



# 1-LESS-WATT

A COMMUNITY BASED ENERGY SUPPLIER

“Together we can shape the day”

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- ETM 562/662 New Venture Management
- Spring 2017
- Instructor: Dr. Mark J. Ahn

# Problems we are Solving

## Deregulated markets and Residential Customers

**Residential customers pay higher prices to purchase electricity from energy suppliers when compared to commercial buildings because they do not have the necessary buying power.**

## Utilities need dynamic “SmartGrid” demand side loads

**With more and more “intermittent” energy generation sources feeding the grid and increasing cost of building power plants, utilities need to be able to control Demand.**

# How Deregulated Electrical Utilities are structured

We have no control over the cost of transmission and Distribution

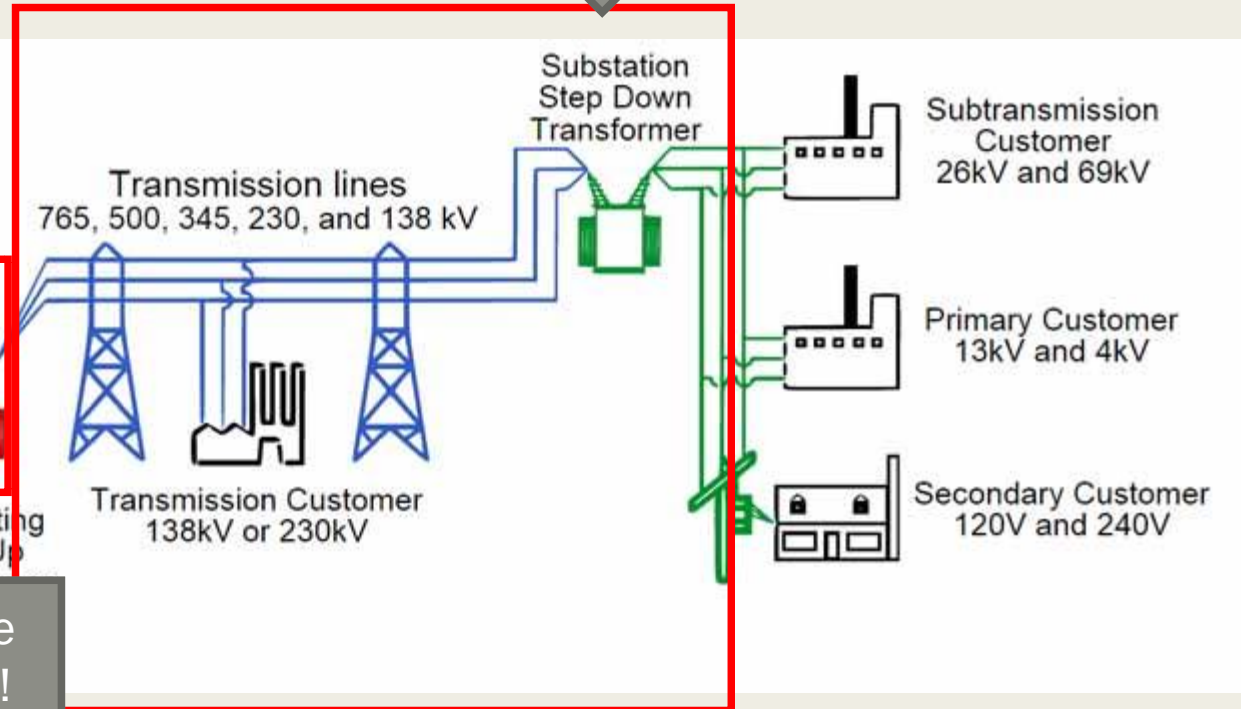
Color Key:  
Red: Generation  
Blue: Transmission  
Green: Distribution  
Black: Customer

Generating Station

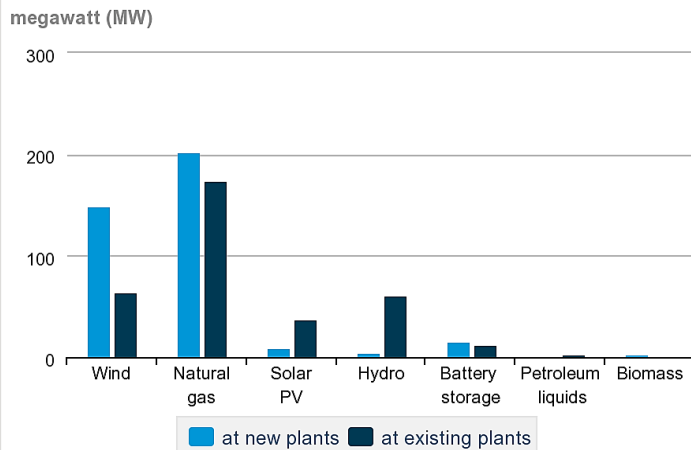


Generating Step Up

We can control the cost of the supply!



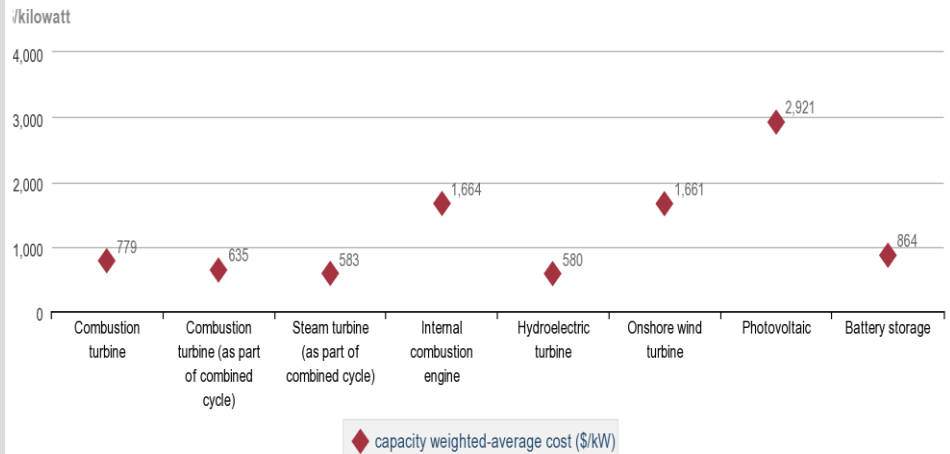
### Average new capacity



Source: U.S. Energy Information Administration

Wind, Solar PV, and Battery Storage are all dynamic loads

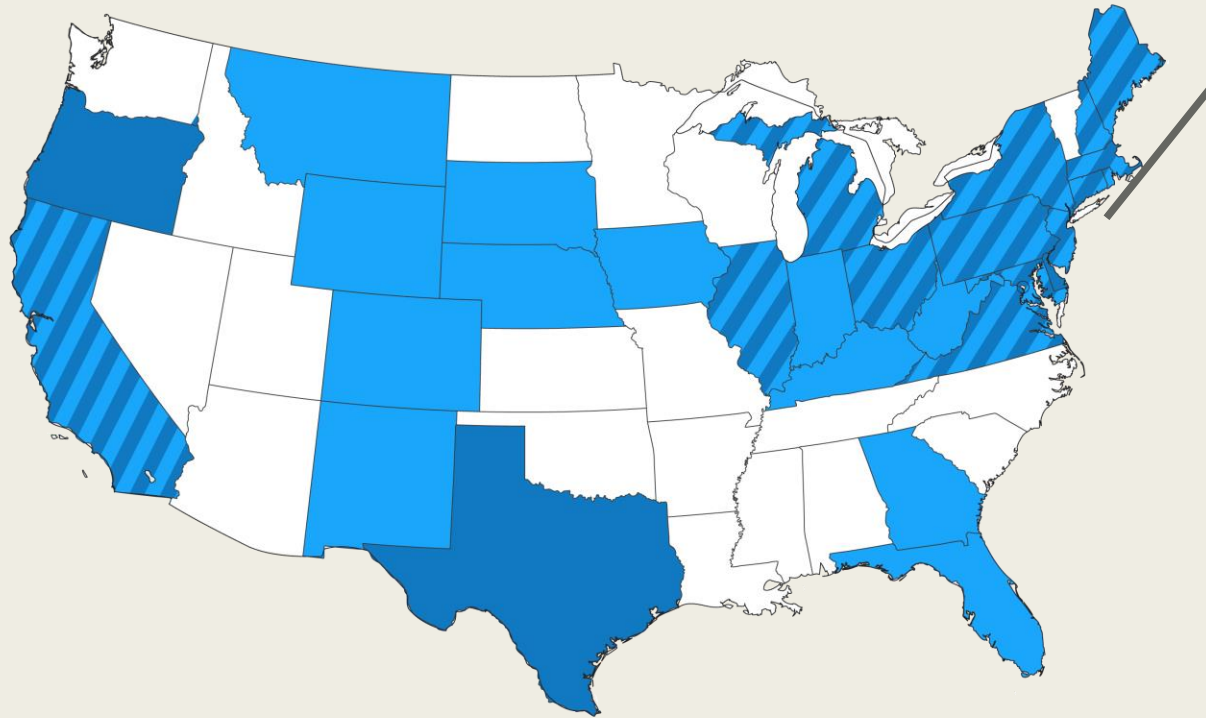
### Average construction cost



Source: U.S. Energy Information Administration

In 2015, the cost per kW installed for Solar PV was \$2,921

# Deregulated Markets



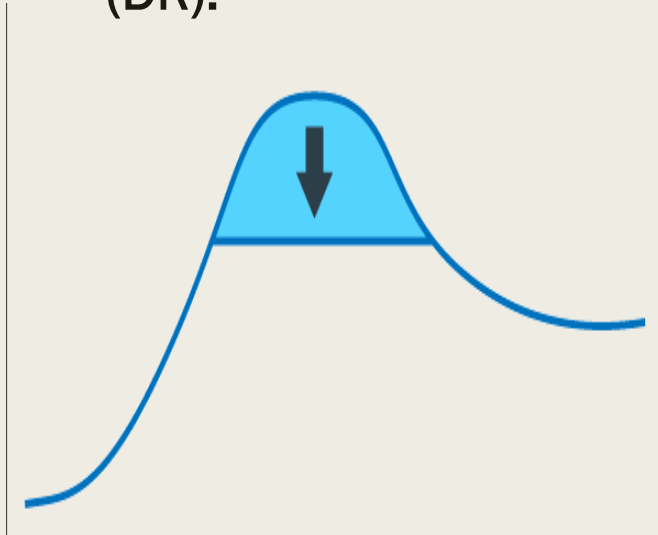
Regulated Gas and Electricity Markets    Deregulated Gas Markets  
Deregulated Electricity Markets    Deregulated Gas and Electricity Markets

1-Less-Watt  
will begin  
with a pilot  
Project  
aimed at the  
23,230  
residential  
homes in  
Greenwich  
CT, then we  
will expand  
to New York  
and New  
Jersey  
Markets

During customer engagement two parallel revenue streams will be developed....

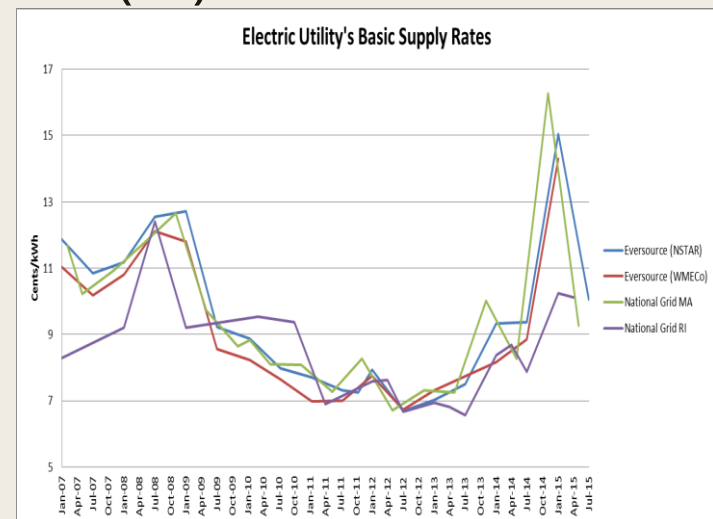
# Demand Response

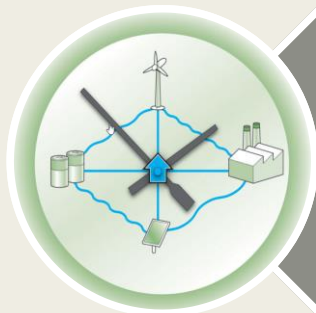
- Each Home will be signed up for Demand Response (DR).



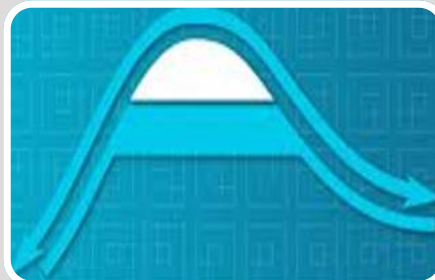
## New Supply Rate

- Each Home will purchase their Electricity Supply (ES) from 1-Less-Watt.





Empowering communities, and  
saving families money...  
*Creating value through a shared  
economy*



#### Customer

- Demand Response Payment: \$450/Year
- New Supply Contract: Guaranteed 15% savings--\$750/Year

#### 1-Less-Watt

- Demand Response: \$350/House/Year
- New Supply contract: (-\$500 to \$2500)

Value to the customer:  
\$1,200/Year

Value to 1-Less-Watt:  
\$1,350/customer/Year

# Expected Performance at the End of year 6

35k Homes Signed  
up for 1-Less-Watt!

• \$47.3M in revenue/year



- Homes in 3 states will be a part of 1-Less-Watt
- We will be ready to scale 1-Less-Watt in the North Eastern part of the United States
- When the company is 10 years old we are forecasting \$6.1 Billion in recurring revenue with 4.5 Million houses signed up for 1-Less-Watt



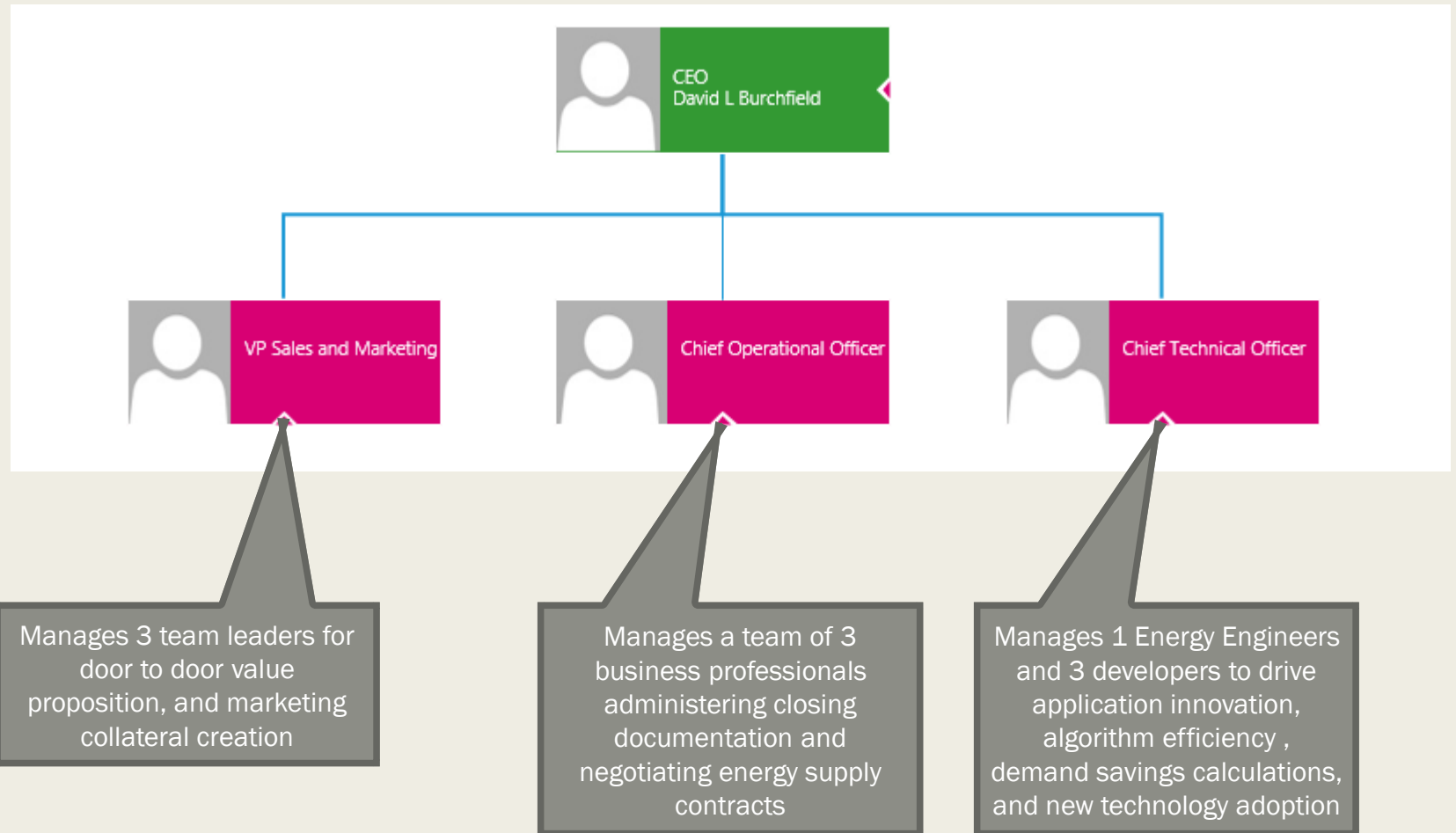
# Funding & Milestones

Start Date:

1/1/2018

		<b>Projected</b>	
		<b>Estimated Budget</b>	<b>Expected Completion/Funding Date</b>
<b>No.</b>	<b><u>Key Project Milestones</u></b>		
1	Greenwich CT. Pilot Project Kick off	\$3M	January 1, 2018
2	2,000 Homes in Greenwich CT. signed on to 1-Less-Watt	\$7M	January 1, 2020
3	5,000 Homes in Greenwich CT. signed on to 1-Less-Watt—Enter New York and New Jersey Markets	\$50M	January 1, 2022
4	35,000 Homes in using 1-Less-Watt in three different states	\$100M	January 1, 2024
<b>Total Project Funding</b>		<b>\$158M</b>	

# The Team Year 1





# Any Questions?

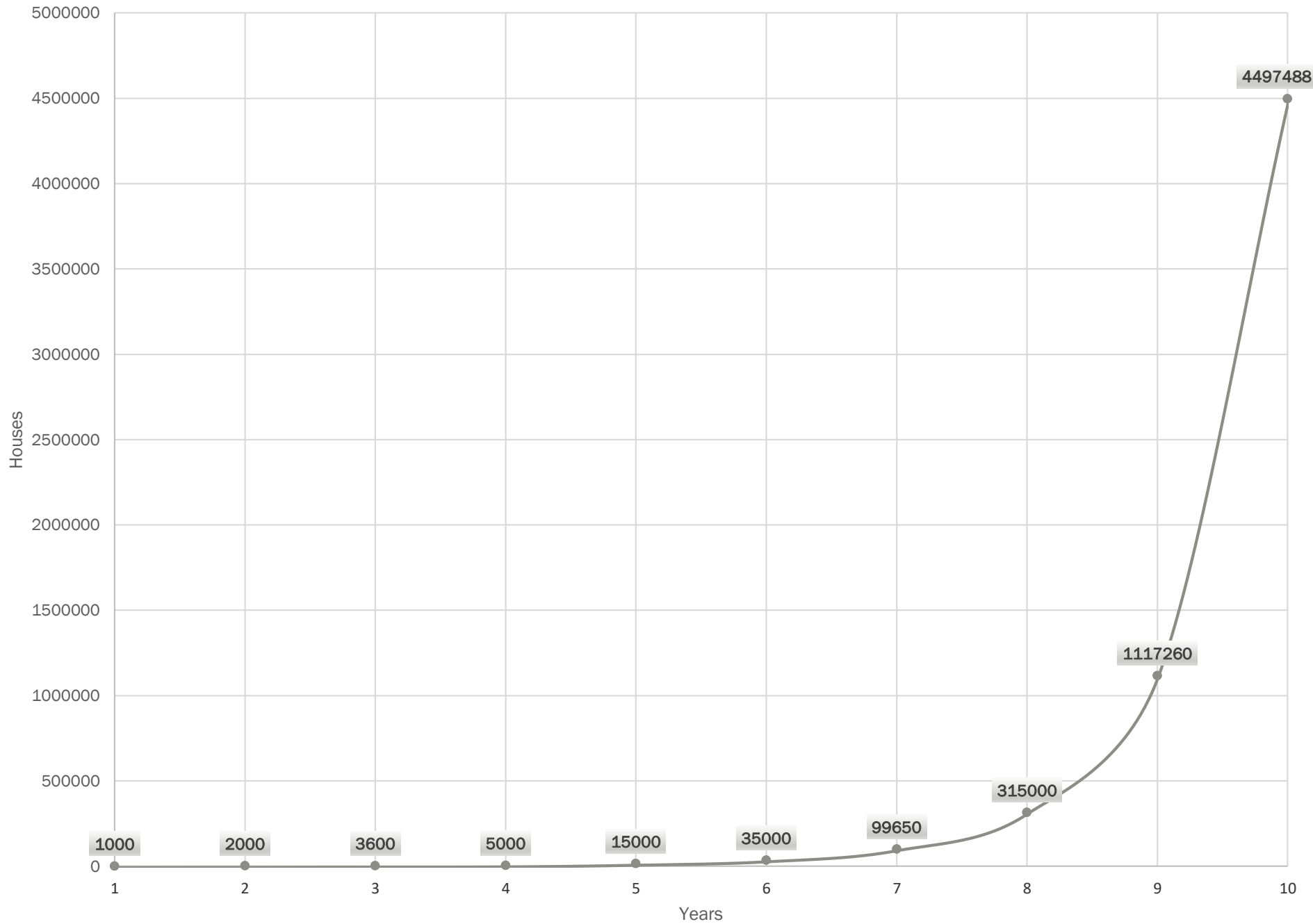
## 1-Less-Watt

*A community based energy Supplier*

“Together we can shape the day”

Proforma Financials US\$ In Millions												
	Year	1	2	3	4	5	6	7	8	9	10	
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	% of Sales
DR Revenue		<u>0.4</u>	<u>0.7</u>	<u>1.3</u>	<u>1.8</u>	<u>5.3</u>	<u>12.3</u>	<u>34.9</u>	<u>110.3</u>	<u>391.0</u>	<u>1,574.1</u>	0.26
ES Revenue		<u>1.0</u>	<u>2.0</u>	<u>3.6</u>	<u>5.0</u>	<u>15.0</u>	<u>35.0</u>	<u>99.6</u>	<u>315.0</u>	<u>1,117.3</u>	<u>4,497.5</u>	0.74
Total Revenues		1.4	2.7	4.9	6.8	20.3	47.3	134.5	425.3	1,508.3	6,071.6	1.00
Costs and Expenses												
Cost of Sales		<u>0.3</u>	<u>0.5</u>	<u>0.9</u>	<u>1.1</u>	<u>3.2</u>	<u>7.1</u>	<u>18.8</u>	<u>55.3</u>	<u>181.0</u>	<u>667.9</u>	11.4%
Gross Margin		80%	81%	82%	83%	84%	85%	86%	87%	88%	89%	% of Revenue
Research, Engineering, Software, & Development		1.0	2.2	5.0	5.5	7.0	9.0	11.0	12.0	12.0	12.0	0.9%
Sales & Mktg		0.7	2.0	2.5	3.0	5.0	7.0	9.0	11.0	13.0	15.0	0.8%
General & Admin.		<u>0.5</u>	<u>1.0</u>	<u>1.5</u>	<u>2.0</u>	<u>2.5</u>	<u>3.0</u>	<u>3.5</u>	<u>4.0</u>	<u>4.5</u>	<u>5.0</u>	0.3%
Total Costs and Expenses		2.5	5.7	9.9	11.6	17.7	26.1	42.3	82.3	210.5	699.9	13.5%
Gross Profit		-1.1	-3.0	-5.0	-4.9	2.5	21.2	92.2	343.0	1,297.8	5,371.7	Gross Margin 21.7%
Gross Profit		-83.0%	-111.6%	-103.2%	-72.6%	12.4%	44.8%	68.5%	80.7%	86.0%	88.5%	% taxed
Income Tax		0.0	0.0	0.0	0.0	0.8	6.3	27.7	102.9	389.3	1,611.5	26.0%
Net Income (Loss)		<u>-1</u>	<u>-3</u>	<u>-5</u>	<u>-5</u>	<u>2</u>	<u>15</u>	<u>65</u>	<u>240</u>	<u>908</u>	<u>3,760</u>	Net Margin 60.5%
Cash Flow												
Beginning Cash		0	3	1	4	0	53	69	234	475	1,385	
Add: Financings/Grants		3		7	0	50	0	100	0	0	0	
Capex		1	1	1	1	1	1	1	1	1	1	
Net Income (Loss)		-1	-3	-5	-5	2	15	65	240	908	3,760	
Ending Cash		3	1	4	0	53	69	234	475	1,385	5,146	
Headcount												
Research, Engineering, Software, & Development		4	9	20	22	28	36	44	48	48	48	-
Sales & Mktg		3	9	11	13	21	30	39	47	56	64	-
General & Administartion		3	6	9	12	15	18	21	24	27	30	
Total Costs and Expenses		10	23	40	47	64	84	104	119	131	142	

# 10 Year Plan



<b>Years</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
Research, Engineering, Software, & Development	4	9	20	22	28	36	44	48	48	48
Sales & Mktg	3	9	11	13	21	30	39	47	56	64
General & Administartion	3	6	9	12	15	18	21	24	27	30
<b>Total Headcount</b>	<b>10</b>	<b>23</b>	<b>40</b>	<b>47</b>	<b>64</b>	<b>84</b>	<b>104</b>	<b>119</b>	<b>131</b>	<b>142</b>