

# THE TAILWINDS IN ENERGY EFFICIENCY AND WHY



**Eric Sudol**  
*President of Energy Efficiency*

As the leader of Energy Efficiency, Eric is responsible for the strategic direction and innovation of the vertical, its integration with our MEP execution arm, and providing subject matter expertise with partners and customers.

Eric joined Crete in March 2024 following the merger of ProStar Energy Solutions where he led ProStar on the successful delivery of thousands of data-backed, energy efficiency projects nationwide in LED, HVAC, Controls, Solar, and more. Eric is no stranger to dynamic, solution-based delivery, having completed highly visible projects across multiple industries throughout his career.

**Recently, we engaged our President of Energy Efficiency, Eric Sudol, in a discussion around the macroeconomic trends and advances in technology that are accelerating energy efficiency and sustainability in the built environment.**

Eric attributes his success with leading sales and energy teams to his desire to help others set and achieve goals. His energetic personality and intense focus on teamwork are perfectly paired with his ability to gain deep knowledge of market trends and articulate what's possible.

Below is the outcome of our dialogue, where Eric demonstrates how various market factors are influencing, challenging, and enabling buildings owners and utilities to make groundbreaking advances in efficiency and sustainability.

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**Question 1:** Could you share some of your career highlights and explain your current focus as the President of Energy Efficiency at Crete United?

**Answer 1:** My career highlights are best summarized in two categories that go together 1) being goal-focused with clear, aligned, and accountable plans to those goals and 2) having a deep understanding (via highly engaged listening and research) of a customer's goals and customizing a solution to achieve those goals with the tools available. In the world of energy efficiency, cost savings and sustainability impact are two common goals, but energy has become much more in the world and can be a tool to deliver on multiple business objectives such as sales and marketing results, for example. We demonstrate to customers that value and outline a plan to achieve this goal with a clear definition of success. In summary, that is my job at Crete, using energy as a vehicle to achieve business goals based on customers needs and creating a clear game plan that is data-backed both internally and with the customer that delivers results.

**Question 2:** What has changed in the energy efficiency and sustainability space in recent years?

**Answer 2:** Not only are things changing, but in recent years we've seen an acceleration within key macroeconomic trends that are completely transforming energy efficiency and sustainability. I'll mention three that I believe are influencing the most change.

First is the **Corporate and Regulatory Environment**. With approximately 65% of the global economy committed to the Paris Climate Accord, companies face pressure to meet sustainability goals. Regulatory measures like California's Climate Accountability Package add to the urgency, especially with the inclusion of scope three emissions for privately held companies.

That forces the second trend, which is the **Energy Transition**. To meet sustainability goals, decarbonization and electrification are driving the retirement of fossil fuels like coal being used for energy generation, resulting in increased demand for electricity coupled with changes in the supply. In turn, that adds to the volatility of energy generation and puts upward pressure on energy prices.

The last trend I'll mention helps to bring this full circle, and that is what we're seeing with **Financial Incentives and Investments**. Subsidies and tax credits make energy efficiency projects more attractive, and institutional investors increasingly consider sustainability criteria which impacts asset values positively. These provide companies with a path to address the challenges they'll face along their journey with energy efficiency and sustainability.

**Question 3:** Let's dig into regulatory trends around electrification, decarbonization, and building performance standards a bit more. Who does this impact and how?

**Answer 3:** Speaking from where I sit, service providers are also impacted by this transformation. To provide proper guidance, it's imperative for them to keep up with industry knowledge and enhance our in-house expertise and capabilities. Here at Crete United, we have made it our mission to be a world-class energy efficiency partner. But primarily, this creates **interconnected challenges for building owners and utilities**. Utilities are not only tasked with clean electricity generation, but they're seeing increased demand from building owners who are transitioning away from fossil fuels as well as an increase in electrification (e.g. electric vehicles). This creates increased demand on the grid, and utilities in turn must make investments that are paid for in the form of increased utility rates. Building owners cannot afford to ignore increased utility rates, and were seeing carbon reduction mandates that can result in financial penalties if they don't comply. This requires them to begin determining how to navigate an unknown path.

**Question 4:** What is happening in the industry to enable building owners to comply with these mandates?

**Answer 4:** We are seeing a massive transformation in how the energy sector is responding to these pressures. The passing of **FERC 2222** enables building owners to invest in microgrid solutions and distributed energy resources (DER's) and participate in their regional energy market. This will be made possible through landmark investment in grid infrastructure improvement and expansion.

One example of grid investment is the **DOE's GRIP** program (Grid Resilience and Innovation Partnerships) that was created by the Bipartisan Infrastructure Law. It is the largest government investment in grid infrastructure since 2009 and will provide \$10.5 billion of funding for resiliency, "smart grid" tech, and transmission line expansion.

Additionally, utility providers offer very attractive rebates for a wide variety of energy efficiency upgrades. This not only includes the installation of efficient equipment, but also may cover things like HVAC tune up services and the implementation of control strategies such as economizer and demand control ventilation on a \$ / square foot basis.

**Question 5:** You mentioned that Electrification is a major shift in the direction of technology, transportation, HVAC, etc. Is this trend here to stay and why should people adopt this new way of thinking?

**Answer 5:** It is real. The trends that are occurring in certain geographies will make their way to all parts of the country. We want to help our clients be ahead of the curve. The exciting thing about this is that many building owners have time to **act now and be better positioned to handle the inevitable challenges they will face** with performance and sustainability goals.

**Question 6:** Are there other financial pressures or benefits would you care to mention?

**Answer 6:** Everything here is a cause-and-effect scenario where all parties need to react quickly. Regulations, pledges, and utility rates pressure building owners, but incentives, rebates, and energy savings provide a financial path for building owners to pursue energy efficiency projects. In addition to what we've covered, I think it's important to discuss investors.

**Many institutional investors are tying sustainability into investment criteria** and these trends are increasing. Pending the study, results can be as high as 90% of investors listing sustainability as an investment criterion, but moreover, approximately 70% of them declining an investment because of what they discovered. The money is speaking with its actions.

The data is also showing the asset value of the facility is being tied to these initiatives... occupancy rates, rent premiums, cap rates. To the commercial real estate owner or facility manager, this is accretive. In summary, combining these factors (subsidies and investors, cost of capital, asset value, regulatory and corporate ESG tailwinds, Scope 3 impact, rising utility rates, residual implication) creates a win-win situation where it's the right thing to do for sustainability as well as financially..

**Question 7:** We've spoken a lot about the building owners, but how far does this trickle down within organizations' various functions and teams?

**Answer 7: Everyone is impacted in one way or another.** That's why we are seeing multi-stakeholder involvement including finance, procurement, real estate, operations, marketing, and sustainability functions as well. There are potentially conflicting objectives within the team (e.g. setpoints in a certain ban means someone loses operational control of turning the t-stat down to 65 degrees), so we try to be a center of influence across all stakeholders.

Since the early 2000's, we've seen a shift in the approval level of the facility manager. There are now more people involved that makes the process more complex. Facility managers are being asked to do a lot more with less resources. Staffing reductions are putting pressure on them to evolve and drive efficiencies in operation. To do this, they need updated and reliable equipment and the ability to remotely manage multiple sites and systems efficiently or they will experience increased costs via energy, downtime, and deferred maintenance.

**Question 8:** Tell us more about the technologies and solutions that organizations need to incorporate into their strategic plans around building performance and sustainability that maybe weren't part of it just a few years ago.

**Answer 8:** Renewables is the obvious one that's gaining traction, but they also need to focus more on mission critical and power resilience systems as well as advanced controls. There is a play with AI and analytics in the built environment, and **everyone will benefit from leveraging data to make actionable insights**. Data allows a more diagnostic view to determine existing system deficiencies and fully understand baseline operation and prioritize energy project scope. On the back end, using analytics for service goes far beyond alerting and dispatching a technician. For example, we work on cost avoidance measures by coinciding near-future planned maintenance with repairs that can wait until that truck roll.

**Question 9:** There is obviously a lot to that. Where should they start and how far into the future should they be thinking about?

**Answer 9:** The first step is to enlist the support of someone who not only knows the regulatory environment but can help them start thinking about life cycle management and everything that goes into the total cost of ownership of their facilities.

People tend to be myopically focused and reactionary based on what's in front of them. A strategic partner can help them see the broader implications beyond just getting HVAC back to a comfortable level. By benchmarking their existing utility consumption, understanding how they are charged for energy, and documenting the condition, remaining life, and energy use of their assets, **we help provide perspective as seen through a broader lens** regardless of their specific industry.

**Question 10:** What else would you care to share about yourself and your team and why what we've spoken about today is so important to your mission at Crete United?

**Answer 10:** Being innovative drives me and our culture. We've created an innovative model where energy efficiency and MEP are built-in one delivery. The data shows supports customers have been looking for this model as they reduce the quantity of suppliers/partners overall and we are positioned to deliver. To that end, the increasing needs for energy efficiency and sustainability projects (as we've outlined in this interview) are delivered by our MEP. The data from our MEP work drives accretive energy efficiency projects for incremental value. It is an infinite customer journey of ongoing 'commissioning' within this historic energy transformation taking place. Lastly, and important to who we are, our model delivers **our brand promise of elevating energy efficiency and our mission of making make the communities we work, live, and play in better.** To close with how I opened, that is who we are, our culture.



## WE ARE CRETE UNITED

An energy efficiency powerhouse that eliminates the middleman and unites local experts across MEP industries to elevate built environments.

Our nationwide team of consultants and specialists deliver a streamlined customer experience through comprehensive efficiency solutions that save you money, time, and energy.

## LET'S WORK TOGETHER

Whether you have talent and experience in the commercial / industrial MEP space, want to join our network or need our services, contact us today.

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