

Commonwealth of Pennsylvania

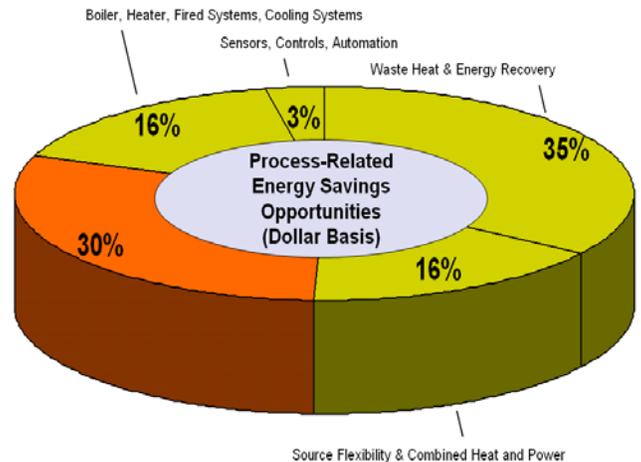
EnVinta Commercial & Industrial DSM, DR, and Energy Efficiency Program

EnVinta proposes the Sustainable Energy Efficiency Development program (SEED) to engage the top management of Pennsylvania Commercial and Industrial companies, driving savings through improved business practices and application of energy efficient and load response technologies. Our proposed approach will accomplish this goal not by replacing existing programs, but instead by integrating all of the available local, regional, and national programs into a unified continuous improvement program.

Why is there a Need to Approach Energy Efficiency, Demand Reduction, and Conservation from a New Perspective.

Key Issues that must be addressed to create effective conservation and energy efficiency programs for C&I facilities:

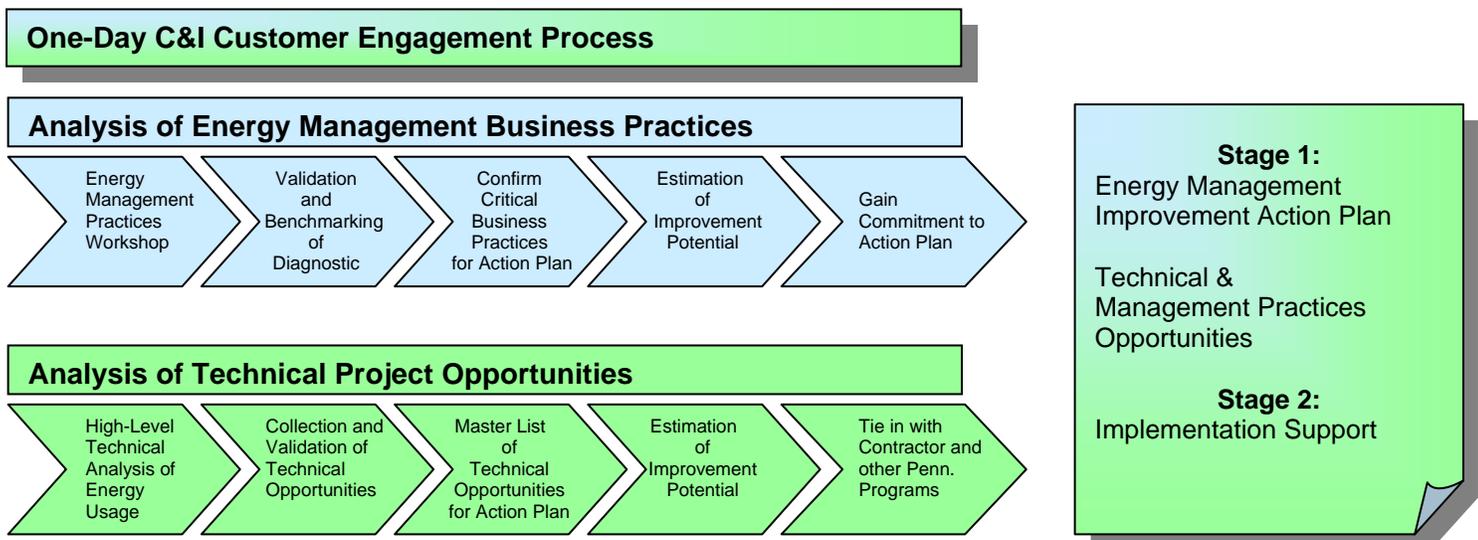
- The National Association of Manufacturing recently released a study on Energy Efficiency & Innovation in US Manufacturing. The study concluded that 30% of the energy savings opportunities available to US manufacturers require improved business practices;
- A recent Alliance to Save Energy report concluded that “future promotion of energy efficiency requires a dialogue with key decision-makers within each company” and that “promotion of energy efficiency must engage facility personnel from a variety of departments and should illustrate “how-to” strategies – both technical and managerial – for overcoming implementation barriers.”



Based on our benchmarking database of more than 1600 facilities, less than 15% of large C&I facilities have established the business practices required to capture and sustain energy related savings. Our findings are supported by a recent Aspen Corp. study that reported that less than 15% of major companies have standard energy efficient motor purchasing procedures that consider the local utility rebate programs. The remaining 85% of major companies continue to consider energy issues as primarily technical matters owned by their engineers or facility managers. These engineers generally have limited decision making authority in the organization consequently; their energy savings projects have to be “sold” to senior management who often have little exposure to or technical understanding of energy management. The frequent result is that energy savings opportunities are lost as project recommendations are indefinitely deferred by management.

EnVinta has developed and successfully deployed a new customer engagement process that overcomes these issues using an innovative one-day approach that gains the commitment and support of financial decision makers and technical staff to move forward with technical projects and energy management business practice improvements.

Overview of the Proposed Program Approach



The Commonwealth Energy Efficiency and Conservation Program will improve the energy performance of Pennsylvania C&I customers using a continuous improvement methodology blended with the more traditional technical approach to energy management. We are applying to energy efficiency the exact same approach that has successfully been applied by C&I customers to drive improvements and efficiencies in other areas of their business – for example: manufacturing, quality, supply chain management, and safety.

The EnVinta Program's comprehensive support process drives increased implementation of energy savings opportunities by engaging technical staff and financial decision makers in the energy management action plan and by providing links to available program offerings in the Commonwealth. This will lead to substantially increased uptake in available technical programs, and it will drive new savings in core process through improved business practices, energy management strategy, and the application of energy efficient and load response technologies. This approach creates a unique opportunity not only to get senior management and engineers together to discuss energy efficiency, but also to immediately provide an action plan and get consensus from the decision makers to move forward with the identified technical and business practices energy efficiency opportunities.

Initial outreach will focus on the Commonwealth's largest C&I facilities. In addition to targeting customers that have already participated in energy efficiency programs, we will work with local and national trade organizations as well as local utilities, mail-outs, and our call center to reach out to target customers

Potential Downsides to the Proposed Program

Most of the potential downsides in a comprehensive engagement program such as the one proposed can be avoided if the program is setup and managed properly. EnVinta has been in business for more than 20 years and during that time we have learned many lessons on program focus, structure, and implementation. Lessons learned include:

- The right people have to participate in the program. A key component of our approach is that senior management and decision makers are involved in the initial and ongoing activities. We've learned through previous engagements that if we can't get the right people in the room, we're better off finding a different program participant.
- By engaging senior management and decision makers in the process, we're able to gain excitement and commitment to move forward with energy management and technology improvements. We've discovered, however, that this window of opportunity is rather short. Without the quick wins we focus on early in the process, it's likely the program participant will lose momentum and go back to the old way of managing energy
- Continuous and strategic improvement approaches are not the right fit for every company. This approach is not a good fit for companies that are in severe financial distress – they are more focused on today's cash flow than tomorrow's increased competitive advantage. It's very important that we target the right program participants.

Benefits to the Commonwealth of Pennsylvania

The EnVinta approach will benefit the Commonwealth in the following ways:

- Strengthens the local economy and creates new jobs in Pennsylvania by improving the competitiveness of Pennsylvania C&I as well as through the transfer of knowledge and expertise to Pennsylvania energy consultants and energy efficiency companies including women-owned and minority-owned businesses.
- Provides a proven methodology for engaging executive level decision makers and influencing change in business practices that has been used by over 1,600 large energy using organizations;
- Facilitates a business-based decision making process that translates energy into business terms for decision makers.
- Integrates a change management approach with the traditional technical/engineering approach used in many utility programs. The program identifies barriers to implementation and develops strategies for overcoming these barriers.
- Through increased program participation in the full range of Pennsylvania and other regional/national DSM/DR programs. EnVinta's approach links customer needs to these programs to greatly increase participation.

EnVinta's approach is a well proven process for achieving successful results in DSM, DR, and energy efficiency programs that has been successfully applied in statewide programs in Ohio, Illinois, Maine, Massachusetts and through the Northwest Energy Efficiency Alliance across the Pacific Northwest in Washington, Oregon, Utah, Idaho, and Montana. Our programs consistently achieve significant results in reduced energy consumption & demand, increased implementation of new energy efficiency technologies, and improved energy management practices & procedures. EnVinta is confident that the proposed approach will deliver significant energy saving and economic benefits to the Commonwealth of Pennsylvania, the local economy, and the citizens of Pennsylvania.