1.1.1 Verification and Due Diligence Procedure Review

The evaluation team explored the quality assurance and verification activities currently carried out by implementation staff. We compared these activities to industry best practices[1] for similar commercial programs to determine:

1. If any key quality assurance and verification activities that should take place are currently not being implemented;

2. If any of the current quality assurance and verification activities are biased; and

3. If any of the current quality assurance and verification activities are too time-consuming and might be simplified or dropped.

This assessment primarily relied on in-depth interviews with implementation staff. We include a summary of key quality assurance and verification activities currently conducted by ComEd's Midstream Lighting program and recommendations for improvement; an overview of data collection activities carried out for this task; and detailed findings on current quality assurance and verification activities.

1.1.1.1 Summary and Recommendations

Overall, ComEd's quality assurance and verification procedures for the Midstream Lighting Program are strong and in accordance with best practices for such a program. In particular, the program is strongest in implementing and utilizing systems to ensure that only eligible products and eligible businesses are included in the program. Suggested improvements focus on documentation of existing procedures, collection of participating end user business contact information[2], and ensuring that MOUs with lists of eligible products are in place as early as possible prior to the start of a new program year.

Table 1 summarizes the quality assurance and verification activities currently carried out by the Midstream Lighting Program. It also features recommended changes to current procedures, as well as recommendations regarding additional activities that ComEd could implement to enhance current quality assurance and verification.

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[1] See the Best Practices Self Benchmarking Tool developed for the Energy Efficiency Best Practices Project: http://www.eebestpractices.com/benchmarking.asp.

[2] This has been added as program requirement for PY5. Data should be reviewed early on in PY5 to ensure compliance.

Table 1. Summary of Quality Assurance Activities in Place and Recommendations

Quality Assurance Activities in Place	Recommended Changes
• Measures to ensure program and product eligibility requirements are communicated	• Formal documentation • Ensure qualifying product lists are developed and shared with distributors as early as possible
• Measures to ensure only qualified products and qualifying businesses are included in program	• Formal documentation
• Measures to ensure accurate data submission	• Require collection of business customer contact and telephone number on invoice to aid in annual evaluation process
• Field Representative support and oversight to asses progress towards goals and actions	• Formal documentation
• In-depth interviews with distributors to get feedback on program challenges and satisfaction	• None

1.1.1.2   Data Collection

Data for this effort was gathered through in-depth interviews with key implementation staff (see Table 2 for details). The Self Benchmarking spreadsheet found within the Best Practices in Energy Efficiency Programs (http://www.eebestpractices.com/benchmarking.asp) was used as a guide to aid in the collection of data from program implementation staff.

Table 2. Implementation Staff Contacts and Interviews

Implementation Staff Contact	Date Interviewed
Debra Ponder, Applied Proactive Technologies (APT)	October 29, 2012
Kerry Smith, Energy Federation Corporation (EFI)	October 31, 2012

1.1.1.3   Results

Eligibility

The rebate fulfillment process is managed by Applied Proactive Technologies (APT), with invoice verification and payment processing support from Energy Federation Corporation (EFI). APT manages communications with ComEd program staff to ensure that both program requirements and product eligibility information are transferred to both EFI and participating distributors.

The process is initiated when ComEd program staff set program requirements and specifications for program qualifying products. Program Staff communicates that information to APT, who informs participating distributors of the specifications. Distributors then put together a list of products with SKUs

that adhere to the program specifications (a "lamp list"). This lamp list is shared with APT, who develops individual MOUs for each distributor. The MOUs contain various stipulations, including the dates when the products are able to be incentivized, what products are eligible based on the program specifications, the distributors' lamp list, and the incentive amount per product. Each MOU is signed by both ComEd and the distributors.

If there are changes to the program, ComEd notifies APT. APT is responsible for sending updates about program changes to EFI and distributors, most commonly with an addendum to the MOU via email, but occasionally via conference call if bigger changes are being made. Similarly, APT communicates lamp list changes to both EFI and distributors through addendums to the MOU. Updates to the lamp list can be made as often as weekly for some of the distributors. This is often because distributors make requests to add additional qualifying SKUs that were not included on the original lamp list.

Assessment: The processes put in place to ensure that program eligibility requirement are communicated from ComEd through APT and EFI all the way down to the individual distributors are sufficient. The process for adding or removing program qualifying products from the lamp lists, and then communicating that information to all parties is also largely sufficient as well. Some distributors interviewed as part of the evaluation noted that developing the initial lamp lists sooner than they have been developed in the past would allow them to better prepare for the program year. We recommend that ComEd continue to work with distributors to develop the lamp lists as soon as possible. We also recommend that APT and EFI develop formal documentation of all processes that occur to ensure that program and product eligibility requirements and changes are effectively communicated to all involved parties.

Midstream Program Sales Data Verification

EFI does not require distributors to submit invoices within any specified time frame. Some distributors submit invoices weekly, and others submit invoices monthly. An end-of-year deadline for final invoice submission is stipulated within the MOUs. Distributors are required to provide information on each sale that includes the business name and address, the dates the sales took place, bulb wattages, model numbers, and manufacturer name. The invoice must contain the MOU number and total reimbursement dollar amount requested. APT shares a list of program-eligible zip codes with EFI to help ensure that only businesses that are ComEd customers are receiving discounted bulbs.

EFI receives the invoices electronically from distributors, and depending upon the file size, it is either initially stored on their server or printed out for review. EFI uses the Paradox relational database system to store their data. EFI will store the data on site for six months to a year, and then, depending on the program and state requirements, they will ship materials to their storage facility for at least seven years. EFI's company-wide policy is to ensure that data is added to their system within three days of receipt. EFI inputs invoices daily for the Midstream Lighting Program, and in turn sends them to APT on a weekly basis.

Before invoices are sent to the EFI data processing department, staff manually examines each invoice to ensure that all required information is included—product eligibility, however, is verified during the next stage in the process. Once this initial review occurs, invoices are sent to the data processing department to be added into EFI's system, which is built to recognize program qualified SKU numbers, number of bulbs purchased, incentive levels, and all other requirements as stipulated in the MOU. Data processing staff also enters the business name and address, but in PY4 were not required to enter a contact person's name or telephone number for each business.

The system contains lookup tables of all eligible products for each MOU that stop an ineligible product from being entered. When an issue is noticed with an invoice, EFI puts it on hold (either a system hold or a manual hold depending on whether it has been put into the system) until the issue is resolved, or a corrected invoice is submitted. Any discrepancies within an invoice are sent to APT through email and APT contacts the distributor for correction.

Once the data is entered into the database system, EFI runs a check to look for other discrepancies, such as dates or addresses that do not make sense. Once that is complete, a manual check is done by a separate EFI staff person than the staff person who entered the data to ensure that the information entered into the system matches the submitted invoice – this is followed by an additional electronic quality control check. Any errors found are corrected by EFI or, if necessary, APT is contacted to begin the process of resolving the issue.

Once EFI has verified the invoices, they share the information with APT for a second round of review by uploading the data to the Frontier System for APT and ComEd to view. APT performs checks to verify that all businesses that have submitted invoices are ComEd customers. APT sends a request for payment to ComEd once invoices are verified. APT distributes funds to EFI, who has the responsibility to release those funds to participating distributors for discounted bulb sales reimbursement.

Prior to sending checks to distributors, EFI's finance department manually verifies that the dollar amount on the check matches the invoice dollar amount originally submitted by the distributor. Upon the occurrence of any issues after issuing a check, EFI contacts APT to correct the issue. Distributors expect receipt of payment within thirty days of submitting an invoice to EFI. EFI's administrative staff also checks their records to ensure the process has adhered to EFI's quality assurance and verification procedures.

Assessment: Data verification for the Midstream Lighting Program is sufficient. Appropriate checks are in place to ensure that only eligible products are discounted, and only program qualifying businesses receive those discounts. We recommend developing formal documentation of all of the quality assurance and verification checks that occur in processing midstream data.

Field Representative Quality
The APT Program Manager for the Midstream Lighting Program employs and oversees field personnel whose purpose is to engage distributors in the program. In PY4, APT hired one field representative. The APT Program Manager holds weekly standing conference calls with the field representative, and is also often in weekly contact through e-mail and phone with the field representative. The APT Program Manager goes out into the field with the field representative once a quarter to monitor the field representative's performance and progress, and to ensure that processes are being carried out as intended. There are no other quality assurance or control procedures in place for monitoring the field representative. The program added a second field representative for PY5 but otherwise processes are not anticipated to change from PY4 to PY5.

Assessment: Monitoring and verification of field representatives is sufficient. We recommend developing formal documentation of all of the quality assurance and verification checks that may be developed in the future, especially if a greater number of field representatives are hired.