

## ESRC E3 Alliance – 2014 Networking Roundtable Series

A four part series of information sharing and networking roundtable sessions were hosted by the Environmental Sustainability Resource Center (ESRC) for State E3 Project Leads in U.S. EPA Regions 3 and 4. Sessions were held bi-monthly from February 2014 through August 2014.

Participants representing funded E3 projects, the U.S. EPA and the ESRC engaged in conversation about the various aspects and experiences with moving the E3 initiative forward by providing state, regional and national perspectives. Discussion topics were identified from a series of one-on-one calls with the E3 project leads in the fall of 2013 that contributed to identifying the focus of the session discussions.

Session topics for the series included:

- Session 1: E3 Project Overviews and Initiative Updates
- Session 2: Funding E3 Programs
- Session 3: E3 Implementation
- Session 4: Marketing the E3 Concept

All of the sessions were recorded and have been posted to the ESRC web site at:

<http://esrconline.org/e3-resources/e3-alliance-2014-networking-roundtable-series/>

### Session 2 – Funding E3 Programs

Session Date: April 23, 2014

The objective for the E3 Alliance Roundtable Sessions is to create a network to exchange information among peers with a focus on moving E3 forward both regionally and nationally. The topic of this session was “Funding E3 Programs”. Much of the focused discussion points centered around funding mechanisms available and being utilized for the E3 projects in the regions, funding strategies being pursued by EPA Headquarters, and considerations for building a sustainable business model.

#### Agenda

- Introductions (12 minute segment)
- Focused Discussion Topics:
  - National & Regional funding considerations (23 minute segment)
  - Current funding sources (8 minute segment)
  - The business model (16 minute segment)
- Identify Next Roundtable Discussion Topic (1 minute segment)
- E3 Project Profiles Update (1 minute segment)
- Next Steps (1 minute segment)



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### Introductions

Each E3 project representative was asked to respond to the question “What is your interest in the funding conversation?”

- The following project and EPA reps provided responses:
  - Pennsylvania DVRIC
  - Pennsylvania Technical Assistance Program (PennTAP)
  - Virginia Manufacturing Technology Center (MTC)
  - E3 West Virginia
  - Georgia MEP
  - Kentucky E3 (KPPC)
  - North Carolina State University – Industrial Extension Service
  - South Carolina DHEC
  - EPA Region 3
  - EPA Region 4
  - EPA Headquarters
  
- Responses from participants included:
  - Would like to keep the boots on the ground effort of E3 going.
  - Continuing the project will be necessary for implementation to be successful.
  - The funding from EPA is just not enough to meet the demand for E3 that is being created.
  - Would like to hear about other creative ways to work with utilities, other colleges, universities, and resource providers that can help us go out and deliver the assessments.
  - Interested in finding other sources of funding other than the relatively small amounts that EPA can provide to both support the continued assessments and also for implementation
  - Interested in what is happening up at the headquarters level. The strategies and partnerships being developed with the other agencies.
  - Interested in the strategic conversations that EPA Headquarters are having on E3.
  - Acquire funding that can be used to reduce the fee-based costs to clients as an incentive to increase participation in the E3 program.
  - The value of E3 is going to be difficult to sustain if a different kind of funding stream or different funding formula cannot be developed.

### National and Regional Funding Considerations

Tom Murray with EPA Headquarters provided some insight into the national E3 conversation and recent developments that hold some promise for additional funding.

- EPA routinely meets with other federal agencies and have conversations around a variety of ways for maintaining the E3 initiative.
  - Includes looking for opportunities to find ways of getting E3 involved in some of the grant programs and some of the other federal agencies.



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- Department of Labor – a trade adjustment assistance community college and career training grant for workforce development.
  - Mississippi River Basin community colleges – interested in seeing if the E3 model is a way to organize the efforts of the nine schools.
  - It represents an opportunity to not only to find different ways that the E3 model can be operationalized but also find ways of tying it into the TACC grant process.
- Arkansas is starting E3 with funding from the Department of Energy
- Trying to get USDA involved in Missouri and Montana – a bit of a challenge.
- Implementation – trying to use a memorandum of understanding with NASCAR to garner more interest from manufacturers to implement the recommendations from E3.
  - Successful NASCAR E3 Challenge in North Carolina
  - Virginia and Genedge just announced new challenge with NASCAR in southern Virginia.
- It is a challenge to keep the light bright on E3 as people around Washington change seats.
- Many of the federal agencies mention E3 when talking about different programs that they are involved in.
- The Appalachian Regional Commission has agreed to become a formal partner with EPA on E3.
- The Department of Treasury is very interested in E3.
  - In the context of economic development, E3 is seen as a more expansive framework.
- White House – Investing in Manufacturing Communities Partnership (IMPC)
  - It's a multi-agency effort to basically do what we're doing with E3 and that is all work together and bring all of our funding streams more aligned with each other.
  - Over \$2.2 billion in grant funding
  - It's not an E3 specific thing but E3 is woven into it and it is more a matter of the federal agencies working better together, which is going to be a good thing and should have a spillover effect for E3.
- Have been working nationally with the philanthropic community, with private investors, with those organizations involved with providing financial resources to communities.
  - Have developed a trust with these organizations
  - They are all talking the same talk as E3, about sustainability, helping communities help themselves.
  - Lack a good framework with which to work with the communities. E3 is that framework.
  - Have their interest and now actively involved in discussions and meetings.
  - Discussing this with the Federal Reserve so they now know about E3
  - While E3 has been operated on the technical assistance side, the financial organizations have been working with the same communities from a completely different perspective with the same focus of sustainability.
  - Hope to develop a model for the future of E3 with respect to financing.
    - Life City in New Orleans.
      - Secured grant from the Hilton Foundation
      - Like E3 and want to incorporate it.
      - Bringing in all the usual partners of E3 and discussing how to use this network to include financial institutions to help economic development.
      - Hope to see a model emerge of how this expanded D3 effort might look.
    - Might be able to see a lot more traction coming for E3.



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- Important to get the philanthropic communities involved earlier in the process to be part of the conversations that help design the approach.
  - They don't like to be looked at as walking checkbooks.
- PNC Bank put E3 in one of their documents that went out to a lot of their small businesses.
  - The word is getting out there that the E3 framework is something that will help.
  - If can get the financial side of this framework working better E3 will be in better shape.
- Have had discussions with the American Association of Community Colleges.
  - Try to find ways to get community colleges nationwide more involved in E3.
  - They are very invested in training incumbent workers and training students for employment.
  - E3 could be working on the other end of that line to help create additional job openings through freed up capital from efficiency improvements and training incumbent workers on new technologies implemented.

### Current Funding Sources

- West Virginia
  - Has used the state energy program (SEP).
  - Had also used stimulus funds but those are gone now.
  - Expect to see entire funds evaporate in the coming years so looking at other resources.
  - USDA
    - Haven't had any applicants for REAP funding.
  - Working with philanthropic partner, Natural Capital Investment Fund through the Fresh Water Institute
    - Offer some small grant and low interest loans to help with implementation in agricultural and small business settings.
  - Have a sustainable communities approach.
    - Not just focused on industry and manufacturing as there is not a lot in West Virginia.
    - Municipal and county government facilities.
    - Difficult finding payees for service even though they see the value but money is tight.
- Virginia
  - Funding with the Appalachian Regional Commission and the Virginia Tobacco Commission early on.
    - At the right place at the right time with ARC.
    - It was a 50% match.
    - Based on Tom's update, will look back into pursuing ARC for funding.
- North Carolina
  - E3 program is community-based to begin with.
  - Get economic development leadership on board.
    - Once they see the value in doing these types of projects with their manufacturing base, they really begin to see how E3 is what in their world is called a manufacturing retention and expansion program.
- Alabama
  - Has a program that incorporates student interns to help with implementation of E3 projects.
    - Supported by utilities and universities.



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- Georgia
  - E3 model is partially funded and partially fee-based.
    - Support from EMC Power companies to offer as a service underwritten by the local utility as an incentive to their larger energy users, mostly in rural areas.

### Business Model

Anna Mangum with North Carolina State University briefly shared about the evolution of the E3 program to a self-funding model as an MEP service.

- Originally one of the largest funded E3 programs through MEP
  - Concluding that funding within the next quarter.
  - Look to spread lessons learned out to the system.
- One of the objectives of the federal funding received was to design a model that could become a MEP service product that lives on without additional grant funding.
- Did strategic planning from partner and client feedback and redesigned some of the tools.
- Discovered through the creation of a fee-based model that there was too much cost overhead (lean and green review, two staff for three days on site) to market effectively.
- Went back to drawing board and designed a couple of assessment tools.
  - New business model with a \$5,000 delivery package.
    - Six assessments with many local partners that come to the table with free services.
      - Partners are fully funded organizations that provide services on a daily basis.
    - Also developed very strong sales channels or engagement channels.
      - Set goals for the number of manufacturers to engage this year to break even on operational costs.
      - For example, it will take about 16 engagements with manufacturers this year to remain self-sustaining.
- A draft of this plan is available for anyone interested.
- The assessment tools developed are also available.
- There is a three minute video recently developed that walks a manufacturer through the E3 process.
  - <http://ies.online.ncsu.edu/online/Play/b226e4b470dc4e6d84348c05f10bc5081d/>

Greg Adolfson with E3 West Virginia indicated that the Appalachian Power Company (APC) has a program that can come in and help with implementation.

- APC is one of the E3 West Virginia charter signatories.
- Lighting free day program, a commercial and industrial prescriptive program, and HVAC and VFD rebate program.
- Meeting with APC to discuss a new custom CNI program enabled by the Public Service Commission.
  - Leveraged some funds to work under the E3 umbrella to help with implementation projects.
- Energy Efficiency West Virginia helping promote the program.
  - Working with this group to select two communities actively engaged in doing outreach and education.



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### Identify Next Topic

Based on the funding discussion points implementation was agreed to be the next discussion topic for Session 3 of the roundtable series.

### E3 Project Profiles Resource Update

The E3 Project Profile survey sent out through Survey Monkey has been setup to be an open survey and will not be closed. The survey can be utilized as the means to submit and update project information on an ongoing basis.

### Next Steps

- This session and future session recordings will be published to the ESRC YouTube channel.
- When the series is complete, content for the ESRC web site will be developed containing videos of the recorded sessions (with closed captioning) with session summary documentation.
- Prepare for session three to focus on implementation.

### Session 2 References

- NC State IES E3 videos online  
<http://www.ies.ncsu.edu/solutions/manufacture-resources/e-3/e3-videos/>
- NC State IES E3 Fee-based Model  
<http://esrconline.org/wp-content/uploads/2014/10/E3-Fee-based-Model-NCSU-IES.pdf>
- ESRC YouTube Channel  
<https://www.youtube.com/user/ESRCmedia/feed/>
- NASCAR E3 Challenge  
<http://green.nascar.com/businesses-race-to-best-practices-in-green-through-the-nascar-greene3-challenge>
- ESRC Region 3 and 4 E3 Project Profiles  
<http://esrconline.org/e3-information/e3-project-profiles/>

