

CANACCORD Genuity

Daily Letter – 25 April 2011

Below we (CANACCORD Genuity) highlight some recent developments and news stories from the commercial construction, green building, and energy efficiency markets that we found interesting:

- **New LEED standard for healthcare formally introduced.** The US Green Building Council has formally launched its LEED standard for healthcare. Initially introduced in 2007 as a pilot, LEED-HC is now an official part of the LEED green building rating system. According to the USGBC, more than 225 facilities have been certified to LEED- HC and 1,176 more are in the pipeline as registered projects. Like other LEED standards, LEED-HC addresses design and construction activities for new buildings as well as major renovations of existing buildings.
- **Green roof industry grew nearly 29% in 2010.** According to an annual survey performed by Green Roofs for Healthy Cities, the green roof industry grew 28.5% in 2010. That represents a sizable increase from 16% y/y growth in 2009. Eco-structure News reported that “Among US metropolitan regions, Chicago saw the most square feet installed, with 500,000 square feet, followed by Washington, DC. The other metropolises rounding out the top 10 regions are, in order: New York, Philadelphia, Norfolk, Va., Milwaukee, Baltimore, Atlanta, and Seattle/Tacoma.” We note that green roofs, which feature engineered vegetative covers, are distinct from “cool” roofs, which are typically metal roofs designed to minimize heat gain through the roof surface.
- **DOE Labs join forces with Dow Chemical to develop next-gen cool roofs.** The Dept. of Energy recently announced that its Oak Ridge National Laboratory and Lawrence Berkeley National Laboratory have joined with the Dow Chemical Company to develop next-gen cool roof technologies. The cooperative R&D agreement aims to improve the ability of roof coatings to continue reflecting sunlight after years of weather exposure. DOE said that “the agreement will support research to increase the energy savings from existing cool roof technologies by more than 50%.”
- **PwC reports strong growth in energy efficiency deals.** In its most recent annual analysis of M&A transactions globally within the renewables sector, PwC reported that volumes of transactions were up last year, but values were down to \$33.4 billion (from \$48.8 billion in 2009). In the US, specifically, approximately \$13 billion was spent on 181 deals. Interestingly, energy efficiency deals last year tripled in volume to represent over \$3 billion, or 11% of all renewable transaction value. Ronan O'Regan, director of PwC's renewables and cleantech, said “We expect confidence levels to remain relatively strong throughout 2011, despite regulatory uncertainty in some markets.” The full press release can be found [here](#).
- **Schneider Electric acquires Summit Energy Services.** Speaking of M&A, Schneider Electric recently agreed to buy energy procurement and sustainability services provider Summit Energy Services for \$268 million. Greenbiz reported that Summit “manages more than \$20 billion in annual energy spend for 650-plus companies with facilities in some 90 countries. Summit expects to generate about \$65 million in sales this year. Like many firms operating in the efficiency space, Summit moved from a traditional approach to energy management to expanded offerings that reflect customers' growing needs for sophisticated tools to calculate and manage carbon data.

With its product dashboardView, Summit was considered among the top 10 companies providing energy enterprise carbon accounting last year, according to the 2011 Enterprise Energy and Carbon Accounting Buyers Guide produced by Groom Energy and GreenBiz.com.”