

Empowering Small Businesses Energy Symposium Report-Out

NOVEMBER 2017



PRESENTED BY:



Acknowledgements

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Introduction

Small and medium commercial buildings make up the majority of the nation's building stock by both number and area (93.9 percent and 49.5 percent respectively, according to the National Institute for Building Sciences) and close to three-quarters are 10,000 square feet or smaller. These buildings, which range from retail shopping centers to local dentist offices to warehouses, are frequently owned and leased by small businesses, and are an integral part of our economy and society. The price of energy ranks among the top concerns of small business owners, who collectively spend more than \$60 billion on energy a year. Most small buildings and businesses can easily cut utility costs 10–30 percent without sacrificing service, quality, style, or comfort.

Recognizing the opportunity for small businesses to save money and the potential to transform our economy and environment by better engaging this important sector by reducing energy waste in buildings, the Council of Smaller Enterprises (COSE) and the Institute for Market Transformation (IMT) have worked together since 2014 to develop and deploy leading-edge energy efficiency and sustainability practices and resources for small businesses in Cleveland and beyond. In 2016, IMT and COSE formally launched the Small Business Energy Initiative to build upon their foundational work in Cleveland and to energize small business communities across other U.S. jurisdictions. The Initiative is currently funded in part by the U.S. Department of Energy and works in partnership with the Chapel Hill-Carrboro Chamber of Commerce in North Carolina and the Traverse City Area Chamber of Commerce in Michigan.

Chambers of commerce and similar organizations are trusted thought leaders and primary connectors to small businesses. They have the power to effectively work with their members as well as key energy efficiency influencers such as utilities, banks, and local governments to ignite greater interest and investment in building performance and secure deeper savings

in hard-to-reach buildings. As such, the Small Business Energy Initiative provides energy efficiency education paired with tailored technical and financial resources to chamber leaders and their small business members. The aim of the Initiative is to solidify an energy efficiency model that is applicable to any chamber or membership organization in the country to execute and maintain.

On September 19, 2017, the Small Business Energy Initiative convened an Energy Symposium, bringing together 19 members of chambers of commerce, small business associations, and organizations from across the country. The Symposium focused on: best practices, models of success, the role of the chamber/organization in improving energy performance, engaging the right stakeholders, working with landlords and tenants, and developing and leveraging an energy efficiency ecosystem for non-dues revenue.

Many ideas, references, and questions were voiced and documented over the course of the day-long Symposium through detailed notes, audio recordings, and infographics that will inform future program development. To build upon the Symposium with participants and other interested parties, this Report-Out is intended to:

1. Present the key themes that were heard during the Symposium;
2. Provide follow-up links to existing resources and references; and
3. Highlight upcoming opportunities for additional actions.

COSE and IMT hope that the information shared here encourages ongoing discussions in the coming months. If you'd like to take the next step in joining the Small Business Energy Initiative, **Contact IMT's Alexandra Harry at alex.harry@imt.org for more information on how to get started.**

This Is What We Heard

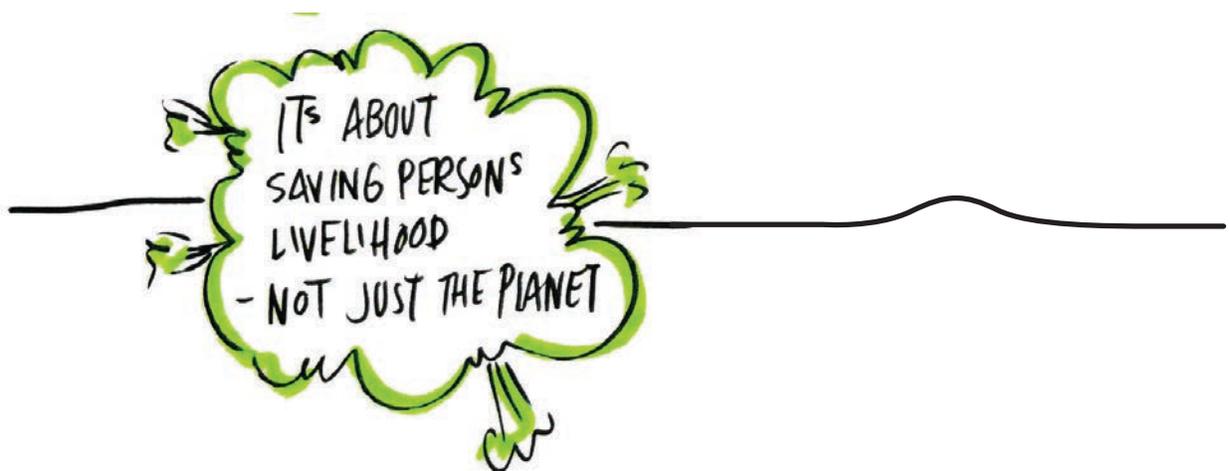
The Symposium consisted of speaker-led general sessions, break-out sessions led by topic experts, and facilitated full-group discussions. Five cross-cutting themes were identified across all sessions and discussions:

1. Unique Situations within Every Jurisdiction.
2. Trusted Partnerships with Local Chambers.
3. Business Investment in Energy Efficiency.
4. Utility Investment in Energy Efficiency.
5. Role of Government.

The Report-Out is organized around these themes and provides the highlights of actual discussions which have not been significantly altered or edited to retain the true voice of the participants.

“As the savings from energy efficiency projects are reinvested, Michigan businesses create jobs and help others in the region.”

Laura Galbraith, Executive Director, Venture North Funding & Development



1 Unique Situations within Every Jurisdiction.

Every city, town, region, and individual are within unique landscapes and at different stages in tackling energy efficiency, resulting in the need for tailored messaging and programs.

- » There are no silver bullets, each chamber needs tailored assistance to support their program and inform their members.
- » Every chamber and organization has a varying level of technical capacity and expertise in this efficiency and sustainability, there needs to be different entry points and materials that reflect this range.
- » Key messages need to be tailored to the right audience and various positions within an organization (i.e. a CEO, a manager, a city official, a bank lender, a utility implementer) who all respond to issues and interact differently.
- » To be an energy efficiency leader, chambers, and organizations develop relationships with key stakeholders in the market and document the successes made with case studies, social media, testimonials, photographs that tell their own story and journey.



“The way we steward our resources in Michigan, including energy, is part of the secret sauce of attracting talent, especially young talent.”

Doug Luciani, CEO of TraverseCONNECT and co-chair of Chambers for Innovation & Clean Energy Advisory Board

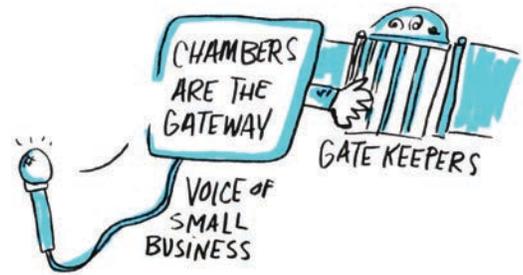


2 Trusted Partnerships with Local Chambers.

Chambers of commerce are in the unique position to act as the trusted intermediary between small businesses, lenders, and the multiple players included in the energy industry.

While advocates for the success of small businesses, most chambers also have relationships (to varying levels) with their utilities; thus, they are in a neutral position to relay messages, opportunities, and programs. Chambers can also work towards being the marketing partners of energy suppliers, brokers, and consulting firms, as these groups often have larger budgets for advertising and sponsorships. A few examples of how chambers can and are facilitating this conversation between small business and the energy industry include:

- » Demonstrate demand by members for energy efficiency financing to banks that don't traditionally lend for energy efficiency programs.
- » Convene informational sessions with energy market leaders and provide your small business attendees with information to reach contractors and financiers.



Resources

***i* CERTIFIABLE GREEN DENVER** is a free service that audits and reviews businesses (and residences), providing environmental assistance to Denver's business community, as well as helping them meet certification standards.

***i* CHAMBERS FOR INNOVATION AND CLEAN ENERGY (CICE)** is a national network of local chambers that helps chambers and member companies navigate and prosper in the clean energy space.

***i* COSE & KEYBANK PARTNERSHIP.** Lending program for energy efficiency projects, whereby COSE provides an interest rate reduction courtesy of a fund established by the utility and powered by COSE. This partnership is the result of advocacy efforts and negotiations. KeyBank markets include: Alaska, Colorado, Connecticut, Idaho, Indiana, Maine, Massachusetts, Michigan, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Utah, and Washington.

- » Advocate for small businesses to receive support from policies and utilities. In some cases, this may require an extensive advocacy effort.
- » Educate members (landlords and tenants) on design and operational practices that save on utility costs through low- and no-cost behavior changes.
- » Establish credibility and contribute to the vetting of electric / natural gas energy supplies, brokers, and consulting firms through 'market intelligence' reports or other resources and materials, such as contractor networks.



“As the leader of our Chamber of Commerce, I connect our members to resources they need to be successful. We’re working to be an energy efficiency leader by example and also a coach and adviser to our members.”

Aaron Nelson, President & CEO, Chapel Hill-Carrboro (NC) Chamber of Commerce



Resources

- i GREEN BUSINESS OF THE YEAR** (Waltham, MA) helps establish relationships and improve the lines of communication and commitment to saving energy within facilities.
- i COSE CONTRACTOR NETWORK.** COSE has developed agreements with qualified energy service and product providers that in turn creates non-dues revenue through an administration fee that is applied to each project total and ranges from 2–10% depending on the contractor/supplier and total project cost. This pre-qualified list of local vendors also makes it easy for businesses to find services.

“Energy efficiency helps businesses save money and provide a more comfortable workplace for staff and customers. We help small businesses to focus on which efficiency investments make the most sense, for today and tomorrow.”

Nicole Stika, Vice President of Energy Services for Council of Smaller Enterprises (COSE) & Greater Cleveland Partnership



“Small businesses are inundated with requests and opportunities on a daily basis. To pursue energy efficiency, they need trusted partners to make it accessible and easy. That’s where we come in.”

Matt Kazinka, Sustainability Program Coordinator, Lake Street Council



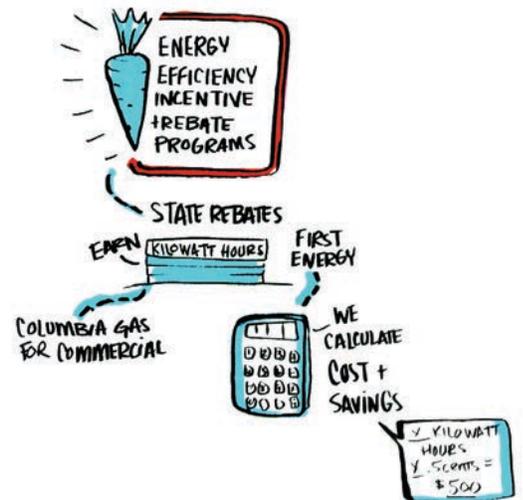
3 Business Investment in Energy Efficiency.

Chambers are in a unique position to help provide clarity and direction to their small business members as they pursue energy efficiency investments and understand system interdependencies.

- » The business case, its messaging, and available resources need to be built and provided differently for varying consumer scales and structures.
- » Businesses typically have a low tolerance for a long-term payback (anything beyond three years) unless it is part of their capital improvement schedule or it is required. Guidance in understanding the business case, which includes upfront costs, along with ongoing costs, cash flow, and anticipated utility savings will bring added clarity to these various aspects of return on investment.

“Energy efficiency is great for our businesses, because the vast majority are 50 employees or less. A big reason they become Chamber of Commerce members is to leverage incentives to save money, so efficiency helps to boost their bottom line.”

Leonardo McClarty, President & CEO, Howard County Chamber of Commerce



Resources

i U.S. SMALL BUSINESS ADMINISTRATION'S STATE & LOCAL ENERGY EFFICIENCY PROGRAMS. Use this database of local and state energy efficiency programs to help guide your members through their energy options.

i GREEN LEASING QUESTIONNAIRE. A document by IMT and the Rocky Mountain Institute for tenants to quickly assess the status of their landlord's sustainable building features and operations; i.e. questions to ask your landlord.



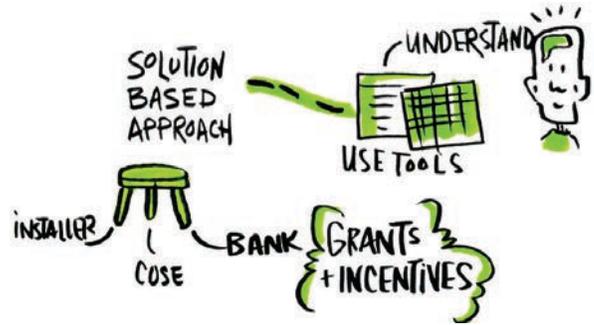
- » The investment cost looks a lot different to the small business tenant than the Real Estate Investment Trust (REIT), especially as (given the interest rates) many would rather self-finance investments.
- » Businesses that own their buildings have more autonomy to make decisions and investments without interference from a landlord or tenant.
- » In leased spaces, there is often a lack of shared understanding by both landlord and tenant about how a building performs and what potential improvements make economic sense. If both parties make energy a priority from the early stages of lease negotiations, parties can safeguard investments in efficiency. The process insures both tenant and landlord are on the same page and enact procedures that are mutually beneficial. Leases that reflect this understanding are “green” or “energy-aligned” leases.
- » Some business types can adopt energy efficiency measures at higher rates than others. For example, light manufacturing and industrial businesses take more readily to energy efficiency programs, and often the return on investment is significant. Office spaces have fewer hurdles to overcome and have longer leases that will realize longer paybacks, and have the added benefit of property management teams with building engineer(s) to manage large energy consuming equipment. Retailers, in particular food service, are often the most difficult to convince of making energy efficiency investments, due to shorter term leases, less technical support, and the higher value often placed on investing in aesthetic and customer comfort. Retailers have a significant operating expenses and can benefit from energy efficiency measures. Meeting small business needs requires taking these building types into account.



Resources

- i** **IMT and the RETAIL INDUSTRY LEADERS ASSOCIATION (RILA)** created guides to help energy managers and finance professionals at retail companies understand internal and external financing approaches that can be used for energy projects and create a virtuous cycle of efficient operations.
 - » **GUIDE TO INTERNAL FINANCING**
 - » **GUIDE TO EXTERNAL FINANCING**
- i** **IMT GREEN LEASE LIBRARY.** Help your members take advantage of energy-aligned leasing best practices. This library includes lease language, case studies, and strategies to help business green their lease.
- i** **COFFEE HOUSE GREEN LEASING CASE STUDY.** Read how one shop owner took advantage of their lease renewal cycle to negotiate for needed improvements in the lease.

- » Some investments are easier than others – retro-commissioning is a good example of a very beneficial, but small initial change that has minimal cost (averages \$0.30 per square foot).
- » Businesses need a better explanation of the revenue streams, the financing mechanisms, and an idea of their success. For example, while frequently small, rebates can often help bridge the gap on the initial cost and provide enough of an initial incentive to spur long-term investment.
- » The public will typically only follow the price rates without fully understanding or having sufficient guidance regarding the total cost (installation price, terms, cancellation charges, disenrollment, etc.). Members don't know what they don't know. Advocate for your members by working with your local energy market to bring transparency and inspire action.



“Energy efficiency projects give a solid and predictable return on investment, which is a big advantage for small business owners who regularly grapple with uncertainty.”

Matt Kazinka, Sustainability Program Coordinator, Lake Street Council



Resources

i **PROPERTY ASSESSED CLEAN ENERGY (PACE)** funds energy upgrades to buildings that create jobs, make properties more valuable, and help states achieve policy goals. It's 100% voluntary and it's being adopted in every region of our nation.

i **RETROCOMMISSIONING FREQUENTLY ASKED QUESTIONS.** A joint project by IMT and Natural Resources Defense Council (NRDC) that describes and answers questions on retrocommissioning, its use, cost, approach, benefits, etc.

i **THE BENEFITS OF BENCHMARKING BUILDING PERFORMANCE.** A report by IMT on building performance policy, and the role of benchmarking in creating benefits.

i **VENTURE NORTH'S ENERGY EFFICIENCY REVOLVING LOAN FUND.** Small scale loans can impact and make all the difference for small businesses.

“Energy efficiency financing is designed to be zero out-of-pocket and cash-flow positive. You pay for the project with the energy savings that are generated. Instead of putting those dollars to your electric or gas bills, use them to invest in your business.”

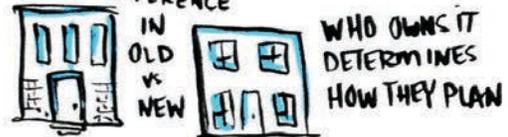
Andrew Smyser, Manager of Energy Services for Council of Smaller Enterprises (COSE) & Greater Cleveland Partnership



WHY DO LANDLORDS CARE?



ROI - TRAIN STAFF MEMBER TO BE ENERGY AUDITOR



“Energy efficiency helps our members grow their businesses and save money.”

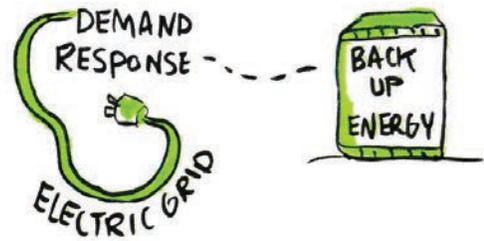
Rob Fowler, President & CEO, Small Business Association of Michigan



4 Utility Energy Efficiency Investment.

Though inherently conflicted, there are several shifting trends in utilities that lead to energy efficiency and small business investment in energy efficiency.

- » Utilities both do and don't want customers to buy energy. They make a profit by selling power, but due to regulatory standards (and at least partially in response to market / public pressure) often must provide energy efficiency programming.
- » Utilities can better meet small business needs by working directly with chambers and other community leaders to design programs.
- » Utilities also need to manage and reduce energy use when facing supply constraints or frequent and high peak power demands. As a result, utilities are beginning to incentivize investment of building controls (HVAC, lighting, equipment) that allow data feedback and management to address peak power stresses and improve overall energy savings.



Resources

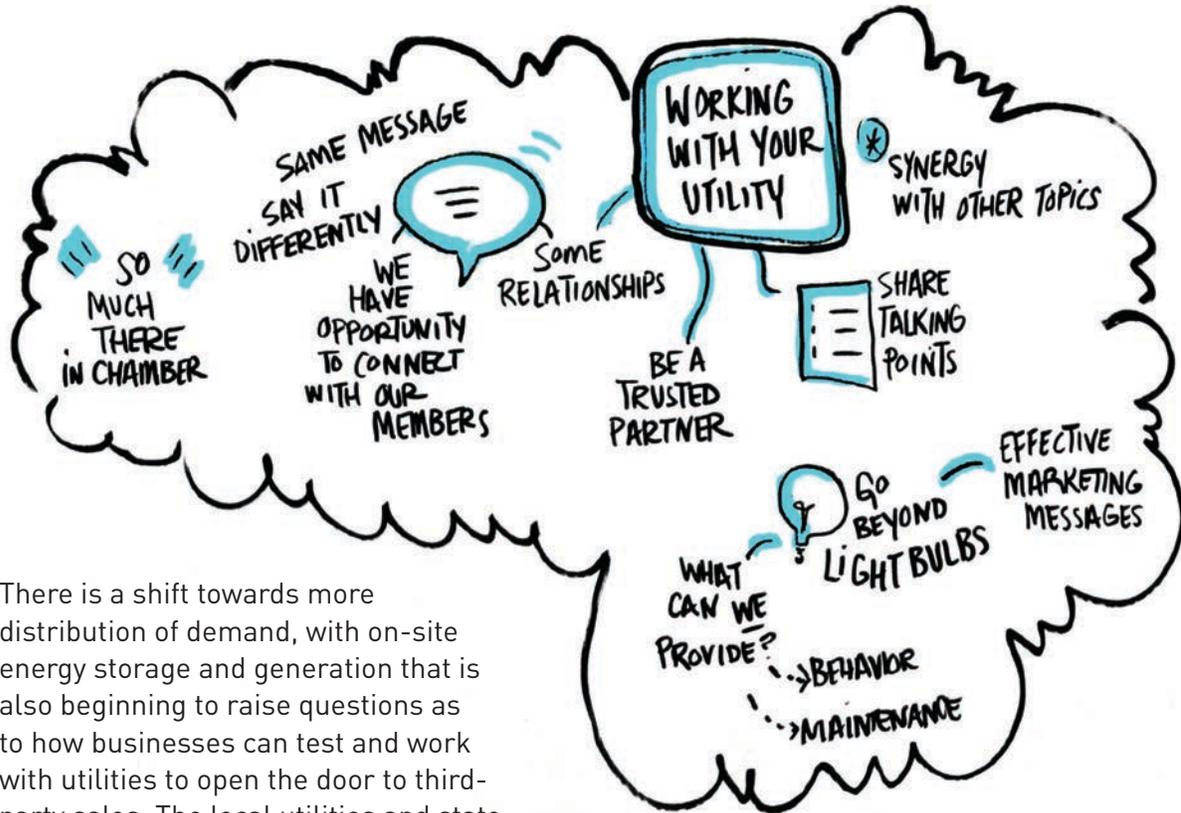
i U.S. SMALL BUSINESS ADMINISTRATION'S STATE & LOCAL ENERGY EFFICIENCY PROGRAMS. Use this database of local and state energy efficiency programs to help guide your members through their energy options.

i OVERVIEW OF UTILITY ENGAGEMENT ISSUES is a resource on how utilities can improve their programs.



“Small businesses deserve a seat at the table when it comes to energy costs and programs. We’re helping our members learn how they can save energy and money through energy efficiency.”

Tony Stamas, Vice President of Government Relations, Small Business Association of Michigan



- » There is a shift towards more distribution of demand, with on-site energy storage and generation that is also beginning to raise questions as to how businesses can test and work with utilities to open the door to third-party sales. The local utilities and state regulations will continue to greatly impact the possibility and success of third-party sales.
- » On their own, small businesses don't often have leverage with utilities to negotiate, and/or receive the same level attention and funding as others. This is a great opportunity for chambers to collaborate with their utilities and others in the energy market.



“After making your building energy efficient, it’s time to look at renewable power. One of our member businesses that invested in solar power is now generating 80% of their energy, and reaping an impressive Internal Rate of Return of more than 9%.”

Andrew Smyser, Manager of Energy Services for Council of Smaller Enterprises (COSE) & Greater Cleveland Partnership

5 Role of Government.

Governments often have the role of helping businesses, policies, and plans overcome market inefficiencies.

- » Collect data and benchmark at the local, state and federal levels to demonstrate savings overtime, the benefits for both tenant and landlords, and build the business case for investing in energy efficiency.
- » Incentivize efficiency at the local level to help businesses to choose solutions that also make good business sense. For example, the District of Columbia’s Department of Energy and the Environment created the **DC Sustainable Energy Utility**, a government program that helps businesses navigate energy efficiency incentives and other technical support measures.

“When businesses are engaged on energy efficiency, I see the impact on our community.”

Laura Galbraith, Executive Director, Venture North Funding & Development

Resources

THE BENEFITS OF BENCHMARKING BUILDING PERFORMANCE. This report highlights the positive effects that can be achieved through local government benchmarking and transparency policies.

OVERVIEW OF UTILITY ENGAGEMENT ISSUES is a resource on how utilities can improve their programs.



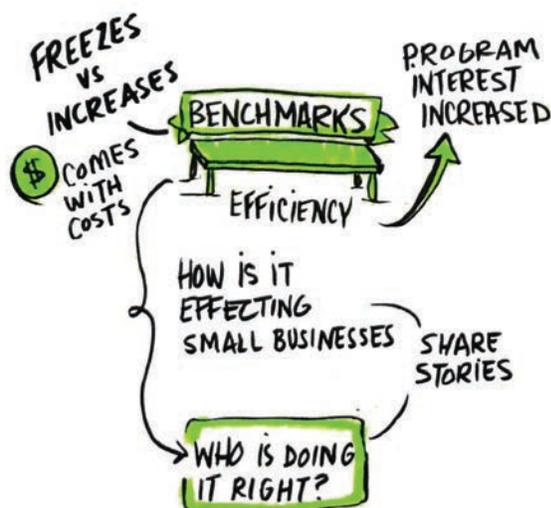
Next Steps

SBEI Participation

COSE and IMT hope that the information shared in this Report-Out informs your efforts to enhance energy efficiency and sustainability for your businesses and communities. We recognize that local Chambers of Commerce and similar organizations are well positioned to help their members save money on utilities and improve business operations through energy management. By joining the Small Business Energy Initiative, we will work with you to tailor a road map that puts your small business members on a path to higher energy savings and better buildings. The technical guidance and resources the Initiative provides chambers and similar organizations opens the door to effective engagement with local utilities, banks, and local governments to drive efficiency action. Get in touch with us to learn from chambers who have transformed into energy chambers and become a part of this growing Initiative that will give your chamber or organization national exposure as an energy leader within the chamber community.

Join the Small Business Energy Initiative today so your chamber or organization can:

- » Create more non-dues revenue with energy efficiency programming
- » Provide value to members by developing an energy ecosystem that includes your City, utility, banks, and local contractors.
- » Helping your member save money annually in operating expenses
- » Learning how to provide educational resources from your members on a variety of topics including high performance leasing, financing, and energy best practices.



The Small Business Energy Initiative is actively recruiting new chambers and organizations to join the program. Funding is available to participate.

Contact IMT's Alexandra Harry at alex.harry@imt.org to learn more about this opportunity.

Available Resources

The following additional resources were referenced during the Symposium and are immediately available for Symposium participants to utilize for learning more and to take action now.

- » **IMT SBEI Blog Post**
- » **SBEI Webpage**
- » **Energy Symposium Briefing Packet**
- » **Energy Symposium Facilitation Illustrations**
- » **Energy Symposium Time Lapse**
- » **Resource Guide for Small Business**
- » **Green Lease Library**
- » **Green Leasing Infographic**
- » **ENERGY STAR for small business**
- » **ACEEE Report: Big Opportunities for Small Business: Successful Practices of Utility Small Commercial Energy Efficiency Programs**
- » **U.S. Small Business Administration's state and local energy efficiency programs.**



Doug Luciani, CEO of TraverseCONNECT and co-chair of Chambers for Innovation & Clean Energy Advisory Board

“When people are deciding where to go, live, work, raise a family – they consider everything. They want to live in a cool city, and a cool city is paying attention to how it stewards its energy resources.”

Upcoming Resources

Additional resources were identified during the Symposium that would be useful tools or materials for use by all. COSE and IMT are working to develop or collect these materials for distribution to the Symposium participants and others by mid-2018, as a more in-depth guide for chambers. The Traverse City and COSE Case Studies will be included in these upcoming materials.



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