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*Residential Program Ideas
for IL Utilities' 2022-2025 Plans -
Income Qualified Multifamily Ideas*



Presented at IL SAG + IQ Advisory Committee Meeting

May 13, 2020

Income Qualified Multifamily (IQ MF) Program Enhancements Overview + Goals

- **Overview:**
 - Increase budgets and implement best practice program design for Income Qualified Multifamily (IQ MF) programs
 - This housing stock still has significant untapped energy savings potential in IL
 - Enhancements will help to better and holistically serve IL's affordable MF housing owners and residents
 - Will also lead to increased energy savings and non-energy benefits from the IQ MF programs
- **Goals:**
 - Produce comprehensive, whole-building savings and benefits that meet customer needs across all fuels and parts of the building
 - Help to reduce energy burden of IQ MF residents and preserve IL's affordable multifamily housing stock

IQ MF Budget Proposals

- IQ MF Electric Budget Proposals:

- Ameren IQ MF - \$6-\$8M/year
- ComEd IQ MF - minimum of \$12.4 M/year

- IQ MF Gas Budget Proposals

- Ameren IQ MF - consider necessary ramp-ups, given requested increases on the electric side. Discuss **30-50% of IQ gas budget being spent on IQ MF.**
- PG/NSG IQ MF - ensure that at least the minimum percentage spend on IQ MF from the last portfolio's stipulation agreement is met and maintained (**at least 40% of IQ budgets should be spent on MF**).
- Nicor IQ MF- ensure that at least the minimum percentage spend on IQ MF from the last portfolio's stipulation agreement is met and maintained (**at least 30% of IQ budgets should be spent on IQ MF**)

IQ MF Program Design Best Practices: Comprehensive Building Approach & Incentives

- A whole building approach includes measures and incentives for all types of IQ MF spaces addressed comprehensively in one program.
 - All the in-unit, common area, building systems, building envelope, and outdoor measures should be addressed in one program
 - Give IQ MF building owners an understanding of the full scope of all available energy efficiency offerings
 - Create a system that ensures owners brought in for rebates by trade allies receive energy assessments and/or information about all available offerings for their property
 - Include free direct install measures and generous to fully covered whole-building and common area incentives.
 - One IQ MF program, rather than one program for direct install, another for common areas, and another for whole building work.
 - Also includes new measures to reach deep savings in IQ MF properties, such as IQ MF heat pumps (*Chris to address at the end*)

IQ MF Program Design Best Practices: True One-Stop Shop Design

- A true one-stop shop includes:
 1. Coordinated access to other programs or co-delivery rather than referrals
 2. A single application rather than multiple applications
 3. A comprehensive audit and benchmarking rather than a limited audit
 4. Energy auditor develops a recommended scope of work, including a comprehensive set of improvements, installation costs, available utility incentive programs, available financing options, and economic benefits
 5. Single point of contact assists with coordination of rebates, incentives, and financing options, including outside sources
 6. Client is provided with a list of qualified and available contractors and help evaluating bids, selecting contractors, and scheduling
 7. Single point of contact is involved in communications with contractors and project managers, and monitors progress
 8. Quality inspections on 100% of participating properties, during installation when necessary, and at project completion

ONE STOP SHOP

3x  One-stop-shop, whole-building programs can lead to **three times** as much savings in energy costs

7x  **AND** **seven times** the uptake rate as other energy-efficiency programs.*

- A single point of contact
- A universal intake application
- Comprehensive technical assistance
- Streamlined access to all multifamily

IQ MF Program Design Best Practices: Gas and Electric Co-Delivery

- In any areas where gas and electric utilities have overlapping territory, there should be close collaboration and co-delivery of IQ MF programs. This includes:
 - Collaborative marketing and outreach of IQ MF programs
 - Collaborative applications
 - Collaborative assessments (that screen for both gas and electric measures)
 - Collaborative delivery and implementation of work
 - Collaborative QC/QA inspections
- Utilities should also look for opportunities to collaborate with any overlapping municipal, cooperative, and/ or water utilities in their territories as well.

IQ MF Program Design Best Practices: Connections to Financing

- Important to always offer incentives/rebates first, and then use financing to help owners to fill any gaps.
- Financing should be available for IQ MF building owners only, any in-unit equipment should be fully covered and not the responsibility of IQ MF building tenants
- Expand On-Bill Financing and other utility-offered financing programs to include options for IQ MF building owners
- Identify other local and state financing options
- Provide additional assistance to owners to help them directly connect to financing offerings (beyond referrals/ make a direct connection and help owners apply)

IQ MF Program Design Best Practices: Collaboration with State Housing Finance Agency

- Connect regularly with the state housing finance agency - the Illinois Housing Development Authority (IHDA)
- IHDA awards low-income housing tax credits (LIHTC) to affordable multifamily developers and owners across the state
- They also work closely with affordable housing owners at their time of re-financing (usually every 15-20 years).
 - Re-financing is a key time for owners to consider upgrades to their properties
 - The earlier the affordable housing owners add energy efficiency improvements to their upgrade re-financing plan the better
 - It is often helpful for owners to receive a rebate commitment letter - so they know how much they can expect to receive from utility energy efficiency programs as they plan their capital stack of how to pay for their upgrades.

IQ MF Program Design Best Practices: Comprehensive, Detailed Reporting

- More comprehensive, detailed reporting is helpful to understanding the performance and effectiveness of IQ MF programs.
- At a minimum, all IL utilities should report IQ program data separately by SF and MF
- Additionally, more detailed/consistent data should be discussed within following categories:
 - Budgets
 - Savings
 - Participation (buildings and units)
 - Measure level data
 - Direct install vs. whole building work
 - Incentives
 - Outreach
 - Implementers
 - Property types

IQ Multifamily Heat Pumps

- **Program concept:**
 - Retrofitting in MF buildings currently using inefficient electric resistance heat
 - Integrated w/existing MF whole-building retrofits...
 - ...but targeted marketing to electrically-heated building owners
 - Consider various lessons from ComEd pilot
 - Bulk purchases of heat pumps to lower cost?
 - Outdoor temp. lockouts?
 - Other?
- **Target market:**
 - Ameren: ~60% of IQ MF electrically heated (2016 potential study)
 - ComEd: 24% of MF have primary electric heat, probably disproportionately IQ
- **Rationale:**
 - Cold climate heat pumps can save 60-70% per unit of heat (vs. electric resistance)
 - Biggest savings opportunity - by far - for affected households
 - Technology has very low market share - big opportunity to grow/shape market

Note: we have also proposed a non-IQ Multi-Family Heat Pump program (presented 5/12/20)



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