Energy Efficiency Programs
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Midwest Energy, Inc.

- Vertically integrated gas & electric coop
- 49,000 electric, 42,000 gas customers
- 41 Counties
Energy Efficiency Drivers

• **Complete Energy Analysis of Buildings**
  - Energy audits, lighting audits, infrared scans, blower door testing, duct testing, combustion testing, RESNET and Energy Star Certified.
  - Results Based on Reality

• **Well Trained & Competent Installers**

• **Financing “How$mart®”**
What is How$mart®?

• Utility service – not just OBF
  - PAY S® concept
  - Based on savings

• An investment in Energy Efficiency
  - Kansas statute 66-1248 (2007)

• How$mart® has four key attributes...
Efficiency With No Upfront Capital

- Midwest Energy will fund 100% of costs for economically justified projects

- Building owner must buy down first cost if savings are insufficient for total project

- Low-cost Capital?
  - KHRC KEEP Program (State)
  - Efficiency Kansas (Stimulus)
  - REDL&G from RUS (Federal)
Efficiency Paid for on Utility Bill

- Fixed surcharge on monthly bill
- Surcharge covers project investment, cost of capital, and some administrative costs
  - Add 5% of project cost for audit/administration
- Maximum term: 180 months (res.)/120 months (comm.) or 75% of the expected life of the measure. (7 years for lighting projects)
Surcharge LESS than 90% of Savings

- Utility performs extensive energy audit
- Modeled energy use calibrated to actual history
- Utility estimates energy and cost savings
- Utility determines required surcharge
- Surcharge can be no more than 90% of savings
Repayment is Tied to the Location

- Energy savings are tied to a physical structure – surcharge is as well.
- Surcharge at premise survives occupant changes.
- Requires disclosure to next customer by the owner/landlord & the utility (UCC filing).
- Disconnection for non-payment – subject to same terms and conditions of utility service.
What is How$mart®?
Results since July, 2007

- 2,334 Conservation Plans
- 1,327 buildings improved
- $7.7M utility investment
- $5,800/project
  - Customers add $1,600/project
- 3,014,600 kWh/year
- 353,153 therms/year
What is How$mart®?
Results since July, 2007

- How$mart® charge = $41.59/mo.
- Savings = $49.11/mo.
- Avg. 2,200+ kWh and 270+ therms saved.
How$mart® - Why?
Why Does This Work for the Utility?

• Costs recovered
• Low risk
  • Default?
  • Disconnection allowed
• Customer Satisfaction
• Politically Popular
Why Does This Work for the Customer?

- No first cost barrier
- No additional debt
- Split incentives addressed
- Net lower bills
- External benefits (comfort, safety)
Satisfaction and Value Perception of Midwest Energy

Percent responding with a high score (8-10 on 10 pt. scale)

Higher overall satisfaction and value perception among energy services users

Numbers in parenthesis refer to mean satisfaction/value perception scores.
Program Interest

- **How$mart®**: first voluntary PAY S® application
- Many, many inquiries (Regulatory Commissions, National Labs, Environmental Groups, Utilities, Consultants, Other groups of interest)
- Five National Recognitions in Five Years

How$mart® Questions?

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