

# Memorandum

**To:** Fernando Morales, AIC; Jennifer Morris, ICC Staff  
**From:** Opinion Dynamics Evaluation Team  
**Date:** November 19, 2019  
**Re:** AIC Income Qualified Initiative Implementation Process Review

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This memo provides key findings from program and implementation staff interviews and updated implementation process models for the Ameren Illinois Company (AIC) 2019 Income Qualified (IQ) Initiative. The initiative is in its second year of implementation. While the core offerings of the Initiative are consistent with 2018, AIC and its partners are fine-tuning design and implementation processes as needed in reaction to policy changes, increasing demand for the Initiative, and lessons learned by implementation partners on the ground. The purpose of this memo is to assist with that effort by documenting the current implementation model and summarizing feedback from initiative and implementation staff on the successes and challenges so far in 2019.

## Overview of the 2019 IQ Initiative

The AIC IQ Initiative is a home energy diagnostic and whole house retrofit offering. The target markets for the initiative are (1) single family customers with household incomes up to 300% of federal poverty guidelines for household size and (2) multifamily properties with the majority of tenants receiving state, federal, or other income-qualified assistance. The IQ Initiative provides Building Performance Institute (BPI) energy audits that identify building shell and HVAC retrofit opportunities and provide health and safety inspections. During the audit, implementation staff also install energy efficient “direct install” (DI) measures such as LEDs, showerheads, faucet aerators, advanced power strips, and pipe insulation. Following the audit, customers may also receive building shell measures (e.g., air sealing and insulation) and high efficiency Heating Ventilation and Air Conditioning (HVAC) measures (i.e., smart thermostats, central air conditioners, boilers, and air source heat pumps). In addition, the IQ Initiative distributes kits with energy efficient products<sup>1</sup> at community events to market the program to potential participants.

The Initiative provides all audit services and DI measures at no cost to the customer. Low-income single family customers and multifamily properties pay no out-of-pocket costs for shell and HVAC retrofits. Moderate-income<sup>2</sup> single family participants may pay out of pocket costs for HVAC-related mechanical repairs exceeding \$1,000 and building shell retrofits exceeding \$2,000.

Leidos oversees the implementation of the IQ Initiative in coordination with several implementation partners across three channels. Walker-Miller and AIC program allies serve low to moderate-income single family

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<sup>1</sup> Kit contents vary depending on customer type. Dual-fuel (“full”) kits include four LEDs, two faucet aerators, one showerhead, one advanced power strip, and a water heater temperature card. Electric-only kits exclude hot water measures and include four additional LEDs (eight total). Gas-only kits exclude LEDs and power strips but include a shower timer and a thermostatic valve.

<sup>2</sup> Low income customers are defined as those less than 200% of federal poverty guidelines. Moderate income customers are defined as those between 200% and 300% of federal poverty guidelines.

customers who do not participate in the Illinois Home Weatherization Assistance Program (IHWAP). Community Action Agencies (CAAs), with support from AIC partner Resource Innovations, serve low-income single family customers that also participate IHWAP. CMC Energy and three<sup>3</sup> specific AIC program allies serve IQ multifamily properties. All AIC program allies providing initiative services must be “core” allies, meaning they are BPI-certified. Table 1 below briefly describes each implementation partner’s role.

Table 1. 2019 IQ Initiative - Key Implementation Partners and Roles

Partner	Multifamily Channel	Single Family Non-CAA Channel (without IHWAP)	Single Family CAA Channel (with IHWAP)
Leidos	Overall marketing and implementation lead, customer eligibility review, QC field inspections, technical reviews of scopes of work, incentive application review		
CMC Energy	Marketing, audits and DI	None	None
Walker-Miller	None	Marketing, audits and DI, QC field inspections of program ally projects <sup>a</sup>	None
Resource Innovations	None	None	Marketing, CAA oversight and support, incentive application review;
CAAs	None	None	Marketing, waitlist management, eligibility review, audits and DI, shell/HVAC retrofits, QC field inspections
Program Allies	Marketing, shell/HVAC retrofits	Marketing, audits and DI, shell/HVAC retrofits <sup>a</sup>	None <sup>b</sup>

a. For the single family non-CAA channel, either Walker Miller or a program ally may complete the energy audit with DI, depending on who identified the lead. Program allies complete all shell and HVAC retrofits.

b. Most CAAs complete projects on their own but some smaller CAAs may bid out project work to certified contractors.

## Key Changes to Implementation in 2019

There were a few key changes in 2019 that significantly impacted single family non-CAA and CAA channel implementation, coordination, and communication processes. There were no substantial changes to multifamily channel implementation.

- After achieving participation goals, the single family non-CAA channel began offering a scaled-down audit, called the Instant Savers Audit. This new, scaled down offering reduced costs for the audit and helped preserve the implementation budget while enabling AIC to continue to meet customer demand for services. The Instant Savers Audit provides the same DI measures and health and safety inspections as the original audit but does not perform blower door or combustion testing and does not provide a proposed shell and HVAC retrofit scope of work. Walker-Miller then puts customers on a wait list for shell and HVAC retrofits in 2020 if such opportunities potentially exist. Leidos and AIC commented that removing these tests was a logical way to lower the cost of audit implementation per

<sup>3</sup> Assured Energy does all shell retrofits. AAA Northgate or Rebel Inc. do all HVAC retrofits.

customer as these tests would need to be performed again just prior to receiving shell and HVAC retrofits in 2020.

- Resource Innovations made changes to CAA project forecasting support and invoice payment processes. In 2018, CAAs provided volume forecasts only on an annual basis although AIC reports on progress monthly. Resource Innovations now meets with each CAA quarterly to review forecasts, confirm monthly targets, and re-allocate funding as needed. Resource Innovations, Leidos, and AIC all agree that this has significantly improved forecasting accuracy. As for incentive payment to CAAs, incentives were originally processed in bulk monthly, causing some CAAs to wait four weeks or more. In 2019, Resource Innovations now processes incentives as they come and CAAs receive incentives no more than three weeks after project completion.
- Leidos' Home Energy Specialist (HES) call center now monitor the status of single family non-CAA audits completed by program allies. HES staff follow-up with program allies to confirm that audits are scheduled and completed.
- Leidos changed the standard pricing process in 2019. Leidos brings together implementation staff and top-performing single family and multifamily program allies (i.e., allies that provide most project volume) for annual review process.
- Walker-Miller added a new internal QA/QC process for audits. A Field Supervisor now shadows a sample of field staff audits. There is no specific goal for the percentage of audits the supervisor shadows. The supervisor aims for equal coverage across Walker-Miller field staff.

## Additional Successes and Challenges

AIC and implementation staff across the board commented that the Initiative has been very successful across all channels. According to interim tracking data, the IQ Initiative does appear to have gained significant traction in IQ communities since launching in 2018; at the midway mark, the Initiative had already achieved or exceeded 2018 full year participation achievements. According to staff, increased communication between program allies, AIC and implementation staff, increased engagement with CAAs, and positive word of mouth about the initiative have all contributed to the heightened success of each channel in 2019. Key successes that staff mentioned are below.

- Staff considered achieving full subscription of the single family non-CAA channel as of July and the ability to roll-out a scaled down audit to continue to meet customer demand to be a notable success. Also of note, the single family CAA channel has avoided scaling down services because CAAs braid AIC and IHWAP funds, suggesting that this is a beneficial partnership for the Initiative.
- CMC Energy hired an outreach coordinator to provide specialized outreach to qualifying multifamily properties for the IQ Initiative. CMC attributed much of this channel's ability to fill the pipeline to this new hire.
- Increased engagement with CAAs, such as forecasting assistance and more frequent check-ins, has improved the accuracy of project volume forecasts, enabling Leidos and Resource Innovations to synchronize CAA and AIC reporting timelines.

While the Initiative has been largely successful, initiative staff reported a few challenges.

- Leidos reported that managing customer satisfaction is a top priority when delaying shell and HVAC retrofits for customers. HES staff play a key role in addressing any customer concerns. Walker-Miller

noted that the transition to scaled-down audits and delaying shell and HVAC work is challenging for program allies who depend heavily on the initiative for their business.

- Changes in federal energy policy left AIC and Leidos with some uncertainty regarding the future of standard LEDs. AIC originally phased out standard LEDs from the Initiative during 2019. However, recent updates to the IL-TRM have led to an Initiative design that will include standard LEDs in the 2020 program year. Leidos will continue to explore opportunities to add new electric savings measures and is also conducting research to understand if there are any remaining specialty lighting opportunities.
- Resource Innovations experienced increased administrative burden associated with providing more rapid payment to CAAs but reported that it is a worthwhile tradeoff as timely payments improve CAA relationships with the initiative.

### Program Implementation Details and Process Models

The evaluation team updated process models for the Initiative, provided below. Table 2 following the files provides a summary description of the process steps included in the process models and highlights key distinguishing factors of each channel. We provide process model files following the table. Notably, the single family non-CAA model reflects the initial process for the first half of 2019, not the transition to the Instant Savers Audit in mid-2019. We note key differences in the process in the next table in green text.



Table 2. Implementation Process Overview

Process Step	General Process Description	Key Distinguishing Features of Each Channel
Marketing, Outreach, and Coordination	AIC, Leidos, implementation staff, and Program Allies attend an annual kickoff meeting, and there is an annual pricing review that top-performing Program Allies are invited to attend. AIC, Leidos, implementation staff, program allies, and CAAs conduct collaborative marketing efforts such as community fairs, as well as their own marketing efforts. The customer decides to participate and fills out an application.	<p><b>Single Family Non-CAA</b></p> <ul style="list-style-type: none"> <li>Customers have two paths for applying. They can apply through Program Allies or apply themselves via phone, web, or e-mail. Leidos HES staff process applications and assign Walker-Miller or the referring Program Allies for audits.</li> </ul> <p><b>Single Family CAA</b></p> <ul style="list-style-type: none"> <li>CAAs do not attend the annual kickoff or the annual pricing review meetings.</li> <li>CAAs meet regularly with Resource Innovations to update forecasts and funding allocations</li> <li>CAAs typically must waitlist customers who are interested in participating.</li> <li>Customers submit applications to CAAs and CAAs move forward with work. AIC and the Initiative implementation staff are not involved until after project completion.</li> </ul> <p><b>Multifamily:</b></p> <ul style="list-style-type: none"> <li>CMC works with Leidos to compile a list of target multifamily properties.</li> <li>CMC handles all application paperwork and asks for the customers' signature.</li> </ul>

Process Step	General Process Description	Key Distinguishing Features of Each Channel
Energy Audit and Direct Installs	CAAs, program allies, and implementation partners schedule and perform energy audits and install DI measures. The outputs of the audit are an audit report and a proposed scope of work for shell and HVAC retrofits.	<p><b>Single Family Non-CAA</b></p> <ul style="list-style-type: none"> <li>Either Walker-Miller or the referring program ally perform audits, depending on how the customer applied.</li> <li><b>The Instant Savers Audit does not provide a shell and HVAC scope of work.</b></li> </ul> <p><b>Single Family CAA</b></p> <ul style="list-style-type: none"> <li>Because they braid AIC, IHWAP, and other funding sources, CAAs use the WeatherWorks tool to determine what funding mix to use for DI measures.</li> </ul> <p><b>Multifamily:</b></p> <ul style="list-style-type: none"> <li>CMC performs all audit and DI projects</li> <li>CMC must provide a DI scope of work to Leidos for technical review and eligibility confirmation.</li> </ul>
Installation Shell/ HVAC Retrofits	The customer decides to complete shell and HVAC retrofits. Leidos performs a technical review of the shell and HVAC scope of work and a pre-inspection of the property for the multifamily and non-CAA channels. Program Allies and CAAs schedule and complete shell and HVAC retrofits.	<p><b>Single Family Non-CAA</b></p> <ul style="list-style-type: none"> <li>After the transition to an Instant Savers Audit, a second audit will be performed to develop a scope of work.</li> <li>Program Allies perform all shell and HVAC retrofits. Any “core” (BPI-certified) program ally can complete this work.</li> </ul> <p><b>Single Family CAA</b></p> <ul style="list-style-type: none"> <li>CAA scopes of work are not subject to Leidos’ QA/QC process</li> <li>CAAs use the WeatherWorks tool to determine what funding mix to use for shell and HVAC measures.</li> </ul> <p><b>Multifamily:</b></p> <ul style="list-style-type: none"> <li>AIC has three specific Program Allies that work on multifamily shell and HVAC retrofits.</li> </ul>
Incentive Application	After work is completed, Program Allies and CAAs provide incentive applications to AIC and Leidos. Leidos performs technical reviews of incentive applications and performs field QA/QC inspections. After any issues are rectified, CAAs and Program Allies are paid.	<p><b>Single Family Non-CAA</b></p> <ul style="list-style-type: none"> <li>Moderate income customers may need to pay Program Allies for HVAC-related mechanical repairs exceeding \$1,000 and shell retrofits exceeding \$2,000.</li> <li>Leidos’ goal is to perform field inspections of 10% of projects.</li> </ul> <p><b>Single Family CAA</b></p> <ul style="list-style-type: none"> <li>CAAs’ internal QC staff conduct their own field inspections on 100% of all projects. IHWAP and Leidos may also select CAA projects for field inspections. As a result, it is possible that a customer could receive up to three field inspections. Leidos coordinates with IHWAP to avoid duplicative visits.</li> <li>Leidos’ field inspection target is 100% of the first five projects completed by a given CAA, a minimum of 20% of the next 20 projects, and 5% of projects thereafter.</li> <li>Resource Innovations assists CAAs with preparing the AIC incentive application and rectifying any errors.</li> </ul> <p><b>Multifamily:</b></p> <ul style="list-style-type: none"> <li>Leidos performs field inspections of 100% of projects.</li> </ul>

Note: green text indicates key differences between the original 2019 audit and the Instant Savers Audit for the single family non-CAA channel.