



How\$martSM
Energy Efficiency

Kansas Energy Council Update
November 12, 2008



Midwest Energy, Inc.

How\$mart Update Agenda

- Program Objectives
- Review of Program
- Results-to-Date



HowSmartSM Program Objectives

1. Lower bills.
2. Environmental stewardship.
3. Enable efficiency (to low income, renters, etc.)
4. Builder/Buyer education.
5. Promote Safety, Comfort, and Efficiency.
6. Delay more expensive alternatives.



What is How\$martSM ?

“A program that ties investments in energy efficiency to basic utility service.”

1. No upfront capital required by building owner.
2. Efficiency improvements paid for through a surcharge on the utility bill.
3. The surcharge is less than the amount of savings.
4. The surcharge is tied (by tariff) to the location, not to the customer.

How\$martSM is patterned after the PAYSTTM (Pay-As-You-SaveTM) concept marketed by PAYS America. See www.PAYSAmerica.org.

HowSmartSM **Products**

- Thermal Shell – Insulation, Caulking, Sealing, etc. (half of participants + those that install on their own)
- HVAC Equipment – High Efficiency Furnaces, AC, etc. (Minimum AFUE = 90%, Minimum SEER= 14)
- Others? Must be a “permanent” part of structure – not “portable” (No CFLs, Washer/Dryers, etc.)

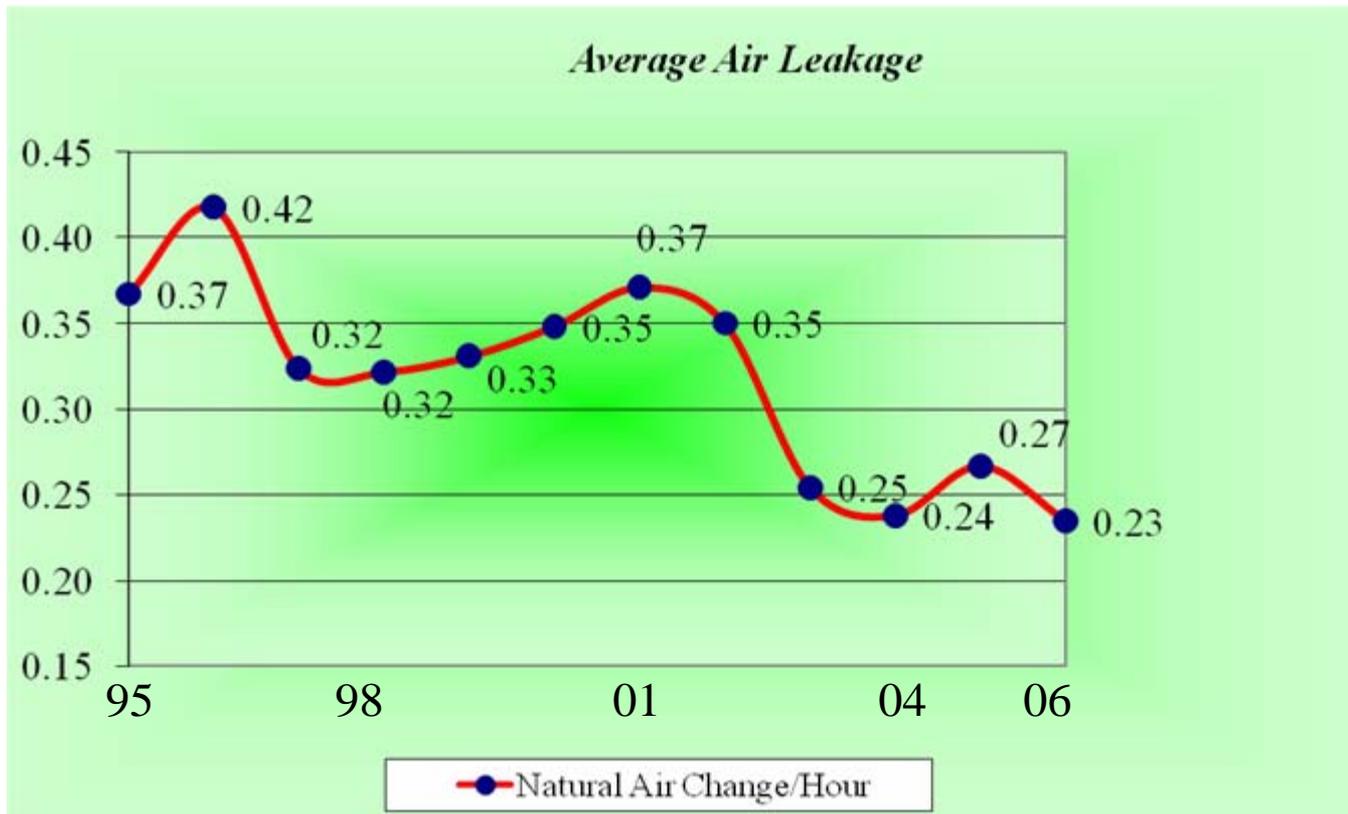
Results of Program as of 11-11-2008

- 351 Conservation Plans.
- 84 completed HowSmartSM projects.
- 165 pending projects.
- Invested \$392,917 in efficiency improvements, average = \$4,678.
- Average HowSmartSM charge = \$39.60/mo.
- Average estimated savings = \$49.00/mo.
(Payment is less than 81% of the estimated savings.)

Results of Program Energy Savings Results

- Average SEER of installed AC's: 14.3.
- Average AFUE of installed furnaces: 92.4%.
- 44% of the projects include thermal shell improvements through the program.
- Electricity savings: 195,026 kWh
- Gas Savings: 16,746 therms

Efficiency - Tighter Homes



Questions, Comments, Concerns?



The End

Michael Volker
Midwest Energy, Inc.
785-625-1476
mvolker@mwenergy.com



Midwest Energy, Inc.

Challenges

- Projects take a long time.
 - Projects in the pipeline for 5 months.
 - “Premium” contractor program?
- Free riders (audits are expensive).
 - Screen customers better.
 - \$200 audit fee for non-participants.
- 41 Counties: A lot of miles to cover.
 - Spread the workload.
- Customer Notification – HELP US!



Industry Attention

- How\$martSM is the first voluntary PAYS[®] type program.
- Chartwell's Best Practice Award (April 2008).
- AESP Annual Meeting white paper selection.
- ACEEE Summer Program on Energy Efficiency Programs white paper selection.
- Governor's Award for Leadership in Energy Efficiency – 9/2008.

Backup Information Participant Requirements

- Customer in good standing.
- Owner must sign a How\$martSM Owned-Property Agreement or Landlord and Tenant must sign a How\$martSM Rented/Leased Property Agreement.
- Sign the Conservation Plan.

What is How\$martSM (besides a best practice award winner*)?

“A program that ties investments in energy efficiency to basic utility service.”

1. No upfront capital required by building owner.
2. Efficiency improvements paid for through a surcharge on the utility bill.
3. The surcharge is less than the amount of savings.
4. The surcharge is tied (by tariff) to the location, not to the customer.

How\$martSM is patterned after the PAYSTM (Pay-As-You-SaveTM) concept marketed by PAYS America. See www.PAYSAmerica.org.

* Chartwell's Best Practices for Utilities and Energy CompaniesTM, April 2008.

Why Do This?

- √ Market failure in energy efficiency.
- √ Emphasis on energy efficiency by policymakers.
- √ Lower bills for program participants.
- √ Helps minimize expensive capacity additions.
- √ May help reach market that has been unable to invest in energy efficiency.
- √ Customers have asked for something like this.

Midwest Energy and the Kansas Housing Resource Corporation

- Kansas Energy Efficiency Program (KEEP)
- Strategic partnership.
 - KHRC loans 50% at 0%.
 - Lowers effective interest rate to 4%.
 - Expanding reach of KEEP.
 - HowSmartSM/KEEP partnership overcomes market barriers better.

