

***Making Energy Work Conference
Track 3: Energy Productivity of
Southeast Economies –
An ESCO Perspective***

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Proprietary and Confidential



Energy Language and Usage

ESCO: Energy Services Company

ESPC: Energy Savings Performance Contract

MUSH: Municipals, Universities, K12 Schools; and Hospitals

UESC: Utility Energy Services Contracts

REEP: Rate-Payer Funded Energy-Efficiency Program Incentives

FEMP: Federal Energy Management Program

Macroeconomics and Energy Infrastructure – A Long View

Rapid, sustained growth ONLY way to efficiently pay off debts

1945 Federal Debt = 120% of GDP (2X likely level @ end of 2010)

1950 -1960 – 4% Average Annual U.S. Economic Growth Rate

Why Did Real Sustained, Rapid Growth Likely Occur?

Educational Attainment (GI Bill)

Infrastructure Investment (Eisenhower Interstate System)

Public Sector R&D (Internet)

(New York Times, 2/1/2009)

“A Series of Great Opportunities, Disguised as Insoluble Problems”

“Green is the New Red, White, and Blue” – Tom Friedman, “Hot, Flat, and Crowded”

Sustainable Growth is Possible Harnessing Fuels from Heaven and Hearth

(Supply Side: Renewable Energy; and, Demand Side: Energy Efficiency)

“Embrace Nega-Watts” – Amory Lovins, Rocky Mountain Institute

“Expand the World of Possibilities” – Jim Rogers, CEO Duke Energy

“Green Jobs”: A Change and A Challenge

Consumer Spending: Primary Economic Engine of Bubble

Green Jobs: Possible Primary Engine of Sustainable Future

Dirty Energy Sources are Cheap = Long-Standing Dependence

\$700 Billion U.S. Annual Energy Spending = 50% Stays in U.S.

Green Jobs As Long Term Investment = 1% GDP Solution

(New York Times, 2/1/2009)

Southeast Energy Landscape

Fastest Growing Demographic Region in U.S.

50% Growth Projected in North Carolina by 2025

Several EPA Air Quality Non-Attainment Areas (W. North Carolina)

Southeast most energy inefficient region in U.S.

Progress Energy and others pursuing energy efficiency incentives

ESCOs as Effective Partners to Public and Private Sectors

ESCO Values to Clients:

Budget Neutral Procurement (Utility Savings Funded)

Competitive Process

Guaranteed Energy Reductions – Average ESPC 23% Reduction

Strong Measurement and Verification (FEMP Guidelines)

ESCOs and Clients Current Challenges

\$100 Million Aggregate ESPC Cap in North Carolina

Lengthy Procurement Cycle (RFP – Commissioning)

Need to Train and Retain Technical Trades and Engineers

Sufficient Staffing, Funding, Authority at State Energy Office

ESCOs and Clients Opportunities

\$170,000,000 Identified North Carolina State Level ESPC Projects

Plus, ESPC Job Creation and Energy Efficiency at Local Level

Budget Neutral Procurement

Energy Infrastructure Investment

Average 23% ESPC Energy Savings (2007 Berkeley National Lab)

Why Wait?

ESCOs and Southeast Economies Next Steps

Remove ESPC Cap Barrier to Budget Neutral Economic Growth

Invest in Energy Infrastructure (Nega-Watts via ESPC)

Remove Obstacles to Net-Metering

Streamline ESPC Procurement - Jobs

ESCOs and North Carolina Legislation – A Firm Foundation

SB 668 –

20% Reduction in energy, water, and other utilities use by 2010 over 2003/2004 Baseline; 30% Reduction by 2015 in state universities and agencies

SB 3 –

Created first REPS in Southeast; 5% Energy Efficiency Requirement; 7.5% Renewable Energy Requirement

A Couple of Questions

Is energy efficiency among the most complex issues we face in the Southeast?

Is solving this problem going to present great opportunities for job creation?

ConEdison Solutions

Energy

Efficiency

Expertise

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