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eBay-like Reverse Auction Program Wins MEEA Inspiring Efficiency Award for Innovation

Chicago – Taking a cue from eBay, the Missouri Department of Natural Resources created a first-of-its-kind live online auction to award \$3 million in American Reinvestment and Recovery Act-funded energy efficiency grants to businesses. This program won the Midwest Energy Efficiency Alliance’s (MEEA) 2011 Inspiring Efficiency Innovation Award.

The Missouri DNR’s Best Price Energy Efficiency Program distributed grants to businesses through a real-time, online reverse auction. Twenty-three pre-qualified businesses competitively bid on a \$/Kilowatt hour-saved basis for funding to run energy efficiency projects.

Developed in partnership with Shaw Environmental & Infrastructure, the reverse auction was executed through an online, eBay-like platform. However, instead of outbidding each other, businesses competed to see who could get the most energy savings out of each of the 16 grants, which ranged from \$100,000 to \$500,000.

The winning bidders then spent those funds on “shovel-ready” energy efficiency projects such as installing strip curtains on commercial refrigeration units and retrofitting industrial lighting systems, which in turn led to energy savings, reduced emissions, job creation and economic growth.

- The online auction allowed the rapid and efficient allotment of funds, and its competitive nature allowed the Missouri DNR to obtain the most cost-effective price the energy efficiency market could bear.
- The participating companies drove the price of energy efficiency down to an average of \$0.0397/kwh saved – significantly lower than the current cost of power in Missouri.
- In all, the program is projected to result in up to 75 million kWh saved, an amount equal to the electricity generated by an average U.S. nuclear power plant over 2.2 days.

“Through the online reverse auction, we were able to prove that participants believe the cost of delivering energy efficiency is lower than the cost of delivering power,” said

William Haas, Senior Energy and Sustainability Consultant with the Shaw Environmental & Infrastructure.

The award was accepted by Andrea Kliethermes, Acting Deputy Director of the Missouri Department of Natural Resources' Energy Division, at MEEA's annual Midwest Energy Solutions Conference, www.meeaconference.org, on January 13 in Chicago.

“The Missouri DNR's reverse auction mechanism is innovative in every sense of the word, and has captured the attention of everyone from Missouri Governor Jay Nixon to *New York Times*' Freakonomics blogger Ian Ayres,” said Jay Wrobel, MEEA's Acting Executive Director.

Bestowed annually, MEEA's Innovation Award recognizes significant contributions to market transformation that have reduced energy consumption in the Midwest.

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Midwest Energy Efficiency Alliance, www.mwalliance.org, is a collaborative network advancing energy efficiency in the Midwest to support sustainable economic development and environmental preservation.

MEEA promotes the market transformation of energy efficiency technologies, processes and best practices within a 13-state area, through policy advocacy, program design and facilitation and piloting of energy technologies. MEEA bridges the gap between policy adoption and program implementation.