

April 23, 2019

Joseph Sullivan, Deputy Commissioner Minnesota Department of Commerce, Division of Energy Resources 85 7th Place, Suite 500 Saint Paul, MN 55101

RE: Minnesota Waste Wise: 2018 Year-End Report for the Energy Smart Alternative Conservation Improvement Program (CIP), Docket No. E, G002/CIP-16-115.03 & Docket No. G008/CIP-16-119.01

Dear Mr. Sullivan:

Minnesota Waste Wise respectfully submits the following 2018 activity report for the Energy Smart Alternative Conservation Improvement Program (CIP).

Leveraging the Minnesota Chamber of Commerce's strengths and resources as the largest business advocacy organization in Minnesota, we have made great strides this year especially in our outreach in the business community. Through this extended outreach we accomplished and increase in onsite energy consultations and verified energy upgrades.

Thank you for the opportunity to continue assisting Minnesota businesses with energy efficiency and increasing participation in utility conservation improvement programs.

Sincerely,

Robert Friend

Executive Director

Robert Friend

Minnesota Waste Wise Foundation



Energy Smart

ANNUAL REPORT 2018

493 site visits

 148_{upgrades}

3,704,316

kWh saved

\$298,540.26 Year 1 cost savings

\$0.11 internal program cost / kWh saved



EXECUTIVE SUMMARY

Energy Smart is pleased to share this summary of program activities and accomplishments for 2018, which was another year of successful energy efficiency effort.

In 2018, Energy Smart continued its work in the business community supporting energy efficiency projects. Energy Smart conducted 493 site visits. Energy Smart is also excited to report that we increased the number of upgrades from 126 in 2017 to 148 in 2018.

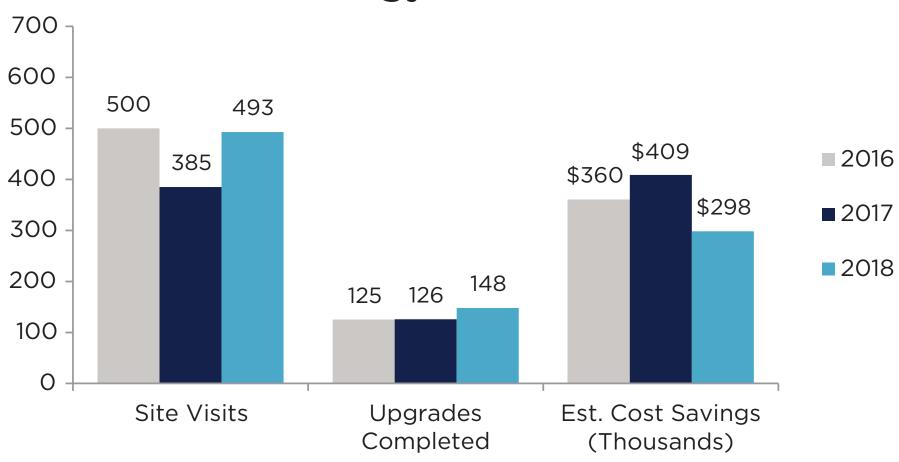
We continue to benefit from our relationships with community organizations, such as Lake Street Council and West Bank Business Association, as well as utility partners Xcel Energy, CenterPoint Energy, and Connexus Energy. Also, the Minnesota Chamber of Commerce and Energy Smart's sister program, Waste Wise, collectively referred 32 businesses for an Energy Smart site visit.

Reflecting on our 2018 results, 1,906 new contacts were made with Minnesota businesses. A total of 1,495 services were provided to businesses located in 117 cities. As mentioned above, Energy Smart staff conducted 493 site visits with 436 of those visits being Xcel Energy customers. We also conducted 216 CenterPoint Energy visits with 173 of those being Xcel, 35 Connexus, and 8 non-contract electric customers; Energy Smart generated 3,860 follow-up contacts to address barriers and help facilitate upgrades for the businesses we worked with. Demand for services was strong enough in the Connexus Energy service area that the utility exhausted their budget of rebate funds by mid-year, reducing the number of businesses we were able to serve there. Nevertheless, we facilitated 148 upgrades in 2018—the fourth consecutive year with more than 100 upgrades.

In closing, we encourage you to read the client success stories included in this report. These narratives go beyond the numbers, and provide a true measure of energy efficiency's vital role in people's lives. We feel fortunate to be a part of this important work!

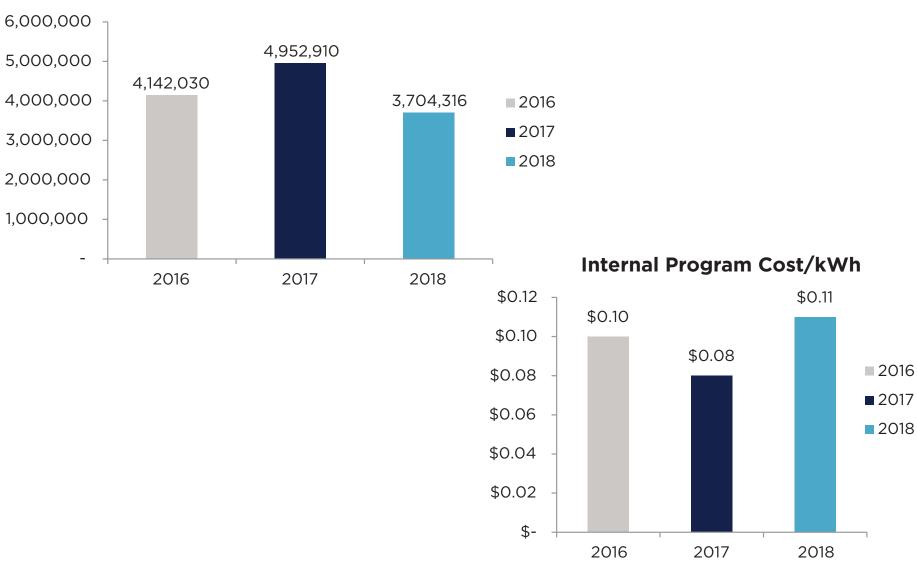
2016-2018

Energy Smart Results

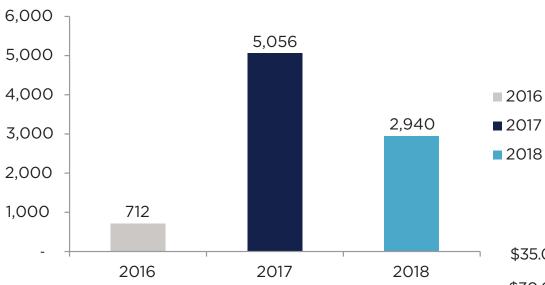


Note: Natural gas cost-savings estimates are not included in this chart





Upgrades - Estimated Dekatherms Saved



Note: 2016 data does not include results for work in the CenterPoint Energy service area. 2017 and 2018 data includes Xcel Energy and CenterPoint Energy natural gas projects.

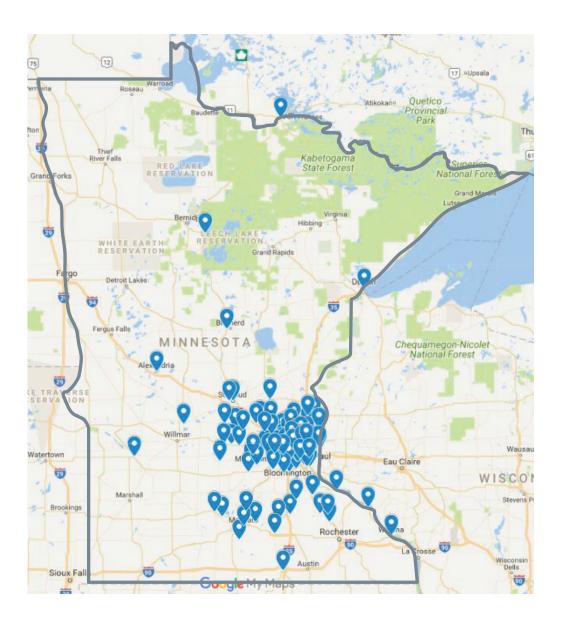
Internal Program Cost/Dekatherm

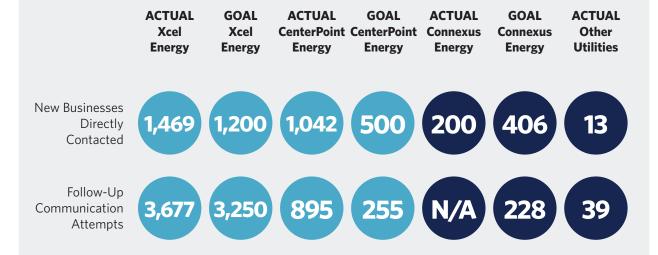


In 2018 Energy Smart helped 605 businesses in Minnesota conserve energy. We offered the technical support that encourages clients to proceed with upgrades. We also addressed financial barriers and helped organizations receive the utility rebates for which their projects qualified.

A total of 1,495 services were provided to businesses located in 117 cities throughout the state. Minnesota Chamber members continued to receive services regardless of their service area.

Afton	4	Gibbon	4	Ramsey	20
Albert Lea	2	Golden Valley	2	Red Wing	1
Alexandria	3	Good Thunder	1	Richfield	7
Andover	1	Ham Lake	3	Robbinsdale	3
Annandale	6	Hastings	4	Rockford	1
Anoka	3	Hokah	1	Rogers	1
Apple Valley 1		Hopkins	13	Rosemount	2
Becker	13	Howard Lake	1	Roseville	8
Bemidji	1	Hugo	2	Saint Anthony Village	1
Big Lake	47	International Falls	1	Sauk Rapids	6
Blaine	2	Isanti	34	Savage	8
Bloomington	10	Jordan	2	Scandia	2
Breezy Point	1	Kasson	1	Shafer	4
Brooklyn Park	5	Lake Elmo	17	Shakopee	2
Burnsville	6	Lakeville	1	Shoreview	2
Cambridge	2	Little Canada	9	South St. Paul	2
Cedar	1	Lonsdale	5	Springfield	4
Champlin	6	Mahtomedi	3	St. Cloud	82
Chanhassen	3	Mankato	16	St. Francis	9
Chisago City	6	Maple Grove	13	St. Joseph	5
Clarks Grove	1	Maplewood	9	St. Louis Park	10
Clear Lake	9	Mayer	1	St. Paul	116
Cokato	4	Mendota	7	St. Paul Park	2
Coon Rapids	9	Minneapolis	436	Stillwater	7
Cottage Grove	3	Minnetonka	3	Vadnais Heights	5
Crystal	3	Monticello	1	Wabasha	2
Dassel	3	Moorhead	3	Waconia	3
Delano	1	Mounds View	5	Waite Park	3
Dodge Center	1	New Brighton	8	Waseca	1
Eagan	5	New Ulm	3	Wayzata	4
East Bethel	13	North Mankato	3	West St Paul	1
Eden Prairie	14	Northfield	1	White Bear Lake	22
Edina	16	Norwood Young America	4	Willernie	1
Elk River	1	Oakdale	39	Willmar	1
Elko New Market	1	Osseo	1	Winona	203
Faribault	11	Owatonna	2	Woodbury	34
Farmington	3	Plymouth	8	Wyoming	5
Forest Lake	1	Princeton	1	Zimmerman	16
Fridley	7	Prior Lake	2		





OUTREACH RESULTS

Energy Smart made new contacts with 1,906 businesses in 2018. This was comparable to our 2017 contacts. Energy Smart continued its strong partnership with the Xcel Energy Business Solution Centers (BSC) in Wisconsin and Colorado, handling 84 referrals from the BSC and visiting all of the businesses referred. Energy Smart also worked with Xcel Energy on their Partners in Energy program which resulted in 62 visits and 9 upgrades being completed.

The program continued to work with a professional call center to schedule site visits. In 2018, we continued to reach the most people by means of our direct call center efforts. We saw an increase from 92 site visits completed in 2017 to 134 completed site visits in 2018. The Minnesota Chamber of Commerce and Energy Smart's sister program, Waste Wise, collectively referred 55 businesses for an Energy Smart site visit.

SERVICE RESULTS

In 2018, Energy Smart staff conducted 493 site visits. The program exceeded the Xcel Energy site visit goal by over 100 visits for 2018. Energy Smart staff continued the strategy of identifying all opportunities at each business we visit, provide a written summary to the business of all energy efficiency opportunities, and recommended one to three of these opportunities for immediate action. Site visit follow-up also continued in an effort to keep businesses engaged and encourage implementation.

Energy Smart's data show that, on average, 3 CIP services were provided to each business visited. The top five service areas in 2018 were: lighting rebates, cooling efficiency rebates, heating efficiency the CEE One-Stop program, and the Saver's Switch program. Staff also referred 6 businesses to the CEE HVAC audit program, 12 businesses to the Xcel Energy Turn Key program* and 14 businesses to the CenterPoint Energy audit program.

(*Businesses referred to the program, not completed audits)

Through its work in the Connexus Energy service area, Energy Smart completed 50 site visits, provided 83 specific services and turned over 18 qualified project leads to the utility.



* Of the 216 CenterPoint visits, 173 were also Xcel Energy electric customers, 35 were Connexus Energy electric customers, and eight were served by an electric utility not under contract with Energy Smart. Because the Xcel Energy and Connexus Energy site visits are captured under the respective reported site visits in the above diagram, these 208 site visits were not included in the total site visit count for 2018. Hence the remaining 8 (of 216) CenterPoint visits are included in the total site visit count for 2018.

! Of the 1,145 times that specific CIP information was given on Xcel Energy visits, 984 were related to electric and 161 were natural gas.



UPGRADE RESULTS

For the fourth year in a row, Energy Smart facilitated more than 100 upgrades. Energy Smart staff verified that 148 rebate-approved energy upgrades. This is an increase of 17% from 2017. Twenty-two of the confirmed upgrades were natural gas and 126 were electric. These upgrades yielded estimated energy reductions totaling 3,704,316 kWh and produced Year 1 estimated energy cost savings totaling \$298,540. Energy Smart records indicated that the utility rebate checks were issued in 2018 for all of these upgrades. Energy Smart records also indicate that 79 of the upgrades were handled through the CEE One-Stop program.

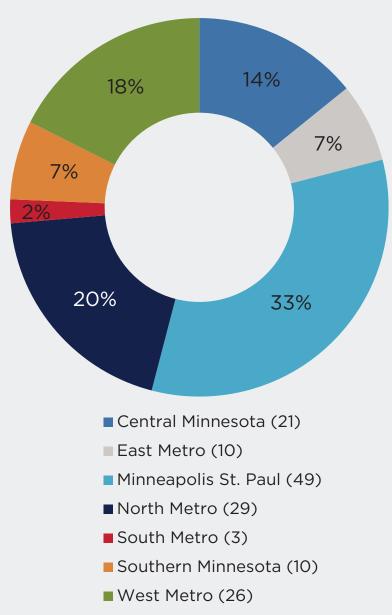
The top three areas for upgrades were lighting (100), cooling (15), and heating (9). Project implementation continues to require significant staff effort with an average of 33.3 contacts for each business that implemented an upgrade project. This is an increase of 13 contacts per business that implemented an upgrade.

UPGRADE RESULTS

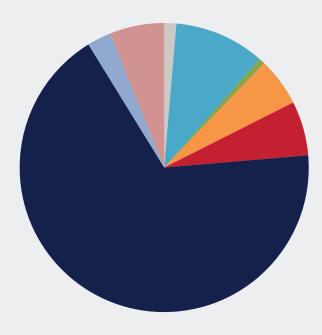
Energy Smart continues to closely track the communities where upgrades take place. The three communities with the highest level of upgrades include (1) Minneapolis/St. Paul (2) North Metro, and (3) West Metro. Results in the North Metro were primarily a result of leads sent to Energy Smart vie their sister program Waste Wise and our contract with Connexus Energy. Waste Wise has a contract with Anoka County to promote recycling in the Anoka County business community.

The community with the highest conversion of services to upgrade as result of the outreach conducted was North Metro with a 16% conversion rate. This was primarily due to a community focus in New Brighton, Minnesota which had 15 upgrades. Close behind was the East Metro with 13%. The city of Lake Elmo led the charge in this area with five upgrades.

Energy Smart Upgrades by Region



Upgrades by Type



- Compressed Air/Fluid System Optimization (2)
- Cooling Efficiency (15)
- Custom Efficiency (1)
- Foodservice (8)
- HVAC (9)
- Lighting (100)
- Motors (4)
- Heating (9)

UPGRADE RESULTS

Energy Smart facilitated 148 verified upgrades in 2018. The majority involved lighting (68%), and nearly all were upgrades to LED technology. The next largest upgrade type was cooling which included projects such as RTU's, cooler ECM's, PTACs and zero loss energy doors. Energy Smart also facilitated 8 food service related upgrades and 18 heating and HVAC upgrades in 2018.

In 2018, Energy Smart staff continued to take great care in confirming utility rebates and energy savings. For the second consecutive year Xcel Energy verified 100% of rebated projects that Energy Smart reported having being involved in. Reporting for CenterPoint Energy and Connexus Energy yielded similar results.

UPGRADE RESULTS

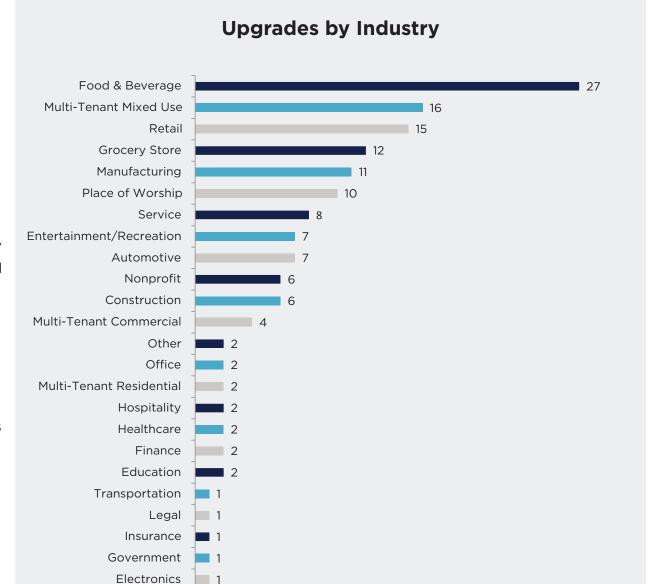
In 2018, Energy Smart facilitated upgrades for 24 different types of industries. The top three industries were food and beverage (27 upgrades), multi-tenant mixed use (16 upgrades), and retail (15 upgrades). The multi-tenant upgrades consisted of one project that had 14 upgrades due to multiple premise numbers for the property.

The site-visit-to-upgrade conversion rates differed between industries. Notably, Energy Smart facilitated 27 upgrades in the food and beverage industry but only had a conversion rate of 26%. The industry with the best conversion rate, not including multi-unit due to multiple upgrades at one location, was once again grocery sector. Their conversion rate was 63%. This was followed closely by construction and Entertainment/recreation with 60% and 58% respectively.

The Energy Smart sites visit to upgrade conversion rates for the top six industry types were as follows:

Grocery Store 63%
Construction 60%
Entertainment/ Recreation 58%
Non-Profit 46%
Finance 40%
Place of Worship 36%

*Once again multi-tenant was not shown on the conversion rate due to multiple upgrades at one property due to multiple premise numbers.



10

15

20

25

0

5

30





ENERGY SMART

Energy Smart helps reduce energy costs to help you grow your bottom line. This direct service of the Minnesota Chamber helps businesses spend less on everything from light bulbs to heating, air conditioning and ventilation systems. Their expert team works closely with utilities and the state to connect businesses with rebate programs and other cost-savings measures. In 2017, Energy Smart helped Minnesota businesses save nearly \$410,000 in energy costs, contributing to the nearly \$1.5 million dollars saved in the last three years.

VISIT:

mnchamber.com/grow/energy-smart

CONTACT US:

651-292-4653 INFO@MNENERGYSMART.COM



MARKETING

Energy Smart continued to market the program through Energy Smart social media channels, the Minnesota Chamber of Commerce social media channels, web site and publications. Energy Smart has increased its social media presence in 2018 through Twitter and other social media platforms. These platforms are used to promote utility programs, funding opportunities and energy efficiency studies. Energy Smart's sister program, Waste Wise, also continued to promote the program while conducting waste related site visits. Energy Smart and Waste Wise continue to promote the program through presentations done with local chambers, industry meetings and other outreach opportunities.

The Minnesota Chamber of Commerce continues to promote Energy Smart through their daily, weekly, and monthly promotional materials that are sent out to all 2,300 members. In 2019, the Chamber will be sending out an Energy Smart specific newsletter bi-monthly promoting energy efficiency and sustainability opportunities. Energy Smart has also created marketing materials that are sent to new Chamber members once they join the Chamber.

SUCCESS STORY ALTRON



Ramsey manufacturer installs LED fixtures and reduces lighting costs

Providing high quality manufacturing solutions has been the mission of <u>Altron Incorporated</u> since 1974; optimizing production process for efficiency has helped the Minneapolis company stay competitive. So when Joe Guzik, Manufacturing Engineer at Altron, needed expert advice about how to reach the company's energy efficiency goals, he turned to Energy Smart. "We were able to completely upgrade our manufacturing area's lighting to LED fixtures thanks to Energy Smart and a <u>Minnesota Chamber of Commerce Business Energy Efficiency Grant</u>," said Guzik. "The work floor is brighter and we are seeing a reduced cost in energy consumption."

Creating a safer, more efficient work environment for employees, and saving an estimated \$3,076 on annual energy costs are a win-win for Altron.

HIGHLIGHTS

PROJECT COST: \$31,395 UTILITY REBATE: \$8,400

ANNUAL ENERGY SAVINGS: 30,790 kWh

ANNUAL COST SAVINGS: \$3,076



SUCCESS STORY KARIBU GROCERY & DELI



In this redeveloping area of St. Paul, company chooses energy efficiency to maximize savings

Family-owned <u>Karibu Grocery & Deli</u> is a welcome addition to Payne Avenue in Saint Paul's East Side. While designing and building their store, Karibu understood that investing in energy efficiency would be critical to the business's long-term viability. Karibu connected with Energy Smart through the <u>East Side Neighborhood Development Company</u>.

"The Energy Smart program was extremely helpful in obtaining utility rebates for Karibu Grocery & Deli," said African Development Center Special Projects Manager Rich Thomasgard. "Chris Rustad was great to work with. He identified potential rebates and communicated with project subcontractors. Financing was challenging for this new construction project, and the energy rebates were a welcome boost." Karibu installed LED lighting, an infrared broiler, and a high-efficiency water heater which will reduce future energy costs.

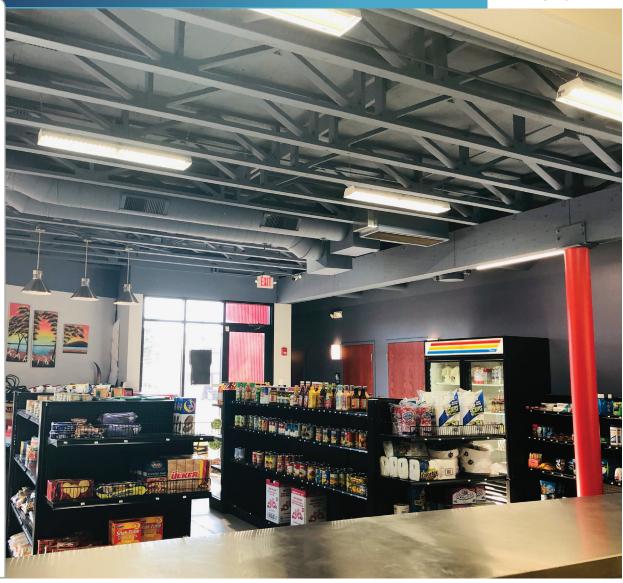
In total, Karibu Grocery & Deli received more than \$1,100 in rebates from Xcel Energy and is estimated to save 4,692 kilowatts and 35 decatherms annually.

HIGHLIGHTS

PROJECT COST: \$11,895 UTILITY REBATE: \$1,170

ANNUAL ENERGY SAVINGS: 4.692 kWh

ANNUAL COST SAVINGS: \$387



SUCCESS STORY PRECISION COATINGS



Precision Coatings Finds Big Savings in Updating Compressed Air Equipment

Xcel rebate and MN Chamber grant pushed the project to completion

Precision Coatings of St. Paul has provided quality thermal spray application services to manufacturers in the automotive, food processing, packaging, renewable energy technology, and other industries for three decades. Many of their processes involve compressed air, and even the smallest air leaks can add up to costly energy waste. Remaining competitive is important for owners Jim and Linda Grundtner, so they invited Energy Smart on site for an assessment of their energy efficiency. Energy Smart then arranged for an Xcel Energy Turn Key audit, which led to a 30% bonus on their utility rebate for implemented measures.

"Energy Smart was helpful in connecting us to the best programs and incentives that Xcel Energy had to offer," Linda Grundtner commented. "They were even able to offer their own grant to help the project move forward."

Precision Coatings upgraded to a more efficient compressed air system, resulting in estimated annual electric savings of \$28,100.

HIGHLIGHTS

PROJECT COST: \$161,592

UTILITY REBATES: \$78,628

ESTIMATED ANNUAL

ENERGY SAVINGS: 430,522 kWh

ESTIMATED DEMAND REDUCTION: 128 kW ESTIMATED ANNUAL COST SAVINGS: \$28,100



SUCCESS STORY ROYAL GOLF CLUB



Lake Elmo company adds demand control ventilation and LED lighting to maximize savings

Being a premier golf club in today's competitive market means being innovative and operating efficiently. That's why Royal Golf Club (RGC) of Lake Elmo pursued energy-saving upgrades when renovating their clubhouse. In the kitchen, an inefficient exhaust system was replaced with demand control ventilation (DCV) which automatically senses when cooking is taking place and adjusts the speed of the exhaust fans—saving the club thousands of dollars each year. New LED lighting was also installed throughout the clubhouse.

Energy Smart worked with Mike Yates at Xcel Energy to assist RGC in maximizing their utility rebates. John Parsons, RGC Facilities Director, said, "When I met with members of the Energy Smart team, they found an additional \$22,000 in rebates for which we qualified." With the upgrades in place, RGC is now enjoying an estimated annual cost savings of \$15,565, and an annual energy savings of 125,045 kilowatt hours and 1,398 decatherms.

"Overall, it was a great experience," remarked Parsons. "I highly recommend Energy Smart!"

HIGHLIGHTS

UTILITY REBATE: \$22,117

ESTIMATED ANNUAL COST SAVINGS: \$15,565

ESTIMATED ANNUAL ENERGY SAVINGS: 125,045 kWh



BUDGET

The Energy Smart budget for 2018 is displayed on this page. The program completed the year on budget.

Below are several notes related to the budget.

- (1) Includes delivery of Energy Smart outreach and program services
- (2) Fee retained by utility for administration costs associated with the Energy Smart program
- (3) Expenses associated with continuous evaluation of Energy Smart program. Since continuous evaluation of the Energy Smart program was performed by the utilities and the Division of Energy Resources, and not a consulting firm or other agency, we've considered this expense to be under the utility administration activity expense.
- (4) Includes delivery of marketing and public relations efforts promoting CIP and energy efficiency to businesses.
- (5) n/a



ENERGY SMART STAFF

Robert Friend Executive Director

Chris Rustad Program Manager

Patrick Deal Senior Energy Efficiency Specialist

Kevin Zickert Energy Efficiency Specialist

Michael Atkinson Energy Efficiency Specialist

PROGRAM FUNDERS







CONCLUSION

At Energy Smart, we're honored to be helping the Minnesota business community to thrive. We look forward to doing even more in the year ahead.

We encourage sustainability and energy efficiency by offering individualized consultation and recommendations tailored to the business's needs. Through our broad experience with commercial energy efficiency and understanding of utility offerings we are able to guide customers to the most promising energy-saving opportunities for their business. We work with large or small businesses with a focus on the for profit industries. We do this by providing businesses with resources, data, advice, financial, and encouragement. One way we do this work is through helping with financing options like the Minnesota Chamber of Commerce's Business Energy Efficiency grant program. This program helps businesses that are struggling financially to make the energy efficiency changes that they desire to make. The ability to invest now in energy savings is a challenge for many businesses.

We support sustainability by improving the profitability of companies across the state. Energy efficiency is good business.

It has been a pleasure working with so many organizations in their energy efficiency work and an honor to support the Minnesota business community, and utilities, in achieving their energy efficiency goals.

	Xcel Energy-	Xcel Energy-	Xcel Energy-	Xcel Energy-	Xcel Energy-	Xcel Energy-			Xcel/CPI
	elc	elc	gas	gas	gen	gen	CenterPoint	CenterPoint	overlap
	goal	actual	goal	actual	goal	actual	goal	actual	n,
Program Delivery					\$364,251	\$364,876	\$65,000	\$62,000	n,
Utility Administration					\$20,299	\$19,550	\$813	\$750	n/
Eval, Labor & Expenses					\$0	\$0	\$0		n/
Ad & Promotion					\$21,450	\$6,574	\$2,100	\$0	n/
Incentives					\$0	\$0	\$0	\$0	n/
Other					\$0	\$0	\$0	\$0	n/
Total Budget	\$388,250	388,250	\$17,750	\$17,750	\$406,000	\$406,000	\$67,913	\$62,750	n/
Attributed Energy Savings									
(kWh/Dth)		3,595,236		2,480				467	n/
		1	1						
Contacted					1,200	1,469	500	1,042	609
Follow-up					3,250	3,677	255	895	75
Site Visits					330	436	85	216	17
Info Given		984		161	950	1,145	135	241	18
Behavioral Recs					300	356	85	154	13
Upgrades	85		5	12			18	10	1
Audits		12**		0					
* 10 CEE One-Stop Lighting,	1 CEE One-Stop	HVAC, 1 Energ	y Efficient Build	dings program					
	Triennial	Utility	EnergySmart	1					
	Decision	Status Rpt	Status Rpt						
Xcel Energy-elc	\$388,250	\$381,987	\$388,250	1					
	- 	4		1					

Xcel Energy-gas

Xcel Energy-total

CenterPoint Energy

\$17,750

\$406,000

\$67,913

\$17,393

\$399,380

budget

1.2% under

\$17,750

\$406,000

\$67,913



Minnesota Chamber of Commerce

ENERGY SMART

This report was submitted by the Minnesota Waste Wise Foundation on April 1, 2018.

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