



DC  
SUSTAINABLE ENERGY  
UTILITY

## **Third Quarter Report for Fiscal Year 2018**

April 1 – June 30, 2018

**July 31, 2018**



This report of the District of Columbia Sustainable Energy Utility covers the period from April 1 to June 30, 2018. This progress report contains information about the DCSEU's activity to date in FY 2018 in the four core service areas: Residential, Low-Income Multifamily (LIMF), Renewables, and Commercial and Institutional (C&I).

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## MESSAGE FROM THE MANAGING DIRECTOR

June completes the DCSEU's third quarter for fiscal year (FY) 2018. That means we are inching closer to when we present the DCSEU's annual report. This quarter's performance puts us in a great position to report success after the fiscal year closes.

Let's take a quick look at where we stand right now. The DCSEU is closer to hitting its six annual performance benchmarks than at any other third quarter. With one more quarter to go, we have already exceeded two annual minimum benchmarks and one maximum benchmark, and are on track to hit at least the minimum on the remaining three. We are also proud to announce that our new Workforce Development Program cohort has officially started. We have seven externs who will be working with our long-time partners Howard University, DC Water, WMATA, and Greenscape Environmental Services.

In May, the DCSEU's Marketing and Communications Team launched a new brand campaign. When people talk about *energy efficiency*, they normally mention rebates and incentives, or the energy cost savings that efficiency makes possible. The new brand campaign shines a light on energy efficiency's impact—beyond rebates and savings. We will now feature customer stories about how efficiency has empowered them or their businesses, how it has changed people's lives. As you get around the city, you'll see the stories in Metro stations, at bus shelters, and in local newspapers—and hear about them in other news outlets.

There is Thor Cheston, the “God of Beer,” who owns Right Proper Brewing Company. He now powers his brewery with DCSEU-supported renewable energy and energy efficiency. Those savings have helped keep his beer and food affordable for his customers, and made it possible for him to hire more District residents. There is also Joshua Brown. Before joining the Workforce Development Program, Joshua was a rideshare driver. He picked up a DCSEU employee and mentioned that he had experience in HVAC repair. He sent along his resume and the next year was accepted into the program. Joshua completed building operator certification classes, received weekly DCSEU skills training, and is now an HVAC technician at a local hospital. Another ad features KIPP DC, a District charter school operator that aspires to improve life outcomes for the next generation of Washingtonians by offering pathways out of generational poverty. Energy efficiency and renewable energy help power KIPP DC's mission by freeing up resources that can be put right back into the classroom. Finally, Tony Harrison (Greenscape Environmental Services) has been working with the DCSEU since 2011. His business has grown beyond the District's borders, while bringing energy efficiency—with DC resident workers—to some of the city's most vulnerable communities.

It is an honor for me and the DCSEU staff to serve the District, its institutions, businesses, and residents. As we embark on the final quarter of FY 2018, we look forward to closing out projects and wrapping up what looks like our strongest fiscal year, yet.

*Ted Trabue*

Managing Director

## QUARTERLY FEATURE: Update on the Income Qualified Efficiency Fund

Earlier this fiscal year, the DCSEU launched a program to invest \$2 million in local communities, to use sustainable energy practices to help create economic prosperity. The Income Qualified Efficiency Fund (IQEF) is a resourceful way to fulfill the DCSEU's low-income performance benchmark, which specifies that 20 percent of the DCSEU's funding must benefit income-qualified residents, and that these projects must result in approximately 10 percent of the portfolio's energy savings.

The new program has three strategic parts. First, it alleviates the energy burden on vulnerable communities through energy efficiency in affordable housing, shelters, and clinics. The objective is to support making buildings less expensive to operate, through improved energy performance, so that organizations can allocate the money saved to support mission-related activities. Improved building energy performance contributes to increased comfort for residents, and benefits regional air quality through reduced carbon emissions previously used to power the building. Second, the program motivates local certified business enterprises (CBEs) to develop skills in energy efficiency practice, and thus expand and strengthen what their businesses offer in the marketplace. And third, the program competitively leverages co-funding from property owners and developers.

So, after just a few months, where does the program stand now? To date, the program has collaborated with contractors in issuing 49 work orders for electric and gas efficiency projects. One project, carried out by Greenscape Environmental Services, has already been completed. It is an LED retrofit at the residential medical facility for homeless people, Christ House. Begun in 1985 as the nation's first such facility, the shelter has had more than 8,300 admissions. The IQEF project is expected to result in more than \$110,000 in lifetime energy cost savings.

According to DCSEU Managing Director Ted Trabue, the IQEF not only helps the DCSEU meet its objectives for reducing the energy burden on vulnerable residents and improving the energy efficiency of the District, but also positively affects the local economy by providing CBEs the opportunity to complete the upgrades and gain experience.

After becoming a DCSEU Participating Contractor through the program, Humberto Garces, Principal at Green Construction Services Group, secured his first IQEF project at a small income-qualified property in SE Washington. He discussed his experience with the DCSEU program in an interview with [Next City](#).

"I've been working for the government for the last 14 years, but not as a contractor directly, as a sub-contractor," he said. "This is the first project that I have ever been a contractor directly with the government, which makes me very happy because there wasn't a lot of paperwork. It was simple for an immigrant and a small business owner like I am."

## 1. At a Glance: Progress against Benchmarks

**Table 1. Performance to date, measured against benchmarks and contract requirements<sup>1</sup>**

Item	Benchmark	Description	Metric Unit	Goal Type	FY18 April 1, 2018 through June 30, 2018 Period Results	FY18 Annual Results (October 1, 2017 through June 30, 2018)	Cumulative Benchmark Minimum (October 1, 2016 through June 30, 2018)	Cumulative Benchmark Maximum (October 1, 2016 through June 30, 2018)	Cumulative Results (October 1, 2016 through June 30, 2018)	Minimu m Benchma rk Progress	Maximum Benchmark Progress
1a	Cumulative Performance Benchmarks	Reduce per-capita consumption - Electricity	MWH Net	Cumulative	41,424	88,045	121,756	172,945	182,003	149%	105%
1b		Reduce per-capita consumption - Natural gas	Therms Net	Cumulative	231,107	899,373	2,250,770	3,410,258	3,013,511	134%	88%
2		Increase renewable energy generating capacity	KW	Cumulative	0	1,598	1,380	2,000	3,842	278%	192%
3		Leverage funds	Dollars	Cumulative		\$ 239,932	\$ 2,500,000	\$ 5,000,000	\$ 239,932	10%	5%
4a	Annual Performance Benchmarks	Improve energy efficiency in low-income housing - spend	% of annual budget	Annual	\$ 735,296	\$ 1,108,941	\$ 3,711,667			30%	
4b		Improve energy efficiency in low-income housing -	MMBTU Net	Annual	6351	10,029	23,278	46,556		43%	22%
5		Increase number of green collar jobs	Green job FTE's directly worked by DC	Annual	22,460	72,666	128,700	171,600		56%	42%
6	Other Contract Requirements	DCSEU General and Administrative Expenses	% of Cost Reimbursement	Annual	\$ 814,772	\$2,182,120		\$ 3,711,667			59%
7		Expenditures with Small Business	% of annual DCSEU operating budget	Annual	\$ 219,698	\$ 1,064,727	\$ 2,382,009			45%	
8a		Annual expenditures related to electric energy efficiency	% of funds provided from assessments on	Annual	\$ 3,562,079	\$ 9,538,858	\$ 11,135,000			86%	
8b		Annual expenditures related to natural gas energy	% of funds provided from assessments on	Annual	\$ 927,688	\$ 2,384,714	\$ 2,783,750			86%	
9	Tracking Goals	Reduce growth in energy demand of largest users	# of projects completed with a		29	90					
10		Reduce growth in peak demand	KW		6,642	13,024					

<sup>1</sup>The DCSEU provides services under a performance-based contract that contains a broad array of performance benchmarks and other contract requirements. These benchmarks are derived from goals established in the District's Clean and Affordable Energy Act of 2008. The DCSEU contract contains additional minimum contract requirements, beyond the contract performance goals.

Energy savings values in **Table 1** represent the first year's savings at the customer meter, with generally accepted utility adjustment values for: (1) free-ridership (action by customers who make efficiency improvements without program assistance); (2) spillover effects (action by customers who are influenced by the existence of the program to make efficiency improvements, but who are not program participants); and (3) energy losses (losses from electricity generation and distribution ["line losses"] and losses from natural gas generation and distribution)

## 2. Sector Highlights in the Core Areas

### Residential Services

- **Residential Programs Continue Strong Performance.** The DCSEU offers upstream and downstream rebates on appliances, lighting, smart thermostats, HVAC equipment, and water heaters. To date in FY 2018, the DCSEU has achieved electricity savings of 18,269 MWh in the residential market, compared to 5,913 MWh achieved at this time in FY 2017. The DCSEU has also achieved natural gas savings of 9,000 Mcf through June FY 2018, compared to 1,920 Mcf at this time in FY 2017. The Efficient Products Program alone has served 35,086 residential participants.

### Low-Income Multifamily

- **The DCSEU completed five Low-Income Multifamily Comprehensive projects resulting in more than \$102,000 in annual energy cost savings.** In total, the effort resulted in projects impacting 638 units.
- **The Low-Income Team plans to use a CBE contractor to launch a joint pilot program with Nest and WinnCompanies** in September to install 500 smart thermostats in income-qualified multifamily homes. On Earth Day 2018, Nest announced it will provide 1 million thermostats to income-qualified homes across the next five years through its [Power Project](#). The Power Project raises awareness about high energy burdens on vulnerable populations, and provides a donation platform for public participation. The DCSEU pilot program complements the Power Project's objectives in the District.
- **The Low-Income Team also held stakeholder meetings to discuss opportunities for the DCSEU's support for affordable housing projects and pilot projects.** The team met with staff from the American Council for an Energy-Efficient Economy (ACEEE) to discuss a new pilot program that addresses the relationship between health and energy efficiency and provides support to income-qualified residents. At the end of June, the Low-Income Program Manager also attended the National Energy and Utility Affordability Coalition (NEUAC) Conference to obtain new knowledge on other low-income energy efficiency programs throughout the country.



## Renewable Energy

- **The DCSEU installed 3,182 kW of solar, leading to 4,812 MWh of annual savings. The DCSEU also formalized a partnership with Solar United Neighborhoods (SUN), an installer / contractor, to implement the District's solar renewable energy credits (SREC) support program,** which improves the upfront value of SRECs. The DCSEU program will (1) allow SUN, the program grantee, to increase the number of households it can serve, and (2) provide additional solar benefits to income-qualified DC residents and leverage SREC funding to support DCSEU programming. The team also released a request for proposals to select an off-taker for the SRECs received through the proposed SREC support program. The DCSEU selected SUN's winning bid in April, and awarded the grant that month. The offtake contract is currently under negotiation and is expected to be in place in the fourth quarter.

## Commercial and Institutional

- **During the third quarter, the DCSEU closed 52 commercial and institutional projects resulting in more than \$2.6 million in annual energy cost savings.** The projects, among others, include completion of Phase 1 of the Wharf project, multiple public and charter schools, and several projects with the U.S. General Services Administration.
- **The Account Management Team co-hosted a Multifamily Focus Group** on June 28 with a DCSEU Teaming Partner, the Institute for Market Transformation (IMT), and with the District Department of Energy & Environment (DOEE). The group comprised multifamily building owners or their representatives. They offered feedback on DC's benchmarking communication, and the co-hosts used the opportunity to provide to participants information on methods for "greening" multifamily buildings. Stakeholders discussed what key pieces of information they would like to receive feedback on from their mandatory energy benchmarking data. This information will help owners and staff take action on saving energy and improving their ENERGY STAR® scores. The DCSEU team is planning to host two more focus groups with IMT this summer.
- **The Account Management Team rolled out new initiatives for projects related to energy efficiency and health.** The team worked with the Leveraging

and Development Team to target customers with the new, donated-incentives program, the Energy Opportunity Fund. The team also started working on a pilot with a small engineering firm specializing in energy efficiency for hospitals. The objective is to improve some of the District's hospitals' energy footprints. One Account Manager's proposed abstract was accepted for an oral presentation to ACEEE's 2018 Conference on Health, Environment, and Energy in December. In addition, the team also received 11 proposals from DC Public Schools for refrigeration projects. The team continues to help small businesses make their buildings and operations energy efficient.

- **The Account Management Team collaborated with the Engineering Team and the Marketing and Communications Team to submit exemplary projects to the U.S. Green Building Council's National Capital Region Awards competition. They also submitted projects to the Metropolitan Washington Council of Governments' (MWCOG's) Climate and Energy Leadership Awards.** The DCSEU submitted applications for the USGBC-NCR Awards on behalf of the French Embassy and the new Pod DC Hotel. The DCSEU nominated KIPP DC for the MWCOG Award.
- **The Business Energy Rebate (BER) program processed 81 projects comprising \$250,937 in rebates during the third quarter.** These projects equate to 8,132 MWh of savings. There are currently 13 projects in the payment queue, with a rebate value of \$41,255. By the end of the third quarter, the DCSEU had 44 active BER opportunities, with an estimated rebate value of more than \$168,176. The projects included lighting at Georgetown University and lighting at a sports stadium. They also include lighting at an art gallery dedicated to creating opportunities for artists with disabilities to make, market, and earn income from their art.
- **The Commercial Direct Services Initiative processed one project comprising \$21,680 in rebates during the third quarter.** This project equates to 43 MWh. There is one lighting project at a Washington Metropolitan Area Transit Authority location, with an estimated 667 MWh of savings; project completion date is end of July.

- **The DCSEU invoiced \$69,975 in Instant Business Rebates projects in the third quarter.** The DCSEU is partnering with both CBE and non-CBE lighting distributors to offer instant rebates, making it simple for District businesses to take advantage of lighting savings. During the third quarter, the DCSEU received 32 submissions from participating distributors. These rebates equate to 3,062 MWh of savings. Notable projects are lighting projects at the U.S. Capitol Building and Howard University.

### Leveraging

- **The Leveraging Team promoted an existing DCSEU staff member to the position of Sponsorships & Partnerships Associate, developed a concept paper on energy resilience, and began the implementation phase of the Energy Opportunity Fund.** The Sponsorships & Partnerships Associate will support the Leveraging Team with appropriate opportunities that support the DCSEU's mission. The concept paper outlines different models of implementing energy resilience in low-income communities, and will be used to introduce these models to potential funders. The implementation phase of the Energy Opportunity Fund and associated web presence is under way. The Leveraging Team is working closely with Marketing on this effort, and expects to launch in the middle of the fourth quarter. The team discussed the possibility of supporting the DCSEU's efforts to work with up to five community partners in providing comprehensive support to low- to moderate-income (LMI) DC communities.
- **The Leveraging Team submitted proposals totaling \$350,000 and provided funding guidance and proposal writing assistance to a nonprofit grocery store in a new affordable housing community.** The team submitted a \$50,000 request in support of the DCSEU's Workforce Development Program, a \$50,000 proposal for general support of DCSEU activity, and a \$250,000 request for the research and design phase of a program currently under exploration, "Refresh the District." That program envisions working with DCSEU partners to provide comprehensive support and improvements to underserved communities, to reduce the rate of LMI residential flight from historic neighborhoods. The DCSEU will be notified of the proposal outcomes toward the end of the calendar year. The Leveraging Team's technical assistance involved connecting the new nonprofit grocery store located in

Ward 8 to potential partners, providing guidance on which funders to approach, sharing a large upcoming funding opportunity, and assisting in the associated \$500,000 proposal development. If awarded, the funds from this latter proposal would partially support infrastructure and equipment advancing them towards their goal of net zero energy.

#### Green Jobs

- **The Workforce Development Team prepared for the 2018 Summer Cohort during April, May, and June.** Career Fair attendance, phone screenings, and interviews were part of the preparation and recruiting process. The cohort comprises seven externs who will be working with Howard University, DC Water, WMATA, and Greenscape Environmental Services.
- **The Workforce Development Team prepared a training schedule for the externs** involving classes on energy efficiency and building operation, and on efficient products. In July, the externs will participate in a national LEED certification training at the DCSEU's offices.

### 3. Activity Supporting DCSEU Initiatives

#### Marketing, Public Relations, and Public Affairs

- **The DCSEU received 20 media mentions in the third quarter.** Articles include an ACEEE blog post about [American University graduating to carbon neutrality](#), which described the DCSEU's work with the institution. The DCSEU was also mentioned in several articles about the ribbon cutting of [WinnCompanies' Atlantic Apartment Homes](#), an affordable housing community home to one of the largest solar installations in the city. The DCSEU released a joint press release with the [Canadian Embassy](#) which was featured in the *Washington Examiner*. Ted Trabue and DOEE Director Tommy Wells also co-wrote an [op-ed](#) about the role of energy efficiency in creating just and inclusive communities. *Eater DC*, a website commenting on restaurant happenings in the District, announced the opening of [Tastemakers](#), a new food hall in the trendy Brookland neighborhood—mentioning the hall's energy-saving attributes from DCSEU-supported efficiency measures.

- **The DCSEU MarCom Team launched a new brand campaign on May 31 that will run through August.** The campaign is designed to “humanize” energy efficiency (and renewables) and demonstrate the impact the DCSEU is having on people in the community. Stories like these will help as the Leveraging and Development Team seeks funds from donors and sponsors. The ads will be featured on bus shelters throughout the city, on Metro platforms (digital), in the *Washington Business Journal* (online and print), in the *Washington Informer* (print) and the *Hill Rag*, and through Google Adwords. The team will also be reaching out to media outlets for earned media stories, using stories from the campaign on the DCSEU Blog and social media.
- **The DCSEU MarCom Team continues to use the blog to feature stories, tips, and topics of interest in energy and sustainability.** From April through June, the DCSEU Blog aligned its content calendar with that of ENERGY STAR, with informational posts aimed at residents. These posts promote energy-saving best practices for refrigerators, room air conditioners, and laundry equipment. The Blog also featured success stories about DCSEU projects at the Chipotle chain, Right Proper Brewing Company, Howard University Hospital, and the Canadian Embassy. The DCSEU interviewed the CEO of MeteoViva, Jean-Marie Bergeal, and ran a special Earth Day message from Ted Trabue.

### Community Outreach

- **The Community Outreach Team attended nine events** in the third quarter, reaching more than 5,000 attendees. The team gave out tip sheets, information about the DCSEU’s programs, rebate forms, and information about the IQEF (see the **Quarterly Feature** in this report).
- **The team attended this year’s Housing Association of Nonprofit Developers (HAND) Awards, with 1,300 attendees from the private, public, and nonprofit sectors.** The team also had a table at this year’s Earth Day Celebration at the Pentagon, participated in an H Street Community Walk, and attended the H.D. Woodson STEM Awards, celebrating the inaugural class of the STEM program and the students’ academic achievements.



**Table 6. DCSEU initiatives, by sector**

<b>Core area</b>	<b>Initiative name</b>	<b>Description</b>	<b>Customer</b>	<b>Status</b>
<b>Residential</b>	Efficient Products	Deep discounts on LEDs with partnering retailers in DC; mail-in rebates for qualifying energy-efficient appliances; free energy kits for DC residents	DC residents	On track
<b>Low-Income Multifamily</b>	Low-Income Multifamily Comprehensive	Custom technical and financial assistance for energy efficiency improvements for multifamily properties	Property owners of multifamily buildings, shelters, and clinics serving income-qualified DC residents	On track
<b>Renewable Energy</b>	Commercial Solar	Incentives and financing to install solar PV systems	Commercial business owners	On track
<b>Commercial and Institutional</b>	Business Energy Rebates	Rebates for energy-efficient lighting, heating, refrigeration, cooking, and other qualifying equipment	Business owners	On track
	Commercial Direct Services	Direct installation of energy efficiency measures at primarily small and medium-size commercial businesses	Business owners	On track
	Instant Business Rebates	Discounted energy-efficient lighting through CBE distributors	Business owners	On track
	Commercial and Institutional Custom	Technical assistance, account management, and financial incentives for energy efficiency projects	Large commercial and institutional customers	On track