Memorandum
Ameren Illinois Program Ally Research

To: Ameren Illinois
From: Opinion Dynamics
Date: February 19, 2016
Re: Ameren Illinois PY8 Business Program Ally Research

Introduction

To help inform Ameren Illinois' (AIC) PY9 planning, Opinion Dynamics conducted interviews with Business Program allies. We conducted interviews in December 2015 and January 2016. The interviews investigated program participation processes, program ally and participant satisfaction, barriers to participation, and the impacts of program participation on program ally business and practices. We also explored changes in the program including the move away from program ally bonuses and the introduction of instant incentives for lighting and any resulting confusion in the marketplace. This memo summarizes the findings from these interviews.

Program Ally Firmographics and Program Participation

Opinion Dynamics interviewed 16 program allies active during PY8. They represented a variety of market actor types including electrical and lighting contractors, commercial refrigeration vendors, building automation system vendors and contractors, distributors, and manufacturer's representatives. Most allies reported completing primarily lighting projects through the program, but we also spoke to a few allies who have completed refrigeration projects, variable frequency drive projects, and building automation systems.

Program allies also varied in terms of the length of their participation in the Business Program. Of the 14 allies that could recall when they joined the program, 11 reported that they joined the program in PY4 (2012) or earlier, while two reported joining in 2013 and one ally was new to the program as of 2015.

We aimed to speak with allies who were currently active in PY8 and who had consistent involvement in the program through prior years. Seven of the 15 interviewed allies who could provide an estimate of their project volume in PY8 compared to PY7 reported that they had completed approximately the same number of projects as in PY7. Two allies reported that their project volume had increased and five reported that their project volume had declined from PY7. Reported reasons for the decline in project volume in PY8 included increased difficulty of the application and focus on other programs or territories (e.g., the Ameren Small Business Program). One ally who reported a decrease in projects was not sure why the project volume had slowed compared to PY7.

Most of the program allies interviewed said that email was the best way to keep them up to date with program changes. Four allies also said that calls from AIC program staff were a good way to stay up to date on the Business Program. Two allies also mentioned their preference for webinars.

Marketing and Outreach

Most program allies perceive customers as being at least somewhat aware of the Business Program. Allies reported that many of their customers know that the programs exist, but are not well informed about their offerings or the details of program participation.

More than two-thirds (11 of 16) of the interviewed program allies reported that they always promote the Business Program to their customers. One of these 11 noted that his company, which specializes in energy management systems, primarily does national rollouts for customers, interfaces with many energy efficiency programs and always seeks opportunities to improve the project finances through available incentives. The remaining five respondents noted that they frequently or sometimes promote the program. These allies promote the program when specific opportunities arise, either for their customers to benefit or when program measures fit with a project that a customer wants to pursue. One ally noted that they promote to customers when there is a perceived benefit to the customer and when project schedule is in alignment with the timelines of the Business Program. This respondent said:

> *"If I perceive that the customer's foot dragging is going to put them beyond [the rebate timeline] and those rebates were instrumental in landing the project, then I don't bring [the rebates] forward because they just confuse the issue. I make them decide on doing the work based on the price it is going to cost them, rather than fooling them into the idea they are going to get a bunch of rebates when I don't see us meeting that schedule."*

Most interviewed allies reported that they do not do much marketing for the Business Program; only seven respondents stated that they conduct some marketing. These allies use a variety of marketing tactics including cold calling, trade shows, promoting the program through the company's sales group, referrals through the internet, talking to customers directly while at their facilities, and mailing flyers.

Relatively few allies reported that they use program marketing materials provided by AIC. Two respondents said they have used one-sheet flyers provided by AIC. One reported that they have used Business Program materials during the proposal and sales process but did not specify which materials they have used. Of the seven respondents who said they perform some marketing or advertising, only one reported using co-branded marketing materials such as brochures. One respondent mentioned that they have not used co-branded marketing materials because the process for submitting those materials for approval is too difficult.

Eight allies provided some insights on what they think are the most effective advertising and marketing methods in generating customer interest in the Business Program. The majority of these allies thought direct communication with customers was most effective, followed by word of mouth among customers working in the same field. One allies said that describing the savings possibilities during the sales pitch was the most effective marketing and advertising method.

Three program allies reported that they have used the AIC Program Ally Portal website, primarily to access materials about the program. Two of these respondents may have been referring to the AmpMAGIC portal for submitting applications and other project documents, as they could not provide other information about how they had used the Program Ally Portal. This finding presents an opportunity to increase program ally awareness of the portal and further promote its use as a source for program materials, training, and information.

Program Impacts

When we asked program allies about the impacts of the Business Program on their business practices, several allies reported that they have increased their sales of energy efficient equipment in AIC's service territory thus far in PY8. Four allies noted that their sales of energy efficient equipment increased in the past year. Two of these allies noted that the Business Program was important to their sales of energy efficient equipment and two other allies specifically mentioned that they were selling more LED lighting than in the past.

Most allies reported that the Business Program had not impacted their business practices. Two allies did note that they either looked into hiring or actually hired additional staff to handle applications and other paperwork associated with the program. One ally reported that his firm had increased contacts with his key customers as a result of the program and the opportunities available for his customers. Three allies said that they have focused their efforts on selling lighting measures that are covered by the program and have been able to encourage customers to move to more efficient lighting options because of the program.

Barriers to Participation

Opinion Dynamics asked program allies to give their impressions about barriers to participation in the Business Program, both for allies and for their customers. Six allies stated that they did not see any barriers preventing allies from participating. The remaining 10 allies identified a number of barriers, including:

- The time and effort it takes to keep up with program changes (e.g., incentive levels and measures offered)

- The challenges of determining whether equipment is qualified under the program.

- Limitations of the measures that are offered under the programs and the challenge of the programs not keeping pace with changes in the market, specifically with the market shifting to LEDs. This has led one ally to file more lighting applications through the Custom Program rather than Standard Program, which adds time and effort to the application process.

- The challenge of needing to conduct on-site surveys and spend money up front in order to proceed with proposing Custom Projects to some customers.

- The timeline constraints of the program

- The difficulty of completing and submitting applications.

- Lack of incentives for municipal accounts, which are a key customer group to some allies

- Difficulty of accessing information and getting questions answered by the Business Program.

We also asked program allies to provide their thoughts on barriers to customer participation in the Business Program and potential solutions to minimize or remove those barriers. Four of the interviewed allies said that they didn't see any issues with the program. The barriers to customer participation identified by program allies include:

- Lack of awareness of the Business Program and its requirements

- Misinformation and misunderstanding of the program and incentives

- Burden of the application and paperwork

- The technical nature of the program can make it hard for non-specialist customers to understand, particularly for HVAC

- The structure of the incentives makes it difficult for allies to present the savings opportunities to customers at the start of a project.

Recent Program Changes

During the interviews we asked program allies about recent changes made to the Business Program, including the shift away from ally bonuses in PY8 and the introduction of instant incentives for lighting. Only eight of the sixteen interviewed allies had heard about the move away from ally bonuses. Of those aware of this program change, three reported that it affected their involvement in the program. These three allies reported that the removal of the bonus lowered their motivation to participate in the program. One of these three allies also noted that it made projects less competitive for his customers because they would typically pass the program ally bonus through to customers as an added selling point. However, this ally has not decreased their participation in the program because the incentives are still strong for their customers. Another ally who said that the change in bonuses affected program involvement noted that the company had shifted towards working more with public sector clients because the incentives available to those customers through DCEO are easier. This ally said,

> *"The DCEO program tends to be my go-to. I try to look for public sector customers, simply because it's an easier program to sell. It's cleaner; there's one program. I don't have a bunch of different divisions. I have one set of people who administer the program. It's just kind of cleaner and more profitable for the end users to participate in it."*

One program ally who was not aware of the removal of program ally bonuses noted that it might affect participation in the future now that they were aware of the change. Another ally said that they have seen their distributor and contractor partners passing on small projects now that the program ally bonus is no longer available.

Two program allies of the 16 interviewed reported that they have received instant incentives for lighting. These allies reported that they have had positive experiences with this new addition to the program. A few of the interviewed allies who noted that they had not participated in the instant incentive provided reasons for not participating. These included the length of time to receive the incentive, confusion about the protocol, and that the instant incentive would not provide the best incentive for their customers.

Satisfaction

Generally, program allies expressed satisfaction with the Business Program. On a scale of 0 (not at all satisfied) to 10 (extremely satisfied), allies provided an average rating of 7.9, with the lowest rating a 6. When asked to rate satisfaction with program components, most program allies provided high scores. **Error! Reference source not found.** provides a summary of the satisfaction ratings allies provided for program components.

Table 1. Program Ally Satisfaction with Components of the Business Program

Program Component	Number of Responses	Average Satisfaction Rating (0 "Not at all Satisfied" to 10 "Extremely Satisfied")	Minimum Satisfaction Rating (0 "Not at all Satisfied" to 10 "Extremely Satisfied")
The application process	16	6.7	2
The measures offered	16	7.1	4
Incentive Amounts	16	6.8	4
Training Provided	8	7.7	5
Communications with Program Staff	15	9.0	7
Overall Program Satisfaction	15	7.9	6

Allies gave the lowest average satisfaction rating to the application process, providing a mean score of 6.7. Some of the comments from program allies who gave the application process low scores highlighted that they think the application process is difficult and time consuming and that it is difficult to enter information into forms for the application.

Program allies were satisfied overall with the measures and incentive levels offered by the Business Program, rating those two components an average of 7.1 and 6.8 respectively. The lowest satisfaction score for both the measures offered and for the incentive amounts was 4. With respect to the incentive levels, several allies said that, although they were satisfied, they would like higher incentive levels. Two of these allies who provided low satisfaction ratings for the incentive levels cited their work with other programs that provide more generous incentives for similar measures. One ally said that it was unclear if there are other incentives that are better through other programs.

Those who gave low satisfaction ratings to the program measures requested increased standardization of the measures that are offered and more synchronization between the measures in the Custom and Standard Programs, particularly with respect to lighting. Another ally said that most of the measures offered do not work well for their company because of the equipment upon which they focus, with the exception of the incentives for variable frequency drives (VFDs).

Only eight of the 16 interviewed allies could comment on their satisfaction with training through the Business Program. The other respondents could not recall receiving training from AIC or could not provide a rating. Respondents who could rate their satisfaction with training provided an average rating of 7.7. One respondent said that it would be beneficial to have training sessions available in more locations because their company is too far away from trainings that are held in the southern part of AIC's territory.

Program allies provided extremely positive feedback concerning communications with Business Program staff, with allies mentioning their satisfaction with them repeatedly and in multiple contexts during the interview. Several allies said that they consider the people behind the program to be its greatest strength. Allies mentioned that the program staff are extremely responsive to their questions and requests. Overall, the respondents rated their satisfaction with communications with program staff an average of 9 out of 10 and the lowest rating for this program component was 7 out of 10.

Strengths

When asked about the strengths and weaknesses of the Business Program, allies discussed several of the topics that were addressed in other parts of the interview. As strengths, several allies mentioned the resources and staff that AIC dedicates to the Business Program and the ability to offer incentives to customers that change behaviors and increase sales.

Weaknesses

Program allies offered their thoughts about weaknesses of the program that were also addressed during the course of the interview. Several allies noted issues with the application, including the time required to complete it and submissions of the applications. A few allies noted that the process for pre-approvals for some projects is difficult and that it would benefit from a technical review by Business Program staff. At least two allies also mentioned that there was confusion about the instant incentives available through the program, as well as the Small Business Program. One ally noted that the frequency of changes to the program creates challenges. Two allies also mentioned the need for more standardization in the programs and a move towards calculated savings.