

**DOCKETED**

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# Gridium | CEC Decarbonization Workshop

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# Today's commercial buildings are stuck between rising energy prices and falling income



## Pressure to cut costs

Reduced occupancy and a flight to quality threaten lease income.



## Rising energy prices

After the mortgage, energy is the number one cost category.



## Capital partner ESG pressure

Flow down ESG pressure from capital partners drive short term proof points and longer term decarbonization.



## Missed opportunities

Split incentives and strict payback requirements prevent investment in profitable improvements.



Gridium Customer | 580 California

# The financial structure of commercial buildings means they cannot access common sources of capital for efficiency retrofits

## Financial characteristics

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- ^ Single-entity LLCs
- ^ Leases allow pass-through of operating costs but not capital expenditures
- ^ Mortgages sacrosanct

## Practical effects

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- ^ Very small capital budgets
- ^ Creditworthiness issues
- ^ If you can turn a **capital project into an operating cost...**
- ^ Utility bills (including efficiency project loans) can be passed through per leases
- ^ Need mechanism to **recover from current and future** tenants
- ^ Commercial PACE impractical

# Gridium projects financed on the utility bill bring huge value to building owners and bring deep savings to the grid



**Immediate savings**



**Higher net operating income**



**Increased asset value**

## **Gridium Customer: Class A Southern California office**

- ^ 500,000 sq ft
- ^ Deep savings: 34% of energy costs
- ^ \$6.5m value for owners
- ^ 8,000 tons of lifetime carbon savings
- ^ 374 kW load reduction
- ^ Potential for no cost to ratepayers





## Sample of current Gridium retrofit pipeline

PROJECT	Annual kWh savings	kW savings	Lifetime CO2 savings (MT CO2e)	STAGE
Medical office SF	962,668	265	3,755	CONSTRUCTION
Office Marin	357,305	103	1,854	CONSTRUCTION
Office SF	293,429	22	991	COMPLETED
Office SoCal	1,996,877	374	8,118	UTILITY REVIEW
Office SF	206,702	43	930	COMPLETED
Biotech lab bay area	56,663	63	191	COMPLETED
Office SF	944,949	223	4,264	CONSTRUCTION
Biotech lab bay area	742,388	108	3,750	CONSTRUCTION
Medical office bay area	488,506	63	2,628	NEGOTIATION
Office SF	98,818	23	334	COMPLETED
<b>Total</b>	<b>6,148,305</b>	<b>1,287</b>	<b>28,815</b>	



## Considerations for the CEC as a planning, coordinating entity

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- ^ Helping ensure **low-touch processes** for project development
- ^ Managing planning issues as many **efficiency projects move out of the CPUC/IOU realm**
- ^ Acting as a **coordinating entity** among multiple stakeholders
- ^ Looking to **broaden to other DERs** (storage, EV charging, solar)

# Thank you!

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