

# Consumers Energy: Success through Targeted Outreach

The simple choice for energy efficiency.



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## Consumers Energy Jackson, Michigan

### The Company

Consumers Energy, Michigan's largest investor-owned utility, provides natural gas and electricity to more than 6 million residents and businesses. Since it began offering comprehensive energy efficiency programs in 2009, Consumers has become a strong ENERGY STAR® partner in both the commercial and residential sectors, and has been a recipient of the ENERGY STAR Partner of Year Award for Energy Efficiency Program Delivery in 2012 and 2014, and Sustained Excellence in 2015, 2016, 2017, and 2018.



2014, the pilot expanded to offer Building Performance with ENERGY STAR to all commercial sector customers in the Consumers Energy territory and in 2015 shifted from a pilot to a full-fledged program offering. Since it began, the effort has engaged 85 organizations, including school districts, healthcare, hospitality, house of worships, and property management, to benchmark 890 buildings, and over 400 energy efficiency projects undertaken, representing 12,162 MWh of electric savings and 119,131 MCF in gas savings.

### Program Overview

In 2012, the company launched a Building Performance with ENERGY STAR® pilot program for K-12 school districts. The pilot was designed to help these districts understand how a strategic approach to energy management could lower operational expenses without compromising quality classroom instruction; protect the environment for future generations; and foster a safe and comfortable work environment.

Consumers Energy assisted each participating district to benchmark its buildings using EPA's ENERGY STAR Portfolio Manager® tool; provided a comprehensive energy assessment for one of the poorest performing buildings in each district; worked with school officials to develop energy savings goals and an energy management plan; and designed a roadmap to achieve an overall reduction in energy use district-wide. In

### Background and Program Development

Prior to implementing Building Performance with ENERGY STAR, Consumers Energy was already a proponent of benchmarking, recognizing its value through the 2010 Smart Buildings pilot, which trained customers to develop and maintain their building profiles in Portfolio Manager. In its 2011 bi-annual program filing, Consumers recognized an opportunity to enhance program offerings further by strengthening the whole-building approach to energy management using Building Performance with ENERGY STAR, and included comprehensive language for the pilot in its regulatory filing.

Building Performance with ENERGY STAR presented an opportunity to reach out to sectors that Consumers Energy had been less successful engaging through traditional program models. While both school districts and non-profit organizations were considered initially, school districts became the ultimate focus of the pilot – especially since resource and financial constraints had historically limited their participation in Consumers Energy efficiency programs.

The pilot began recruiting school districts with three or more school buildings served by Consumers Energy for both electric and natural gas. Participating districts agreed to promote a strategic approach to energy management district-wide, a key element of the program approach.

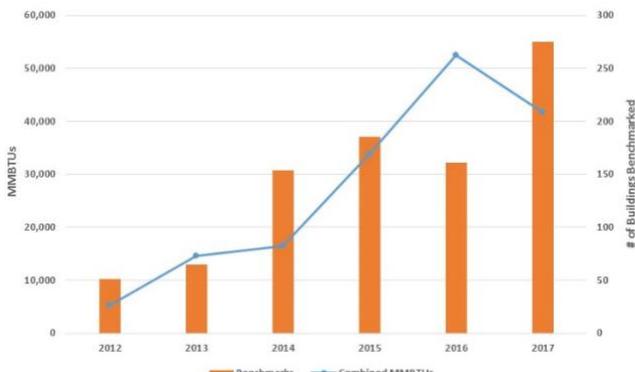


Figure 1: Combined Electric & Gas Outcomes 2012-2017

### The Six Program Elements of Building Performance with ENERGY STAR

The Building Performance with ENERGY STAR model requires sponsors to include six core elements, but allows them to

develop a program delivery method that is tailored to their market, service territory, and program needs. Consumers Energy's approach addressed these elements as follows:

### ➤ Target Marketing & Recruitment

Consumers Energy targeted K-12 school districts with electric and natural gas accounts that had expressed interest in energy efficiency incentives for prescriptive and/or custom measures, and in some cases energy coaching. The recruitment approach included:

- Outreach using ENERGY STAR co-branded marketing materials;
- Leveraging Corporate Account Manager relationships; and
- Presentations at School Business Official annual professional organization meetings.

A critical selling point for school districts was the concept of planning for energy efficiency and accounting for savings in budget and procurement processes, thereby creating a cycle of continuous energy improvement and potentially slowing or stopping the increase in energy costs for the district.



A superintendent, principal, or key financial decision maker of every participating district was required to sign a Memorandum of Understanding (MOU) explaining the roles and expectations of the customer and Consumers Energy over the course of the pilot program. In return for the services provided by Consumers Energy, the school districts were required to implement the recommended best practices and all of the low cost/ no cost measures identified with a payback of less than a year. Low cost/no cost measures were required to be implemented district-wide.

#### ★ Key Take-Away

Targeting participants at professional organization meetings was effective in recruiting candidates and promoting the program. Using case studies to showcase success and providing the opportunity to receive bonus incentives was useful to ensure buy-in from senior staff in each district.

### ➤ Benchmarking with Portfolio Manager

Consumers Energy provided training to customers to benchmark buildings using Portfolio Manager. The energy use baseline required a minimum of 36 months of electric and gas consumption data—provided by Consumers Energy—and throughout the pilot program, monthly data were entered by the participants to track changes and trends.

Consumers Energy emphasized the continual use of Portfolio Manager, even after the pilot period, to track performance and possibly become eligible for recognition from ENERGY STAR. To date, nearly half of the 890 buildings benchmarked in the program

have become eligible for ENERGY STAR certification based on the energy efficiency activities pursued as part of Building Performance with ENERGY STAR.

#### ★ Key Take-Away

Consumers used benchmarking to create awareness of energy consumption as it relates to the financial positions of school districts. Seeing energy usage over time created a greater understanding of the context of strategic energy management.

### ➤ Whole Building Performance Assessment

Districts received a walkthrough, behavioral-focused building assessment, as well as an ASHRAE-level detailed assessment performed by a professional engineering firm. Assessments were performed on one of poorest performing buildings in each district, based on its Portfolio Manager score and site energy intensity (kBtu/sq ft). Program participants were provided an assessment report based on the findings, describing both low cost/no cost and capital improvement energy savings measures recommended for the building. Behavioral recommendations and low/no cost actions were adopted immediately by the participants. Over time, some participants also pursued capital improvement measures, ultimately receiving incentives from the Business Energy Efficiency Program.

#### ★ Key Take-Away

The performance assessment was an opportunity to stress that everyone is an energy *user* and energy *saver* and can save energy through behavioral measures. Staff buy-in to energy saving measures was increased by highlighting impacts on comfort or amenities.

### ➤ Develop an Energy Savings Action Plan

Energy teams established in each district and the Consumers energy coach were critical to the success of implementation. Serving as the customers' energy coach, Consumers Energy, along with the school's energy team, used the assessment report as the foundation for the energy savings action plan. Measures identified in the report were expected to be applied and implemented throughout all buildings in the district. Along with the action plan, a roadmap for implementation was created outlining projects, available incentives, potential savings, and the expected payback period.

To begin the action plan development process, the Consumers Energy team met with the districts to walk them through the EPA's Guidelines for Energy Management. Typical attendees from the districts included: an energy manager, maintenance manager, food service manager, transportation, IT, financial officer, school superintendent, and/or a principal. Teachers and students were involved in key meetings to help disseminate information and best practices for energy saving behavior changes.

### ★ Key Take-Away

It is critical to have stakeholders on the energy team make the commitment to treating energy as a priority.

### ➤ Whole Building Upgrades

School districts were required to adhere to their action plan and implementation roadmap, to complete one energy efficiency project in the prescriptive or custom program, and to proceed with all low cost/no cost measures with payback less than a year. These efforts were supported by continued guidance from Consumers. If additional capital intensive projects identified in the assessments and included in the action plan were implemented, the customers received incentives available through Consumers Energy's prescriptive or custom programs. Final bonus incentives were provided based on the percentage of total energy reduction captured in Portfolio Manager (\$5,000 for each percentage point of total reduction in energy use intensity against the district-wide baseline).

Consumers Energy focused on developing its pilot program managers to advise organizations as subject matter experts on implementing action plans and roadmaps. Consumers Energy also worked with its trade allies to demonstrate the benefits of whole-building assessments to help create a market for this type of service. After project completion, the utility used their results to showcase the potential savings to other schools, and the business opportunities to trade allies who offer building performance services to their clients.

### ★ Key Take-Away

Consumers encouraged school districts to use energy savings as a financing stream for additional projects; which was vital to discuss at the initial engagement and throughout the entire program to ensure this remained a core focus and priority for decision makers.

### ➤ Performance Monitoring and Verification

Consumers Energy worked with each participant for a period of about one year, and held follow-up visits. During the follow-up, Consumers assessed how the school district was tracking and managing energy use, including tracking savings impacts through Portfolio Manager. Program participants were encouraged to utilize the "Track Energy Performance Improvements" feature in the Portfolio Manager to flag savings from energy efficiency upgrades at their facilities. They were also required to keep their accounts

updated in Portfolio Manager for the duration of the pilot phase, in order to allow Consumers Energy to verify program impacts. At the end of the pilot program Consumers Energy performed a re-benchmarking process to evaluate the overall impact of the pilot.

Consumers Energy conducted participant surveys at the end of the pilot program, to measure customer satisfaction in working within the framework of the pilot program and to gather information to improve the process. In addition, Consumers Energy has had the pilot evaluated using a third-party evaluator.

### ★ Key Take-Away

Schools have both long-term and annual budget cycles that dictate their ability to implement projects and when. Although this did not affect the districts' ability to follow through on their commitment, it did delay the implementation of some projects.

### Program Outcomes and Evolution

Since the K-12 pilot began, Consumers Energy has helped school districts save between 1 and 7 percent on their energy bills, with the average around 4 percent. Because of the success of the program serving K-12 school districts, Consumers

Energy expanded the pilot in 2014 to additional business sectors, including health care, property management, and hospitality. These new sectors are required to follow the same program guidelines. Since opening the program to all commercial customers, 51 new organizations representing 620 buildings participated. The health care sector has been particularly active in the program, with one customer bringing a portfolio of over 70 buildings into the program.

In 2015, Consumers Energy transitioned the program from a pilot to a Specialty Program under its Large Commercial Building program umbrella.

Since the effort began in 2012, Consumers has engaged a total of 85 organizations, including school districts, healthcare, hospitality, and property management. Participants have benchmarked 890 buildings leading to over 410 energy efficiency projects undertaken. These activities represent 12,162 MWh of electric savings and 119,131 MCF in gas savings.

### To learn more:

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