



November 14, 2008

Commonwealth of Pennsylvania  
Pennsylvania Public Utility Commission  
PO Box 3265  
Harrisburg, Pa 17105  
Attention: Tom Charles  
PUC Manager of Communications

RE: Energy Efficiency and Conservation Program and EDC Plans

Mr. Charles,

As proven experts in the energy efficiency industry, our comments will be directed at the PUC's interest in a new energy efficiency and conservation program. The supporting documentation enclosed in this package details a sector specific approach that can help the PUC reduce energy consumption and demand in the State of Pennsylvania.

The key market segment that needs to be addressed with regard to energy efficiency is the commercial real estate (CRE) sector. According to the Environmental Information Administration's "EIA Annual Energy Outlook (2008)", commercial buildings in the United States consume 70% of the electricity load and are responsible for 38% of all CO2 emissions. With existing buildings outnumbering new buildings by more than 100 to 1, the existing CRE market will need to be a large part of any large scale effort to promote energy efficiency, remove demand from the grid and improve the environment.

In an effort to promote energy efficiency within the hard-to-reach CRE sector, RealWinWin has developed and is now implementing a major Midwest utility program that targets commercial real estate owners and managers, many of whom have been resistant to pursuing energy-efficiency improvements due to misunderstandings regarding "who pays" and "who benefits" and other factors. In addition to providing innovative approaches to addressing these split incentives, the program has already completed energy assessments for over 90 large office buildings that together represent almost 40 million square feet. More than 700 energy conservation opportunities have been identified that, if implemented, would represent over 40 million annual kilowatt-hours of annual energy savings.

We welcome any questions or comments you might have after reviewing the enclosed materials. Thank you for your consideration.

Very truly yours,

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# RealWinWin, Inc.

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Energy-Efficiency Economics: What You Need to Know, by Mark Jewell

## Company Overview

### *Vision. Innovation. Growth.*

RealWinWin operates as an industry-wide intermediary developing and brokering energy efficiency and related funding solutions among energy utilities, vendors of energy efficient products and Fortune 1000 corporate customers. These services range from administering demand-reduction programs for energy utilities, managing the receipt of rebates and incentives for energy efficiency capital investments to interfacing with utilities on behalf of equipment vendors to obtain incentive support for their products.

RealWinWin's foundation offering is its "Commercial Real Estate Support Team" (CREST) services to utilities as an adjunct/add-on to the energy demand reduction incentive and/or technical assistance programs they offer. CREST provides energy demand reduction analyses tailored for the commercial real estate community. CREST is a structured, phased set of analyses which determine the most economically advantageous re/retro-commissioning and capital improvement opportunities within commercial buildings. With "office lease math" integrated throughout its approach, CREST debunks myths while identifying the advantages for owners and operators of leased office space with respect to committing capital to energy conservation initiatives.

Additionally, RealWinWin provides "Rebate Administration" (RA), a turn-key solution for corporations seeking to pursue incentives for installing energy-saving systems in their real estate portfolios. RealWinWin's RA clients own and operate more than 800mm SF of real estate nationwide, and RealWinWin assists them by pursuing and receiving utility incentives on a wide range of their initiatives: new construction; remodels; retrofits; replacements; etc. RA is incentive-based and RealWinWin only charges its customers a percentage of all monies it receives on their behalf.

Beginning in 2007, RealWinWin was awarded a 3 year contract to provide CREST to Xcel Minnesota customers targeted to result in a reduction of 33 million annual kilowatt-hours from the grid over three years. To date, the program has already completed energy assessments for over 90 large office buildings that together represent almost 40 million square feet. More than 700 energy conservation opportunities have been identified that, if implemented, would represent over 40 million annual kilowatt-hours of annual energy savings.

At RealWinWin, we believe that saving energy makes sense. It saves money. It reduces harmful pollution. It reduces stress on our electric grids. It improves the comfort of the buildings where we work. It drives innovation and creativity. In short, reducing energy use is a win-win opportunity and it is critical to our collective future. RealWinWin is proud to be a leader in delivering this advantage to the organizations we serve.

# **The Opportunity: Targeting and delivering energy conservation from the Commercial Real Estate sector**

## ***The challenge:***

Commercial real estate (CRE) is a “hard-to-reach” market sector for traditional incentive programs. CRE is comprised of several market sub-sectors, such as income-producing office, retail, and hospitality facilities. Each of these sub-sectors uses a different “language” to identify and approve energy efficiency improvements, making them difficult to reach using a single program approach. For example, each sub-sector has its own protocols for assessing and tracking energy performance; its own decision-making process and templates for proposing and approving energy efficiency measures; and, its own version of “split incentives” (i.e., who pays, who benefits). Moreover, CRE decision-making chains can be long and prone to miscommunication among the various stakeholders.

## ***The problems:***

- Buildings are one of the heaviest consumers of natural resources and account for a significant portion of the greenhouse gas emissions that affect climate change. In the U.S., buildings account for 38% of all CO<sub>2</sub> emissions.

*Source: Energy Information Administration (2008). Assumptions to the Annual Energy Outlook*

- Over the next 25 years, CO<sub>2</sub> emissions from buildings are projected to grow faster than those from any other sector, with emissions from commercial buildings projected to grow the fastest at 1.8 percent a year through 2030.

*Source: U.S. Green Building Council press release, May 7, 2007.*

- Buildings represent 38.9% of U.S. primary energy use (includes fuel input for production).

*Source: Environmental Information Administration (2008). EIA Annual Energy Outlook.*

- Buildings account for over 50 percent of greenhouse gas emissions in most cities and over 70 percent in mature cities, such as New York and London.

*Source: William J. Clinton Foundation, February 4, 2008.*

- Buildings consume 70 percent of the electricity load in the U.S.

*Source: Environmental Information Administration (2008). EIA Annual Energy Outlook.*

- Existing buildings outnumber new buildings by more than 100 to 1. If the U.S. is going to reduce its greenhouse gas emissions, the greening of existing buildings must be included, too.

*Source: Joint study by Deloitte and Charles Lockwood (2008)*

## ***Targeted programs can help...***

- The average building certified as green using the U.S. Green Buildings Council's (USGBC's) Leadership in Energy and Environmental Design (LEED) rating system uses 32 percent less electricity and saves 350 metric tons of CO<sub>2</sub> emissions annually.

*Source: Joint study by Deloitte and Charles Lockwood (2008)*

- The ENERGY STAR program has worked to great effect: buildings that have earned the ENERGY STAR label use an average of almost 40 percent less energy than average buildings, and emit 35 percent less carbon.

*Source: EPA ENERGY STAR Website, November 2008*

- According to EPA, as many as 500 buildings out of the 4,100 or so total commercial buildings that have earned Energy Star use a full 50 percent less energy than average buildings.

*Source: EPA ENERGY STAR Website, November 2008*

- As an example of a utility based program, Xcel Energy provides specialized technical and financial assistance for the commercial real estate sector in its Minnesota service territory. Xcel's Commercial Real Estate Efficiency program helps property managers to benchmark their buildings' energy performance using EPA's Portfolio Manager; identify energy efficiency opportunities, including adjustments to building mechanical systems; and match projects with incentive dollars.

*Source: ENERGY STAR Commercial Sectors Newsletter, July 2008*

### ***RealWinWin's Commercial Real Estate Support Team™ (CREST™)***

RealWinWin's Commercial Real Estate Support Team takes a sector- and stakeholder-specific approach to pursuing energy efficiency. This approach helps utilities market their other program offerings to support that effort, yielding the following benefits:

- Higher incentive program participation rates
- Better quality projects
- Larger energy savings
- A greater percentage of projects that reach completion
- Increased probability that decision-making processes going forward will incorporate best practices for applying energy efficiency in landlord/tenant settings

### ***Xcel Energy's Commercial Real Estate Efficiency™ (CREE™) Program***

In an effort to promote energy efficiency within the hard-to-reach commercial real estate sector, and in partnership with Xcel Energy in Minnesota, RealWinWin has developed and is now implementing a program that targets commercial real estate owners and managers, many of whom have been resistant to pursuing energy efficiency improvements due to misunderstandings regarding "who pays" and "who benefits" and other factors.

It's been nearly 2 years since Xcel Energy started its Minnesota Commercial Real Estate Efficiency program, which is essentially a private-labeled version of RealWinWin's CREST program. Over the last 20 months, the program has made noteworthy progress in helping Twin Cities commercial properties achieve both energy and environmental savings. So far, the following results have been achieved:

- Over 90 building participants recruited
- Almost 40 million square feet of total building floor space studied
- More than 700 cost-saving efficiency improvement measures identified
- Over 40 million annual kilowatt-hours of energy savings identified

Each of the above-referenced buildings has received an ENERGY STAR score (where applicable), emailed questionnaires and follow-up phone interviews addressing the building's energy-related systems and, where applicable, a one-day engineering walk-through and an allocation of energy-related costs/savings between the building owner and the tenants. Each building has received a robust and actionable Preliminary Findings Report that lists its ENERGY STAR score and a variety of useful rankings, such as building system upgrade potential, retro-commissioning (i.e., low-cost/no-cost or building tune-up) potential, utility cost intensity and rebate eligibility. Each report typically provides as many as two dozen recommendations for energy savings covering both retrofit and retro-commissioning measures.

In the interest of accelerating the realization of savings opportunities listed in the Preliminary Findings Report, Xcel Energy is offering 30 percent rebate bonuses on measures implemented before this program's expiration date, which was recently extended to December 10, 2010 (certain conditions apply).

### **Greater Minneapolis BOMA Newsletter, July 2008**

*"During the seminar [about our local Commercial Real Estate Efficiency program presented by Mark Jewell of RealWinWin and our own Sue Goldstein of Xcel Energy], I became very proud of our BOMA Greater Minneapolis as I learned about how ahead of the curve we are in Minnesota in regards to energy savings efforts as a team approach with building owners and managers along with BOMA and Xcel Energy working together in a nation-leading program.*

- Jon Kuskie, Portfolio Manager  
Zeller Realty Group  
BOMA Greater Minneapolis Board Member

### **Reuters, March 27, 2008 - Thrivent Financial Lauded for Energy Conservation by EPA**

*" ... A recent energy audit of the Thrivent Financial Corporate Center by Xcel Energy in partnership with RealWinWin, an energy consulting group, gave the 17-story, 26-year-old building an ENERGY STAR rating of 93 percent..."*