opportunities
- Picking the low hanging fruit

"Bad" things have happened

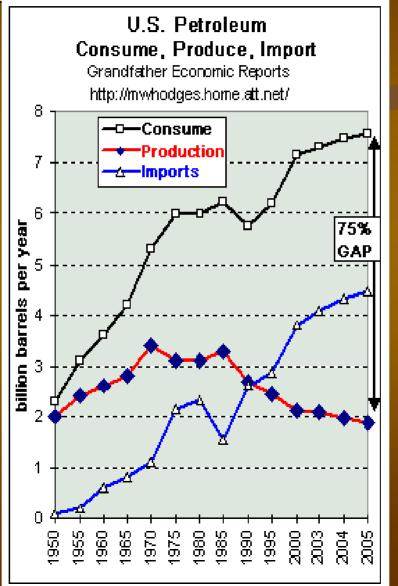
- Energy Costs are now 3.8% of budget
- A Structural Deficit budget item
- Peak Oil prices <u>ALL</u> energy "at the margin"
- 7 year Return on Investment is acceptable WHY?

Structural Deficit concerns appear to lead.

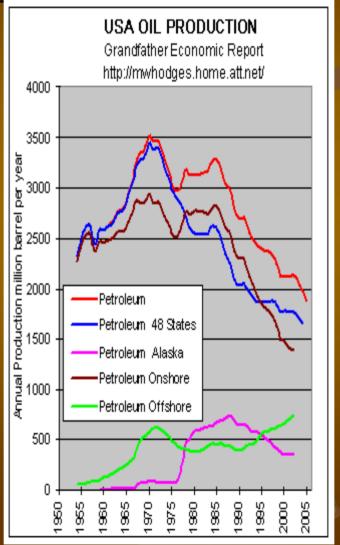
Structural Deficit Concerns

- Newton paid \$.58/gallon for #2 fuel oil in 2000 as well as relatively low prices for natural gas and electricity. Newton presently pays \$2.37/gallon for #2 fuel oil and similar high prices for natural gas and electricity. Energy costs are now a "structural deficit concern."
- All energy is priced "at the margin."

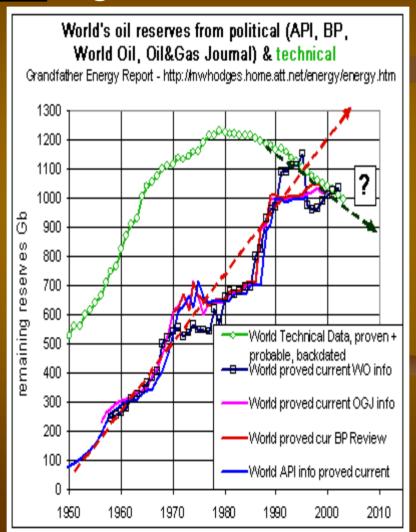
Courtesy of Economic Energy Report by Michael Hodges



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- Municipal Leaders need examples of success
 - What did it cost them?
 - Why did they do it?
 - What are the disadvantages?

Leaders are influenced by other leaders

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- City Department Heads are Prospectors
 - If it adds value I'll do it.
 - If my colleague did it I'll do it
 - Even if it complicates my job I'll do it.

Prospectors are influenced by other prospectors

<u>Department Heads are influenced by other Managers</u>

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- Constituency for energy action are Pioneers
- Local Government will follow if Pioneers lead the way (example solar panels, energy conservation).
- But Municipal leaders need the message from other Leaders, their own Managers (Prospectors) and Pioneers that have name recognition (Example, Walter Cronkite).

Recommendation #1

- Good to brand as "local" efforts but successful examples are key
- Show Leaders examples
- Find a "Walter Cronkite"

Recommendation #2

- Advocate with Leaders that MGL Chapter 149/30B Public Buildings procurement rules are not conducive to comprehensive energy conservation projects
- Explore with Leaders that MGL Chapter 25 is an appropriate vehicle and the additional cost for ESCO O+P is offset with efficiency of process compared to bottom fishing and over-design from Ch 149/30B

Recommendation #3

- As a result of ESCo "rebirth" a new specialty has surfaced.
- Seek outside resources such as an owner's agent and from DOER/Rebuild America.
- \$3K-\$10 cost for assistance thru "bid" process.
- Total cost for "Owner's Agent" less than 3% of total project.
- Eyes wide open on what Performance Contracting brings to the table and the barriers to overcome

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- www.ci.newton.ma.us/sunergy/EAP021005.pdf (Energy Plan)
- www.ci.newton.ma.us/Exec/NCR/may2007/lightson.html
- www.ci.newton.ma.us/building/default.htm (for RFQ link)



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