

Norcross, Frank

From: Kerry E. O'Neill [kerry@earthmarkets.com]
Sent: Wednesday, February 03, 2010 10:37 PM
To: Norcross, Frank
Cc: Bryan Garcia; Kerry E. O'Neill
Subject: RE: DOE Invites Public Comment on Recovery Act Weatherization and Retrofit Reportin

Dear Mr. Norcross:

Thank you for the opportunity to provide comments on the EECBG Emergency Information Collection Request for utility billing data. Earth Markets is a Connecticut-based social venture which develops residential energy efficiency projects that combine community-based marketing and social networking strategies with environmental markets and finance, making it affordable to bring energy efficiency technologies into the home of a community. (Disclosure, Earth Markets is part of a consortium of municipalities, non-profits, for-profits, education and quasi-government agencies that submitted a competitive EECBG application in December.)

Earth Markets is strongly supports this request for utility bill data and is heartened to see the DOE move in this direction. For too long, the industry has relied on deemed savings based on engineering estimates and sample statistics to evaluate program effectiveness, as opposed to moving towards large scale analysis of actual utility bill data. A move towards using actual usage data is long overdue. But now, with an increasing focus on public-private partnerships to drive large scale adoption of energy efficiency measures in the US, and a particular need to leverage private capital at scale for these efforts, this move is absolutely critical.

As the DOE correctly points out, investors need to see that these savings are real, that they actually materialize and can be proven through analysis of bill data. In the absence of that, investors will continue to require robust credit enhancements, siphoning off capital that could be otherwise deployed directly to finance measures, or worse will simply not provide capital at all to programs that can't prove their effectiveness. When deemed savings/random sample approaches are discussed with investors, they immediately get to the heart of the matter: How do you know the savings really occurred? How big was the sample size? What's *really* happening in the field? Investors are skeptical of energy efficiency. Large scale analysis of utility bill data will be able to address this skepticism.

Earth Markets would like to suggest a further enhancement to attract investors, borrowing from the world of mortgage backed securities. Loan level surveillance can be conducted on mortgage backed securities by receiving monthly loan level servicing data from the servicer and analyzing that data for performance trends across any number of variables (originator, loan type, geography, credit underwriting, etc.). Monthly reporting and analysis, conducted at the loan, security, and portfolio level, provides an investor with the necessary information to manage its risk, address issues in a timely opportunity, and identify attractive investment profiles for future investments. Typically, this type of service would be written into the bond issuance and sometimes it is purchased by the end investor. As financing programs scale up for energy efficiency, particularly in the residential sector, Earth Markets believes it is critical to marry a traditional loan level surveillance approach for financial performance with an analysis of utility bill data for energy savings performance. In this way, programmatic approaches can be identified that yield the optimal combined financial and energy efficiency returns for a given investor and/or program manager. It is this type of evolution in the industry's reporting that will support the development of a robust primary market and facilitate the creation of a liquid secondary market for energy efficiency financing.

Thank you in advance for your consideration.

2/4/2010

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