

Energy Sales: The Channel's Next Frontier

A Report from the Energy Institute Workshop
at the Spring 2011 Channel Partners
Conference & Expo

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and Kelly Teal, Senior Editor

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The following is a summary of the proceedings of the Energy Institute Workshop held March 13, 2011, during the Spring 2011 Channel Partners Conference & Expo at the Aria Resort & Casino in Las Vegas. This three-hour workshop, sponsored by GLACIAL Energy and Reflective Energy Solutions, was a primer for telecom agents seeking to diversify their portfolios with energy products and services.

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Comparing TELECOM AND ENERGY SALES

Fortunately for telecom agents embracing energy sales, there are plenty of similarities between the two industries that can make understanding the business easier, according to Vince Bradley, CEO of World Telecom Group, a telecom master agency offering energy through a sister company, Energent. That said, there are some critical differences with which agents should become immediately familiar in order to avoid costly misunderstandings.

Similarities

Regulation. Historically, the energy industry was regulated by the federal and state government, not unlike the telecom industry prior to the breakup of the Bell System (aka Divestiture) in 1984. Energy was typically managed by vertically integrated utilities (VIUs), which were responsible for supply (electricity/natural gas) and transmission/distribution systems (power lines and pipes).

In 1978, the Purpa Act required VIUs to purchase from independent power producers (IPPs), provided IPPs could produce the power cheaper than the generator's cost to manufacture. This opened wholesale power markets to non-utility producers of electricity.

Two decades later, the energy industry experienced additional regulations akin to telecom's divestiture. In 1997, the Federal Energy Regulatory Commission (FERC) mandated in FERC 888 that all utilities with transmission capabilities provide open access. Then in 2005, the Energy Policy Act led to the development of standards for enforcing the reliability of the nation's electric grid. This created independent systems operators (ISOs), which are responsible for overseeing fair trade between energy supply companies and energy generators, and managing the transmission system in a fine balance that limits congestion while encouraging trade.

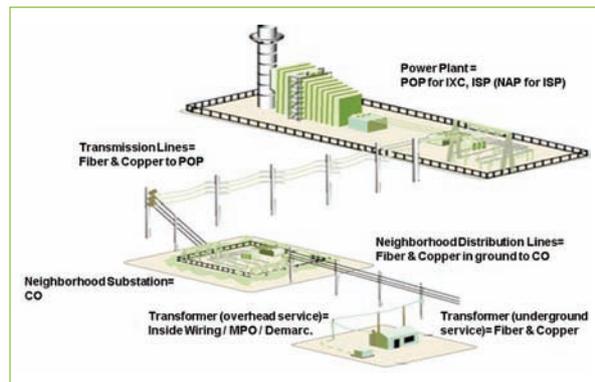
**THERE ARE
PLENTY
OF SIMILARITIES
AS WELL
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DIFFERENCES.**

Terminology. The energy industry also uses terminology that has analogies in the telecommunications marketplace. Understanding how these terms relate can speed understanding of how the energy market works.

| Term / Acronym | Definition | Telecom Relation |
|--|---|--|
| Supply (generation) | Compensable piece of an energy sale; billed amount for total power consumed | Minutes or megabytes |
| Demand | Peak energy use during given time frame | Peak throughput (MBps) for a given time frame |
| Transmission/distribution | Facilities for transporting electricity and gas | Copper or fiber plant |
| Independent system operator (ISO) | Regulated body that oversees transmission grid | Federal Communications Commission (FCC) |
| Therm or CCF (100 cubic feet) | Basic units for gas (for billing purposes) | Megabyte |
| Kilowatt-hour (kwh) | Basic measurement for electric power consumption (for billing purposes) | Megabyte per second (MBps) / Gigabyte per second (GBps) |
| Variable rate | A rate determined by market conditions for a period fluctuates | Similar to variable rate long-distance |
| Fixed rate | A consistent rate provided over a contracted period | Similar to fixed-rate long-distance |
| Investor owned utility (IOU) | Public company/incumbent which generates and manages transmission and distribution lines and facilities | Similar to local exchange carrier (LEC) |
| Vertically integrated utilities (VIUs) | Utilities that manage all aspects of power (i.e., generators, transmission/distribution systems and power supply) | Similar to the Bell System prior to divestiture |
| Energy supply company (ESCO) | Competitive power suppliers to consumers in deregulated markets | Similar to a competitive local exchange carrier (CLEC) or reseller |

Source: Energent, www.energentonline.com

Architectures. How energy services are delivered also has similarities to how telecom services are delivered as indicated in the diagram to the right.



Source: Energent, www.energentonline.com

Differences

While there are some similarities between the energy and telecom industries, there also are some significant differences that will impact how agents sell services. Energent's Bradley articulated a few key ones to note:

Pricing. Energy markets produce dynamic pricing that can fluctuate based on the financial markets. In contrast, the cost of telecom services (cost per minute or per MBps) is fairly stable although being driven lower over time.

Similarly, environmental conditions (i.e., weather, natural disasters) and time (i.e., season, time of day) are key factors determining cost to the consumer. While a heat wave does not equate to a higher price per MBps, it could certainly raise energy rates due to increased demand. The result is that the energy experiences dramatic price fluctuations and there are no guaranteed savings for the end-user.

Competition. There are many more IOUs (e.g., Con Edison Inc., Pacific Gas & Electric Company, etc.) in energy than there are LECs in the telecom market, essentially offering more sources of supply and a greater ability to shop for better rates.

Scarcity. While in telecom capacity was overbuilt by the service providers resulting in an abundance of bandwidth, in energy there is limited transmission/distribution and availability of fuel sources.

Facilities. In telecom, customers can choose the transport provider, in energy they cannot; all of the commodity is transferred over the same transmission/distribution system in any distinct market. So, when a telecom customer subscribes for service, they are initiating a facilities and a billing change. An energy customer, however, is simply implementing a billing change.

Customer Service. In telecom, the carrier/reseller handles the customer service and can terminate the customer's service for delinquent payment. In energy, however, the ESCo cannot turn off a customer for non-payment; that is the responsibility of the underlying utility.

Bill Consolidation. In telecom, it is common to be able to consolidate billing across providers. In energy, however, multiple locations often mean multiple billing cycles and bills. Many ESCos bill by each state individually. In order to consolidate billing, the ESCo would essentially have to wait until all meters have been read, altering the time frame in which the customer is billed.

Identifying

OPPORTUNITIES TO SELL

ELECTRICITY AND NATURAL GAS

Energy market opportunities are determined by where services are deregulated. Energy services are not deregulated across the country, but on a state level. "Each state is a little bit different and within each state, each utility is a little different," noted Louis Frate, CEO of Patriot Energy Group Inc. In addition, he said, electricity and natural gas are not necessarily deregulated in the same states. Texas, Frate said, is one example of a market with a thriving competitive electricity market but zero opportunity to sell natural gas.

Competitive Electric Markets

California, Connecticut, Delaware, Illinois, Maine, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island and Texas are competitive electricity markets.

Frate said not every market is "hot" just because it's deregulated. California is a prime example of a market where the opportunity is limited.



Source: Patriot Energy Group Inc., www.patriotenergy.net

Competitive Natural Gas Markets

Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Maine, Maryland, Massachusetts, Michigan, Nevada, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island are competitive natural gas markets.



Source: Patriot Energy Group Inc., www.patriotenergy.net

The opportunity — how much money customers can save — is highly dependent on how the utility buys power. For instance, a utility buys power for X amount for a period of time. If the market goes down, the customer can buy it for less than the utility bought it. Sometimes it goes the other way. "To really understand the opportunity of where you can approach your customers and where you can provide them savings or opportunity for savings, you really need to understand how that utility is buying their power," Frate said.

Following THE ENERGY SUPPLY CHAIN

In addition to understanding where energy services are deregulated, telecom agents need to understand where the energy comes from. Timothy Mitchell, small business field sales manager for Direct Energy Business, has identified the key players that both electricity and natural gas have in common.

Electricity Supply Chain – Players

Generators. Energy generators (e.g., power plants, natural gas drilling, wind farms) produce the energy that is fed into the grid based on the market demand.

ISOs/RTOs. Independent system operators (ISOs) or regional transmission organizations (RTOs) are responsible for moving electricity over large interstate areas. They manage the high-voltage power lines that carry electricity far distances.

Utilities. Utilities engage in the generation, transmission and distribution of energy. They manage the local distribution power lines through your neighborhoods and to your businesses.

Energy Retailers. In deregulated markets, retailers work directly with generators to offer an alternate energy supply options to consumers.

Consumers. Homes and businesses that use energy for various reasons and at varying levels.

Electricity Supply Chain – Components

Supply. The physical generation of electricity. In deregulated markets, consumers have a choice of electricity suppliers.

Transmission. The transportation of the large electricity supply from its source (e.g., a power plant) to the receiving station of the utility. This is regulated.

Distribution. The transportation of electricity from the receiving station to your home or business. This is still regulated as well.

Natural Gas Supply Chain – Components

The natural gas industry also includes supply transmission and distribution components.

Utilities vs. Retailers

Utilities. Utilities maintain the infrastructure (e.g., power lines) for delivery of electricity or natural gas to a home or business. They generate energy that is fed into the grid and distributed to end-consumers.

Retailers. Retailers compete on the wholesale market to purchase electricity and natural gas on behalf of customers. They allow customers to choose the price and product structure that best meets their energy needs and can provide insight into which product, contract length and market timing would be most appropriate for the customer. In addition, retailers can aggregate customer user into a single, larger load and access pricing typically only available to larger users.

Understanding

ENERGY PRODUCTS/PRICING

There are a number of products in the energy space. For the purposes of this discussion, the products addressed will be those targeting small and medium business, which Jennifer Laslo, vice president of corporate training for GLACIAL Energy, called the "bread and butter."

Electricity vs. Natural Gas

It's important to understand some basic differences between natural gas and electricity.

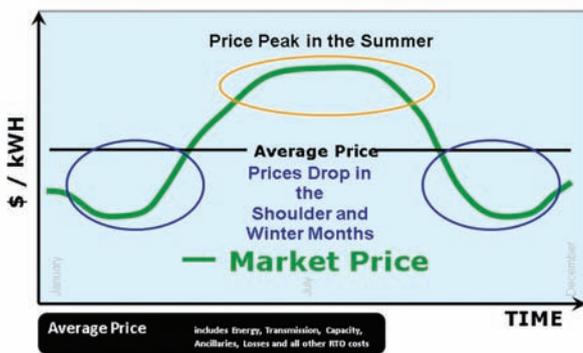
| Electricity | Natural Gas |
|--|--|
| Intangible, not easily stored | Tangible, can be stored |
| ISOs need to ensure balance of supply and demand. | No ISO due to less need for balance between supply and demand. |
| Prices go up in the summer. | Prices go up in the winter. |
| Usage measure in kilowatt-hours | Usage measured in CCF/MCF (volume) and Therm/DTH- (heating value of gas) |
| Peak usage hours, which are billed at higher rates | No peak usage hours |
| Customer billed for usage | Customer billed for what's delivered to the location |

Source: GLACIAL Energy, www.glacialenergy.com

Energy Products

There are three types of energy products:

- Variable-rate products (also called index-based products) fluctuate with market conditions and can be sold month to month.
- Fixed-rate products enable customers to lock in to a price for a longer period of time, usually a year.
- Hybrid products lock in part of the pricing structure and part of it will be dependent on market conditions to take advantage of dips in the market.



Source: GLACIAL Energy, www.glacialenergy.com

Electricity Products

Fixed-Rate. The fixed-rate is calculated by taking the average price (the black line in the chart above) based on the market price (the green line) over a period of time, plus some additional costs or “adders,” explained Laslo.

Adders include costs for hedging, price-hold premiums (difference between when quoted and the purchase), usage risk (for fluctuations in usage over and under contract), collateral premium and cost of margin.

Variable-Rate. With variable-rate products, the price follows the market price (the green line) more closely with just the margin added, not all the “adders.” This means that during parts of the year, those customers are paying less than are the fixed rate customers, Laslo said. However, this is not a guarantee since the market can fluctuate.

THERE ARE THREE TYPES OF ENERGY PRODUCTS — VARIABLE-RATE, FIXED-RATE AND HYBRID.

Natural Gas Products

The natural gas market is very similar to the electricity market except that it is tied to the New York Mercantile Exchange.

Variable-Rate. NYMEX + Basis products are based on three components: the commodity (floating NYMEX price) plus basis (transportation and margin). NYMEX + basis pricing locks in the basis portion.

Henry Hub, which interconnects nine interstate and four intrastate pipelines, is the pricing point for natural gas futures contracts traded on the NYMEX. It settles at the end of every month.

The basis component is the price difference between the Henry Hub and the citygate, the delivery point where the natural gas is transferred from a transmission pipeline to the local gas utility. Basically, that's the transportation cost. There are many things that can impact the basis, like weather. It is a percentage-based cost, so if NYMEX goes down, the basis goes down, Laslo said.

Fixed-Rate. Just like on the electricity side where suppliers predict future pricing over a period of time, a fixed-rate natural gas product is based on an average price plus adders. The average price, of course, is still tied to the historical performance of the NYMEX.

Assessing

DEMAND FOR ALTERNATIVE ENERGY

As happened with telecom in 1996, recent utilities deregulation has unlocked pent-up demand for choice — only this time, the options are electricity and natural gas, rather than bandwidth and voice lines. The opportunities for channel partners are exciting, complex and lucrative. About 2 million businesses in the United States already have switched energy suppliers and industry analysts predict that number will soar by 15-18 percent over the next few years. The biggest reasons? End-users want to save money and they want to pick their providers.

To the first point, utilities rank among the most volatile commodities, impacted by even the smallest global events, not to mention seasonal strains. And while American companies report some of their largest-ever quarterly profits, many continue to hoard cash and keep a lid on personnel costs. They're looking to shore up costs wherever possible; moving from the incumbent utility can help achieve that goal. "Many commercial and industrial businesses still don't know that by switching, they can reduce the risk of price volatility for electricity and gas with a fixed-price contract that goes out one year, two years, three years or even more," said Aaron Liberman, executive vice president of channel sales for Reflective Energy Solutions.

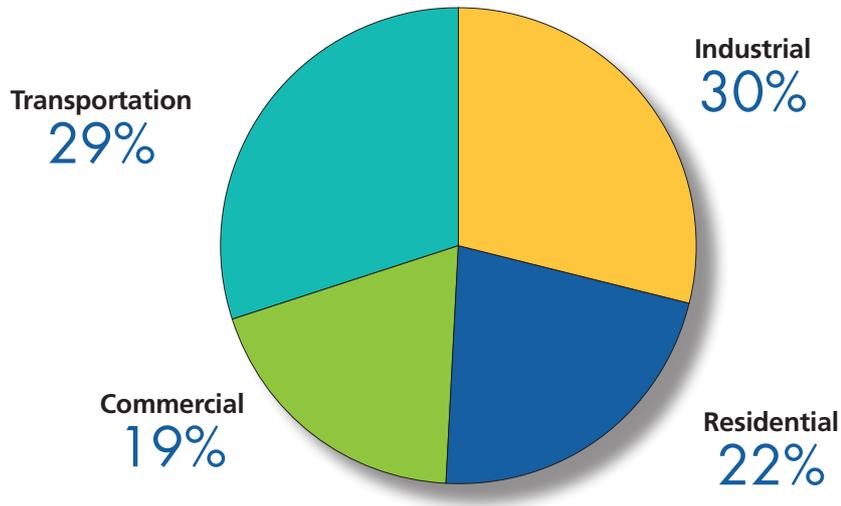
But enterprises, universities, malls, hotels and other entities want more than lower expenses — they also want to tailor supply to their needs. In other words, they want to pay less for consuming fewer kilowatts or therms during peak hours, and they want fixed, variable or hybrid pricing models as a result.

Few established utilities offer such flexibility, so deregulation opens the door to more rate choices.

That's no surprise. But what may be new to channel partners is that customers are not limited to deregulated states for ways to save on utility bills. Federal and state governments alike have implemented programs to encourage end-users to reduce energy reliance. Many states offer rebates for installing more efficient light bulbs, for example, and the federal government is providing a 30 percent grant on certain solar equipment installations until Dec. 31, 2011. Even in areas where such options may not abound, businesses and organizations are taking advantage of the burgeoning practice known as "demand response." This topic will be covered in greater detail in the next chapter.

Each of these converging factors spells profit for channel partners, just as deregulation unleashed telecom's potential all those years ago. To make the most of the opportunity, though, agents must ensure they are positioned for success. The ones who excel will have strong relationships with key decision-makers such as CFOs, procurement supervisors, and plant and facilities managers in mid- to large-size organizations. In addition, they will understand the characteristics of a solid prospect. A prime, high-level example is any firm that pays \$50,000 or more each year on electricity or natural gas. Also, examine square-footage as an indicator of customer worthiness. If a business takes

Shares of Energy Consumed by Major Sectors of the Economy, 2009



Source: U.S. Energy Information Administration

up 1 million square feet of space, “it doesn’t matter what they’re doing in those four walls, that’s a wonderful target,” Liberman said.

Such spenders include:

- Real estate companies
- High-rise buildings
- Hospitals and nursing homes
- Universities
- Malls
- Hotels
- Distribution centers
- Cold-storage facilities
- Factories running large boilers and furnaces

These types of organizations fit the proverbial “sweet spot” because they are neither too large nor too small. The Fortune 1000 fall into the former category; plus, an indirect sales approach rarely works with those companies, since they employ credentialed experts in-house to handle energy consumption and efficiency. Liberman also recommended avoiding warehouses and

factories that use conveyor belts or small-scale final assembly — their energy consumption tends to fall below the \$50,000 mark. At the other end of the spectrum, the residential market only spends an average \$1,500 per year on electricity and natural gas. The typical American consumer would save a mere \$90 per year by switching to a deregulated provider, Liberman said. On the whole, agents would do too much work for too little return if they honed in on the home heating and cooling market.

All that said, once a prospect has signed with a competitive energy supplier, agents will enjoy a pleasant difference from telecom — the ease of switching. In telecom, changing providers involves new products, servers and protocols. Each element increases the risk that something will go wrong during the transition or that the cutover will take longer than expected. Not so with electricity or natural gas. “In energy, delivery is from the exact same utility company over the exact same wires and through the exact same pipes,” Liberman said. “It’s appropriate for even the most risk-averse customers.”

Getting PAID ON ENERGY SALES

Energy sales hold great promise for channel partners' pocketbooks. In fact, it is not uncommon for agents to reap full-time compensation from the commissions they earn working part-time, said William Serratore, regional director of GLACIAL Energy. That is somewhat due to the similarities between telecom and energy; the jump from the former to the latter is a natural fit for agents, in large part because they understand the sales process and like the payout methods — up-front, one-time, residual or a combination thereof.

So, for example, a 1 million-kilowatt-hour-per-year customer, might net the following payouts:

| | |
|---------------------|-------------------------|
| One-time: | \$50-\$100 |
| Residual: | \$125 per month |
| Up-front: | \$1,000 |
| Combination: | \$500 + \$125 per month |

Recall that alternate energy providers measure supply in “mils.” Thus, if a business consumes 50 mils of electricity per year, for instance, an agent would multiply payouts shown at left by 50 to estimate total proceeds.

The one difference agents may not take to right away is the length of time to receive a commissions check. Ninety days is typical, while 120 days serves as a worst-case scenario. The delay stems from the ramp-up time required to move a client — especially a large-volume one — from the incumbent utility. However, once expectations are set, agents will want to navigate proven best practices to excel in energy sales.

Selling ELECTRICITY & NATURAL GAS AS AN AGENT

Do not equate an existing customers' telecom spend with the opportunity for energy. A business may spend \$50,000 per month on telecom services, but that does not mean its energy consumption reaches the same threshold. The reverse also is true. A mom-and-pop store that sells ice, for example, makes for an undesirable telecom prospect. Yet, it's an ideal energy sale thanks to the cooling needs for the ice. Selling energy is "a different model, It's a completely different way of looking at things," said GLACIAL Energy's Serratore.

A reliable alternative energy supplier will help agents to learn such distinctions. To that point, training is critical. Agents need to learn new lingo, quoting processes and services. However, they will find that the consultative sales approach they employ in telecom translates perfectly into energy. Another parallel is that channel-friendly utility providers are willing to serve as pre- and post-sales resources for agents, helping in processes from initial sales calls to final deployment. Further, these companies will invest in partners, offering tools including logo use, business cards, marketing materials, Web portals and back-office support.

Do not overlook the natural gas sector. Electricity dominates channel partners' attention because it tends to comprise more of a customer's budget than does natural gas. Yet, there is good reason to include natural gas in an agent portfolio — one benefit is that margins typically are 25 percent higher than electricity. Plus, while formal electricity deregulation had reached just 16 states by March 2011, natural gas deregulation was the norm in more than two dozen states.

Finally, agents will want to decide whether to hire administrative staff. Such support is well worth the expense because energy sales require extensive paperwork. Meanwhile, some agents succeed without such assistance. As Serratore noted, however, these partners require more support from their utilities providers, so it is essential to align with one willing and able to shoulder such a load.

Top 5 Utilities-Hungry Buildings in America Using 2/3 of Overall Commercial/Industrial Energy

| | |
|------------------------------------|---|
| 1. Retail and Service (20%) | Malls and Stores, Car Dealerships, Dry Cleaners, Gas Stations |
| 2. Office (17%) | Professional, Government Offices, Banks |
| 3. Education (13%) | Elementary, Middle, High School, Universities |
| 4. Health care (9%) | Hospitals, Medical Offices |
| 5. Lodging (8%) | Hotels, Dorms, Nursing Homes |

Adding DEMAND-SIDE MANAGEMENT CONSULTING

Energy sales opportunities for the indirect channel do not consist solely of supplier-switching. One of those opportunities, demand-response management consulting, works in all states, even those that have not deregulated electricity or natural gas.

A demand-response management consultant shows end-users how to reduce energy consumption without changing utility providers. The need for such an approach is rising as more people gobble more electricity but do not want power plants built in their neighborhoods. There are certain ways to meet demand without providing more supply, from joining a curtailment program to changing light bulbs to replacing old equipment. In almost every instance, “customers are getting paid,” said Eric Zimmerman, president of Reflective Energy Solutions. Local governments and utilities are to thank for that, since they tend to back these measures. The agent’s role is to serve as a middleman.

Energy Curtailment

When it comes to curtailment programs, large customers commit to cut usage by an agreed-upon amount during an “event” such as heat wave. Businesses are paid for signing up for the program, based on the kilowatts they are prepared to curb, and receive another check for demonstrating their ability to lower or shut off specific manufacturing lines, elevator banks or HVAC units. Then, when an event takes place and the curtailment sets in, participants are again paid for the amount of kilowatts they didn’t use. Such programs are available in about 30 states as well as the Canadian provinces of Manitoba and Ontario.

A specific case study might go something like this: A food distributor needs to ensure the quality and freshness of its product but would like to reduce energy consumption. A consultant audits the facility to gauge how much the distributor can cut that load without hurting operations. The audit shows that the cold-storage rooms are so well-insulated, they can hold optimal temperature for several hours. The distributor could curtail its load by 500 kilowatts by temporarily shutting down the thermostats in the rooms. The revenue for participating in the program totals \$30,000 per year. The customer receives 70 percent of that money, which amounts to \$21,000. The demand-response consultancy takes 25 percent, or \$7,500, while the channel partner reaps 5 percent, or \$1,500. The revenue recurs each year as long as the distributor is involved in the curtailment initiative.

Industries best-suited for curtailment programs include:

- Industrial
- Commercial
- Retail
- Institutional
- Multifamily residential housing

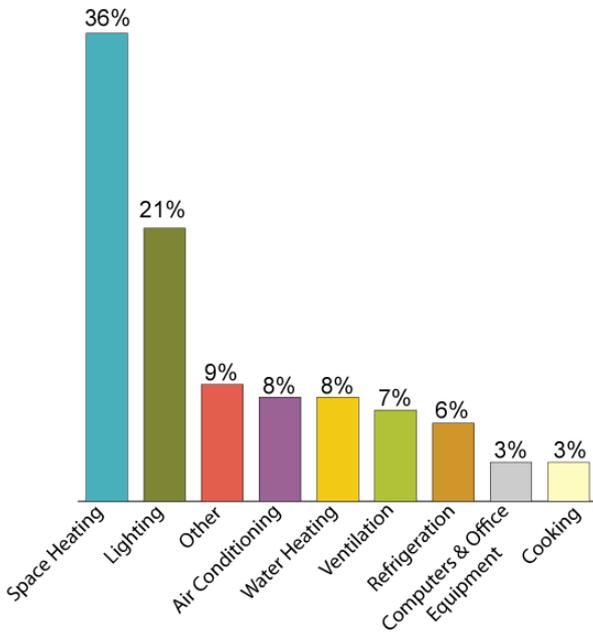
Hospitals with on-site generation exemplify the ideal prospect for curtailment programs because they can produce their own power separate from the utility grid.

Bear in mind that not every client will benefit from curtailment and the agent must ascertain what makes a good fit. “You understand your customers, you understand their environment in terms of their energy usage, and you’ll determine...if it’s an appropriate application,” said Zimmerman.

Lighting Retrofits

The same level of partner-engagement goes for lighting retrofits, another aspect of demand-response management. States and utilities set aside hundreds of millions of dollars to spur end-users to change to energy-efficient lighting, so they can avoid building new power plants. Still, not every business will benefit and agents need to decide what is best

Energy Use in Commercial Buildings, 2003



Source: U.S. Energy Information Administration, 2003 Commercial Building Energy Consumption Survey, Table E1A (September 2008).

for their customers. “It’s not about us, always,” Zimmerman said. “While making sure that there’s something in this equation for us is important, ultimately what we need to do is to show and provide additional layers of value to the end customer. Because energy is likely not going to be all that we do.”

To know whether lighting retrofits constitute a good option for the end-user, an agent must know the different lighting styles, such as ballast fixtures or exit signs with LED rather than neon components. Fortunately, high-quality retrofit companies will help partners during the learning curve, as well as throughout the entire sales process. And thanks to rebates and tax incentives, customers often see a return on investment in two or three years. Businesses that plan to remain in the same location for any length of time will benefit the most. For example, one company replaced 400 fixtures for a total cost of \$500,000. The return on investment occurred in less than two years, which means, as of the second year, lighting costs were reduced by 50 percent ad infinitum. The agent earned \$25,000.

Equipment Replacement

The final area of demand-side management is replacing or retrofitting equipment such as HVAC systems, pumps,

boilers and chillers. For businesses, ROI on equipment takes longer than it does with lighting — most get their money back in five years, at a minimum, since the expense is greater. However, some large-scale projects are eligible for state or other financing, which helps to defray the up-front costs.

In general, solid equipment-retrofit prospects include:

- Manufacturers
- Health care facilities
- Hospitality companies
- Commercial real-estate buildings

The caveat is that opportunities for equipment retrofitting or replacement are not readily apparent to the untrained eye, said Zimmerman. A certified professional must assess the prospect to determine the extent and feasibility of a project. When such a project works out, though, channel partners stand to benefit. In one example cited by Zimmerman, a landmark commercial/retail property in Cleveland housed within 1 million square feet needed new heating and cooling equipment. An engineering firm found financing for the \$3 million undertaking, and then replaced the boilers, chillers, pumps and cooling towers. The end-user’s energy costs fell by \$500,000 per year and, within six years, the business earned the return on its investment. The channel partner retained 2.5 percent of the overall project’s costs, for a total of \$75,000 in commissions.

Achieving Success

To be sure, perhaps the most attractive aspect of demand-response management is that it provides another way for partners to “participate financially” in the booming alternative-energy market. “It’s not just about participating in procurement,” said Zimmerman. To achieve success, however, partners must be willing to learn a new industry. They will want to partner with knowledgeable and helpful providers, though, because of the number of available programs, not to mention their inherent complexities. The array of government-funded incentives alone can stymie an agent. As Zimmerman cautioned, demand-response management is complicated and technically beyond the scope of an agent or his or her customer. Be sure to partner with a provider that employs a cadre of experts.

Recommending RENEWABLE ENERGY

A final way to move beyond energy resale is to specialize in solar energy, which is just one component of the overall renewable energy industry. The other options, which aren't as ripe for agents as solar, include wind and geothermal. For now, not only does solar energy save a client money and benefit the environment, it carries huge commissions potential for partners. A typical commercial installation nets between \$5,000-\$100,000 — depending on the variables — and pays within the first year.

Solar energy comes with other advantages, such as its abundance and sustainability; the lack of carbon emissions; the ability to sell energy back to the utility company; and government financial incentives. However, agents should remain aware of the continued kinks with solar energy, so they can judge whether the option will work well for their customers. Solar energy remains intermittently reliable, has some storage issues and is still expensive to implement. The option may not be best for every prospect, but “now is the time to take action and get your foot in that door before somebody beats you to the punch because [solar] is going to happen,” said Lance Honea, business development partner at EcoMotion.

Before approaching a customer, agents should have a solid solar partner at their side. Find a company that provides all of the equipment and expertise for an installation, understands the agents' customers and compensates agents well. Agents must familiarize themselves with the different pieces of a solar installation, even though the provider will handle the details. When

talking with customers, know how panels and inverters work together and how mounting that equipment will maximize a solar installation. The provider, however, will supply the construction, engineering and electrical experts, as well as help with financial incentives, analysis, leases and other monetary considerations.

Next, it is important that a customer have enough roof space or parking structures to hold solar panels. In all, there should be about 10,000 square feet of available space. In addition, the customer should own the building in question or have a long-term lease. Otherwise, a solar investment will not pay off if the client vacates the premises. Lastly, agents must review a prospect's energy bills to establish whether the end-user would save money. Honea recommended checking at least one year's worth of power bills.

After that, determining whether solar will work for a customer breaks down to three factors:

- How much the sun shines in that area
- Utility rates in that area
- Available incentives

The last point often will often will “make or break the deal,” said Honea. As evidence, opportunity will remain ripe during 2011 because the federal government has extended a 30 percent tax grant for solar installations through the end of the year.

About Channel Partners

For more than two decades, Channel Partners has been the leader in providing news and analysis to indirect sales channels serving the communications industry. It is the unrivaled resource for resellers, aggregators, agents, brokers, VARs, systems integrators, interconnects and dealers that provide network-based communications and computing services, associated CPE and applications as well as managed and professional services.

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