

Illinois Energy Efficiency Stakeholder Advisory Group

2020 SAG Portfolio Planning Process
Proposed Energy Efficiency Ideas Template

Submitter Contact Information

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Energy Efficiency Idea Questions

Please check the boxes below to identify 1) the type of idea; 2) which Illinois utility or utilities will be impacted by the idea; and 3) which EE sector the idea impacts.

Check	Type of Energy Efficiency Idea
<input type="checkbox"/>	New Measure or New Program Idea
<input checked="" type="checkbox"/>	Proposed Program Approach
<input type="checkbox"/>	Innovative Idea

Check	Illinois Utility Impacted by Energy Efficiency Idea
<input type="checkbox"/>	Ameren Illinois
<input type="checkbox"/>	ComEd
<input type="checkbox"/>	Nicor Gas
<input type="checkbox"/>	Peoples Gas & North Shore Gas
<input checked="" type="checkbox"/>	All Illinois Utilities

Check	Energy Efficiency Sector Targeted by Energy Efficiency Idea
<input type="checkbox"/>	Residential Customers – Single Family (non-income qualified/income eligible)
<input type="checkbox"/>	Residential Customers – Multifamily (non-income qualified/income eligible)
<input type="checkbox"/>	Residential Customers – Single Family Income Qualified/Income Eligible
<input checked="" type="checkbox"/>	Residential Customers – Multifamily Income Qualified/Income Eligible
<input type="checkbox"/>	Small Business Customers (commercial & industrial sector)
<input type="checkbox"/>	Medium/Large Business Customers (commercial & industrial sector)
<input type="checkbox"/>	Other (research & development, emerging technologies, market transformation)

Additional Questions

1. **Description of Idea:** Describe the proposed idea, including the purpose of the suggested idea and rationale. Describe whether this is an idea that could be implemented in an existing EE program, or whether the idea involves establishing a new measure or program. Please indicate whether additional research may be required before implementation.

Questions to consider: What issue will this proposed change resolve? Will the proposed change increase participation and result in increased energy savings? Will this reduce costs? Will this increase customer satisfaction? Will this help achieve statutory goals? Will this help increase program penetration?

Income Qualified Multifamily Budget and Program Design Enhancements:

Overview – Increase budgets and implement best practice program design for Income Qualified Multifamily (IQ MF) programs, in order to adequately serve IL’s affordable multifamily housing owners and residents. This housing stock still has significant untapped energy savings potential in IL. If IQ MF buildings and units are served comprehensively, these enhancements will lead to increased energy savings and non-energy benefits from the IQ MF programs. The goal of these enhancements is to produce comprehensive, whole-building savings and benefits that meet customer needs across all fuels and parts of the building.

Outline of idea description:

1. **IQ MF Budget Proposals**
 - a. Electric
 - b. Gas
2. **Program Design Best Practices**
 - a. Comprehensive Whole Building Approach & Incentives
 - b. True One-Stop Shop
 - c. Gas and Electric Utility Co-Delivery
 - d. Connections to Financing

- e. Collaboration with the IL Housing Development Authority (IHDA)
- f. Comprehensive, Detailed Reporting

1. IQ MF Budget Proposals

- a. IQ MF Electric Budget Proposals:
 - i. Ameren IQ MF annual electric budget for 2022-2025 - **\$6-\$8M/year**
 - 1. Will likely need to include ramp up time in 2022 to get up to this budget level.
 - ii. ComEd IQ MF annual budget for 2022-2025 – **minimum of \$12.4 M/year**
- b. IQ MF Gas Budget Proposals
 - i. Ameren IQ MF gas budget for 2022-2025 – consider necessary ramp-ups, given requested increases on the electric side. Discuss a range **of 30-50% of IQ gas budget being spent on IQ MF.**
 - ii. PG/NSG IQ MF budgets for 2022-2025 – 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**).
 - iii. Nicor IQ MF budget for 2022-2025– 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**)

2. Program Design Best Practices

All IL utilities should incorporate the following Income Qualified Multifamily program best practices, recognizing that some programs are already incorporating many of these elements – while others are not.

a. Comprehensive Whole Building Approach & Incentives

- i. 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. IQ MF Building owners should be given an understanding of the full scope of all available energy efficiency offerings.
- ii. This includes creating 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, not just the equipment for which they initially applied for rebates.
- iii. This whole building approach requires free direct install measures, and generous whole-building and common area incentives. This should be served in one IQ MF program, rather than one program for direct install, another for common areas, and another for whole building work. For common area and in-unit prescriptive and custom measures, incentives are substantially increased compared to non-income qualified MF incentives to spur deep saving investments. The following is recommended in order to properly incentivize whole building work in one program:
 - 1. Cover 100% of the total cost for direct install measures across the entire property
 - 2. Cover 100% of the total cost for in-unit measures where the tenant pays the utility bill
 - 3. Cover an average of 40-50% of the total cost for common area, envelope, building systems, and outdoor measures, as well as for in-unit measures in master-metered buildings
- iv. This whole building approach also includes new measures to reach deep savings in IQ MF properties, such as IQ MF heat pumps (*see more detailed, separate NRDC IQ MF heat pump proposal*)

b. True One-Stop Shop Design

A one-stop shop program design consists of elements that help deliver IQ MF programs in a comprehensive, easy-to-use way for building owners. It is helpful to overcome some of the administrative barriers of delivering IQ MF programs and reduce confusion for building owners. The key elements of a one-stop shop include:

- i. Single Point of Contact
- ii. Comprehensive Technical Assistance
- iii. Single Application
- iv. Assistance with access to financing

The following best practices from Energy Efficiency for All and ACEEE outline additional details on the elements of a true one-stop shop:

<p><i>Energy Efficiency for All</i></p> <p>(https://www.energyefficiencyforall.org/resources/one-stop-shops-for-the-multifamily-sector/)</p> <p>One-Stop Shops for the Multifamily Sector²⁸</p>	<p><i>ACEEE</i></p> <p>(http://aceee.org/research-report/e13n)</p> <p>Apartment Hunters: Programs Searching for Energy Savings in Multifamily Buildings²⁹</p>
<ol style="list-style-type: none"> 1. A one-stop shop can provide coordination across electricity, gas, and water programs and consists of: <ul style="list-style-type: none"> - A single point of contact - A universal intake application - Comprehensive technical assistance - Streamlined access to all multifamily 2. A true one-stop shop includes many elements that an incomplete one-stop shop may not include: <ul style="list-style-type: none"> o Coordinated access to other programs or co-delivery rather than referrals o A single application rather than multiple applications o A comprehensive audit and benchmarking rather than a limited audit o 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 o Single point of contact assists with coordination of rebates, incentives, and financing options, including outside sources o Client is provided with a list of qualified and available contractors and help evaluating bids, selecting contractors, and scheduling o Single point of contact is involved in communications with contractors and project managers, and monitors progress o Quality inspections on 100% of participating properties, during installation when necessary, and at project completion 3. Additional best practices include: 	<ol style="list-style-type: none"> 1. Provide a one-stop shop for program services. 2. Incorporate on-bill repayment or low-cost financing. 3. Integrate direct installation and rebate programs. 4. Streamline rebates and incentivize in-unit measures to overcome split incentives. 5. Coordinate programs across electric, gas, and water utilities. 6. Provide escalating incentives for achieving greater savings levels. 7. Serve both low- income and market- rate multifamily households. 8. Align utility and housing finance programs. 9. Partner with the local multifamily housing industry. 10. Offer multiple pathways for participation to reach more buildings.

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| <ul style="list-style-type: none"> - Form partnerships - Provide technical assistance - Guarantee program funding and program budgets for at least three years - Assure integrated scopes of work and count savings across electricity, gas, and water programs | |
|---|--|

c. Gas and Electric Utility Co-Delivery of IQ MF Programs

- i. 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:
 - 1. Collaborative marketing and outreach of IQ MF programs
 - 2. Collaborative applications
 - 3. Collaborative assessments (that screen for both gas and electric measures)
 - 4. Collaborative delivery and implementation of work
 - 5. Collaborative QC/QA inspections
- ii. This should occur (if it's not already) in the following shared territories:
 - 1. ComEd + Peoples Gas/North Shore Gas
 - 2. ComEd + Nicor
 - 3. Ameren + Nicor
- iii. Utilities should also look for opportunities to collaborate with any overlapping municipal, cooperative, and/ or water utilities in their territories as well.

d. Connections to Financing

- i. An element of a one-stop shop is helping to connect IQ MF owners with available financing (wherever rebates aren't covering 100% of the cost of upgrades). While this is touched on above in the one-stop shop section, this section includes some additional best practices.
- ii. Note that it is 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. It is important to not add any additional debt/burden to IQ MF tenants.
- iii. Expand On-Bill Financing and other utility-offered financing programs to include options for IQ MF building owners.
- iv. Identify other local and state financing options. Ensure building owners are aware of these options when they're assessing what work to move forward with.
- v. Provide additional assistance to owners to help them directly connect to financing offerings. This should go beyond referrals and should include making a direct connection and helping owners apply for any necessary financing.
- vi. Explore the merits of discounted financing

e. Collaboration with the Illinois Housing Development Authority (IHDA)

- i. 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). This time of re-financing is a key time for owners to consider upgrades to their properties, which means it is a key time for utilities to get energy efficiency offerings in front of owners. IHDA keeps track of when developers and owners are up for re-financing. 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. Utilities should consider regular meetings, 1-2 times a year with IHDA staffers to collaborate more going forward.

f. More Comprehensive, Detailed Reporting

- i. More comprehensive, detailed reporting is needed to understand the performance and effectiveness of IQ MF programs. At a minimum, all IL utilities should report their income-qualified program data separately by single-family and multi-family. Additionally, more detailed/consistent data is needed on the following categories (to be discussed further):
 1. Budgets
 2. Savings
 3. Participation (buildings and units)
 4. Measure level data
 5. Direct install vs. whole building work
 6. Incentives
 7. Outreach
 8. Implementers
 9. Property types

2. **Implementation:** How will this idea be delivered to the target market? Describe marketing strategies used to reach the target market and minimize market confusion.

Should be integrated with current delivery mechanisms for the utility's IQ MF programs.

For programs that will need to ramp up their IQ MF performance, here are some additional suggestions for how to reach IQ MF building owners:

- Regular conversations/meeting with IHDA
- Share information with affordable MF owners via e-newsletters of affordable housing groups, trade associations, etc. and/or requesting to attend and present at a meeting -
 - Examples of groups to share information with:
 - Preservation Compact
 - IL Housing Council
 - IL Association of Housing Authorities
 - Housing Action IL
- Have an affordable housing and EE session at IL affordable housing conferences, such as:
 - IL Affordable Housing Forum
 - Housing Action IL
- Share information on IQ MF programs with cities, counties, and other local units of government to put on their websites and in their newsletters
- Search for affordable housing properties via the [National Housing Preservation Database](#) – includes a database, mapping, research, and more. Can assist in searching for affordable housing properties by location, funding stream, or subsidy end date

3. **Background:** Describe where the idea originated from, including whether this idea has been successfully implemented in other jurisdictions. Provide specific background information that will help utilities and SAG participants understand the proposed idea.

Questions to consider: In what jurisdiction has this idea been successfully implemented? Do you have information on eligible customers, participation achieved, and/or savings achieved? Do you have access to reports describing the successful idea / program approach?

Rationale –

IQ MF Sector is Underserved and IQ MF High Energy Burden - The low-income multifamily sector has traditionally been an underserved sector by energy efficiency programs – often due to administrative barriers. Yet, this sector has a high need for energy efficiency improvements. Low-income multifamily households face a higher energy burden than non-low-income households. A 2016 report by Energy Efficiency for All and the American Council for an Energy Efficient Economy that looked at energy burden across 48 metropolitan areas found that low-income multifamily households had a median energy burden of 5.0 percent compared to only 3.5% for households generally and 1.5% for non-low-income multifamily households. The median low-income multifamily household spends 5% of its gross income on energy utility spending. The study also found that low-income multifamily households “faced the highest average energy burdens in the Southeast and Midwest regions” compared to other regions.

Background on budget numbers:

- Ameren IQ MF electric budget proposal
 - For budget low-end: EEFA Potential Study base case maximum achievable potential scenario costs for Ameren IL (\$60M) (table 20) divided by 20 years of the study (\$3M)+ additional budget for heat pumps (\$3M).
 - For budget high-end: ½ of the Ameren IQ MF budget (\$8M)
- ComEd IQ MF
 - EEFA Potential Study base case maximum achievable potential scenario costs for ComEd (\$248M) (table 20) divided by 20 years of the study (\$12.4M)
- Gas budgets
 - Based on minimum percentages for IQ MF outlined in stipulation agreements from 2018-2021 plans

4. **Idea Impact:** Provide additional information on the customer segment that will be targeted with the program idea, including how and why this idea will have a positive impact on customers participating in Illinois EE programs.

Questions to consider: What level of impact will this idea have on current EE programs? How much additional market share do you estimate this change will impact?

This idea will assist the utilities in realizing additional energy savings and untapped potential from their IQ MF programs, by reaching more properties and serving them in a comprehensive way. It will also help affordable multifamily owners and tenants across IL receive the long-term bill savings and non-energy benefits of energy efficiency work that they need.

5. **Duration:** Is this idea intended to be offered for the duration of the 4-year EE Plan or as a pilot measure or program?

Duration of 4-year EE Plans

6. **Estimated Budget:** Provide the total estimated budget for each program year (2022 – 2025).

See proposed budgets under question #1

7. **Estimated Participation:** Provide participation totals for each program year (i.e. number of measures installed, number of customer participants, etc.)

TBD - For further discussion

Sources

If any sources will be useful to Illinois utilities in reviewing ideas, please either provide links within this template or send attachment(s) to the SAG Facilitator with the Energy Efficiency Idea submittal.

- [Energy Efficiency for All \(EEFA\) website](#) (for resources, background, and more on affordable multifamily energy efficiency best practices from across the country)
- [EEFA Potential Study](#)
- [EEFA City Energy Burden Study](#)
- [EEFA Rural Energy Burden Study](#)
- [EEFA One Stop Shop Guide](#)
- [ACEEE MF page](#)
- [ACEEE Closing the Gap Study](#)