

POWER PLAY

Sustaine provides tools to lower energy costs, reduce carbon footprint

BY JOHN TOWNES

When asked to describe the role of Sustaine Inc. in today's complex energy sector, co-founder Malcolm Smith had a succinct response.

"We live in an exciting time when clean energy has become cheaper and more efficient than fossil fuels," he said. "You can actually save money by shifting to those sources – if you can figure it all out."

Smith explained that Sustaine, which is based at 63 Spring St. in Williamstown, provides the expertise to enable businesses and institutions to locate and identify renewable solutions for electricity and other energy that will both lower their costs and reduce their "carbon footprint" and other environmental impacts associated with the use of fossil fuels.

Over time, he said, renewable energy sources, such as solar and wind power and cogeneration, have evolved from being alternatives that were environmentally beneficial but significantly more expensive and cumbersome to implement.

Now, renewable and sustainable energy has become more economical and practical as a result of public policy, government and utility incentive programs and increased market demand. This has also been stimulated by advances in technology, energy-efficient conservation measures, and sustainable construction methods and materials.

However, locating these sources and solutions, and understanding how they can be used on an ongoing basis, is still challenging and difficult for non-experts, according to Smith.

"There are many choices that are cheaper but they can also be more complicated," he said.

He said Sustaine's primary market includes medium and small businesses and institutions whose annual energy costs are below \$500,000 and above \$25,000.



Co-founder Malcolm Smith says Williamstown-based Sustaine specializes in helping small and medium-sized businesses and institutions find environmentally beneficial strategies for lowering energy costs.

"Large corporations are able to hire full-time staff to manage their energy usage and identify and develop detailed energy plans and strategies to lower their costs," Smith said. "However, other businesses don't have those resources or the time to explore their options and figure what are the best payoffs, while also running their business."

Detailed analysis of options

Sustaine has developed a software system that has a constantly updated database of available options, and the ability to analyze

and recommend specific solutions and programs for individual commercial customers based on their usage patterns, the nature of their operations, and other factors.

"You send us a copy of a recent energy bill," he said. "Our software analyzes your bill, simulates all your energy options and isolates the best ones. Then we'll show you recommendations, and what each one will save you. If you choose specific approaches, we'll help you with the arrangements, including identifying providers, gathering competing bids, and setting it up."

Often, he noted, there are a number of strategies that can be used, such as arranging billing programs with utilities based on the amount of solar power a facility generates, or by installing energy saving measures.

Sustaine will work with clients to develop short-term and longer-range plans.

"A customer might save 5 percent with one method, and another 3 percent by also doing something else, and so on," Smith said. "They might save 15 percent by installing solar panels, and another 7 percent by using

high-efficiency LED lighting, for example. The customer can then decide what they want to do and when, based on their resources and priorities."

He added that, while the basic principles of incentives and agreements are straightforward, the terms and specifics can be difficult to decipher. "The software has to analyze many factors," he said. "In addition it has to capture confusing legal rules that are written by lawyers."

Energy sector experience

Smith and co-founder Gary Fromer launched Sustaine about three years ago and are responsible for its operations and management.

The company has 12 investment partners, including Lever (a North Adams-based organization that sponsors a variety of programs to support the development of an entrepreneurial ecosystem in the Berkshires) and Mill Town Capital, (a Pittsfield-based impact investment fund focusing on ventures to improve the quality of life and economy of the region).

Both men have long been involved in the energy sector and sustainable systems.

Smith grew up in Oklahoma. He attended Williams College and then left this area before returning to the Berkshires in 2007 to raise his family.

Smith's expertise includes smart grid, automation and controls, demand response, and utility restructuring. He was previously CEO of DR2, a provider of energy solutions to consumers through digital communications.

Prior to that, he built Xtend Energy before its acquisition by CPower in 2008. He was an executive at CPower, a provider of demand management services that was acquired by Constellation Energy in 2010.

"This is a culmination of what I've learned over my career," said Smith. "I've been in energy and software for about 30 years and have been thinking about this for all of that time."

Fromer's experience includes sustainability, energy software-as-a-service, solar and distributed energy projects, and enterprise business software and services. Fromer, who lives in Pennsylvania, recently served as senior vice president at Constellation, responsible for on-site solar, cogeneration, battery storage and energy efficiency. He

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formerly was CEO at CPower, and also served as senior vice president at SAP. He is on the board of directors of CPower.

“About three years ago Gary and I realized that renewable energy was about to get less expensive than fossil fuels, but it was difficult to match with the specific needs of customers,” said Smith. “So we developed this software.”

They also assembled a staff of six people, including digital marketers, sales and programmers. Janette Kessler of Williamstown, who was a co-founder of Xtend Energy, is the rules expert.

Changing trends

Smith said that in their energy analysis for clients, they also evaluate ways to save on traditional energy sources.

“We look at everything for where the savings are greatest,” he said. “That might also include fossil fuels. But today the primary sources of savings are with renewables.”

One change in renewable energy that has made it more practical has been a shift in the financing of solar panels and other renewable installations.

In the past, the cost and financing arrangements for installations were based on a projected payoff period at some point in the future, when the initial cost of installation would start to be offset in energy savings.

Now, the structure of many financing packages makes it possible to achieve savings almost immediately.

“It used to be difficult to obtain financing for solar installations,” Smith said. “But today there are some great sources of financing and 90 percent of solutions require no money down.”

He noted that renewable sources, such as on-site solar generators, are becoming increasingly effective, and components such as storage batteries are becoming better able to provide power at times when the sun is not out.

However, the basic strategy continues to be oriented towards offsetting utility bills by

generating supplemental power to sell back to the grid for offsets that reduce utility bills.

“It’s theoretically possible to become largely self-sufficient rather than relying on the grid,” Smith said. “But at the present time it’s not commercially feasible for most businesses to do that, especially if it is an operation that uses a lot of power or operates at night. So, most savings continue to be based on finding ways to reduce the amount you use from the grid, and generating power to sell back to the utility.”

At the same time, he said, there are increasing alternatives available.

“One important program that has been instituted in Massachusetts is community solar,” he said.

Community solar facilities are solar farms or arrays that produce energy for multiple customers. They’re often built by private companies, and members essentially buy the electricity they produce.

“Under community solar programs, when you make an agreement to buy a certain amount of your energy from one of these suppliers, your utility bill is discounted, without your having to build your own,” he said.

Smith said they envision significant growth due to these trends.

While Sustaine is largely oriented to serving a national market, Smith said their plan is to expand their operations here.

“We work in different locations,” he noted. “However, our goal is to establish an operations center in the northern Berkshires and train people for positions here as we grow.”

He added that their goal is to reach a staff level of about 20 people next year, driven by the company’s expanding client base.

While he did not want to give exact numbers, Smith said they have some local clients, including the Berkshire Innovation Center in Pittsfield.

“Our business plan is to be working for about 4,000 businesses as clients by 2025, which we estimate would also result in 276 million tons of carbon reduction,” he said. ♦

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