

MEMO

Date: December 28, 2012
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From: Oliver Kesting, Business Sector Lead
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Subject: Staff Response to the 2012 New Buildings Market Research Study

In late 2012, the Business Sector/New Buildings conducted the sector's first market research study, for Energy Trust. The purpose of the research was to provide Energy Trust with insights into the role and value proposition of New Buildings that would aid in the effective development of both short and long-term strategies for program design and resource allocation, including marketing.

This in-depth information, collected and reported in the customers' own words, is highly complementary to the ongoing Evaluations research, including process evaluations and Fast Feedback surveys. Staff feels that similar market research of this nature, or perhaps a shorter format of the study, would be valuable to conduct every 2 years to inform program design decisions.

In summary, the research documented that customers are satisfied with the program's ability and willingness to support their efforts to implement energy-efficient features in their projects that qualify for incentives. The research also identified several barriers to deeper program engagement and insights into the decision-making process for projects.

Program staff will be integrating findings into future marketing efforts and making this information available to both the incumbent Program Management Contractor and to potential bidders when the contract for New Buildings is re-bid later in 2013.

Marketing and program improvements will be considered in the following areas:

- In 2013, New Buildings will have an official "launch" of the Market Solutions incentives which received positive feedback in the research and address customer interest in a more certain final project incentive.
- Investigate and develop ways to influence project owners who hold final decision-making authority for building decisions around energy efficiency and have a longer-term interest in building operating costs.
- Develop ways to be more engaged with more architects and engineers at each firm as a way to encourage more and earlier program engagement.
- Demonstrate the technical services and capabilities available to customers through Energy Trust/PMC outreach managers and technical staff.



**Energy Trust of Oregon
New Buildings
Market Research Results**

November 2012

Research Conducted and Presented By:

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**Energy Trust of Oregon
New Buildings Market Research Report
November 2012**

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Energy Trust of Oregon New Buildings Market Research Study

I. Purpose & Method

This research report summarizes the results of thirty-one (31) in-depth interviews conducted for Energy Trust of Oregon among key constituents of the New Buildings program.

A. Purpose

The purpose of the research was to provide Energy Trust with insights into the role and value proposition of the New Buildings program that will aid in the effective development of both short and long-term strategies for program design and resource allocation.

Specific areas of exploration included:

- Role of New Buildings program: current, ideal and future
- Awareness and relative value of specific services currently provided by program
- Barriers to participation and suggestions for improvement
- Decision-making criteria and processes
- Outreach managers: effectiveness and needs
- Communications: effectiveness and needs

B. Method

In-depth telephone interviews were conducted among New Building program constituents:

- 1. Selection of respondents for research:** Energy Trust selected a representative list of 50 potential research respondents including architects, engineers, developers and owners.
- 2. Respondent pre-letters:** Each of the 50 respondents selected for the research received a personalized letter from Energy Trust, signed by Jessica Rose, New Buildings Business Sector Manager. The letter explained that Energy Trust was conducting a research study and asked for the respondent's cooperation in participating in the research. The letters were mailed on September 19, 2012.
- 3. Completion of interviews:** The research resulted in the completion of 31 interviews, exceeding the goal of completing 25 interviews.
 - The interviews were conducted from September 24-October 26, 2012.
 - Interviews ranged in length from 25 minutes to over an hour.
 - All interviews were conducted by Brenda Forrest, Forrest Marketing.

C. Respondent Information by City and Type of Company

The 31 respondents who participated in the research represented companies located in the following Oregon cities and by the following company type:

1. Respondent breakdown by city: The 31 respondents represented companies located in the following cities in Oregon:

- Beaverton, Bend, Eugene, Lake Oswego, Medford, Newberg, Portland, Salem and Sandy

2. Respondent breakdown by company type: The 31 respondents represented the following types of companies:

- Architecture Firm
- Engineering Firm
- Development Company
- Design/build Contractor
- Construction Company
- Other: Municipality, school district, food products distributor and auto dealership

D. Research Materials: The Appendix of this report includes all the materials used in the research project including the discussion guide, pre-letter and information about non-completed interviews.

Research Caveat: This research study was qualitative, and while it provides very valuable insights regarding the opportunities and challenges for Energy Trust to effectively serve New Buildings program customers, the results are not projectable to the entire universe of New Buildings customers that Energy Trust serves in Oregon.

II. Executive Summary

The following highlights results from each of the key topics explored in the research. More detailed summaries for each topic are in the Detailed Findings section.

1. Current Role of New Buildings Program

When asked to describe the current role of the New Buildings program, the majority of respondents were articulate and succinct in answering this question with very little hesitation. Most say the role is to help to increase energy efficiency in new buildings through incentives. Overall, the responses were similar and there were no significant differences by respondent profession or by other factors.

2. Most Valuable Services

Since most view incentives as the primary (and almost sole) role of the program, it was not surprising that when asked about the most valuable services the New Buildings program currently provides, most said it is the incentives. Some mentioned the Outreach Managers as being one of the most valuable services.

3. Ideal Role of New Buildings Program

When asked about the ideal role for the New Buildings program, some respondents were opposed to anything that would expand the services of the program for fear that it would take away from incentives and dilute the mission. Most feel the current role is appropriate and believe the focus should be on improving existing services as opposed to adding services. Suggestions included:

- Maintain or enhance incentives
- Expand standard incentives versus custom
- Expand emphasis on multi-family and smaller building projects
- Support the verification of project results following completion
- Provide more support for the design team

4. Barriers

a. Understanding of Energy Trust program organization and differences

Many respondents expressed difficulty in understanding Energy's Trust unique contracting model, and their confusion in managing the differences between two or more programs. While no one suggested these are major problems, the confusion that results from this lack of clarity is more than simply a nuisance. Many respondents who experienced these issues found the program time-consuming or challenging to navigate. Key findings in this area included:

- Inefficiencies of dealing with more than one program and more than one contact at one time
- Frustration over contact turnover
- Confusion over program contractor's relationship with Energy Trust
- Lack of understanding regarding differences between the organization of Energy Trust programs

Overall, respondents were less concerned that the programs are managed by contractors, and more frustrated by the separation of the programs and the different companies managing them.

b. Not being compensated for services

Several respondents feel they're not being adequately compensated for their services to help clients achieve the New Buildings energy efficiency incentives. For the engineers, the problem seems to be that the pursuit of Energy Trust incentives happens after fees are established making it difficult to go back and ask for more. For the architects, the problem seems more focused on all the work it takes to do the documentation for the incentives as well as selling the client on energy efficiency measures. Some understand that they could incorporate a fee for this service upfront, but the reality of how projects and budgets come together with a project owner-developer can make this challenging. A couple of respondents suggested that Energy Trust incorporate fees to the designer as part of the program or final incentive. Finally, one result of this dynamic is that Outreach Managers are relied upon to help extensively with the paperwork.

c. Other barriers: Other criticisms or concerns regarding the New Buildings program fell into these areas:

- Level of technical knowledge on the part of Energy Trust staff
- Effectiveness and value of early design assistance
- Realistic completion of all program requirements
- Dynamics of payback analysis
- Allocation of Energy Trust's expenditures

5. Incentives

a. Paperwork involved in getting the incentives: While most respondents commented on the paperwork burden involved in securing New Buildings program incentives, many recognize Energy Trust's need for detailed validation of proposed energy efficiency systems and appreciate that Energy Trust is careful to award incentives responsibly. For some, the paperwork burden is alleviated by the fact that the Outreach Managers do a good job in helping complete forms.

b. Other incentive problems

- Paperwork disproportionate to incentive amount
- Reliability of process to determine cost effectiveness of energy efficiency measures
- Difficulty in estimating incentives at the project onset
- Receiving an incentive that is lower than anticipated
- Not receiving incentives on items that achieve high-energy savings but do not match Energy Trust's criteria

- c. **Impact of incentives on decision-making:** Many respondents affirm that incentives do make a difference to the owner in making energy efficiency decisions. Even among respondents who say the incentive isn't the most important factor in making energy efficiency decisions, they help with reduced costs, are regarded as a bonus, and are considered "money in the pocket".
- d. **Importance of building trust with owners through incentives:** One respondent talked at length about a theme that she believes is critical: creating a strong sense of trust between Energy Trust and developers regarding the dependability of incentives. In some cases, this respondent said, "the incentives are seen as something that they can't really count on so they don't put it in their pro forma and they're seen as more of a bonus." She went on to say that developers want to be able to see Energy Trust incentives as a "low-risk" proposition and have confidence in the surety of the incentives throughout the project.

6. Decision-Making Process

- a. **Return on investment and budget:** Bottom line financial issues are a huge factor in decision-making. From an ROI standpoint, it has to pencil out for the owner. Related to this is budget—some owners just don't have the money in their budget regardless of how it pencils out. Other key factors related to money included:
 - Owners tend to be risk averse. Because energy efficiency incentives and long-term savings are often unknown upfront, this inhibits adoption of these measures.
 - Code-related changes have had a significant impact on energy efficiency decision-making. With the code being stricter, some energy efficiency measures that were previously covered by New Buildings are no longer eligible and owners have to step it up just to be "legal". Overall, many feel there is less incentive money available in general including the loss of BETC.
- b. **The owner is the final decision-maker:** Most respondents say the owner is the ultimate decision maker.
 - Most say the process starts with an assessment of the owner's needs and goals and that the owner's wishes come first.
 - There were a couple of engineers that felt the architect is calling some of the shots on what energy efficiency measures to incorporate. As one engineer said: "The architect is the first screen for us. Some things the architect will really want to pursue and some things the architect might strike off the table."
 - In addition to the client's budget, the client's commitment to energy efficiency makes a difference in how much architects and engineers push

for energy efficiency. As one architect said, "Some clients think it's a bunch of hooey and so we try to sneak it in!"

c. Influence of architects and engineers in decision-making

- Many architects and engineers report their firm is highly committed to energy efficiency and sustainability and some push it with all clients. But even among those committed, some don't push it if the client's budget or interest in being energy efficiency won't permit.
- Architects and engineers find they must exert their influence with the client to incorporate energy efficiency throughout the process.
- There are indications that while the architect may be the gatekeeper, the engineers are actually the ones in the trenches doing more of the work involved in getting the New Buildings incentives once that decision is made. This is largely because the engineers have the technical savvy needed to get the job done and are more knowledgeable about what is needed to actually get incentives.
- Some engineers are very sophisticated in their approach to selling the client or marketing their services as providing the value-added benefit of handling the New Buildings incentive process.
- One architect mentioned there is an increasing trend for clients to skip the early design phase and go directly to the construction documents phase.

d. Energy Trust is rarely involved in decision-making: It appears that many do not involve Energy Trust until they've decided the overall direction of the new building and after they've determined there might be some incentives they could qualify for. It's important to note however, that many of the architects and engineers are thinking of New Buildings during the early stages of the decision-making process and even suggesting it to owners but they're doing this on their own, not directly involving New Buildings. This goes back to most seeing the role of New Buildings as providing incentives.

7. Outreach Managers: Overall, the Outreach Managers are regarded as very important to respondents, although many value their current and future role in a narrow way.

- **Current role:** Respondents see high value in the Outreach Manager's assistance in facilitating the incentive process, especially completing the forms, and were very complimentary of proactive service and trouble-shooting. Some have pigeon-holed Outreach Managers as "paper shufflers" and do not view them as adding overall project value.

- **Improvement areas:** Some problems and areas of improvement were noted including inconsistent quality of service, overpromising on incentives, and lack of technical expertise.
- **Future role:** Some respondents were open to thinking about ways that Outreach Managers could be of more value, but many did not fully understand the extent of services available, were concerned that Outreach Managers don't have the bandwidth to take on more, or couldn't immediately point to the benefits of having them as part of the team.

8. Communications

- a. **Tools and marketing materials:** While there were no specific criticisms of Energy Trust marketing materials related to the New Buildings program, there was also little demand expressed in receiving regular electronic or printed materials. Many respondents indicated that busy schedules don't allow time to examine materials that aren't customer or project specific. Most were satisfied with the level of communication, and believe they know how to get the information they need when they need it either through the website or personal contact.

When asked about effective forms of communication, several respondents expressed a strong preference for one-to-one communication. For others, effective communication is less about the tool and more about the frequency and topic. While regular emails and newsletters can become overlooked, respondents acknowledged the need to receive specific information about program updates and incentive changes.

- b. **Messages:** When asked what messages Energy Trust should be communicating about the New Buildings program, many respondents said it should simply state that Energy Trust is there to help you increase energy efficiency in new buildings through incentives. Others said there should be emphasis on "you're paying for it" and also the competitive edge it gives businesses. A few mentioned that Energy Trust should avoid creating a perception that they are a "government money pot" or have too much money to spend.
- c. **Integrate New Buildings into firm:** Most respondents indicated that the level of knowledge about Energy Trust and the New Buildings program varied within their firm and said it was important to reach out to others in the firm. In-person meetings with office staff, through organized lunch and learn events or informal meetings, were most often cited as the most effective and efficient way to educate multiple people within a firm.

III. Detailed Findings

This section provides detailed findings from the research. It is divided into eight topic areas as listed below. Each topic area begins with a summary of the topic results and is followed with respondent quotes. The eight topic areas are:

1. Current role

- Current role of New Buildings program
- Awareness of support services offered by New Buildings program
- Most valuable services provided
- Support received from other organizations

2. Ideal role

3. Barriers

- Understanding of program organization and differences
- Not being compensated for services
- Other barriers

4. Incentives

- Incentive issues: four major themes
- Impact of incentives on making energy efficiency decisions
- Importance of building trust with owners (through incentives)

5. Decision-making process and dynamics

6. Outreach Managers

7. Communications

- Marketing materials and tools
- Messages
- Integrate New Buildings into firm

8. Future direction

Current Role of New Buildings Program

This section summarizes the results of the following four questioning areas:

1. Current role of New Buildings program
2. Awareness of support services offered by New Buildings program
3. Most valuable services provided
4. Support received from other organizations

1. Current Role of New Buildings Program

When asked to describe the current role of the New Buildings program, the majority of respondents were articulate and succinct in answering this question with very little hesitation. This was the first question respondents were asked so there was no bias from other discussion. In one way or another, most say the role is to help to increase energy efficiency in new buildings through incentives. Overall, the responses are similar and demonstrated good understanding of the stated purpose of the New Buildings program. There were no significant differences by respondent profession or by other factors.

2. Awareness of Support Services offered by New Buildings Program

When asked about awareness of direct and indirect support services offered by New Buildings program, most respondents see the program's primary service as providing incentives. There is low awareness and little usage of other services – and no distinction between direct or indirect services.

- A few made mention of specific individuals who offer valuable advice or recognized resources available through Energy Trust's website.
- Several respondents indicated that other services may be available but their firm does not need the extra help.
- A few more found value with the Building Energy Simulation Forum, and Energy Trust's role in providing general education about incentives and programs.

3. Most Valuable Services Provided

When asked about the most valuable services the New Buildings program currently provides, most said it is the incentives. Some mentioned the Outreach Managers. See sections on Incentives and Outreach Managers for more detail. Aside from incentives and Outreach Managers, other comments included:

- The program's overall role in improving buildings and enhancing energy efficiency is important as well.
- The most valuable service is different for owners than it is for the respondent, as each might have slightly different objectives.
- Energy Trust's support for design assistance and eco-charrettes is useful and helps projects.

4. Support from Other Organizations

Respondents were asked to describe the support they receive from other organizations if any, and what value it provides to them. Overall, most respondents said they receive minimal or no support from other organizations. A handful referred to taking advantage of continuing education opportunities as available, but most who commented indicated they rely on their engineers or consultant team for support and information.

Ideal Role of New Buildings Program

When asked about the ideal role for the New Buildings program, how it could be most helpful or effective, many respondents said Energy Trust should concentrate its efforts on improving existing services offered by the program versus offering new services. Most feel the current role (primarily to offer incentives) is very appropriate and what is most needed is to enhance those services and to not "dilute the mission". Respondents offered suggestions on how to improve those services and some also offered ideas for expanded services. Comments fell into these six categories:

- 1. Maintain or enhance incentives:** Several respondents immediately expressed the concern that they didn't want anything done that might impact the amount of the incentives. As one architect said, "if the incentives could actually grow, that would perk people's ears up, more so than training or any other services I can think of."
- 2. Expand standard track incentives versus custom:** Several respondents stressed the value of Energy Trust continuing to expand the standard track incentives as it reduces paperwork, shortens the review process and makes program compliance easier and less time-consuming.
- 3. Expand emphasis on multi-family and smaller building projects:** A few respondents feel that multi-family and smaller building projects are on the rise and offer excellent potential for energy efficiency solutions and, as such, could use more specialized attention.
- 4. Support the verification of project results following completion:** Two respondents feel that help in verifying long-term project results – did it achieve energy savings as planned -- could offer concrete information that is of value in selling future clients on efficiency projects.
- 5. Provide more support for the design team:** Several respondents believe that Energy Trust could provide more assistance in the early design stages of a project by showcasing the tangible value of energy efficiency investments, through case studies, presentations or other means.
- 6. Other mentions:** Respondents see value in Energy Trust serving as a clearinghouse of information, participating in industry specific forums or presentations, and the publicizing of educational seminars or events to highlight other energy efficiency solutions and strategies.

Barriers

This section includes the following three barrier-related topics:

1. Understanding of program organization and differences
2. Not being compensated for services
3. Other barriers

Barriers

This section covers the problems respondents have in working with the New Buildings program. However, it is important to note that criticisms or issues dealing with Incentives and Outreach Managers have been included in the separate sections of this report devoted to those two topics.

1. Understanding of Program Organization and Differences

Some respondents expressed difficulty in understanding Energy Trust's unique contracting model, and commented on their confusion in managing the differences between two or more programs.

While no one suggested these are major problems, the confusion that results from this lack of clarity is more than simply a nuisance. Many respondents who experienced these issues found the program time-consuming or challenging to navigate. Key findings in this area included:

- Inefficiencies of dealing with more than one program and more than one contact at one time
- Frustration over contact turnover
- Confusion over program contractor's relationship with Energy Trust
- Lack of understanding regarding differences between the organization of Energy Trust programs

Overall, respondents were less concerned that the programs are managed by contractors, and more frustrated by the separation of the programs and the different companies managing them.

2. Not Being Compensated for Services

Several respondents feel they're not being adequately compensated for their services to help clients achieve the New Buildings energy efficiency incentives. For the engineers, the problem seems to be that the pursuit of Energy Trust incentives happens after fees are established making it difficult to go back and ask for more. For the architects, the problem seems more focused on all the work it takes to do the documentation for the incentives as well as selling the client on energy efficiency measures. Some understand that they could incorporate a fee for this service upfront, but the reality of how projects and budgets come together with a project owner-developer can make this challenging. A couple of respondents suggested that Energy Trust incorporate fees to the designer as part of the program or final incentive. Finally, one result of this dynamic is that Outreach Managers are relied upon to help extensively with the paperwork.

3. Other Barriers: Other criticisms or concerns regarding the New Buildings program fell into these areas:

- Level of technical knowledge on the part of Energy Trust staff

- Effectiveness and value of early design assistance
- Realistic completion of all program requirements
- Dynamics of payback analysis
- Allocation of Energy Trust's expenditures

Incentives

This section includes the following four summaries:

1. Incentive issues: four major themes
2. Impact of incentives on making energy efficiency decisions
3. Importance of building trust with owners (through incentives)
4. A "case history" of one respondent's problems with incentives

1. Incentive Issues: Four major themes

Incentives are an important topic for respondents, and as such, they had a number of opinions ranging from the paperwork involved to the amount received. This section summarizes comments into four major themes:

A. Paperwork involved in getting the incentives

- While most respondents commented on the paperwork burden involved in securing New Buildings program incentives, many recognize Energy Trust's need for detailed validation of proposed energy efficiency systems and appreciate that Energy Trust is careful to award incentives responsibly.
- Responses were mixed on who is actually doing the paperwork for the incentives. Some architects claim they're doing the work while many engineers say it's them. There appears to be some resentment among some engineers about how much of the responsibility falls on their shoulders versus the architect. As one engineer said: "I actually look at architects as being made of Teflon—nothing sticks to them and they don't lift any more fingers than what they have to."
- For some, the paperwork burden is alleviated by the fact that the Outreach Managers do a good job in helping complete forms (also covered in the Outreach Manager section).

B. Paperwork disproportionate to incentive amount

- Some respondents are concerned that the time to do the paperwork required for energy efficient systems that only have the potential of receiving a very small incentive is quite out of proportion to dollar amount.

C. Reliability of process to determine cost effectiveness of energy efficiency measures

- One respondent makes the point that the process involved in determining the cost effectiveness of energy efficiency measures is both cumbersome and may result in unreliable results.

D. Reliability of incentives, more specifically, estimating incentives at the project onset, receiving an incentive that is lower than expected, and not receiving incentives for equipment that achieves high energy savings but does not match Energy Trust's application forms.

- Several respondents explain the challenge of trying to determine what the incentives might be at the project onset. As one participant said, "It requires us to commit to designing things to meet their incentives before the owner is necessarily ready to do that."

- There is a significant gap in the time between when decisions are made about a building and when detailed information is available about incentives. One respondent suggested that Energy Trust could maintain a database of what past projects have earned to help estimate future incentives on proposed projects.
- A few commented on not receiving the incentive amounts they anticipated at project onset, which affected their ability to budget the project accurately.
- Two respondents are concerned that Energy Trust's evaluation systems for some measures aren't up to date with current, real world data, and as a result, some promising energy efficiency measures are declined or receive reduced incentives.
- Some also commented that they hear incentive amounts are decreasing.

2. Impact of Incentives on Decision Making

Most of the comments in this section, but not all, were in response to a question about the likelihood of incorporating energy efficiency measures in a project if support from Energy Trust had not been available.

- Many respondents affirm that incentives do make a difference to the owner in making energy efficiency decisions.
- Even among respondents who say the incentive isn't the most important factor in making energy efficiency decisions, they help with reduced costs, are regarded as a bonus, and are considered "money in the pocket".

3. Incentives: Importance of building trust with owners (through incentives)

In a discussion with one respondent about incentives, she talked at length about a theme that she believes is critical: creating a strong sense of trust between Energy Trust and developers regarding the dependability of incentives. In some cases, this respondent said, "the incentives are seen as something that they can't really count on so they don't put it in their pro forma and they're seen as more of a bonus." She went on to say that developers want to be able to see Energy Trust incentives as a "low-risk" proposition and have confidence in the surety of the incentives throughout the project.

4. A "case history" of one respondent's problems with incentives

The following comments are all from one respondent, an electrical engineering firm. The respondent starts with the problem that New Building incentives have drastically

decreased then goes on to cover the problem that he wasn't informed. He then offers some valuable comparisons to the Existing Buildings program including the viewpoint that the goal of the New Buildings should be spurring growth in Oregon economy—more so than Existing Buildings.

Decision-making process and dynamics

This section summarizes results related to the decision-making process in incorporating energy efficiency measures and involving New Buildings. Many respondents emphasized that the decision-making process varies by project making it difficult to generalize. Overall, this is a section of findings where reading the respondent quotes is extremely valuable in gaining an in-depth understanding of the variations and nuances that occur by segment. That being said, these themes emerged:

1. **Return on investment and budget:** Bottom line financial issues are a huge factor in decision-making. From an ROI standpoint, it has to pencil out for the owner. Related to this is budget—some owners just don't have the money in their budget regardless of how it pencils out. Other key factors related to money included:
 - Many use the term "first-cost" saying this is what clients are interested in and what they're always balancing.
 - Although the importance of money was true across all segments, the developers really stress that dollars make the difference. One developer emphasizes the difficulty in getting buyers to understand the value of first-cost energy efficiency investments and trying to recapture that.
 - Owners tend to be risk averse. Because energy efficiency incentives and long-term savings are often unknown upfront, this inhibits adoption of these measures. As one architect said, "For most clients, uncertainty equals risk. Their job is to minimize risk."
 - Code-related changes have had a significant impact on energy efficiency decision-making. With the code being stricter, some energy efficiency measures that were previously covered by New Buildings are no longer eligible. Architects and engineers are often in the position of telling owners they have to step it up just to be "legal" and have to go beyond code to get incentives. Also with the loss of BETC, many say there is less incentive money available in general. The fact that basic LEED certification is now code (or practically code) also plays a role in this.
2. **The owner is the final decision-maker:** Most respondents say the owner is the ultimate decision maker.
 - Most say the process starts with an assessment of the owner's needs and goals and that the owner's wishes come first.
 - There were a couple of engineers that felt the architect is calling some of the shots on what energy efficiency measures to incorporate. As one engineer said: "The architect is the first screen for us. Some things the architect will really want to pursue and some things the architect might strike off the table."

- Owners have varying levels of knowledge about Energy Trust or education about the value of making investments in energy efficient systems and equipment.
- In addition to the client's budget, the client's commitment to energy efficiency makes a difference in how much architects and engineers push for energy efficiency. As one architect said, "Some clients think it's a bunch of hooey and so we try to sneak it in!"

3. Influence of architects and engineers in decision-making

- Many architects and engineers report their firm is highly committed to energy efficiency and sustainability and some push it with all clients. But even among those committed, some don't push it if the client's budget or interest in being energy efficiency won't permit.
- To make energy efficiency measures more palatable to clients. Some "sell" energy efficiency measures as being the same cost—"it won't cost you anything more."
- Architects and engineers find they must exert their influence with the client to incorporate energy efficiency throughout the process.

"Influencing the client to incorporate energy efficiency happens all throughout the project. I'd say you have to start having the conversation early with the client but you do have to have versions of that conversation in increasing levels of detail throughout the project."

"There's always a risk of someone forgetting that they're getting money-off based on using a certain system or equipment, and then later, they want to downgrade it a little bit. So we're kind of always managing that process."

- There are indications that while the architect may be the gatekeeper, the engineers are actually the ones in the trenches doing more of the work involved in getting the New Buildings incentives once that decision is made. This is largely because the engineers have the technical savvy needed to get the job done and are more knowledgeable about what is needed to actually get incentives.
- Some engineers are very sophisticated in their approach to selling the client or marketing their services as providing the value-added benefit of handling the New Buildings incentive process.
- Some engineers report they have a big say in energy efficiency decisions, some don't. For example one engineering firm said they have major influence on energy efficiency decisions while another said they often just do what they're told.

- One architect mentioned there is an increasing trend for clients to skip the early design phase and go directly to the construction documents phase.
4. **Energy Trust is rarely involved in decision-making:** It appears that many do not involve Energy Trust until they've decided the overall direction of the new building and after they've determined there might be some incentives they could qualify for. It's important to note however, that many of the architects and engineers are thinking of New Buildings during the early stages of the decision-making process and even suggesting it to owners but they're doing this on their own, not directly involving New Buildings. This goes back to most seeing the role of New Buildings as providing incentives.

Outreach Managers

This section summarizes the results of issues explored with respondents regarding Outreach Managers. The findings are divided into the following seven topics:

1. Most valuable services provided by Outreach Managers
2. Problems and suggestions for improvement
3. Lack of knowledge of services available from Outreach Managers
4. Freeing up Outreach Managers to provide more valuable services
5. More support from Outreach Managers is not needed by our firm
6. Role of Outreach Managers as part of the team
7. Most effective stages of project for Outreach Managers to be involved

Overall, the Outreach Managers are regarded as very important to respondents, although many value their current and future role in a narrow way. Some key findings include:

- **Current role:** Respondents see high value in the Outreach Manager's assistance in facilitating the incentive process, especially completing the forms, and were very complimentary of proactive service and trouble-shooting. Some have pigeon-holed Outreach Managers as "paper shufflers" and do not view them as adding overall project value.
- **Improvement areas:** Some problems and areas of improvement were noted including inconsistent quality of service, overpromising on incentives, and lack of technical expertise.
- **Future role:** Some respondents were open to thinking about ways that Outreach Managers could be of more value, but many did not fully understand the extent of services available, were concerned that Outreach Managers don't have the bandwidth to take on more, or couldn't immediately point to the benefits of having them as part of the team.

Here are the results by the seven topics listed above:

1. Most valuable services provided by Outreach Managers

Respondents had many positive comments about the services provided by the Outreach Managers. Some respondents even cited the Outreach Managers as being the most valuable thing about the New Buildings program. Although the services provided are clearly valued, most were in one way or another related to facilitating the incentive process.

- a. **Positive mentions about Outreach Managers spanned a wide range, including:**

Assistance with incentive forms, good communication skills, positive attitude, knowledgeable about the program, value of knowing my project from "tip-to-tail", respectful of my time, providing peace-of-mind, and providing just the right amount of contact.

b. Specific examples of services provided that were highly valued included:

- Providing outside-of-the-box thinking and being proactive in solving problems
- Helping market our firm to others in the community
- Seeking out eligible new projects for us
- Identifying incentive opportunities
- Sending very specific incentive to-do lists
- Willing to conduct "lunch & learn sessions or provide face-to-face information on project updates and incentive changes. This service was also mentioned as an effective communication technique by several respondents. See the Communications section for more detail.

2. Problems and suggestions for improvement

Key issues that arose included:

- Quality of service varies by Outreach Manager
- Over promising on incentives
- Outreach Managers need more technical expertise

3. Lack of knowledge of services available from Outreach Managers

When asked how Outreach Managers might better assist them, two respondents specifically mentioned that it was hard to answer that because they don't understand the full capacity of how Outreach Managers can be used. There were indications that other respondents also did not fully understand the extent of services available.

4. Freeing up Outreach Managers to provide more valuable services

Two respondents specifically suggested that Outreach Managers might be able to focus on more valuable services if Energy Trust were to streamline its forms and/or give Outreach Managers more bandwidth.

5. More support from Outreach Managers is not needed by our firm

A few respondents mentioned they don't have a need for Outreach Managers to be more involved in their projects in a broader role because their firm is capable of handling what is needed. One engineering firm respondent suggested it would be beneficial if

Outreach Managers played a bigger role with architects and owners but that it wasn't needed with his engineering firm.

6. Role of Outreach Managers as part of the team

Most respondents are comfortable with the role Outreach Managers play at the beginning of a project, but struggle in how to view them as part of a team. In addition to their upfront role, some see value in having the Outreach Manager at an occasional meeting or on a conference call to clarify program requirements, although they are not regarded as an ongoing project partner.

7. Most effective stages of project for Outreach Managers to be involved

When respondents were asked what stages are most effective for Outreach Managers to be involved in a project, most said early-on. A few mentioned other specific stages. But most, even when probed about other stages, seemed to have trouble answering what these stages might be and kept gravitating back to early-on. The fact that so many see Energy Trust's value primarily in the early-on stage also affects why they don't see Outreach Managers as part of the team.

Communications

This section summarizes the results of three questioning areas:

1. Communication Tools and Marketing Materials
2. Communications: Messages
3. Communications: Integrate New Buildings into Firm

1. Communication Tools and Marketing Materials

While there were no specific criticisms of Energy Trust marketing materials related to the New Buildings program, there was also little demand expressed in receiving regular electronic or printed materials. Many respondents indicated that busy schedules don't allow time to examine materials that aren't customer or project specific. Most were satisfied with the level of communication, and believe they know how to get the information they need when they need it either through the website or personal contact.

When asked about effective forms of communication, several respondents expressed a strong preference for one-to-one communication. For others, effective communication is less about the tool and more about the frequency and topic. While regular emails and newsletters can become overlooked, respondents acknowledged the need to receive specific information about program updates and incentive changes.

Other suggestions included:

- Seminar information available online
- Targeted materials to specific professions
- Detailed case studies, with more than one respondent indicating interest in case studies by building type with complete energy-saving data to share with their own clients. One architect said, "architects want to know how much did it cost or how it worked or how many incentives they got or why one thing was chosen over another thing. Case studies need a fair amount of detail to be helpful."
- In-office or "lunch and learn" presentations

2. Communications: Messages

When asked what messages Energy Trust should be communicating about the New Buildings program, many respondents said it should be a statement of the role of the program and referred to their earlier description of the role. Other comments included:

- Energy Trust should emphasize incentives and "you're paying for it"
- Energy Trust should emphasize the competitive edge it gives businesses
- Energy Trust should avoid creating a perception that they are a "government money pot" or have too much money to spend.

3. Communications: Integrate New Buildings into Firm

Most respondents indicated that the level of knowledge about Energy Trust and the New Buildings program varied within their firm. That knowledge can vary by:

- the person's role
- how recently they've worked on a project that involved Energy Trust incentives
- how long they've been with the firm

Several firms have a designated “sustainability manager” to stay current on incentive programs and updated information, but even those individuals believe it is important for Energy Trust to reach out to others within the firm. As one architect said about the value of outreach to his fellow architects, “sometimes I don't get invited to project meetings until the building is halfway designed and it's already been figured out by spreadsheet on how big it's going to be and other factors.”

In-person meetings with office staff, through organized lunch and learn events or informal meetings, were most often cited as the most effective and efficient way to educate multiple people within a firm. Comments included:

- Respect the “conduit” role in the firm, but expand outreach to avoid a bottleneck and connect with other project managers.
- Use case studies, incentive changes and program updates as reasons to organize in-office presentations.

Future Direction

When asked about the factors influencing the future construction of energy efficient buildings in Oregon, many respondents mentioned LEED. While some referred to the positive influence of the LEED program in changing practices and behaviors, most seem to believe the push for official LEED certification has lost momentum due to the cost of compliance and complexity of paperwork. A couple of respondents mentioned the Living Building Challenge as the successor to LEED.

Many expressed concern that meeting stricter energy codes is challenging especially when incentives are not available for “code” requirements. As one respondent said, “what would be considered a high performing stretch building today will be considered standard 5 years from now...the incentives right now are based on exceeding the code and so as the code gets higher and higher, will Energy Trust offer support to just help meet the code?”

Several respondents encouraged Energy Trust to explore how it can play a role in other energy consumption related issues, while understanding that they don't fit neatly with the source of the organization's funding. Water, waste energy, and transportation were three areas suggested to have a future impact on energy use.

IV. Appendix

- 1. Pre-letter sent to respondents**
- 2. Discussion guide used in research**
- 3. Non-completes:** A recap of the reasons for non-completed interviews.

**New Buildings Market Research
Sample Pre-letter Sent to Respondents**

September 19, 2012

Respondent Name
Respondent Title
Company Name
Company Address

Dear [Name of Respondent]:

Energy Trust would like your opinion on how its New Buildings program can best meet your needs. To get your input we have retained an independent researcher, Brenda Forrest. Brenda will be calling you in the next week to ask whether you are willing to participate in a brief telephone interview.

We understand the value of your time and when you receive a call from Brenda, she will schedule a phone interview at your convenience.

Your participation in this research project is of course voluntary but I encourage you to participate. We highly value your input and hope you will take a few minutes to share your thoughts with us.

If you have any questions about this research project, please don't hesitate to contact me at 503-459-4060, or Jessica.Rose@energytrust.org. Thank you for your cooperation.

Sincerely,

Jessica Rose
Business Sector Manager
New Buildings Program

Energy Trust of Oregon
New Buildings Market Research Discussion Guide

- 1. Introduction and warm-up**
- 2. Current role of Energy Trust's New Buildings program**
 - Describe your perceptions of Energy Trust's current role in supporting energy efficiency in new building construction. Probe for direct vs. in-direct support.
- 3. Most valuable services provided by Energy Trust and other organizations**
 - What is the most valuable service Energy Trust's New Buildings program currently offers? Explain why.
 - What other services provided by the program are of value to you? Probe for relative significance of each.
 - Describe support you receive from other organizations. How valuable is this support to you? Probe for relative significance compared to support from Energy Trust.
 - What services provided by Energy Trust's New Buildings program are of the least value to you? Explain why.
- 4. Barriers to participation in New Buildings program**
 - What barriers, if any, did you encounter in working with the New Buildings program? Probe for specifics and relative significance of each.
 - What factors, if any, inhibit your company from participation in the New Buildings program? Any others?

(Note: Solutions to the barriers cited by respondent in #4 will be explored in #5.)
- 5. Ideal role of Energy Trust's New Buildings program**
 - Describe what you believe is the ideal role for Energy Trust—how could they be most helpful to you?
 - Probe for what it is they need to be effective.
 - Probe for support they'd like to receive that they're not currently receiving
 - How do you feel the program could be improved?
 - Probe for specifics including solutions that go beyond increasing incentives
- 6. Decision-making dynamics**
 - Describe how energy efficiency decisions are made in your company when developing a new building construction project. Probe for: process, criteria and roles/titles of those involved.
 - Who's the ultimate decision-maker? Probe for:
 - Extent to which decisions are driven by you versus other key participants in the project.
 - Tools/techniques you use to attempt to influence the client
 - Key points in the process when you exert influence

- To what extent do you rely on Energy Trust to assist in your decision-making process? Probe for: by project stage and role client's budget plays
- How likely would you have been to incorporate energy efficiencies measures in your project if support from Energy Trust had not been available?
- Overall, how important is it to you to incorporate energy efficiency measures in your projects? Probe for respondent's position on spectrum from standard track to LEED to net-zero.

7. Outreach Managers

- Describe the role Energy Trust's Outreach Managers currently perform in assisting you with your projects. Probe for:
 - "Administrative" support vs. decision-level involvement as part of team
 - Relative value of various outreach activities
- How could Outreach Managers better assist you? Probe for specifics.
- At what stages in your project is it most effective for Energy Trust to reach out to you?

8. Communications

- How effective are the marketing materials provided by Energy Trust in meeting your needs? Probe for:
 - How do you use these materials?
 - What type of information do you need more or less of?
- What are the most effective ways for Energy Trust to communicate with you?
 - Probe for on-going communication vs. new information
 - Probe for stages of project
 - Probe for specific communication tools (newsletters and other collateral materials, emails, website, events, webinars, training, etc.)
- In your opinion, what is the most important message Energy Trust could be communicating about the New Buildings program? Any other messages?

9. Integrating New Buildings program into a firm's practice

- How does the level of awareness or experience with the New Buildings program vary within your firm? Explain why.
- At what level in your firm are people most aware/knowledgeable?

10. Future direction of energy efficient new building construction in Oregon

- In your opinion, what are key factors that will impact the energy efficient construction of new buildings in Oregon in the future?
- What changes do you anticipate?
- How is your company preparing for this?
- How will it impact your likelihood of incorporating energy efficiency features?
- How will it impact your needs from Energy Trust's New Buildings program?

11. Wrap-up

- Do you have any other suggestions for how Energy Trust's New Buildings program could better meet your needs?
- Are there any issues we haven't covered that you'd like to comment on?
- Thank respondent

Non-Completed Interviews

Energy Trust mailed pre-letters to 50 potential respondents. All 50 respondents were contacted and interviews were completed with 31 of these respondents, exceeding the goal of 25.

The following recaps the results of the 19 non-completed interviews.

- 1. Respondent did not return call:** Fourteen (14) respondents did not return calls from Forrest Marketing within the timeframe of the study. However, it's important to note that once 31 interviews were completed, efforts were no longer continued to reach these respondents.
- 2. Respondent declined interview:** Only two respondents declined to participate. Both were very courteous and simply said they were too busy to participate.
- 3. Inaccurate contact information:** Two respondents were eliminated because they could not be reached at the contact information provided.
- 4. Other reasons for non-completes:** One respondent was eliminated because after being contacted by Forrest Marketing, the information he provided was deemed insufficient to be considered a completed interview.