

NEEA Strategic Planning Outreach: Key Issue Brief

What is NEEA's Role in New & Emerging Efficiency Opportunities?

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NEEA 2010-2014 Strategic Plan

Key Issues Brief:

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Summary Recommendation: NEEA should act as a facilitator of new and emerging efficiency opportunities to help ensure that there continue to be a number of new technologies, practices and services available for future (5 to 10 years out) market interventions.

Current Context:

- **Market:** There are various market actors engaging in the development of new efficiency opportunities. With the advent of “clean tech” funding, there are a number of private sources of capital to facilitate bringing new technologies to market as well as funding for research and development for various technologies through the National Laboratories and the University systems. There are also various state-level organizations throughout the region targeting new technology. However, there are often market barriers that create a gap between the laboratory and widespread market availability.
- **Mission and Strategic Business Plan:** Historically, NEEA's mission to “catalyze the marketplace” has provided a platform to bring a number of emerging efficiency opportunities to market. Some examples of successful launches of emerging opportunities include: BacGen (Wastewater treatment), MagnaDrive (Variable speed industrial motor drives), SAV-AIR (compressed air optimization services), Verdiem (network computer energy management), and Building Operator Certification (commercial building operator training). In the current funding cycle, the emphasis and funding has shifted to developing and facilitating the introduction of business practice change including Strategic Energy Management in the commercial sector and Continuous Energy Improvement in industrial markets. These recent efforts are still in the early commercialization phase in their respective markets.
- **Policy:** Current operational policy allows for NEEA to engage with specific market actors to bring new and emerging products, services and practices to market. The current policy allows for a wide range of support appropriate to the primary barriers identified. Supported activities have historically ranged from providing lab testing to field demonstrations and case studies to assisting in business planning to market introductions to the utility sector. Up until recently, NEEA has operated an “unsolicited proposal process” that has provided an open door for new opportunities to come forward and go through a process of screening and analysis to determine eligibility for funding. Actual funding was dependent on a clear identification of market barriers and a path to sustainable business launch assuming the barriers are removed. Given the current budget situation this particular aspect of NEEA's operations has for all practical purposes been shut down.

One unique aspect of policy in this area has been the option to require a royalty

payment back to NEEA when working with individual companies. This policy has provided an additional potential benefit to NEEA to compensate for the higher level of risk and to preserve a sense of fairness through compensation for allowing a single entity to receive the benefit of NEEA funding.

What we heard:

There were widely varying viewpoints about NEEA's role in expanding the market for new and emerging efficiency opportunities:

- NEEA should stay out of pure research and development activities that have traditionally been the purview of national laboratories and universities.
- NEEA should not try to play the role of a venture capitalist
- There is a need for coordination of regional demonstrations and support for early commercialization activities.
- NEEA should play a role in identifying the "next big thing", next CFL etc.
- Caution against NEEA taking on too much risk; but do balance risk with reward
- Plenty of currently available technologies that are not fully deployed so NEEA should focus on getting the market to deliver what we already have rather some new thing that is not yet proven.

Recommendations:

- NEEA should identify a set of qualifying parameters/criteria for emerging technology project opportunities
- NEEA should undertake and coordinate activities to actively identify new and emerging opportunities and engage with regional stakeholder on plans to develop and deploy these opportunities.
- Facilitate the region's awareness of new technologies; track new developments in the Northwest and other regions
- NEEA should play a role in coordinating regional demonstrations of new and emerging efficiency opportunities.
- NEEA should not undertake traditional research and development activities that are currently the purview of National Laboratories and Universities.
- NEEA should be cautious about taking on too much risk and should deploy appropriate policy and mechanisms to balance risk and reward.
- NEEA's activities should emphasize market leverage and complement the efforts of other entities.