

Building Performance with ENERGY STAR Program

[Note: This document provides sample filing language for energy efficiency program sponsors interested in offering Building Performance with ENERGY STAR. The language can be adapted as needed based on specific program designs and filing requirements. Please see the Building Performance with ENERGY STAR Program Framework document for a description of the core requirements for the program.]

Program Summary

Building Performance with ENERGY STAR (BPwES) is an energy efficiency program that integrates U.S. EPA's ENERGY STAR measurement and tracking tool, Portfolio Manager, with strategic energy management and building retrofits to deliver deep energy savings in existing medium to large commercial buildings. Using Portfolio Manager enables building owners and operators to compare performance against similar buildings nationwide, identify poor-performing buildings, and get recognition from EPA for high-performing buildings.¹ In order to motivate customers, the program will provide both technical training and a variety of incentives; bonus incentives will go to participants who significantly reduce whole-building energy consumption for participating buildings. Because the program promotes strategic energy management planning over time, the program is most effective when implemented as a multi-year engagement with participants.

In addition to the direct economic benefits of energy efficiency, other benefits will be generated. For example,

- **Office building** owners and managers can reduce operating expenses, increase property asset value, and enhance the comfort of their tenants;
- **Retailers** can generate higher profit margins, increase worker productivity, and enhance their reputation with customers;
- **Hotel** owners and managers can enhance guest comfort, and become more attractive to the growing number of environmentally-conscious travelers;
- **Hospitals** can improve the air quality of their communities, thereby supporting their commitment to public health; and
- **Schools** can use savings to help pay for building improvements and other upgrades that enhance the learning environment.

Across all building types, participation in Building Performance with ENERGY STAR can help commercial customers improve the energy efficiency of their buildings and demonstrate their commitment to protecting the environment.

¹ Commercial buildings achieving a score of 75 or higher using Portfolio Manager and verified by a professional engineer or registered architect are eligible to apply for the ENERGY STAR. The ENERGY STAR plaque can be displayed to convey superior performance to tenants, customers, and employees.

Target Market

Existing commercial facilities meeting program qualifying criteria (e.g., a size minimum) will be eligible to participate. The Company will develop targeted marketing plans for commercial subsectors (e.g., office buildings, schools, hotels)², which will address key business drivers and promote sector-specific value messages.

Note that for the purposes of this program, a “participant” is a commercial building owner/operator who owns/operates multiple buildings in the Company’s territory.

Program Incentives

The following incentives will be offered to BPwES participants:

1. ***Technical Assistance.***
 - a. Technical assistance and training in the use of ENERGY STAR Portfolio Manager
 - b. Technical assistance for developing a Strategic Energy Management/Action Plan
2. ***Whole-Building Upgrade Incentives*** will be paid for verified energy efficiency projects. Incentive levels will be designed to encourage a comprehensive approach to improving energy performance and include the following:
 - a. *Co-funding of Whole-Building Performance Assessments*³ - up to 2 per year. Full reimbursement of assessment costs will be available for participants that implement all identified measures with a simple payback of up to 6 months, provided that implementation occurs within 12 months of the assessment.
 - b. *Incentives* for eligible energy efficiency measures will be available to facilitate whole-building upgrades. Program participants will receive guidance on how to best stage upgrades and improvements to achieve maximum savings.
 - c. *Bonus Incentives* will be paid to participants that meet targeted percent reductions in whole-building energy consumption (e.g. 10%, 20%, 30%) within a 24-month period, based on results from 12 months of post-installation energy consumption data⁴. Bonus incentives will be subject to a cap.

All above incentive structures and levels are subject to change pending development of the final program implementation plan. Incentives will only be paid for savings that are verified by the Program.

² Portfolio Manager can be used to track energy performance improvements for all commercial buildings. Many building types are eligible to receive an ENERGY STAR energy performance score on a scale of 1-100. A list of these building types is available at www.energystar.gov/index.cfm?c=eligibility.bus_portfoliomanager_eligibility.

³ Performed by a Company-approved contractor.

⁴ Whole-building energy savings will be tracked using weather-normalized energy consumption available in Portfolio Manager.

Program Delivery

BPwES will include the below program delivery elements.

1. **Marketing.** The Company will develop targeted marketing plans for commercial subsectors (e.g. office buildings, schools, hotels). Participants will be recruited primarily through program contractors and Company account representative referrals. To ensure that nonresidential customers perceive the Company's energy efficiency programs as a seamless set of offerings, cross-referrals from other programs will also be provided where appropriate. The program will also be promoted via Company's energy efficiency Web site.

[Optional] The program will include an "Energy Performance Challenge" that engages participants in a competition to reduce energy consumption. Awards will go to participants whose portfolios had the greatest overall improvement in their ENERGY STAR score during the program year. Awards to contestant winners may include bonus incentives and opportunities for recognition.

2. **Benchmarking.** Portfolio Manager will be used to benchmark participants' buildings as a gateway program requirement. The program will provide training for program participants on the use of Portfolio Manager.
3. **Strategic Energy Management/Action Plan Development.** The program will provide training and guidance to program participants on the value of an integrated approach to improving building performance. The program will work with participants to engage high-level decision-makers, and to develop an Action Plan for improving the performance of their facility or portfolio of facilities.
4. **Whole-Building Performance Assessments** will be performed by qualified contractors. During the assessments, contractors will identify measures for Whole-Building Upgrades. Energy performance scores from Portfolio Manager will be used to prioritize 1-2 buildings per participant per year for assessment.
5. **Financial incentives** will be available to co-fund Whole-Building Performance Assessments, for Whole-Building Upgrades, and for significantly reducing the whole-building energy consumption of a building. Terms and eligibility requirements are discussed in the Program Incentives Section (above).
6. **Performance Monitoring & Verification**
 - a. **QA/QC review.** All project applications will be subject to a QA/QC review to ensure all required forms and documentation have been submitted and that incentive calculations are correct. To minimize errors in this process there will be a 100% review on all project documentation for verification of equipment efficiency rating, proper installation, etc. on the part of the Company.

- b. **Re-benchmarking** using Portfolio Manager will be required for all participants receiving technical or financial support through BPwES.
7. **Contractor training.** BPwES will be delivered through contractors that are pre-approved by the Company to offer whole-building assessment and installation services in the Company’s service territory. BPwES training will be offered for contractors, which will include training on the use of Portfolio Manager, training on development of Strategic Energy Management Plans, marketing training, cross promotion with the Company’s other C&I programs, and other elements.

Costs and Savings

[Note: Costs and savings are intended to be illustrative, and do not necessarily represent typical savings achievable through Building Performance with ENERGY STAR.]

Program Metric	Year 1	Year 2	Year 3	Total
Target # Building Performance Projects	20	30	80	130
Program Cost/Project	\$ 49,800	\$ 49,800	\$ 49,800	\$ 49,800
Incremental kWh Savings/Project	351,900	351,900	351,900	351,900
Incremental Therm Savings/Project	8,000	8,000	8,000	8,000
Total Annual Program Cost	\$ 996,000	\$1,494,000	\$3,984,000	\$ 6,474,000
Total Incremental Program kWh Savings	7,038,000	10,557,000	28,152,000	45,747,000
Total Incremental Program Therm Savings	160,000	240,000	640,000	1,040,000
			Program TRC Ratio	1.47

The above table is based on the following assumptions:

- Avoided costs equal to approximately \$0.05/kWh and \$1.00/Therm
- A 60/40 split between kWh/gas in source energy use
- An average commercial building size of 126,000 sqft⁵
- A average of 20% decrease in building energy consumption

Tracking and Reporting

Mandatory program reporting will include, but not necessarily be limited to:

1. Program costs, including
 - a. Program administration
 - b. Marketing
 - c. Implementation
 - d. Evaluation
2. Number of participating customers

⁵ In this case the modeled building type was: Hotel.

3. Number of buildings and total floorspace benchmarked
4. Number of completed whole-building assessments
5. Number of trade allies promoting program/whole-building approach
6. Whole-building energy consumption and energy performance scores pre- and post-retrofit
7. Predicted (tracked) energy savings
8. Total energy and cost savings from measures recommended and implemented

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