

ROLE OF ENERGY SERVICE COMPANIES IN EFFICIENT EQUIPMENT SELECTION

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Study Overview

The recent upheaval in the utility market place has led to substantial changes for energy service companies. The market shifts have affected how these companies now conduct business. ESCos have evolved from a "reactive" to a "proactive" response.

The study's purpose was to conduct a Commercial/Industrial Market Effects Baseline analysis, focusing on the markets for packaged air conditioning and motors. **The objective** of this study was to characterize the current markets, in terms of its structure, players, and information flows. It focused on two markets: motors and air conditioners. **For motors**, the analysis focused on motors between 10 and 100 hp used for non-OEM applications. **For air conditioners**, the analysis focused on packaged air conditioning systems used by commercial customers in the school, university, hospital and office segments.

Purpose of the Evaluation

Different groups of market actors were interviewed to measure the effects of market transformation (MT). Interviews with market actors, that is other players influencing the commercial motors and heating, ventilation, and air conditioning (HVAC) markets were a critical component of this study conducted on behalf of Pacific Gas & Electric Company. This poster session reports on the findings from the interviews with 10 energy service companies and their reactions and responses to the changes in the utility market.

Research Scope

Almost all energy service companies interviewed have ties to electric utilities. All but two of the companies interviewed are unregulated subsidiaries of energy utilities. The interviews were qualitative and in-depth, lasting between 30 minutes and one hour per session.

Key Findings

These interviews indicated that these are confusing times for ESCos, utilities, and customers. Energy service companies operate as independent, for-profit entities, trying to compete in a fast-changing market place. These changes have affected virtually every area of an energy service company's operation, from its market approach to its relationships with vendors and banker.

Critical findings from these interviews included:

- ESCos are taking a more one more holistic sales approach to their customers.
- The respondents had mixed reactions regarding the move toward industry consolidation.
- New entrants may include computer software companies, which have the "high-tech skills" and an understanding of networks and fiber optics.
- One way to influence market transformation initiatives among energy service companies is to provide them with the information and resources they need to compete effectively.