

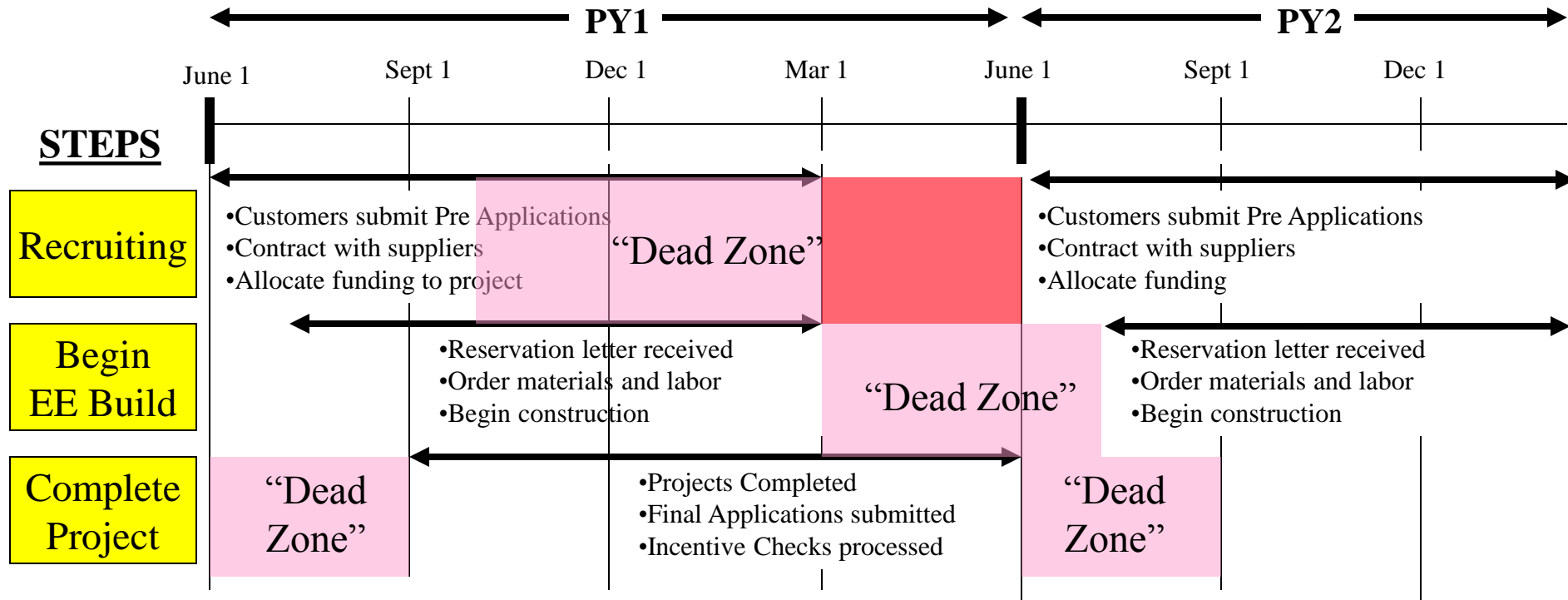
# Recommendations re: Long-Lead Time Programs

- Summary of Issues (ComEd)
- Proposed Solutions (Ameren Illinois)
  - Prescriptive / Standard
  - Custom, New Construction, and Retro-Commissioning
- Benefits and Summary (DCEO)

# Summary of Issues

- Energy efficiency project work flow does not exactly map to annual budget cycles
- Strict adherence to individual program years has led to suboptimal program approach
- The statute as currently interpreted creates a significant barrier to larger, multi-year projects
- Larger projects, that are often the most cost-effective, generally have long lead times (6 to 12 months or more) involving
  - design
  - material ordering and delivery
  - installation

# Illustration of Issues



## Existing Program Approach Create three “Dead Zones” of inactivity

- 1. Recruiting:** The timeframe between having exceeded funding limits in one year and the start of the next program year (Currently Nov 1 to June 1 for ComEd)
- 2. Begin EE Build:** The timeframe between customers receiving reservation letters and the completion of their project (Example: Lighting projects typically take about 90 days to complete project and remain within the same funding year)
- 3. Complete Project:** The time period before customers receive a reservation letter and begin their project

# Proposed Solutions

- kWh saved established upon receipt of Final Application
- We will honor reservation amounts through the reservation commitment timeframe
- Incentive payments outside a reservation timeframe is paid based on the rules and rates in the year the Final Application (payment request) is received
- Multi-year projects and very large projects (only a handful) can be parsed into multiple applications to match program years to align savings with completed milestones

# Proposed Solutions for the Prescriptive / Standard Programs

- Begin reserving projects three months before the program year (i.e. March 1, 2009) beginning with the “Wait List” applications first
- Allow customers to begin projects (construction / build) three months before the program year starts (i.e. March 1, 2009)
- Provide reservations to meet the expected completion date for customers to contract / order equipment before a specific program year to accommodate long lead time projects (i.e. Chillers)
- Each entity (ComEd, Ameren Illinois, DCEO) will determine the appropriate % of Year 2&3 funds to reserve in year one

# Proposed Solutions for the Custom, New Construction, and Retro-Commissioning Programs

- Begin reserving projects for Program Year 2&3 now
- Ability for customers to begin projects (ordering equipment, contracting, permitting) now
- Each entity (ComEd, Ameren Illinois, DCEO) will determine the appropriate % of Year 2&3 funds to reserve in year one

# Benefits

- Provide continuity to customers and Trade Allies / Program Allies
  - Eliminate Start / Stop of program activities on June 1 / May 31
  - Reduce marketing costs
  - Increase cost effectiveness of program
- Provides a longer timeframe for project development activities
- Ability to fill the project pipeline for Program Year 2&3
- New approach would help spur activity for “big ticket” items and/or projects with long lead times

# Summary

- New program approach will shrink the “Dead Zone” in area 1 by allowing customers to apply for year 2 funding on March 1.
- Allowing customers to begin ordering materials in advance and to begin construction on April 1 for Program Year 2 will shrink the “Dead Zone” in area 2
- Ability to provide reservations for Program Year 2 and 3 will shrink the “Dead Zone” for area 3