



Using less. Doing more.

Paying Tomorrow for Energy Efficiency Today

Daniel Bresette
Alliance to Save Energy

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No Money, 'Mo Problems

- Small businesses are notoriously cash-strapped
 - Leads to extreme sensitivity to up-front costs
 - Encourages overemphasis on simple payback
 - Limits non-core-business investments
- Financing is universally cited as key barrier to project implementation

A Tale of Two Utility Customers

Utility Small Business Customers On-Bill Financing Option			
Those Paying Cash			
	Up-Front Cost	Total Project Cost	Savings (kWh)
Lighting	\$1,272	\$6,361	14,851
Those Financing			
	Up-Front Cost	Total Project Cost	Savings (kWh)
Lighting	\$0	\$12,269	29,299
Increases in Total Project Cost and Energy Savings			
		93%	97%

Baltimore Gas and Electric Company, Semi-Annual Report for First and Second Quarters, January 1 through June 30, 2015, pg. 28.
ML 172092. <http://www.psc.state.md.us/>. Last accessed October 21, 2015.

The OI' Switcheroo

- Reverse order of typical customer's experience
 - Normally, **costs** come before **benefits**
 - Customer seeks to minimize costs
 - Benefits seem more distant
 - With financing, **benefits** come before **costs**
 - Customer seeks to maximize benefits
 - Costs seem more distant

Small Businesses Are People, Too

- Small businesses are commonly grouped with larger commercial and industrial customers
- But owners are individuals and therefore act differently than corporate entities
 - Decision-making is complicated by time and money
 - Immediate results favored at expense of long-term considerations

Financing: License to Splurge

- Customers freed from up-front cost constraints can spend more to get more
 - Larger projects without up-front costs
 - Greater savings from complimentary measures
- Small business programs should be designed to exploit the urge to splurge
 - Incorporate short-term, zero-cost financing
 - Streamline decisions to single “yes”



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Director of Government Relations

Alliance to Save Energy

www.ase.org

dbresette@ase.org

(202) 530-2235