

Speaker 1:

Views express during Impact Café are those of the panelists and do not represent the views of Franklin Energy.

Speaker 1:

Welcome to another installments of Impact Café, a podcast from Franklin Energy that's dedicated to discussing all things related to energy, innovation, and impact in communities across North America. Disadvantaged communities have historically been marginalized and overburdened by pollution, under investment in clean energy infrastructure, lack of access to energy-efficient housing and transportation. The opportunity for change is significant. On today's episode, we welcome Pat Watts, CEO of FCI Management, a certified woman-owned minority corporation with expertise in utility engineering and design, energy efficiency, and water conservation programs. Join Jim Madej, CEO of Franklin Energy and Pat Watts, as they discuss energy equity and driving clean energy, energy efficiency, and energy management investments in underserved communities. Enjoy the show.

Jim Madej:

Welcome to another edition of Impact Café. I am pleased today to be able to have a one on one discussion with Pat Watts of FCI. Pat has a history with SoCal Edison and currently runs energy efficiency and direct to consumer business that serves many utilities in many direct to customer opportunities, has a passion for workforce development and the local communities where she works and lives, and also has a passion around human potential. I'm going to start with the industry that both of us love and have a passion around in the clean energy transition. And so my first question is, in the clean energy transition will require us to move almost 300 million-plus Americans in their communities to a net zero carbon future. That's a really daunting task if you and I both know. What do you see about it as an opportunity and what are you seeing as progress towards us collectively achieving those goals?

Patt Watts:

Well, I agree with you for one thing, 300-plus million people, consumers is a lot of people. And I do see an opportunity in as much as many of those people haven't been touched already by energy efficiency programs from their utility companies, however they get their energy. They have not been touched in this way. So first of all, there's going to be an opportunity, a lot of opportunity just to educate people. And I think that is important that a lot of people hear clean energy, clean energy, clean energy, but they really don't know what that means. And so I think that it's going to be a good challenge and opportunity for companies like ours. I also see that there's going to be opportunities to build infrastructure, like infrastructure for EV charging stations, for battery storage opportunities, for microgrids, for solar systems. I think all of those particular categories of delivering and receiving energy is going to be important as we move towards this carbon neutral, new world order.

Jim Madej:

I completely agree. I want to kind of pull out the thread of consumers that haven't touched. And I agree with you, and I want your insights into this. I would argue we've marketed to them in very traditional ways as an industry, and we may need to change that. But the fundamental question I have is we have had mixed results, right? On both adoption and anticipation rates across sectors of the economy, across demographic groups. How can we, as an industry, do a better job here? And what are some of the techniques you may have used to change that paradigm?

Patt Watts:

Many of the programs, you get mixed results from just because of the design of the program. So what does that really mean? Do we look at best practices in terms of the types of programs that we're designing to get better adoption by consumers? Are we making incentives to participate in those programs accessible to everyone? Or are there issues of disproportionately... One group of people can afford to participate where others cannot afford to participate.

Jim Madej:

You talked about program design and you talked about best practices, two lingering frustrations with our industry. One of them is we are all learning the lessons independent of one another and may not be working as collaboratively as we could. And then the second one is the role of the regulator versus the role of the utility versus the role of companies like ours that are delivering these programs and how we actually get feedback back to the regulators and utilities around program design so that it can improve kind of even mid program, you know? So do you have any thoughts or comments on those topics?

Patt Watts:

I mean, I think there's quite a few organizations that support what we do. As you're aware of Association of Energy Services Professionals, which sort of reach out nationally to companies like ours. And there are collaboration and networking and opportunities to talk about best practices and actually even interfacing with all the people in our industry, whether it be the utility companies or whether it be the implementer companies or the suppliers who supply the products that we need to get installed in that. So I think that these organizations are key. There are organizations that also lobby in support of companies like ours that are trying to make a difference in these communities by implementing these energy efficiency programs. And those organizations are important to make sure that they are speaking in sort of collectively for the companies that are implementers with respects to legislation, with respects the policy with respects to implementation. And I think the advantage of it being done through organizations that are trade organizations, you do get sort of a collective voice as to, "Hey, we're out here." Actually, the boots on the ground, designing the programs, implementing them, trying to get at the customer adaptation, this is what we need on the policy, and the legislation side can make this happen.

Jim Madej:

So that's great. Really well-articulated answer. And thank you for your passion around that. I agree with everything you just advocated for there. So switching gears a little bit, we hear quite a bit of about two different terms. One of them is energy equity and the other is energy affordability. And I feel like you could have a pretty unique perspective here. Can you just talk about what you see as those, do you see them as the same, do you see them as different things? How do you define it? Kind of help edge educate all of our listeners on what that means to you.

Patt Watts:

So I see them as different, equity versus affordability. So equity is really more about the access to opportunity to participate in the programs and getting new technologies into buildings, into homes, into communities. Does everyone have equal access to that? Can everyone afford the incentives that are being offered? Can everyone even afford to buy a new refrigerator? I think that when you look at equity, it is really about who can afford to be able to participate in those programs.

Patt Watts:

Now, when you talk about affordability, you're really talking about that customer who's really looking at the impact of energy burden into their overall household budgets, if you will, or even into their overall business budgets. Can they import to, one, just keep up paying for their gas or their electric bill? Are they getting too high because we had a super cold winter or a super hot summer and the cost went up tremendously? And some people will be able to afford the bill without any negative impact at all because of the changes, whether our environment. But there are other people in low income communities in particular who can't afford it, having to make a choice between buying food or paying their electric bill. And so I think that as we look at those two things, they're very, very different with respects to how they impact the individual customer.

Jim Madej:

Yeah. Understood. I think you would agree, access and affordability oftentimes hit the same demographic maybe in different proportions, in different places. But unfortunately both of those terms... and please validate, you know what I'm saying? Both of those terms are associated with the same, usually, underprivileged minority communities that have been, some would say, left behind in this transition. Is that a fair statement

Patt Watts:

It's fair. I mean, that's the common denominator to both of those.

Jim Madej:

So as you've seen... You're in Southern California. As you've seen the adoption of renewables and the adoption of advanced technologies, EVs, storage across your service territories or the places that your career has spanned, have you seen a change in energy burden because of the redistribution of assets on the grid? Have you seen it become an increasing proportional problem?

Patt Watts:

I don't think I've seen it in that way as a proportional problem. I do see that things are always changing. So there are all these other things that impact our everyday lives, like the last two years of being in a pandemic, right? Here in California, there were moratoriums on disconnects, and the amount of arrears that the utilities actually experienced because of this moratorium was huge. I mean, at the time, I mean, who was really thinking about energy efficiency and who's really thinking about equity? All these other factors come in and then they sort of shift the dynamics, I guess, sort of lack of a better term. So it shift the dynamics of how everyone sees the things that we are trying to address when we have all these outside influences.

Jim Madej:

Speaking of COVID, did you see different business dynamics change for your business. Meaning, cancellation rates, the conversion rates. Did you see an effect from that? Just out of curiosity. We certainly did across different parts of our company.

Patt Watts:

Different utilities had different approaches during the pandemic, especially in the beginning. Some of them just stop programs altogether, just shut everything down. When you shut everything down, this

sort of has a ripple effect to everybody throughout the industry. And then once they started programs backed up, there's now sort of the hesitancy of the communities that we serve like, "Eh, I don't think I want you to come in my house right now. I'm afraid that I could get something." Or the businesses who are just struggling to keep their doors open because their doors have been shut. So surely, there was a lot going on in the last two years and we'll probably take another two years before we completely get back to where we're open arms, open doors, and people are more receptive to the things that we're doing. Because many people I think are still reeling from the last two years.

Jim Madej:

Yeah. I agree. Still a lot of fear. Do you think misinformation plays a role in that and do you feel like it's affected your ability to tap into underserved communities. Meaning, to connect into them? Or is it more just pure fear and anxiety around COVID and just kind of a hunker down kind of mode that everybody's in, trying to protect themselves and their families?

Patt Watts:

Yeah. I think it's probably more personal, especially in low income communities, who are also disproportionately impacted by healthcare. And so you kind of add that into it and you kind of add into the food burdens for those communities. And then you talk about some of the more emerging trending issues of racism and policing and education, all of these different factors. So you've got a lot of things going on and people have to be concerned about for themselves and for their families that are going to impact what we're doing or what we're trying to do.

Jim Madej:

Yeah. It's really impactful points. What are the best things that you've seen your company do or seeing in the circles you're in to combat that and to keep the connection and to keep driving awareness during these difficult times?

Patt Watts:

I think the innovation, and maybe it's not so innovative, it's been around for a while, but I don't think we've ever adopted it in our program in implementation plan. And that's doing more things virtually, right? So for some of our programs, on the low income programs for the last year or so, we did all virtual enrollments instead of being out, knocking on doors and going into people's homes. We delivered our energy efficiency measures differently because of that.

Jim Madej:

So I want to switch gears a little bit and I was on your website and just doing my research and heard you talking about workforce development and some of those stuff you've done in the communities to help people get career ready in the energy space. Can you just talk a little bit about that and what made you start that and what progress you've made in that role?

Patt Watts:

So actually, I got into the workforce development. It was always a passion of mine. I always felt that especially communities of colors, especially if you have any civil unrest and people always ask a question like, "Why are people so angry? Why do we have all those civil unrest and why are they losing their minds?" Well, a lot of it is because of lack of opportunities, lack of jobs, actual jobs that people can go

out there and get, a lack of training for any of the new technologies and job opportunities that are out there. So there's this big vacuum in these communities to have access to these things. And maybe some people get to go to community college and take course on weatherization. Others are looking for opportunities like in California, the California conservation Corps, who has an amazing training program for young adults to come in and learn the business of energy efficiency, from the audit to the installation.

Patt Watts:

So that's part of why I was so passionate about it. It's really creating job opportunities for those communities. And I started back in 2006 with Southern California Edison who wanted to engage community-based organizations in their direct Small Business Direct Install program. And I basically proposed like, "Well, okay, let's just not use community-based organizations to reach out to customers, but just use the community-based organizations to reach out to the community and do a job training mentor, protege on the job training program." And so we implemented that with Southern California Edison backing that up financially. So we were able to provide on the job training, working collectively with community based organizations in our service territory. And over 16 years of working in that program, we graduated and placed over 80 participants.

Patt Watts:

And so that was a success for me because we saw people grow from walking in not knowing anything about energy efficiency to becoming auditors. Some of them becoming supervisors, some of them becoming installers, some of them actually getting like electrical license as sort of the beginning ledge of becoming a certified electrician. So I'm still passionate about that. I still think that there's lots of opportunity and there's certainly, as we know, through this interesting hiring market that exists right now, that there needs to be more individuals trained for all of these upcoming job opportunities in this space.

Jim Madej:

Yeah. I'd go back to where you started, right? Which is the advance of EV charging infrastructure, the advance of battery infrastructure, which is going to happen during the clean energy transition here. Those require skill workers, right? So to your point, if you can get somebody in as an auditor or weatherization tech and get them to get an electrical license and get them trained up on EV, there's a progression that we could see around a workforce and community development, even economic development in communities to the extent. We did this right. And so congratulations good for you. We should all listen to what she just said and find ways to do that in our local communities. What I would ask is a follow up question is, how can companies like Franklin help? Meaning, I have workforce needs in California. I probably don't have as big a local presence as you. Could we partner together on that? Are there other companies that you can envision partnering with? How could we do this as an industry group to some of your earlier comments? How do we take this example and try to scale it and make it more of a national type of solution with a feeder to all these great jobs around this country that are doing this work every day?

Patt Watts:

We were focused on it nationally, and we could get the support sort of in the federal government to develop programs similar to what they did in 2009, during the Obama administration. And I cannot think of the name of what the... There were certain amounts of money in the stimulus package that were set

aside specifically for energy efficiency. And there was a lot of training going on across the country for BPI certifications. There was training that was paid for by the federal government, various programs that were implemented through like our CDD, which is our employment development department for the state of California and other training programs that funnel through the state. That's probably the one time that I saw a collective effort to grow and develop individuals, workforce development as a whole, where it was sponsored by the federal government. But it's far to trickle down into states and communities.

Patt Watts:

I will say that I know there's a huge workforce development effort in California. Many of RFPs have gone looking for ideas and programs to be implemented with that. I think partnerships have to drill all the way down to the community-based organization level and local community colleges to partner with. When we start talking about the training needs, and you just mentioned electrical, that's the long training process, if you will. There's also going to be a need for HVAC technicians, and that also is a process. And the individuals not only need to graduate from those programs, but in some cases they need to be certified through the state, which means taking an exam and getting the certification. So I think there's a lot of opportunities out there, just kind of finding the right fit is what we have to do. Like, where do we fit in here? How can we help to support these programs to benefit not only our own companies, but the industry as a whole?

Jim Madej:

Yeah, completely agree. And I will take away from this conversation that I need to do more, to engage in that role and try to make an effort there. So thank you for giving me something else to do, Pat. As you know, running a company, there's always plenty to do.

Patt Watts:

Always.

Jim Madej:

Yeah. So I'm going to switch gears again and ask you a more personal question. So what about your upbringing in your career led you to the point of this and led you to the passion that is so clearly evident in all that we're talking about here?

Patt Watts:

Sometimes you can't always predict your future. And so things just happen that sort of thing, and guide you in the direction and you don't even know what's happening. So I didn't predict my future. I've had a career at Southern California Edison. I started at the bottom as a file clerk, kind of gradually moved up the corporate ladder, getting involved in energy efficiency, had already been involved in customer service. But actually, the last 10 years in my career with Edison was in the public affairs arena.

Patt Watts:

So I had a real opportunity to get more involved in the community level, at the governmental level, the policy legislation locally. And so that's kind of what gave me maybe a very well rounded view of the electric utility industry as a whole. And I just took an opportunity. I just had an opportunity and the opportunity was during deregulation, a lot of utilities went to scale back on staff. And Southern

California Edison, being no different, offered an amazingly lucrative early retirement program. And I just made it by two months. And so I said, "Well, let me see. What's the package look like? Wow, this is pretty amazing. I'm out."

Patt Watts:

And so, once getting out here on my own, trying to determine, "So where do you go from now? What's your second career?" I had a little bit of an entrepreneurial bug that I wanted to follow, a little bit of a passion that way of starting a business with the idea of creating jobs, introducing people in my community to the energy world as a whole, right? In particular, utilities, but to those opportunities where there weren't, in my opinion, that many people that I see working every day in the utilities back at that time. And so when I started the company, my real desire was to build a company that would provide job opportunities for people in my community and introduce them to the world of energy.

Jim Madej:

And how many people have you been able to get jobs for? Just out of curiosity. Do you track it?

Patt Watts:

I don't track it, but I've been in business now for 22 years. But if I just look at the staff that I had, I had as many as a hundred employees and not quite a hundred now, because a lot of it depends on the contract we have and what have you thought about timing. But I think that I have certainly introduced a lot of people to this industry. I feel that I have made my commitment. I've done my thing with that and I feel satisfied that I accomplished a goal that I had that was personal for me.

Jim Madej:

Yeah. You should feel very accomplished. So again, switching gears, I was reading again and you talked about human potential, and I'm curious where that passion comes from and what that means to you in what you're doing to make that vision a reality.

Patt Watts:

Well, I think when you talk about human potential, that each and every person have a lot of potential to be whoever they want to be if they just believe that. And some people just don't get the opportunities and maybe they don't see the fit for them. So a lot of it has to do with just getting out there and talking to people. It's really getting out there and working with organizations that reach people, especially people in low income communities or any culturally sensitive communities where there's language barriers. Sometimes people relate more to folks that share a common culture, if you will. But at the end of the day, we are all living in this world and this society together. And so we need to reach and just pull people in and help folks not be biased about that in any way, but to make sure that everyone knows that there is an opportunity for them to reach their human potential and to grow in careers. And that's, I think, really at the end of the day, it is really about the career growth that can come as a result of that.

Jim Madej:

That's incredible. That's absolutely incredible. Very inspiring and I hope people listen twice to what Pat just said. Just a couple final questions. You spent a lot of your entire career in California. What would you like to see the rest of the country do that you think California is doing well?

Patt Watts:

So I always thought the California was ahead of the curve, and I don't mean that just to be just because I'm a Cali girl. I don't mean it because I'm biased to California, but because I've been in this industry for a long time. I started energy efficiency a long time ago and California was always on the forefront of that. I mean, we're always looking for those opportunities to put those programs together. And I think they were just kind of first out of the gate. And I think anyone and a lots of utility companies across the nation have looked at the models that come from California. Lots of them have developed their own models. I think New York has been very aggressive in the energy efficiency, carbon reduction arena. We've done some work in New York. I think Georgia's doing a lot of work now with energy efficiency in their programs with Georgia Power in the state of Georgia.

Patt Watts:

So I think more companies are really getting out there, looking at the funding, determining how best they can go out and introduce their customers to energy efficiency opportunities. And then they're going to have to take it the step further. They're all in agreements with the fact that we want to be carbon neutral by whatever given time, whether it be 2045 in California or 2050 from federal administrations to come. It just depends.

Jim Madej:

Yep. So when all is said and done, are you an optimist around the topic, the next five to 10 years and all the work that has to be done to decarbonize our economy to create jobs, to come together as communities. Are you an optimist and what makes that true for you?

Patt Watts:

I guess I'm always an optimist. I don't like to be pessimistic about anything. So I always look forward to the future and for those opportunities. I like what I see happening. I like the engagement I see from every... just looking from a governmental standpoint, from the administration's commitment to clean energy policies, down to states' commitments to clean energy and energy efficiency, to thinking about how we manufacture electricity now, as if... We've gone through the version where we actually use crude oil to generate electricity, to natural gas, to renewable energy. There's so many things going on. I mean, you just can't miss an opportunity to be optimistic about all the opportunities that are going to be available for the betterment of our communities and for our society and certainly for our economy.

Jim Madej:

Well, I think that was an incredible closing comment. So I will thank you for joining us. This has been an incredible discussion with Pat Watts of FCI. Please check out what FCI Management does and check out Pat Watts. She has a ton of passion.

Patt Watts:

Thank you very much for having me. It's exciting to be a part of this podcast today. But I also want to say it's really exciting working with Franklin Energy. And so I have partnered with Franklin on many of opportunities and I see more partnerships in the future. As an organization, you're really making a difference on the workforce development and education piece of it with your commitment. So I am just proud to be sitting here, having this great conversation with you today. And so thank you so much for having me.



This transcript was exported on Mar 01, 2022 - view latest version [here](#).

Jim Madej:

Oh, it's our pleasure pat. And when I come to Southern California, I'm going to look you up.

Patt Watts:

Absolutely.

Speaker 1:

Thank you for joining us for Impact Café. Franklin Energy delivers more than 100 energy efficiency and grid optimization programs for utility partners across North America. We work alongside our sister company, AM Conservation, who manufactures and supplies more than 300 energy efficiency and water conservation products. We help our energy partners achieve their goals with solutions implemented by more than 1300 energy experts. To be sure you are always a part of the conversation, follow Franklin Energy on Twitter and LinkedIn for updates. And I will see you at the next Impact Café.