Energy Trust of Oregon

Portland State University, School of Business Administration

Market Analysis for Consulting Services Concept

Benedict Ludwig
Nicole DeMond
Peter Lindberg
Margaret Sauter
Ryan Owens

May 7, 2012

Executive Summary

Energy Trust of Oregon (ETO) has had significant success with its unique, third-party administrator model for energy efficiency and renewable energy program delivery. This success has gained ETO the respect of peers and experts nationwide, and groups from all over the world – from regional energy efficiency advocacy groups to foreign governments – have approached ETO to request a deeper glimpse into their model, sparking internal discussions at ETO about providing education, insight, and consulting services to a wider market. Earlier this year, ETO enlisted the assistance of Portland State University's MBA program (PSU) to provide in-depth research and analysis of the potential market for these services.

Through primary and secondary research methods PSU ascertained a strong sense of the current market for services ETO proposed to offer. Results were mixed: while ETO is widely respected as an organization, there are numerous hurdles to acceptance from the broader domestic market, including cultural differences and negative perceptions of the third-party administrator model. Services for energy efficiency are in high demand; however, the vast majority of the market interest is in program design and implementation, with minimal demand and/or funding for organizational development and strategic services. These demand characteristics do not correlate strongly with ETO's expressed interests as a consulting group. PSU was able to uncover pockets of interest and alignment, however, these pockets do not reflect the whole market, and we do not see grounds for the explicit development of domestic consulting services within the scope of ETO's interest. We concurrently undertook a small, investigative study of known international market interest. Results of this research were generally positive though not conclusive. Although we are unable to determine with any confidence the extent of the international market, our findings reveal enough interest to warrant further examination of international demand.

In light of these findings, PSU believes that ETO should forgo a direct offering of organizational development and strategic services to the domestic market, and that they should pursue a more accurate and complete understanding of the international market through expanded research. The interest garnered from potential partners – both domestic and international – warrants a formal follow up to determine potential business development opportunities. In order to prepare for any potential offering of services, ETO should begin formal internal discussions of the steps necessary to open itself and/or its employees to work outside of its current purview, as the uncertainty of these organizational questions is a hindrance to success.

Table of Contents

Project Purpose 1
Research Program 1
Services Matrix 5
Findings 7
Recommendations 19
Appendices 21

Project Purpose and Considerations

In January 2012, Energy Trust of Oregon (ETO) contracted with Portland State University's School of Business (PSU) to research the market demand for energy efficiency and renewable energy consulting services in the US and abroad. External and internal interest had been expressed for ETO to "package what it knows" and sell it to outside parties, and perceptions existed internally that providing consulting services to entities outside of Oregon could have broad benefits for both ETO and ratepayers. Specifically, allowing employees to provide consulting services could support employee retention initiatives, and enhance career paths and opportunities internally. Consulting work could also expose staff to new industry approaches and solutions, which in turn could be used to improve the effectiveness of ETO's programs for ratepayers. These potential benefits were the primary reasons for the development of a market research study.

While these and other benefits may result from consulting, complications exist with the concept. Providing consulting services to entities outside of Oregon—though likely to be legally allowable—does not observably align with ETO's mandate. Strong sentiment exists internally that consulting work should only be pursued if it is self-supporting, with no financial subsidization by ETO ratepayers and no adverse impact on existing operations.

With these requirements guiding decision-making, ETO requested research and analysis on the depth of the market for paid consulting services of the type ETO might offer. The research was to ascertain the potential for an adequate stream of consulting work and revenue should the concept be pursued. The competitiveness of the field and the internal requirements required to market and deliver services were also to be researched, in order to assess the impact of consulting on ETO's operations. Finally, a recommendation on if and how to proceed was requested. This project explored these research objectives in detail; findings and recommendations are provided herein.

Research Program

During project scoping, PSU and ETO worked collaboratively to develop a research program. Three phases of work were articulated in the scope—industry and market analysis, market segmentation, and the development of findings and recommendations. For the first two phases of work, a qualitative research approach consisting of executive interviews and a literature scan were chosen to guide inquiry and learning. For the final phase of work, thematic analysis was used to understand and frame findings.

Forty interviews were conducted with experts, potential clients, and consultants working in the general field in which ETO may be operating. An additional six interviews were conducted with ETO staff regarding the consulting concept. Table 1 summarizes the project outreach effort, and a list of individuals to whom outreach was conducted is provided in Appendix A. Details follow regarding the research effort, broken out by project phase.

Table 1: Summary of Project Outreach Efforts

Phase of Work	Quantity/Type	Pathway	Focus of Interview
Phase 1: Industry/Market Analysis	5 - external	ETO	General market demand
	6 - internal	ETO	Likely ETO service offerings
	8 - external	ETO	Demand for ETO service offerings
	8 - external	Non-ETO	General insight/industry context
	27 total		
Phase 2: Market Segmentation	9 - external	Non-ETO	Target market opinions on matrix
	6 - external	ETO	International market demand
	4 - external	ETO	Consultant perspectives
	19 total		

Phase 1: Industry and Market Analysis

In the first phase of work, PSU sought to define the "what" of market demand: the energy efficiency and renewable energy consulting services that are most in demand today. As research progressed, that goal was refined by ETO to be more organization-specific. In lieu of investigating general market demand, PSU was directed to research only the demand for services that ETO felt it had the expertise, the desire, and the organizational capacity to sell.

Phase 1 research consisted of twenty-one external interviews and six internal interviews over the course of two and a half months. Five of the external interviews were conducted prior to the change in research direction, all with industry experts that had unique firsthand knowledge of ETO. These interviews were conducted using an interview protocol and discussion guide developed collaboratively between PSU and ETO; that guide is provided in Appendix B. Simultaneously, internal interviews were conducted, which helped both PSU and ETO ascertain that only a few service offerings would actually be "for sale" in the consultancy, regardless of more generalized market demand.

A preliminary snapshot of Phase 1 research was delivered to ETO in the form of a findings document on February 28, 2012, and discussed at a meeting with ETO management on March 2, 2012. It was during this meeting that the refined research direction was decided upon; remaining Phase 1 research was therefore based on a "services matrix" of possible offerings that had developed out of internal interviews and discussions. The "services matrix" is provided in Appendix C (and is explained in detail in the next section of this report). This matrix was used in conjunction with a modified discussion guide to appropriately focus the latter half of the Phase 1 research interviews.

With the revised research focus in place, eight additional interviews were conducted with industry experts that had been recommended by ETO. To assist in getting broader industry perspective on the consultancy concept and the service matrix, eight interviews were also conducted throughout Phase 1 with personal and professional contacts of the PSU team; note that these supplementary interviews were done both before and after the revision to the research direction.

No final findings report was issued for Phase 1; rather, the findings were verbally discussed with ETO and used to hone the Phase 2 research plan.

Phase 2: Market Segmentation

In the second phase of work, PSU sought to define the "who" and the "how much" of market demand. Specifically, PSU sought to learn what audiences would be most interested in the services ETO might sell, the depth of paying demand within those client bases, and the level of competition for clients and work in the field.

To research these questions, an expansive potential client list was developed based on the findings from Phase 1 interviews and from PSU's secondary research; secondary research had focused on locating market "hot spots" in which a particular need for ETO's services might exist. Approximately 150 email invitations were sent out to potential clients requesting short phone interviews; that email is shown in Appendix D. From this request, nine interviews were scheduled, representing a 6% response rate to the request.

Phase 2 interviews were conducted over the course of three weeks using a discussion guide developed by PSU and provided in Appendix E. The findings from these interviews were summarized for ETO in an email on April 12, 2012. A more expansive articulation of these findings is presented in this final deliverable.

Two other aspects of the research are of note. During both the Phase 1 findings meeting (March 2, 2012) and an internal interview with an ETO staff member, strong interest was expressed in research on international market demand. Although this interest had been articulated during early project scoping, it did not ultimately find its way into the final scope of work or the original research plan. In light of ETO's interest in international demand, however, a brief, targeted research effort commenced in Phase 2 to develop a preliminary understanding of international interest in ETO's service matrix. A total of 6interviews were conducted during Phase 2 with individuals identified by ETO with knowledge of international demand. The discussion guide for these interviews is presented in Appendix F.

To help contextualize research findings about the consulting concept, four interviews were conducted with consultants currently active in the industry. All of these consultants have ongoing, collaborative relationships with ETO. The interviews were conducted in a confidential manner in order to generate objective insight. A discussion guide for these interviews is provided in Appendix G, although this guide was frequently deviated from so that interviews could be responsive to consultant observations.

Phase 3: Development of Findings and Recommendations

A clear and consistent set of findings emerged from this research effort. This document presents these findings, developed using thematic analysis of research observations by the PSU project team. An associated presentation will be given to ETO on May 10, 2012. This presentation will conclude the scope of work and the project.

Services Matrix

Out of Phase 1 internal interview discussions, PSU developed a matrix illustrating ETO's potential service offerings. An abbreviated version of the service matrix is illustrated below (and detailed in Appendix C). Note that within the service lines, three tiers of client support were deemed marketable: best practices presentations (short workshops in which ETO's experience is shared with clients, and a topline discussion of the client's unique situation is had); strategy services (a more robust analysis of the client's unique operating context, with recommendations on how to proceed); and architectural services (organizational or program design services that build on strategic recommendations to bring clients to the point of execution/implementation). It was conceptualized that clients could buy some or all of the services together (for example, situation analysis services might be sold with any of the organizational or program services). Services might also be sold separately if a client's context or resources do not warrant full-scale investment in all of the consulting offerings.

Development of the services matrix revealed that ETO staff does not have an interest in vigorously building a consulting business, or pursuing market demands that are beyond the reach of the organization's current skill set and capacity. Early iterations of the matrix included program development and implementation services, and discussions with ETO resulted in the removal of these services from any formal offering.

Table 2: ETO Services Matrix

Service Line A: Situation Analysis Services	**Service Line B: Organizational Development Services**	**Service Line C: Program Development Services**
An environmental scan of the unique ecosystem of a particular region, including an assessment of a client's policy and political climate, a highlighting of resources and partnership opportunities, and an assessment of the likelihood of success.	The provision of expertise on internal policies and procedures, governance and business plan/model development, legislative imperatives, and staffing requirements for a new or existing EE/RE administrator or provider.	Leadership in planning and delivery of EE/RE programs and initiatives, including EM&V, residential and industrial program design, and data/technology management.
Tiers of Support Available:	**Tiers of Support Available:**	**Tiers of Support Available:**
▪ Best practices presentations: How ETO was established and has been successful; discussion of client context	▪ Best practices presentations: How ETO was established and has been successful; discussion of client context	▪ Best practices presentations: How ETO's programs work and why they are effective; discussion of client context
▪ Strategy services: Creation of a full Situation Analysis for client	▪ Strategy services: Situation Analysis development and the creation of topline OD recommendations	▪ Strategy services: Creation of topline recommendations for program design based on client's operating context

▪ Architecture services: Assistance with development of a recommended action plan for client/region and limited consult	▪ Architecture services: Situation Analysis development and the creation of a full-fledged strategic plan for clients	▪ Architecture services: Full-fledged program design services (implementation support not provided)

Findings

Findings address the depth of domestic market demand for ETO's potential service offerings and the extent of competition for work in the service lines noted above. Findings on the potential organizational implications of consulting for ETO are also provided. Finally, preliminary findings on international market demand are included, although the limited inquiry in service of this research topic warrants caution about over-interpreting the data.

Finding 1: ETO is widely respected by those knowledgeable about the organization.

Throughout the research, PSU was consistently impressed by the level of positive sentiment expressed toward ETO by those with knowledge of the organization. Respondents who had a relationship with ETO were encouraging, and expressed genuine interest in ETO's continued success. The organization and the staff are highly respected—particularly known for building alliances, developing beneficial relationships, and for being nimble, creative, and innovative. Program design and development was mentioned most frequently as a core strength, including ETO's evaluation, measurement and verification competencies. These capabilities were also cited as being of potentially significant value to a broad range of organizations if marketed in a consultancy:

> We look to them as one of the places if we want to find the latest and greatest. We check with them about what's working and what's not…They're achieving large savings with a lot of both tried and true and creative approaches.
>
> I think they're one of the shining examples of a wonderfully run statewide program…Most people point to ETO and EV as the two best examples of how it can work well and create huge impact in a positive way for their state and communities.
>
> They're well known for [running a public purpose fund] and just in general, program design. Whether it's new buildings, industrial, residential, existing homes…they seem to have a good reputation.

Interviewees called out numerous ETO staff members for their work. One respondent noted Margie's ability to lead and build alliances as an attribute that was key to the organization's success. Others pointed out the strengths of other contributors:

> When I think of ETO I think of Fred [Gordon], I think of Phil Degens, I think of all these other individuals I've known or I've met who I have seen deliver good stuff and that's where I see the value—that collective expertise and the individual talent that's in there.
>
> Kim, and Fred Gordon and Ray Hockley, they're doing good work. And they're starting to get the results to back up the innovation…

The response from ETO allies and those knowledgeable of the organization provides some validation of the concept of offering consulting services: experts in the field respect the organization as a whole, so there is a level of brand equity that could be leveraged. Likewise, there is industry recognition of individual contributors, so there is likelihood that these individuals could use their own credentials to win business beyond ETO's purview. While not proof of the strength of the consulting idea in and of itself, this does show that there were reasonable grounds to undertake a market research study.

Finding 2: Despite the strength of ETO's reputation, political, organizational and geographical differences will be a substantial barrier to market entry.

There was a great deal of positive commentary about ETO over the course of the study, but interviewees also indicated that ETO would face many challenges in entering the broader market. In particular, while some felt that ETO's nonprofit status and unique organizational model could be a benefit in selling consulting services, others saw them as a liability and a barrier to market acceptance and success outside of Oregon. To many, this is simply a matter of market complacency and resistance to change, particularly among utilities, which were identified as a potential client by many respondents. Nonetheless, a bias was noted to exist that is likely to affect ETO's ability to compete on par with established firms:

> I would say one of the biggest problems facing ETO…is that ETO is a public purpose NGO and it's going to be challenged in competing with ICF, Kima, those types of people.
>
> Utilities like to hire what I call the 'Beltway Bandit' firms, who are privately owned and run and work with other IOUs and think the way they think. There may be some innovative players in there who would be willing to bring in an ETO but they may be perceived as being way too far off to the left side.
>
> Utilities would be somewhat biased against working with a nonprofit organization like ETO. They'd think your motives are not within their interests.

Acknowledging that utilities may not be ETO's target audience, particularly for organizational development services, one interviewee supported the idea that ETO could be competitive in markets that echo its value system:

> I think that municipal and state governmental entities, when they're first trying to get engaged, they have a higher comfort level with not-for-profit organizations and ones that have a lot of history, because the governmental perspective is, 'Don't want to reinvent the wheel, let's learn from and replicate what's worked elsewhere.' And I think an organization like ETO is very well positioned to step into that.

However, some interviewees were explicitly negative about ETO's ability to step outside its unique context and provide effective consulting services to organizations operating in different

circumstances, no matter its target audience. In many ways, animosity toward the third-party administrator model was perceived to exist among some respondents:

> There's the value proposition and then your qualifications to apply that in other environments, which quite frankly is unproven. Just because you could make that work with the Energy Trust doesn't mean you could go into PG&E or Commonwealth Edison in Chicago and not be totally irrelevant. 'It should work like this but we have no experience getting beyond this regulatory hurdle.' 'OK. So now what?'

> It's an interesting dynamic that's specific to ETO, that they're by definition an Oregon-based enterprise, and the idea that they can provide insight that's tailored to a client's geography is…I'll use the word 'humorous,' because it's never been their mission to work outside the state of Oregon, and the idea that they would have a credential of presenting methodologies and good guidance to someone in, say, Florida, doesn't seem very plausible.

Some respondents did concede that culturally-based barriers to entry could dissipate if ETO were to get "early wins" under its belt that demonstrate its ability to work outside the context that it knows. However, the contrarian thread that surfaced in late Phase 1 and Phase 2 interviews—after the "service matrix" was incorporated into discussions, specifying the services that ETO felt most skilled to market—reveal a bias against ETO and the ETO model that appears unlikely to change. This bias views the third-party administrator model as an exception rather than the rule for the future, and ETO's operating context as a limitation rather than a professional asset. Significantly, this bias seemed to deepen the further away respondents got from ETO's core peer group (i.e., Phase 1 respondents).

Clearly, there is branding problem the domestic market related to ETO's political, organizational and geographical context—a barrier to entry that would need to be directly addressed through business development and marketing efforts. And, while strategic contracts and early successes may assuage doubts about transferable skills, negative sentiment will likely pose a continued risk for all of the service offerings posited in the service matrix.

Finding 3: Even at a small scale, providing consulting services presents a range of immediate challenges to ETO's managerial and organizational resources.

ETO staff have consistently articulated a vision for consulting services that is small-scale and responsive in nature—marketing its service offerings at conferences and forums it already attends, developing a mechanism to track and respond to inquiries for information, creating a fee structure that parallels those of peers in the industry, and giving staff the flexibility to do project work as unique and valuable opportunities arise. While this vision feels modest, peers in the industry warn of underestimating consulting as a complex and legitimate field in its own right, with distinct staffing, workload management and business development challenges:

> First of all, the consulting business is not the same as the implementation business and the skill sets for consulting are not necessarily the same as those for administering a program… They certainly aren't the immediate same set of skills.
>
> I'd emphasize again that some people are great, natural consultants, and other people are not. And if you have a team that's grown up in one context, and is suddenly offering analytical services to a utility in California…do they know what the needs, demands and expectations of that group are? How are their project management skills around consulting, how are their client relationship management skills, and all of that?

Adding to the complexity would be ETO's need to blend consulting work with employees' day-to-day responsibilities. Again, peers warn that what may appear to be a simple coexistence of tasks can actually be quite challenging, due to differing project rhythms:

> Now, the challenge we've had as an organization, and I know other organizations have this, is if you don't create a fully dedicated consulting staff, with a business development resource to support that, then you have people who are put in the position of doing both consulting work and program implementation, and that's very hard to manage. Just the ebb and flow of the work is pretty hard to manage. The balance is difficult.

The observation that labor concerns fundamentally drive the need for a consistent flow of consulting work was not unique to this respondent. In addition to concerns about the stress of workload management for those doing double duty, concerns were expressed about how to backfill daily employment responsibilities should consulting deadlines call. One peer felt that this need could potentially be met via contracted labor; others felt that this was unrealistic given the unique skill sets required to complete both ETO and consulting work.

Internal interviews with ETO staff voiced distinctly different perspectives on the workload management issue. One felt that those wanting to build a case for consulting work would simply need to put in the extra hours, for which they would be compensated. Another felt that asking more of already-stretched employees, and offering differential pay for consulting work, was an unacceptable proposition, as it had the potential to be unfair and to disrupt a happy and functional workplace. Still others felt that modifications to human resources policies—enabling employees to take unpaid time off as needed to do independent consulting—might be the best way to address the issue, although this solution does not in its own right address the workload "backfill" problem.

Should resources be directed to proactive business development activities, in order to build a more consistent flow of consulting work that could help address labor issues, peers recommend that ETO aim to meet the market where it is. A critique was issued about the ETO services matrix:

> [ETO is] doing what people in this situation definitely tend to do, and it's completely understandable, and I don't mean to be critical, but they're selling what they know; they're not trying to figure out what the client wants, and how they solve the client's problem. So

> they're selling kind of pre-packaged materials and I doubt that the take on those will be very high.

Because of the politically sensitive nature of the consulting concept, ETO was strongly encouraged by its peers to invest in the infrastructure needed to track, manage and report on consultants' use of shared resources should the concept proceed. This guidance was offered in part as "best practices" advice, but also as "key learnings" from past mistakes and experience.

> Our whole accounting system is set up to make sure we charge appropriately to [X]—if someone in [X] works in consulting there's a billing code they can use. They can demonstrate to legislators that they're not subsidizing the consulting…We can actually demonstrate…that the consulting business helps lower our administrative costs for the State…But we still get accused of subsidizing.

> I would say that one thing that [we] felt ill effects from is when we were in the role of administrator, and we were doing other types of work. Sometimes there was confusion about what that work was, and how it was managed relative to our role as the administrator of statewide programs. And when we increased staff, there was an assumption that it was related to our administration of statewide programs, and that wasn't the case. And those were assumptions that really created negative impressions that hurt us in our role as administrator…[You] have to very clearly articulate and demonstrate 'this is where resources are being invested, and this is the value it's bringing back to the ratepayer.' And if you can't do that, there's big risk there.

Even for a small-scale consulting effort, real business considerations exist that should be factored into a decision to proceed. From staff expertise, to workload management, to business development activities and resource use, the business needs of a small-scale consulting effort are perhaps smaller in scale than they might be for a full-fledged consulting entity, but no less complex.

Finding 4: The domestic demand for situation analysis and organizational development services is very limited.

Although several entities have approached ETO with an expressed interest in learning about ETO's origins and advice on how to start up, there was limited interest in situation analysis and organizational development services among interviewees. Some respondents felt there may be entities nationally that could have an interest in "best practices" knowledge, but that paying clients would be few and far between:

> It doesn't jump out at me as enough to build a business around . . . I think there would be some demand and need but I just don't see it as being prolific.
>
> Here's the challenge when you're trying to do that high-level stuff. What's the size of the market? How many states are considering going the public benefits administrator route? I don't know of any at the moment.

A fellow consultant noted that his firm also provides situation analysis and organizational development-type services, but mostly to attract more substantial business. In other words, "best practices" presentations and strategy discussions were offered at little to no charge by this firm:

> Very little of our work is people saying, 'Help us figure out how to create a statewide implementation entity.' In fact, sometimes people worry that if they're hiring us, that's all we're going to recommend in a situation, because we're biased and we're just evangelists. So a lot of people calling want to *know* about that, but the business of actually *doing* that is not great…Mostly, that's loss leader stuff for us. We're doing that for free too.

The idea that there is a limited paying market for situation analysis and organizational development services is substantiated by observations that the few target markets that might exist for these services are extremely resource constrained, as noted in Table 3, presented at the end of this section. Over the last few years, state agencies, regional energy efficiency advocacy groups, and local community groups used ARRA and other sources of government funding to support organizational development activities. However, the majority of that funding has run out or will be depleted in the near future. Consequently, state energy offices are perceived to be underfunded and local organizations and initiatives that were recently built up now face budgetary constraints:

> Our primary client issue right now is how to make…organizations sustainable once the money goes away.
>
> I do think that there is some increasing opportunity for county and local units of government. My sense is that they're going to get more engaged and drive more renewable energy in particular, but also energy efficiency. Now the challenge there is: what's their revenue source going to be?

> You'll get a lot of advocates who are interested in pursuing it and advocating for it, but after they've had a one-hour call with you they don't have any resources to hire you.

> We would love to have some help; there's no way to pay for help…To hire somebody to work on a case for us is not easy to justify because we don't have anywhere to put those costs.

As a final observation on organizational startup services, when asked to name groups or initiatives that might have an existing need for consulting support, respondents repeatedly surfaced the same names: Efficiency Nova Scotia, Efficiency Maine, Recharge Colorado, Guam, etc. PSU was not able to uncover any market opportunities that had not already identified by ETO. This tells us that ETO's existing prospects are not indicative of larger, short-term market demand, at least in the United States and Canada. It also furthers PSU's conclusion that the domestic market for organizational development services is very limited. Thus, there does not appear to be enough paying market demand to justify a strategy of offering organizational development services domestically.

Table 3: Market Segmentation for SA/OD Services

Possible Target Market	Demand Finding	Other Observations
Local Energy Alliances	Known	Funds limited
Municipal Governments	Known	Funds limited
Regional Alliances	Known	Limited Response
State Agencies	Suggested	Funds limited
Advocacy Groups	Suggested	No response

Finding 5: A strong domestic market exists for program development services, with or without implementation support. However, the industry serving this market is very competitive.

Among interviewees, a nearly universal opinion existed that the market for program design services in the US is strong. Moreover, several interviewees commented that this would be a market in which ETO would not be constrained by its organizational construct or context, or by the fact that it is not interested in selling program implementation support services. In fact, several respondents regarded not selling implementation support services as an asset:

> We're up to probably 35 or so states that have made significant commitments to utility operated and utility funded (not operated) energy efficiency programs. We see that number is going to grow and a lot of those states are ramping up spending on a lot of those programs.

> The other place where we're seeing some opportunity is with utilities themselves. A number of utilities interested in bringing energy efficiency programs in-house but don't have the expertise, and so are interested in hiring a known administrator or implementer to essentially help them set up their programs and their processes.

> I don't think [not selling implementation support services] will be a problem. The trend we're seeing in the marketplace is utilities, and even state-run programs are looking for multiple providers rather than single, and so it is pretty common that you bring someone in to do the initial design, but then you hire someone else to do the implementation. And so in some places, that's really viewed as being the desirable model.

With regard to implementation, one industry insider noted that a strong and consistent downstream partnership could offer ETO a means of competing with full-scale consulting firms should it encounter clients who desire the "whole package." Partnerships with consulting firms that share ETO's values and yet also provide implementation support, like VEIC and WECC, were recommended. Representatives at both of these firms were amenable to further discussion.

Although the domestic market for program design is viewed as strong, "fair warning" was also offered by many interviewees—particularly the consultants in the field—that the industry has become very competitive in the last five or six years, making it much more difficult to compete. Large consulting groups are acquiring small boutique firms, and these groups were noted to be doing increasingly good work for less money. These entities consider program design their core business, and have allocated resources to business development and marketing that creates a barrier to entry and competition for smaller players:

> There's strong demand, but there's also a fair number of players in the market right now. There's a challenge in differentiating yourself, and in targeting the right market.

> There are a ton of new market entrants, which is something that the Energy Trust would have to think about—massive defense contractors looking for the next big thing to individual start-ups...Particularly in consulting, it's a very competitive landscape.

> This is now a very competitive marketplace. Big firms are in this and doing this stuff, and they're doing it increasingly well and at lower cost…A lot of the traditional consulting firms have been bought up by bigger consulting firms that do a whole suite of consulting across all kinds of resource capabilities…They're very aggressive in the marketplace.

Interviewees did not go so far as to state the market was saturated with too many suppliers; some believed ETO could find a niche in this marketplace. But many issued cautionary statements about what it would take to achieve continued success. One respondent's comments illustrate the commitment that is thought to be necessary to maintain a pipeline of work in program design:

> In terms of program design, I think that there is a broader and more sustained and I'd say growing market—and it could be a fairly steady market—so long as you are really out there selling your services…You have to always proactively be out there marketing…You have to have a lot of business development resources…Some work that used to come just by way of mouth and sole sourcing is now RFP-type work.

Such comments are highly representative of PSU's overall findings with regard to program design: while there is ample demand to support a sustained consulting effort, significant business development, marketing and sales resources will be required if consistent project work is needed or desired. Specific observations on target markets in this field are summarized in Table 4, below.

Table 4: Market Segmentation for PD Services

Possible Target Market	Demand Finding	Other Observations
IOUs	Known	Poor cultural fit; high competition
COUs	Known	No response
PUDs/MUDs	Known	No response
PUCs	Suggested	Limited funds, mixed response
Regional Alliances	Suggested	Limited Response
State Agencies	Suggested	Limited Response, positive

Finding 6: There is strong enthusiasm for all of ETO's potential service offerings among those knowledgeable about international opportunities.

In contrast to the domestic market, international alternative energy markets are less mature and in a state of ongoing development. This relatively young market contains many fledgling entities, as well as governing bodies with an interest in energy efficiency and renewables, and a willingness to reach out for expertise. In line with this, responses from interviewees with international experience indicate a greater potential for ETO's suite of service offerings than could be found in the US:

> There's a huge amount of activity going on in China–everywhere–so there's a huge number of possibilities…It's just a matter of engaging and finding one that's a good fit, developing some sort of a relationship.
>
> Canada said, 'We're starting from zero and you all have so much knowledge,' and clearly there was an opportunity there. I think there is a lot going on in China, actually. Those are the two that jump out at me.
>
> Brazil has one of the greenest matrixes in the world. Energy efficiency is just starting because people here love to build new utilities. Politicians love to build new utilities, and energy efficiency needs to be factored in. Everybody knows that, but there are few organizing efforts.

Interviewees were generally positive about the service matrix if offered internationally, and recognized the value proposition that ETO would bring to the table:

> A lot of countries would need [situation analysis]…[Organizational development is] a space where I think ETO could have a lot of commercial currency…They also have a lot of experience in market transformation type programs. And in addition to that, just the experience of having put into place the institutional arrangements in Oregon in terms of the legislation, in terms of what the oversight and what the regulation is for a third-party administrator. These are all pretty valuable things that could apply to other countries or other companies trying to deal with their governments on issues such as this, so I think ETO has a lot to offer.

Though the extent of international research for this project was limited, within this targeted group there exists a level of enthusiasm that is worthy of mention. Interviewees noted numerous countries where there is potential for ETO's services, although due to the limitations of PSU's research, we were not able to confirm target clients within the noted countries. As we have seen, market enthusiasm among a small group is not indicative of full and sustainable market demand, but it does justify continued monitoring and further research if resources are available.

Finding 7: There is the potential for partnership with intermediaries in the international market, which could create a low-effort and low-risk means to market entry.

Consultants and experts in the international energy efficiency field were mostly positive about ETO's interest in offering services. Many offered explicit opportunities to develop connections between potential international targets and ETO. They additionally offered advice on pathways to successful entrance into the international market:

> Internationally there are tremendous opportunities, and we can connect you to them, through NGOs. We would be how ETO gets business!
>
> I'd approach some of the donors directly. They're going to have special respect for an outfit like ETO that has already demonstrated that has a proven track record in conceiving and delivering an overall scheme. They're going to have some appeal that you don't have in a fully profit-driven outfit like the Kimas and the Navigants…I'd be happy to introduce ETO to the World Bank…You might even consider doing a joint development with VEIC.
>
> I would suggest that the Trust be very strategic in reaching out and getting involved in maybe one or two pilot projects in the developing world. Do things that are consistent with the State of Oregon's economic development goals. Get the Governor on your side, get a couple of key legislators on your side. Go develop a market that the State has interest in. That's very strategic, you don't have to commit a huge amount of resources, but at least you know you're on the same page as the policymakers, who you need for support on a long-term basis.

Local intermediaries attempting to attract audiences from abroad are also interested in having ETO involved in presentations and educational seminars. This represents an opportunity to create additional international market demand for ETO's offerings without extensive resource commitments:

> First Stop Portland hosts visiting delegations from all over…If Margie is thinking that there is a business opportunity for ETO to create a course or consultancy, YOU BET. We'd be happy to send those folks her way… We are creating the Portland Academy, which is really just a First Stop Portland tour that is a full week, not just a couple days…To the extent that ETO would want to participate in that, we would love that. We would PAY them to do that.
>
> A much better way is to use its resources to bring people here, invite them, in a nonthreatening environment. To tell them what ETO's story is, what it does, and what the results are…Do it in such a way that they know what ETO is doing, and they will be interested in buying the services. As opposed to ETO selling the services. Potentially I can make PICMET a venue for this… Any one of these [international conferences] or more than one, if intelligently designed, could be a forum for ETO to get its word out. And I'd be glad to do that.

These two channels—partnering with international NGOs through known connections, and connecting with incoming delegations through local intermediaries—are worthy of formal follow up by ETO. These facilitated channels appear to offer low-risk opportunities that would require minimal resources to pursue, would align with ETO's service offerings and mission, and could create a pathway to future work with international entities.

Recommendations

PSU can state with confidence that the domestic demand for situation analysis and organizational development services is limited, consisting of only a few potential targets that have limited and dwindling resources. PSU can also state with confidence that the domestic demand for program development services is strong, but that the target markets with the most resources to spend on consulting (utilities) are likely a poor cultural fit for ETO, and the target markets that are a more natural fit (local community groups, regional energy efficiency advocacy groups, state agencies) are resource-constrained. Moreover, competition for all work in this field is intense. To capture paying opportunities in program design, revisions to ETO's context will be required—at a minimum, an investment in branding, business development and proactive marketing activities.

PSU does not have any definitive findings on international market demand due to the limited scope of research conducted in service of this topic. However, the positive response to the idea of ETO selling consulting services internationally (and the entrepreneurial suggestions on how to proceed) indicates that follow up on target markets, service bundles and pathways is warranted. Even if research determines that market demand for ETO's service offerings is strong internationally, questions of context still exist. Are there adequate resources to make the investments required to ensure consulting transparency (e.g., shared resource policies, separate accounting systems, etc.)? What amount of effort is ETO willing to spend on inevitabilities such as business development and marketing? Finally, how does ETO plan to address workload management? These are critical internal questions that need to be debated prior to proceeding with international work.

In line with these conclusions, PSU recommends the following:

- Forgo the idea of offering domestic situation analysis and organizational development services.

- Invest in additional research on international market demand for all three service lines (situation analysis, organizational development and program design services).

- Engage in a formal internal discussion about the level of investment, effort and political risk ETO is willing to take on to support consulting services considering the potential benefits to ETO and ratepayers of this work. In order to assist ETO in moderating this discussion, we have developed a Framework for Internal Discussion (Appendix H). Use the outcome of this discussion to make a decision on whether or not to pursue domestic program design consulting work, and international work if it looks viable:

    - If internal discussions lead to a "go" decision on domestic program design or international opportunities, partner with peers in the industry—WECC and VEIC—to shorten the learning curve about critical transparency investments and workload management solutions. A list of interviewees who expressed explicit interest in collaborating is provided in Appendix I. Reach out to these potential partners to get help starting up.

- If internal discussions lead to a “no go” decision on domestic program design or international opportunities, consider other strategies to achieve the goals that the consulting concept was intended to address—supporting staff retention by enhancing internal career opportunities, exposing staff to new industry approaches and solutions, and spreading the value of ETO’s mission to external audiences. Although the consulting concept is one route to achieving these goals, other approaches exist.

Appendix A: List of Interviewees

Name	Organization	Position
Phase 1, Part 1		
Philippe Dunsky	Dunsky Energy Consulting	President
Rich Sedano	Regulatory Assistance Project (RAP)	Director
Steve Nadel	American Council for an Energy Efficient Economy. (ACEEE).	Executive Director
Scott Johnstone	Vermont Energy Investment Corporation (VEIC)	Executive Director
Bill Nesmith	Ex-Oregon Dept. of Energy	Energy Advisor
Phase 1, Part 2		
Les Tumidaj	Strategic Energy Group	Principal
Mary Schlaefer	WECC- Wisconsin Energy Conservation Corporation	Executive Director
Ted Jones	Consortium for Energy Efficiency	Principal Program Manager
Grayson Heffner	International Energy Agency	Senior Analyst
Tom Eckman	NW Power Planning Council	Manager, Conservation Resources
Sean Penrith	Earth Advantage Institute	Executive Director
Allan Crandlemire	Efficiency Nova Scotia Corps	CEO
Daniel Sosland	Environment Northeast	Executive Director
Phase 1, Supplementary		
Larry Owens	Silicon Valley Power	Manager of Customer Services
Mary McEnroe	Silicon Valley Power	Senior Key Customer Representative
Kelly Cowan	Portland State University	Instructor
Nani Stuckman	Portland General Electric (PGE)	Sr. Commercial Energy Efficiency Marketing
Heather Buesse	enXco	Solar Project Finance Manager
Steve McGrath *	Sustainable Solutions Unlimited, Solar Oregon	President, Board member
Christopher Dennis	Portland State University	Instructor / Consultant

Phase 2		
Roger Woodworth	Avista	Economic Dev. Director
Alex Kragie	Connecticut Dept. of Energy and Environmental Protection (DEEP)	Senior Advisor to Commissioner
Ryan Freed	Kansas Corporation Commission (KCC)	Director; Energy office
Nancy Hirsh	Northwest Energy Coalition	Policy Director
Steve Wiel	Southwest Energy Efficiency Project (SWEEP)	Nevada Representative
Floyd Barwig	New York State Dept. Public Service Comission	Director, Office of Energy Efficiency and the Environment
Wayne Hart	Idaho Public Utilities Commission	Policy Strategist
Brian Rounds	South Dakota Public Utilities Commission	Utility Analyst / Energy Efficiency
Lisa Wood	Edison Foundation Institute for Electric Efficiency (IEE)	Executive Director
International		
Nancy Hales	PSU “First Stop Portland Program"	Program manager
Dundar Kocaoglu	PICMET Conference founder/Organizer	Professor, expert
Bill Nesmith *	Ex-Oregon Dept. of Energy	Energy Advisor
Lisa Schwartz	Regulatory Assistance Project (RAP)	Senior Associate
Grayson Heffner	International Energy Agency	Senior Analyst
Marcello Storrer	USINA Asa Branca	International Playboy, Ranch and Yacht owner
Consultant		
Paul Berkowitz	Conservation Services Group	Senior Vice President of Products
Steve Morgan	Clean Energy Solutions, Inc.	Partner
Scudder Parker	Vermont Energy Investment Corporation (VEIC)	Director of Operations
Mary Schlaefer *	WECC- Wisconsin Energy Conservation Corporation	Executive Director

* Indicates second interview was conducted with new agenda

Appendix B: Phase 1 Discussion Guide

DISCUSSION GUIDE

These questions will be tweaked/added to/omitted to suit particular contacts + discussion flow.

We cannot reliably anticipate the flow of any particular interview and want to allow a certain amount of room for respondents to say what they'd like to say. Nonetheless we hope to cover the general topic areas below (but not expecting realistically to cover all of these questions in any one interview). Questions will probably flow back and forth between these areas.

Warm up

I know a little about you (and your organization) through the research we're doing, but I wonder if you could take a couple of minutes and tell me in your own words about what you (and the organization) do and also about your connection to Energy Trust.

(1) Industry / Market Outlook

- How do you see the market for developing new or improved local energy efficiency/ renewables capability developing in the short term?
- What are the most important elements for continued growth in demand for EE/ renewables? Who/What will be the most important catalysts to expand the market for EE/renewables?
- What program areas are and will be most in demand?
- Where are the emerging areas for EE/renewables or in governance for EE/renewables? (offer a "for example if they're stalled. E.G., behavioral programs, regulatory oversight structures, market transformation.")
- What EE/renewable competencies will be most necessary to carry out successful programs and validate success with stakeholders?
- Where are there significant unfulfilled needs? (program, state, region, industry) (offer a "for example")

(2) Funding

- What is the structure of the funding that will be used to support growth of efficiency/renewables programs and implementation?
    - Charge on electric rates? Flat fees? Private or government financing? Tax credits and ARRA money?

Maybe instead ask whether they think funding will come primarily from ratepayers, taxpayers, or more exclusively from the private sector?

- How resilient is the backing for programs/goals? (if conversation goes there) in particular for ratepayer funded vs. federally funded initiatives?

(3) Perception of ETO by industry players

- What is your perception of Energy Trust?
- In your opinion, what particular value do they bring to the energy efficiency and renewables markets?
    - Are there areas where they have unique core strengths or credibility?
- What do you see as their greatest organizational strengths/competencies?
- Which of their strengths are most in need by/would be of greatest value to other organizations? (*slip sheet of core comp and value prop ready for those unfamiliar w/ ETO or if they need prompting)*
- What kind of firms are engaged in similar work? That shares similar experience and capabilities? Are there opportunities for strategic partnerships to have greater impact and gain market access?
- Who else can you go to for the sorts of services that ETO can provide?

(4) Potential Partnerships/Clients

- What organizations would benefit the most from working in partnership with Energy Trust?
- Who are the organizations in the states/regions with the most growth potential or with evolving institutional structures who are positioned to take advantage of opportunities? Who has opportunities but are not positioned to meet them?
- Who will be charged with developing and putting programs into action?
- What competencies and capabilities will be most necessary to their success?
- How could ETO best serve as a partner to build the capacities of these organizations?

(5) Last questions

- What haven't we asked that you think we should include in future interviews?
- What else should we know?

Outro –

- Ask for opportunity to send additional information by email
- ask if available to possibly answer further questions as research progresses schedule permitting.

Thank you for your time and valuable insights.

Appendix C: Services Matrix Distributed to Interviewees

	Services Offered		
Depth of Service	**Situation Analysis** Environmental scan of the unique ecosystem of a particular region, including assessment of policy and political climate, highlighting of resources and partnership opportunities, and likelihood of market success	**Organizational Development** Expertise on internal policies and procedures, governance and business plan/model development, legislative imperatives and staffing requirements for a new or existing EE/RE administrator/provider	**Program Development** Leadership in strategic planning and delivery of EE/RE programs and initiatives, including EM&V, Residential and Industrial Program Design, and Data/Technology management
Best Practices	Presentation of ETO's launch and operating context: "keys to our success as a third-party administrator in Oregon"; basic discussion of client's operating context	Presentation of ETO's business model and organizational structure; focus is on philosophy behind structural setup, elements of success, and lessons learned	Presentation of ETO's successful implementations of programs and measurement initiatives; focus is on how to achieve results, accountability, transparency
Strategy	Best Practices + follow up: topline analysis of the potential for an EE/RE administrator in client's region/geography, and nuances of the unique location	Best Practices + follow up: topline thoughts about governance model in client's region/geography, and summary of core issues re: accountability to outside entities	Best Practices + follow up: topline thoughts and expertise on applicable programs and initiatives
Architecture	Best Practices + Strategy + assistance with development of a recommended action plan for client/region and limited consult after deliverable	Best Practices + Strategy + Organizational structure consultation and expertise including business model recommendations	Best Practices + Strategy + creation of basic architecture for individual or integrated segments

Appendix D: Emails Sent to Phase 2 Interview Candidates

Initial Email:

Hello,

My name is Ben Ludwig, and I am part of a team of researchers from Portland State University that is working for the Energy Trust of Oregon to analyze the market for energy efficiency consulting services in the US. ETO is a highly effective nonprofit administrator of energy efficiency and renewable power funds and projects in Oregon and Washington. Because of its success, ETO is frequently asked for advice about how to develop good organizational infrastructure and programs. We are researching the depth of this interest nationally.

In support of this research, we would like 15-20 minutes of your time to discuss:

- The need for organizational and program development support services in your region;
- The ways in which you typically get advice on organizational and program development topics; and
- The depth of funding (if any is available) for consulting services on these topics.

If interested, please respond to this email to schedule a time to chat. Our research will be conducted between April 2 and April 20.

Regards,
Ben Ludwig
Portland State University/Energy Trust of Oregon

Following an affirmative response the following email was delivered promptly with a small personal message blended into the first paragraph.

Follow Up Email:

Hello,

Thank you for your interest in this research project! We are grateful for your time and input as we strive to understand the needs of the energy efficiency and renewable power community.

As noted in our first email, the Energy Trust of Oregon is a highly effective, third-party administrator of energy efficiency and renewable power funds and projects in Oregon and Washington. Because of its success, ETO is often asked to explain how it came about, to discuss its unique governance model and organizational structure, and to discuss its program design, evaluation and measurement competencies.

In response to this interest, ETO is considering offering a small array of strategy and design consulting services, focused specifically on organizational and program development. However, before launching in, ETO would like to better understand the needs of the market, and the need for services on these topics.

Below is a link to a Doodle calendar. Please select one time slot that works for you to discuss this issue and to share your knowledge about market needs.

http://www.doodle.com/tdsdax2v6zefeiap

Also, attached is a “menu” of service offerings ETO is considering providing. Please feel free to review this menu before our conversation; any feedback on these offerings will be greatly appreciated.

Regards,
Ben Ludwig
Portland State University/Energy Trust of Oregon

Appendix E: Phase 2 Discussion Guide

ETO Potential Client Interview Discussion Guide

- What has happened in regard to growth in EE/RE in your area recently? What are the prospects going forward? What factors are most significant to continued growth? Legislation? Regulation? Funding? Political pressure? DSM pressure?
- Would you consider bringing/ do you bring in consultants/experts to build programs or advise your organization?
- Who would you/ do you go to find these experts?
- Why do you go to them (a particular consultant or firm)?
- What types of work would you go to a consultant for? (Just programs? Policy? Org development?)
- To what degree are they involved? High-level expertise; strategy; architecture/ dev/ implementation?
- Amount of work associated with those services? (# of project hours/weeks)?
- Contract values or hourly rates? Are there RFPs for this work? Where would I find them?
- Discussion of service matrix (sent by email prior to interview)
    - Is this service of value to you? Would it have been at an earlier stage of development?
    - What depth of service would you likely require/be likely to pay for?

Appendix F: International Discussion Guide

Interviews

World Affairs Council and San Paulo- These are the 2 international potential customers Margie identified. They have already physically visited ETO to learn more about their organizational model, and service offerings. Therefore the interview should focus on 3 main areas of interest:

1. Interest in ETO service offerings – The goals with these two interviews are to determine: (why ETO? What were you interested in? and what did you think?)

- How did you come to the decision to visit ETO offices?
- Were you specifically interested in certain programs when you arrived?
- What was Impression of ETO when they arrived?

2. Appropriate means for follow up - Is there a recommend way to re-engage those who visit?

- Were there further steps you would have been willing to take?
    - Would you have been interested in ETO visiting your local offices to:
        - Present ETO model to additional stakeholders?
        - Help assess needs and design a potential roadmap?
        - Provide training to program designers and implementers?
- Did anyone from ETO follow up with you about your visit?
    - If not, would it had been helpful if they did?

3. Audience- ETO wants to know more about their appropriate audience

- On an international level who else would who else would be interested in and get value out of a relationship with ETO?

Consultants and PSU Contacts – These 4 interviews (Lisa and Bill) will be with industry consultants who are currently engaged at an international level and PSU contacts (Dundar and Nancy) that host international groups. The interviews should focus on 3 areas of interest:

1. Access to customer base

- How did the international work evolve?
    - Did they find and approach you?
    - Or was there a considerable about of marketing effort exuded?
- Who is the rightful audience for these types of services?
- Can you speak to the importance of international/local partner organizations and identify the most active and cooperative groups?

2. Service offerings

- Can you comment on the most common areas of interest?
- What types of services are these groups looking for?

3. Challenges or Lessons learned

- What have been the greatest challenges, when consulting at an international level?
- Who are the greatest competitors for this work?

PSU Folks (specifically)

- How do we leverage what occurred here and keep the momentum going?
- And they a rightful audience for the things we are trying to package?

Appendix G: Consultant Discussion Guide

Discussion guide for consultant interviews
[IF HAVE INTERNATIONAL INSIGHT, GEAR THIS IN THAT DIRECTION]

Explain who I am
Explain project
Reiterate my role on the team
Explain where we are at in the process, and what we hope to achieve:

- Knowledge about organizational impacts (contract values, workload)
- Knowledge about marketing effort required
- Competition/collaboration in the field

Walk through service matrix

- Any questions on service matrix?

Questions about organizational impact:

- If they were to pursue this concept (at a small scale), what would it look like from an org level?
    - Most likely type of project to come in the door (referencing service matrix)?
    - Typical "bundles" of services that you might see bought together?
    - Amount of work associated with those bundles? (# of project hours/weeks)?
    - Contract values or hourly rates?
    - Types of staff involved? (is there a role for junior staff or is that a real turnoff?)
    - Nature of the work: done on-site? Done off-site? Done via webhosting (best practices)?
    - Nature of the work: all in one fell swoop (2 week initiative), or strung out over time?
    - Other considerations with regard to org impact?

Questions about marketing effort required:

- Marketing methods/channels
    - Are there RFPs for this kind of work that you've seen?
        - Where posted?
        - Examples? (get names so can track down)
    - Possibility for upstream sales?
        - From whom? (Where would these opps be sourced? Relationships to develop?)
    - Need to go out and beat the bushes?
        - Who would be the best target client GROUPS? (e.g., PUCs)
        - Any ideas on who might be hot? (try to get 5 names/regions)
    - Or, full-fledged market development required?
        - Right strategies to do this? Conference presentations? Publications?
- Marketing effort
    - What's the conversion rate for contracts? (% of possibilities in pipeline that typically become paying work?)
    - How long is the courting process with clients? (six months? Three years? Etc.?)
    - Best strategies to get potential clients to convert, quickly?
    - Other thoughts here?

Questions about competition/collaboration:

- Who is out there that we should be aware of, and why? (top 5)
- Are these purely competitors, or might they be collaborators as well?
    - Explain

Closing questions

- Any macro-issues we should be aware of? (growth in market? Key drivers for work?)
- Any other thoughts on this subject?

Thanks! (Explain next steps for ETO).

Appendix H: Framework for Internal Discussion

Investment Considerations

- *Labor:* Will employees deliver consulting work via overtime or will the work be accommodated in their regular schedule? If work is accommodated via overtime, will differential pay be provided or will the employee receive their normal rate of pay (adjusted for overtime)? If work is accommodated via a routine schedule and pay, how will the extant need for the employee's expertise be met when consulting projects are in process? What staff investments will therefore be required?

- *Accounting and Administrative Resources:* Is ETO's current accounting system able to ensure that time spent on consulting activities is tracked separately from time spent on day-to-day employment tasks? Does ETO's system have the ability to support consulting management needs (e.g., time and expenses tracking by project, job costing analysis, billing, CRM, etc.). If not, are there resources to modify the existing system or to procure a new system? Will the consulting operation have access to ETO's hardware, software, phone, office and administrative resources, or will investments in separate resources be required? If resources can be shared, do tracking mechanisms exist to ensure ETO is adequately reimbursed for providing these resources?

- *Intellectual Property, Privacy Policies and Infrastructure:* Have any tools been developed to which ratepayers have a legally protected right? If so, what investments would the consulting division need to make to gain access to the use of those tools if they are required to conduct consulting work? Does ETO have adequate policies and infrastructure in place to ensure the confidentiality of the information it owns or uses to conduct day-to-day operations? Will investments need to be made in policy development, equipment and/or resources to build a firewall between ETO's data and consulting data?

Effort Considerations

- *Business Development:* What level of business development support would be needed to carry out branding and relationship development efforts required by the consulting initiative? Would those needs be met in house or would day-to-day staff need to carry out business development efforts?

- *Marketing:* What amount of ETO staff time would need to be dedicated to responsive marketing activities, such as proposal development? Is staff willing to put out this effort or will it be a difficult need to meet, considering that some proposals will not become a "win"?

Risk Considerations

- *Legal:* How is the concept of "ratepayer benefit" legally defined? What would a consulting division need to do to ensure that the services performed are in line with this legal definition?

- *Political:* What depth of political risk might ETO entail by doing work that is not observably within its mandate? Even given transparency investments, is ETO at risk of being accused of mission creep?

Appendix I: Potential Partnership Opportunities

Name	Organization
Grayson Heffner	International Energy Agency (IAE)
Mary Schlaefer	Wisconsin Energy Conservation Corporation (WECC)
Scudder Parker, Scott Johnstone	Vermont Energy Investment Corporation (VEIC)
Marcello Storrer	USINA Asa Branca
Lisa Schwartz and Rich Sedano	Regulatory Assistance Project (RAP)
Nancy Hales	First Stop PDX
Dundar Kocaoglu	PICMET
Alex Kragie	Connecticut Dept of Energy and Environmental Protection (DEEP)
Lisa Wood	The Edison Foundation's Institute for Electric Efficiency (IEE)