PUBLIC-PRIVATE PARTNERSHIPS POWER BUSINESS EFFICIENCY

For energy efficiency, it takes a village

Efficiency First | January 31, 2013 | By Jim Dulzo

The comfortable digs and lighting at Britten are the result of several recent, major energy efficiency projects. (Photo: Jim Dulzo)
TRAVERSE CITY—You’d never know it driving by, but tucked into a nondescript warehouse district just south of town is an office and production space so airy and dazzling that it would turn heads in the hippest urban enclaves.

It’s festooned with riotously colorful commercial artwork of many shapes and sizes, from a big, burnt-orange Mayan sun-god banner and colorfully logoed flags, to wall-sized murals and beautifully rear-lit car ads—all produced by the company living there: Britten, Inc.

The space itself is attractive, too: Skylights punctuate the high ceiling, and large, high-up windows look past adjacent rooflines; today, although they’re staring at gray clouds and wind-whipped snow, the place is still flooded with natural light, needing no help from the new, efficient, switched-off fluorescent fixtures. On sunny days the place must glow.

But even on this blustery January afternoon most of the building—except its warehousing and shipping area—seems cozy: No cold spots; no noisy overhead heaters struggling to warm workers far below.

The comfortable digs and lighting are the result of several recent, major energy efficiency projects. They are making Britten’s workers happy, but the firm’s accountants are smiling, too.

“So far, we’ve seen a 7-percent drop in our utility bills,” according to Dave Stapleton, Britten’s operations manager.

Money-saving energy efficiency projects like Britten’s are increasingly common both locally and nationally as businesses look for ways to boost their bottom lines.

The payoffs can be gratifying; a U.S. Environmental Protection Agency Web site offers success stories of businesses that used efficiency to make their buildings more comfortable, attractive, and cheaper to operate.
The good economics of projects like Britten’s affect more than the companies themselves. They employ contractors and tradesmen, increase sales to local material and equipment retailers, and capture saved energy dollars for circulation in the local economy.

But the projects require staff time, expertise and financing that many firms don’t have.

“The biggest challenge was knowing what to do,” said Josh McDonough, a Britten purchasing assistant who coordinated the firm’s efficiency project.

Fortunately, Britten is located in Traverse City, which advocates consider an “efficiency ready” community: It is using local, public-private partnerships to help residents and businesses.

Help Wanted—and Provided

McDonough and Stapleton worked with two local nonprofits, the city’s municipal utility, and a local business specializing in commercial energy conservation projects, and took advantage of state and federal rebate programs.

First SEEDS, a non-profit environmental education and communications group that analyzes building efficiency for Traverse City Light & Power, the local utility, evaluated Britten’s lighting in two of its buildings, and the heating and cooling (HVAC) in one.

“SEEDS told us that our lighting was outdated and that our HVAC was really outdated,” McDonough explained. “We gathered all of our bills; they had some software that made those numbers into graphs so we could see what was going on.”

“So we reached out to Keen, who then just blew us away,” he said.
“Keen” is Keen Technical Solutions LLC, a local, private firm specializing in energy conservation for businesses. McDonough found Keen’s approach “comprehensive and cutting edge. They were real honest about paybacks. They were very hands-on.”

As the project took shape, Britten turned to the other nonprofit, the Traverse City Area Chamber of Commerce, for its unique business efficiency loan program, which financed 40 percent of Britten’s upfront costs.

“The project would not have happened as quickly without the Chamber’s loan,” Stapleton said. “[Owner] Paul Britten was very motivated by their fund.”

**Hot Investments**

With a budget in place, Keen managed the project—harvesting all of the incentives available from TCL&P, DTE Energy (the firm’s natural gas provider), and state and federal programs; replacing old overhead light fixtures in two buildings with smaller but brighter models, and swapping the main building’s big, outdated rooftop HVAC system for a state-of-the-art unit.

“The old one was about as big as a school bus and nearly tipped the crane over,” said McDonough. “The one they replaced it with was about the size of a VW Beetle.”

With the smaller, feistier HVAC unit and new lighting, the company, one of TCL&P’s top power purchasers, is set to see its bottom line grow.

“What’s really great is the break-even point,” McDonough said, referring to the time it will take for savings to pay back the cost of the new equipment. “It’s 18 months for the lighting and five years for the HVAC.”

That’s roughly equivalent to earning, respectively, 66 and 20 percent per year on the investments. But some of the savings will be immediate, too.
“Just for maintenance,” he pointed out, “the old HVAC cost $4,000 a year; so, with the new one guaranteed for five years, that’s $20,000 saved right there.”

The expected benefits also include the new HVAC unit’s 50-percent-lower fuel and 20-percent-lower electricity consumption, even though it’s far more effective than the old one in blowing warmth through the big, overhead, inflatable tube that channels air into the wide-open production area.

“Those on the production floor mentioned immediately that they could feel the heat better, and it seemed to be distributed really well,” McDonough said. “That’s the feedback we were hoping for.”

The improved lighting also saves money while providing better illumination throughout the visually oriented company’s design and production areas.

According to Stapleton, Britten intends to spend the savings strategically.

“Paul says he’s extremely excited by the savings, which he wants to invest either in our workers or in more efficiency,” he said.

**Village Voices**

Britten’s project demonstrates what many efficiency advocates say: It takes a public-private effort to get significant numbers of companies to launch similar efforts.

It starts with state-sponsored efficiency mandates for utilities, like Michigan’s “energy optimization” rules, and succeeds when there are non-profits and private companies able to analyze, design, finance, and implement projects.
TCL&P created the incentive program that Britten used thanks to Michigan Public Act 295. The 2008 “energy optimization” mandates in the act require electricity and gas utilities to help their customers cut energy use. Given that businesses consume about 80 percent of TCL&P’s power, working with them is crucial to meeting the Act’s requirements.

TCL&P offers up to $15,000 in rebates to commercial customers to help pay for efficiency improvements. Britten’s project was ambitious enough to earn the entire amount.

The muni’s Jessica Wheaton says the program is quite popular.

“We’ve exceeded our goals every year since the beginning of P.A. 295,” she said. “Our commercial customers are definitely interested in seeing those savings; they are really excited about it.”

“We definitely want businesses to participate,” she added. “Energy efficiency will play a bigger and bigger role as old generation sources go offline.”

Mike Powers, of SEEDS, said the Act inspired his organization to get even more involved in efficiency. The group had previously analyzed city- and Grand Traverse County-owned buildings for the local government units.

After seeing a report that Act-inspired rebates were attracting company inquiries, but not much implementation, SEEDS saw an opportunity.

“We had already developed a process working with other commercial and municipal clients that was highly effective at moving organizations to implementation,” he said. “Once we were contracted by TCLP we worked with staff to identify some of their larger customers … Britten was one of the first and was ready to utilize the tools that we offer and make the investments.”
Takin’ Care of Business

But, as is typical with many businesses, Britten did not want to tie up too much of its own cash. The Chamber offered a solution.

Laura Galbraith, of the Chamber, says that word spread quickly when her organization began providing 3-percent loans for efficiency projects to TCL&P commercial customers.

“The response to our efficiency loan program absolutely surprised us,” she said. “We did not go out with a full-force marketing campaign. But as soon as we announced it, we had deals in the pipeline, including Britten’s. It was very exciting.”

The Chamber loaned out its entire initial $50,000 revolving loan fund in a matter of weeks, to just three companies. So the Chamber asked TCL&P for a $50,000 grant to replenish its drained loan fund. Just before the holidays, TCL&P agreed, and response to the program remains strong.

“If we could increase the funding,” she added, “there are enough projects out there that need it.” Galbraith said that, even though the statewide, nonprofit Michigan Saves program is now coordinating a privately capitalized business efficiency loan program, the Chamber will maintain its efficiency loan program. Galbraith said that is because the Chamber is able to charge about half as much for interest—3 percent vs. Michigan Saves’ 5.9 percent, and the loans would involve local capital.

“We hope that the savings these businesses experience will be injected back into the marketplace,” she said, “and help them grow and produce more jobs here.”

Keen co-founder and president Tim Pulliam said interest in his company’s energy efficiency work is soaring. He counts dozens of clients of all types and sizes, mostly around Michigan—from a 3,200 square-foot pole barn in Cadillac to a 1.5 million- square-foot General Motors factory in Grand Blanc. He said the company, which launched in 2008, has grown tremendously over the past several years.
“There are a lot of different clients aware they need to be doing something with energy efficiency,” he observed. “In many cases they even have some sort of proposal on a manager’s desk.”

But lack of expertise and financing often stop projects before they start.

So, as Pulliam’s company did for Britten, the company typically “puts together an entire package. We bring everything it’s going to take, from the idea of what to do, through funding, the actual work, and the energy guarantee, so they feel safe.”

Jim Dulzo is the Michigan Land Use Institute’s senior energy policy specialist. Reach him at jimdulzo@mlui.org. Tim Pulliam is a member of MLUI’s board of directors.