Ameren
Illinois Utilities

ActOnEnergy®

Energy Efficiency and Demand-Response Program Results

Year 1 Activities
June 1, 2008 – May 31, 2009

January 2010

Central Illinois Light Company d/b/a AmerenCILCO
Central Illinois Public Service Company d/b/a AmerenCIPS
Illinois Power Company d/b/a AmerenIP

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Executive Summary

BACKGROUND

Ameren Illinois Utilities - Overview

Ameren Illinois Utilities ("AIU") serves 1.3 million electricity customers and 800,000 natural gas customers in central and southern Illinois, with a territory that spans 70% of the State (44,000 square miles). A breakdown of AIU electric and natural gas customers is available in Tables 1 and 2.

Table 1. Ameren Illinois Utilities – 2006 Electric Customer Details[1]

	Rate Class	Deliveries (MWh)	Peak (MW)	#Customers	#All Electric Heating Customers
Electric Customers	Residential	11,452,528	3,798	1,060,137	168,690
	Small Commercial (<150kW)	5,551,952	1,270	146,578	-
	Commercial (150kW to 1000kW)	4,098,479	736	5,076	-
	C&I (>1000kW)	15,410,269	2,093	563	-
	Street Lighting	357,936	-	-	-
	TOTAL	**36,871,164**	**7,897**	**1,212,354**	**168,690**

Table 2. Ameren Illinois Utilities – 2006 Natural Gas Customer Details[2]

	Rate Class	Sales (Decatherm)	Peak (Decatherm)	#Customers
Gas Customers	Residential Gas Delivery Services	56,028,855	622,133	745,653
	Small General Gas Delivery Services	15,480,665	166,032	65,277
	TOTAL	**71,509,520**	**788,165**	**810,930**

[1] 2006 customer count data is depicted here to mirror the count used in the filing of the AIU 2008-2010 Plan. Current customer count remains similar.

[2] 2006 customer count data is depicted here to mirror the count used in the filing of the AIU 2008-2010 Plan. Current customer count remains similar.

AIU Electric and Natural Gas Energy Efficiency and Demand Response Plan Portfolios

In November 2007, AIU filed their first three-year electric Energy Efficiency and Demand Response Plan ("Plan") portfolio of services for residential and business programs per Section 12-103[3] of the Illinois Public Utilities Act, 220 ILCS 5/12-103.[4] AIU's 2008-2011 Plan launched June 1, 2008. The Illinois electric energy efficiency legislation requires that electric utilities implement measures to reduce energy delivered by 0.2 percent in program year ("PY") 2008 (June 1, 2008 through May 31, 2009), and continue to implement measures towards the target of 2.0 percent of energy delivered in PY 2015 (June 1, 2015 through May 31, 2016). Every three years beginning in November 2007, the utilities file new three year plans with the Illinois Commerce Commission. In addition, the Act requires the utilities to meet demand-response targets.

Achievement of these targets is subject to a spending limit that increases from 0.5% of average rates paid by customers for PY 2008 to approximately 2.0% in PY 2011 and thereafter. Specifically, the PY 2008 spending limit is equal to 0.5% of the average rates paid by retail electric customers for the year ending May 31, 2007. The PY 2009 spending limit is equal to the greater of 1.0% of the average rates paid by retail electric customers for the year ending May 31, 2007, or the PY 2008 value plus an incremental annual increase of 0.5% per year of the amount paid by retail electric customers for the year ending May 31, 2008.

As a gas utility, AIU recognized the need to also implement gas energy efficiency programs, especially those that compliment electric energy efficiency programs. Therefore AIU voluntarily developed and filed a gas energy savings Plan to coincide with the electric energy savings Plan. This report focuses on the electric energy savings portfolio.

The AIU PY1 2008 – 2009 electric energy efficiency Plan portfolios, as filed, are shown in Table 3.[5]

[3] Section 12-103 of the Illinois Public Utilities Act has been renumbered Section 8-103 by P.A. 95-876, effective 8-21-08.

[4] Illinois Public Utilities Act. See section 12-103. http://www.ilga.gov/legislation/publicacts/95/PDF/095-0481.pdf

[5] Further detail can be found in the AIU *Energy Efficiency and Demand-Response Plan* dated November 15, 2007 and the resulting ICC Orders. AIU's natural gas Plan was also submitted for approval (Illinois Commerce Commission Docket #08-0104). This was a voluntary submission made by AIU; there is no legislation related to this Plan. Further detail can be found in the AIU *Gas Energy Efficiency Plan* dated February 11, 2008 and the resulting ICC Orders.

Table 3. Ameren Illinois Utilities Total Portfolio PY1 (2008-2009) (Filed)

	Program	PY1 MWH Goal
Residential Portfolio	Home Energy Performance	995
	Residential Appliance Recycling	2,426
	Residential Lighting & Appliances	10,086
	Residential Multifamily	2,792
	Residential New HVAC	343
	Residential DR - Direct Load Control	264
Residential Solutions Total		**16,907**
Business Portfolio	C&I Prescriptive	35,276
	C&I Retro-commissioning	513
	Street Lighting	4,249
	C&I Custom	5,817
	Commercial Demand Credit	47
Business Solutions Total		**45,901**
AIU Total		**62,808**
DCEO Total		**14,159**
Grand Total		**76,967**

These portfolio programs were designed based on national best practices. The AIU Plan is modeled to be cost-effective with a TRC above 1.0. The implementation of the AIU Plan portfolio is also subject to independent evaluation[6] for the purposes of measuring impact, evaluate process and determine cost-effectiveness.

The AIU portion of the portfolio comprises 75% of the proposed funding and 81% of proposed annual energy savings. Twenty-five percent of the annual funding is allocated to programs to be administered by the Illinois Department of Commerce and Economic Opportunity ("DCEO"), with 6% of the total funding allocated to programs for low income customers. DCEO independently designs and implements their portion of the portfolio. While this report reflects their achieved savings and cost-effectiveness, this report does not include details of DCEO portfolio activities and programs.

[6] Opinion Dynamics Corporation and The CADMUS Group are currently engaged through 2012 as independent evaluators of the AIU DSM Plan

PROGRAM YEAR ONE ACTIVITIES

Program Year 1 ("PY1") started June 1, 2008 and ended May 31, 2009. AIU strategically determined to use a prime contractor model whereby implementers were selected to "turn-key" programs of the residential and business portfolios. As a result, Conservation Services Group ("CSG") was chosen to implement the residential portfolio and Science Applications International Corporation ("SAIC") was chosen to implement the business portfolio.

PY1 activities can best be characterized as initiating Plan and program activities; with immense resources, effort and time spent on hiring staff, program refinement, and general establishment of operational activities.

As a result of prime contractor involvement, further analysis and program implementation experiences, it was determined that the portfolio needed to be refined as depicted in Table 4. The Illinois Stakeholder Advisory Group ("SAG") was kept apprised of all portfolio developments.

Table 4. Ameren Illinois Utilities Energy Efficiency Portfolio 2008-2009

	Program	Net MWh Goal PY1
Residential Portfolio	Energy Efficient Lighting	13,402
	Refrigerator and Freezer Recycling	2,337
	Multifamily	762
	Home Energy Performance	598
	Heating and Cooling*	-
	Residential Portfolio Total	17,099
Business Portfolio	Standard (Prescriptive)	35,323
	Custom	10,066
	Retro-commissioning	513
	Small Business On-Line Store*	-
	Business Portfolio Total	45,902

*Launched late in PY1 with savings realized in PY2

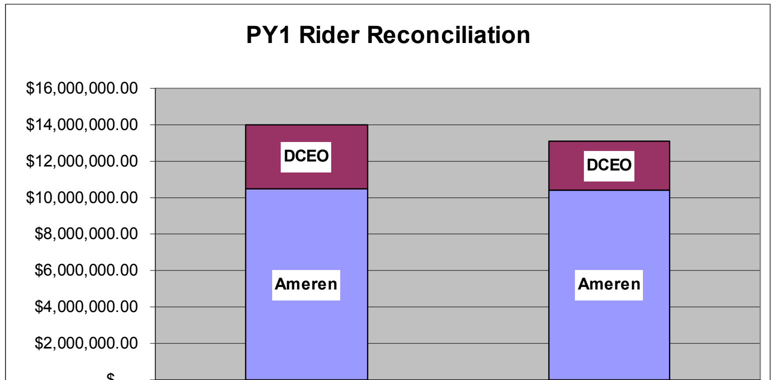
PY1 Rider Reconciliation

The legislative spending cap for PY1 was $13,804,287. Following is key data related to the program rider reconciliation:

- Rider EDR Revenues: $13,001,118
- Rider EDR Expenses: $13,129,631
- Under collection ($128,513.00)
- Under spend ($674,656)

(AIU spent 99% of their available spend limit and DCEO spent 77% of their available spend limit)

Each year, AIU is required to recalculate the spending limit for the following Program Year based on most recent revenues and sales forecast. *If the recent decline in energy prices persist, the spending limit/funding for Program Year 3 and beyond will decrease; however, the energy savings goals remain the same.*



	Budget	Actual
DCEO	$3,527,087.72	$2,727,503.01
Ameren	$10,456,747.40	$10,402,128.78

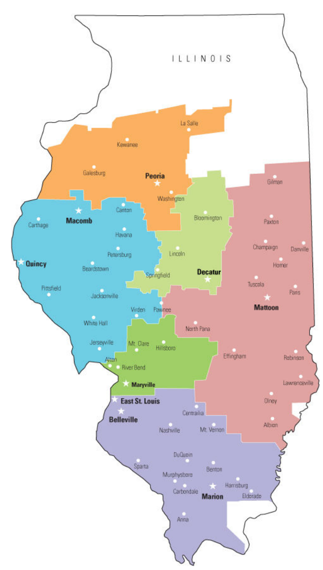
PY1 Key Issues

Legislative requirements to meet annual portfolio goals within annual budget required considerable staff time, analysis and effort to manage.

The legislation allows flexibility among programs, which helped AIU manage the residential portfolio in PY1. For example, AIU increased Energy Efficient Lighting program targets and delayed implementation of other programs to ensure a smoother, continuous ramp-up of the overall portfolio.

Broad service area geography

- 44,000 thousand square mile service territory is challenging given the relatively small program goals in PY1 and PY2
- Overlay of electric cooperatives in rural areas creates hurdles and complexity for implementation and concerns for leakage (esp. retail lighting)
- Limits broad marketing of all programs as there are insufficient resources to serve the broad geographic territory.



Portfolio with multiple small programs spreads available staffing resources very thin.

Lack of certified contractors (such as BPI and HERS raters), and existing contractor infrastructure, impeded installation and implementation.

Downturn in economy prevented participation in programs, especially for more expensive measures such as insulation and those measures applicable to the commercial and industrial segment.

Lack of proper funding for business portfolio prevented opportunity to provide incentive levels as high as ComEd's or DCEO's programs and prevented adequate staffing by implementer.

The availability of a Demand Response program was hindered due to the lack of an existing AIU demand response program outside of the EE portfolio of services. Therefore one had to be initiated, which deferred implementation until Program Year Two.

PY1 Key Achievements

- ***Energy savings and cost-effectiveness goals achieved***
- ***Development and implementation of comprehensive branding, awareness and marketing campaign, "ActOnEnergy"***
- ***Over 400 Program Allies enrolled in programs***
- ***Residential and business portfolio database development***
- ***Implementers located on-site at AIU offices, and CSG office build-out***
- ***Quality implementer subcontractors (APT, ARCA, EFI, GDS)***
- ***Geographically diffused implementer staffing***

EVALUATION MEASUREMENT AND VERIFICATION ("EM&V")

The CADMUS Group ("Cadmus")was retained to perform EM&V activities for the residential portfolio, and Opinion Dynamics Corporation ("ODC") was retained to perform EM&V activities for the business portfolio.

Table 5 depicts EM&V impact results for PY1. The Appendix of this report contains the complete impact and process evaluations from these contractors.

Table 5. AIU/ DCEO Energy Efficiency Portfolio Impact Results 2008-2009

	PY1 Planned Impacts(1)		PY1 Ex Post Net Impacts		MWH Variance
Program	**kW**(2)	**MWH**	**kW**(2)	**MWH**	**MWH**
Lighting and Appliance (Energy Efficient Lighting)	178	10,086	1,840	32,631	22,545
Appliance Recycling (Refrigerator and Freezer Recycling)	374	2,426	375	3,011	585
Multifamily	481	2,792	82	817	-1,975
Home Energy Performance	57	995	12	201	-794
New HVAC (Heating and Cooling)	89	343	0	0	-343
Direct Load Control (E-Smart)	2,936	264	0	0	-264
Total Residential Portfolio	**4,115**	**16,907**	**2,309**	**36,660**	**19,754**
Standard (Prescriptive)	8,355	35,276	1,565	13,677	-21,599
Custom	756	5,817	5,682	38,596	32,779
Retro-commissioning	12	513	117	1,022	509
New Construction	-	-	-	-	-
Street Light	-	4,249	-	-	-
Demand Credit (E-Smart)	2,328	47	-	-	-
Total Business Portfolio	**11,451**	**45,901**	**7,364**	**53,295**	**7,394**
TOTAL AIU PORTFOLIO	**15,566**	**62,808**	**9,673**	**89,955**	**27,147**
DCEO	**2,359**	**14,159**	**1245**	**10,283**	**-3,876**
TOTAL AIU DCEO PORTFOLIO	**17,925**	**76,967**	**10,918**	**100,238**	**23,271**

(1) From the AIU Energy Efficiency and Demand Response Plan November 15, 2007, Table 12
(2) Planned kW impacts were based on the peak hour of the year while ex-post net kW impacts are based on the peak period (3-7 p.m. weekdays, June-August) and therefore are not directly comparable to each other.

The impact evaluation concluded that the AIU program exceeded its MWh energy savings goals; PY1 residential portfolio programs saved 36,660 MWh as compared to the PY1 residential portfolio goal of 16,907 MWh, and the business residential programs saved 53,295 MWh as compared to the business portfolio goal of 45,901 MWh. Therefore the total AIU portfolio saved 89,955 MWh as compared to the PY1 portfolio goal of 62,808 MWh. When combined with DCEO, the AIU/DCEO portfolio achieved 100,238 MWh as compared to the PY1 portfolio goal of 76,967 MWh.

Total Resource Cost Analysis

The Cadmus Group was engaged to complete an independent cost-effectiveness evaluation by performing the portfolio's PY1 Total Resource Cost ("TRC") analysis. This exercise was performed in collaboration with the other AIU and DCEO evaluators (ODC and Summit Blue). Cadmus computed two scenarios of the TRC: the first uses discounted future benefits by 9% based on AIU's weighted average cost of capital (WACC); the second uses a 10-year T-Bill rate of 3.5% to discount future benefits. Table 6 reflects the Cadmus TRC analysis results. The Appendix of this report includes details of this analysis.

Table 6. AIU Portfolio TRC Results

	TRC Method	
Portfolio	Weighted Cost of Capital	Societal
AIU	2.16	2.74
AIU/DCEO	2.23	3.08
Total Portfolio	2.17	2.78

As seen in Table 6, the AIU EE portfolio, with or without DCEO, has a positive TRC.

PROGRAM YEAR TWO ("PY2") ACTIVITIES

PY2 Portfolios

In addition to programs implemented in PY1, the following programs will also be implemented in PY2:

- **Residential ENERGY STAR Product Rebates**
- **E-Smart: Residential and Business Demand Response**
- **Business New Construction**
- **Small Business Commercial Kitchens**
- **Grocery/Convenience Store**

Demand Response

AIU's Plan, as approved in Docket No. 07-0539, anticipated a tariff based demand response program for commercial and industrial customers. The plan also anticipated an air conditioner cycling program for residential customers. The expected capacity and related costs, as filed, are shown in the chart below.[7]

	PY1 (6/1/08-5/31/09)		PY2 (6/1/09-5/31/10)		PY3 (6/1/10-5/31/11)	
Program	Budget	Demand Response Savings*	Budget	Demand Response Savings*	Budget	Demand Response Savings*
Commercial/ Industrial Interruptible Demand Credit	$51,452	2.3MW	$102,617	4.6MW	$151,444	6.8MW
Residential AC Cycling Program	$637,326	2.9MW	$851,820	5.8MW	$1,087,386	8.9MW

*Estimated MW goal has since been revised to reflect the legislative requirement of 4MW per year.

[7] Sec. 8-103(c) Electric utilities shall implement cost-effective demand-response measures to reduce peak demand by 0.1% over the prior year for eligible retail customers, as defined in Section 16-111.5 of this Act, and for customers that elect hourly service from the utility pursuant to Section 16-107 of this Act, provided those customers have not been declared competitive. This requirement commences June 1, 2008 and continues for 10 years.

In June of 2008 it was determined that the Interruptible Demand Credit program did not comply with applicable statutes.[8] Specifically AIU is not able to offer demand response programs to any customer with peak demand of greater than 400KW due to a competitive declaration. In addition, the AIU have been contemplating a competitive declaration for customers with demands of 150KW and greater. Competitive customers are precluded from participating in an AIU sponsored demand response program so alternatives were reviewed. In late 2008 AIU completed an investigation seeking alternatives to the commercial program. One solution resulted in the AIU expanding the goals of the residential demand response program. However, AIU has not fully identified funds to overcome the resulting budget shortfall required to achieve statutory demand response goals.

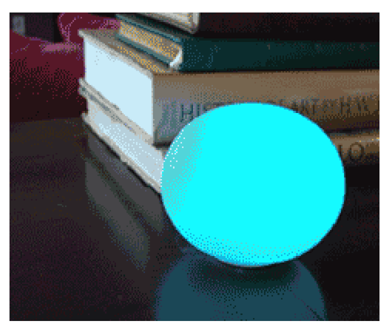
Ultimately the selected demand response program was the installation of a programmable, controllable thermostat. The strategic decision was made for AIU to house and manage the program software, web portal and control events. This entailed a large amount of staff time and dedication for the integration of a new system into the AIU network and operations. Additional delays were experienced due to a four to six month lead time for thermostat production. Eventually the program launched in September 2009 (“PY2”).

The E-Smart program is the free installation of a free programmable thermostat that allows AIU to shed load through the control of smart thermostats installed in homes with central cooling load; resulting in reductions in the system’s peak demand. The web based system allows the customer to control set-back temperature settings via the internet which enables customers to save kWh and therms. HVAC program allies are recruited to perform installations. In addition to Basic Generation Supply, real time pricing customers are also encouraged to participate[9].

Power Smart Pricing

While the energy efficiency portfolio did not implement a demand response program in PY1, AIU notes that it does provide a real time pricing (“RTP”) program outside of the energy efficiency portfolio; “Power Smart Pricing”, which has more than 7,000 participants. This hourly pricing program enables participants to be notified, and react to, energy price fluctuations. A 2008 Evaluation was performed by Summit Blue, an independent energy consulting firm experienced in evaluating hourly pricing programs. Highlights of the 2008 Evaluation included:

- Participants in the program are responsive to the hourly electric prices. Their level of price sensitivity is about the same as other hourly pricing program participants in the U.S. – for every 100% increase in the hourly price, users reduced their electric use that hour by slightly over 4%.
- CNT Energy’s strategy of sending High Price Alerts and deploying the PriceLight Energy Orb are effective tactics in reducing energy use during peak pricing periods.



[8] Sec. 16-111.5. Provisions relating to procurement (a) An electric utility that on December 31, 2005 served at least 100,000 customers in Illinois shall procure power and energy for its eligible retail customers in accordance with the applicable provisions set forth in Section 1-75 of the Illinois Power Agency Act and this Section. "Eligible retail customers" for the purposes of this Section means those retail customers that purchase power and energy from the electric utility under fixed-price bundled service tariffs.

[9] Changes to 220 ILCS 5/8-103(c) passed as part of SB2150 on August 10, 2009 expanded eligibility of demand response measures to include customers served under hourly service, provided such customers are not part of a group that has been declared competitive.

- In June 2008, AIU changed the pricing basis for electricity used by program participants from real time prices to prices locked in through the day-ahead energy market. Summit Blue found that using day-ahead hourly prices ("DAP") instead of real time prices still creates load reductions at the appropriate times. A comparison of DAP and RTP during the summer of 2008 indicates that customer response to DAP prices creates load reductions at the right time to avoid high RTP prices on the system. Demand response is being influenced at the times by the DAP rates.
- The methodology that will be used in the 2010 assessment is introduced, with the expectation that any refinements to the methodology can be discussed and incorporated prior to its implementation.
- Compared to similar customers in the AIU's load research group, PSP participants show a weather-normalized average annual reduction in energy usage of 1.5%. PSP customers used 6% less electricity in summer months, .9% less in the shoulder months (i.e. the transition months between the summer and winter billing seasons), and 3% more electricity in winter months. It should be noted that the primary metric of the PSP program's success is **when** the reduction occurs (i.e. do participants reduce their demands and usage during periods of peak system prices), and not the aggregate reduction over the course of a year.
- Average annual savings for individual PSP participants in 2008 were slightly more than $111, combining both the savings from the price differential for electricity used and the savings resulting from the reduction in overall usage implemented by PSP customers.
- Overall, the figures show that PSP participants:
    - Regularly have lower daytime use and higher nighttime use in summer, with an average load reduction of 0.15 kW per customer from Noon to 5 p.m.;
    - Have accentuated response on High Price Alert Days, showing an average load reduction of 0.23kW per customer from Noon to 5 p.m. on those days;

PY2 Key Activities

In addition to growing existing programs, and launching new programs, AIU staff will be completing a Potential Study, creating and submitting the next three year Plan (2011-2014) in October 2010, and developing a new on-bill financing program for energy efficiency measures.

PY2 Goals

Escalating goals are a key concern for PY2 and PY3; especially if energy prices decline which will result in lower funding of the portfolio (which is capped at a percent of sales). (Table 7).

Table 7. Ameren Illinois Utilities Energy Efficiency Portfolio Goals 2008-2010

	Electric EE Portfolio Total Annual MWh		
	2008	2009	2010
Goal	62,808	126,273	190,853
Increase over previous year		**101%**	**51%**

MARKETING AND OUTREACH

ActOnEnergy®

AIU developed the ActOnEnergy® branding campaign in order to create awareness and adoption of energy efficiency savings opportunities. The campaign focuses on energy savings tips and how people "take action" and participate in the AIU energy efficiency portfolio of services. The campaign was recognized by leading energy efficiency trade organizations as an industry best practice.

Key components of the campaign include:

- ***Employee awareness building*** encouraging staff to "act on" adopting and providing quality service and energy savings information to colleagues and customers (70 town hall meetings conducted). Branding integrated internally.
- ***Interactive media;*** You Tube (videos of portfolio services in action), website (with toolkit using actual personal energy use), etc.
- ***Mass multi-media*** channels including television and radio spots, outdoor, website, press releases, literature, direct mail, bill stuffers, newsletters, etc.
- ***Grass roots efforts*** including speaker's bureau, school education and community event booths. AIU also offers the "Watt Solutions" program whereby residents can loan from the library a energy usage measuring device.
- ***Implementer integration*** where all portfolio services, literature, uniforms, etc, include the branding and drive customers to the website. Program Ally co-branding opportunities and guidelines were also developed.

PY2 Outreach

The following new outreach programs will be implemented in PY2:

- ***Downstate Lighting Initiative****:* AIU was awarded state grants from DCEO which were used to expand the AIU energy efficiency lighting program to non AIU service areas (details in Energy Efficient Lighting program section).
- ***CFL Recycling Program:*** AIU was awarded state grants from DCEO which were used to distribute CFL recycling bins throughout the AIU service area (details in Energy Efficient Lighting program section).
- ***Chamber of Commerce*** involvement is a key strategy for business portfolio outreach and awareness building

Ameren
Illinois Utilities

ActOnEnergy® Residential Portfolio

INTRODUCTION

AIU began implementation of its residential portfolio of programs in June 2008 and ended its first program year on May 31, 2009. Four programs were implemented and realized savings in PY1:

- **Energy Efficient Lighting**
- **Refrigerator and Freezer Recycling**
- **Multifamily**
- **Home Energy Performance ("HEP")**
-

Table 8. Ameren Illinois Utilities PY1 Residential Portfolio Planned and Ex Post Impacts

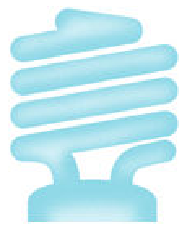
		PY1 Planned Impacts(1)		PY1 Ex Post Net Impacts	
	Program	**kW**(2)	**MWh**	**kW**(2)	**MWh**
Residential Portfolio	Energy Efficient Lighting	178	10,086	1,840	32,631
	Refrigerator and Freezer Recycling	374	2,426	375	3,011
	Multifamily	481	2,792	82	817
	Home Energy Performance	57	995	12	201
	Heating and Cooling	89	343	0	0
	E-Smart (Demand Response)	2,936	264	0	0
	Total Residential Portfolio	**4,115**	**16,906**	**2,309**	**36,660**

(1) From Energy Efficiency and Demand Response Plan (AIU) November 15, 2007, Table 12
(2) Planned kW impacts were based on the peak hour of the year while ex-post net kW impacts are based on the peak period (3-7 p.m. weekdays, June-August) and therefore are not directly comparable to each other.

The impact evaluation concluded that the program exceeded its MWh energy savings goals; PY1 residential portfolio programs saved 36,660 MWh as compared to the PY1 residential portfolio goal of 16,906 MWh. (The detailed report of the independent evaluator, The CADMUS Group, can be found in the Appendix of this report).

Conservation Services Group ("CSG") was chosen as the residential portfolio prime contractor/implementer who brought a wealth of experience from implementing similar programs throughout the country. CSG chose to partner with industry experts in the areas of appliance recycling ("ARCA"), lighting ("APT") and incentive coordination ("EFI"). AIU and CSG strategically determined to locate CSG offices in the AIU corporate building where AIU energy efficiency department staff were co-located.

Together, AIU and CSG agreed upon several portfolio refinements. To enable quick launch of key programs, the more infrastructure intensive Heating and Cooling and Demand Response programs were delayed until late in PY1 or PY2. While Heating and Cooling installations occurred in PY1, the majority of those savings were in gas energy savings and this report is focused on electric energy savings. Costs and savings were not incurred for the E-Smart (Demand Response) until PY2.



ENERGY EFFICIENT LIGHTING

The Energy Efficient Lighting program encourages the purchase of compact fluorescent lamps ("CFL"s). AIU launched the program in August 2008 through 19 retail stores, and expanded to 122 stores in October 2008. The program is implemented primarily through upstream markdowns to manufacturers, and is marketed both through retail stores at the customer's point-of-purchase ("POP") and through an online store that also sells discounted CFLs.

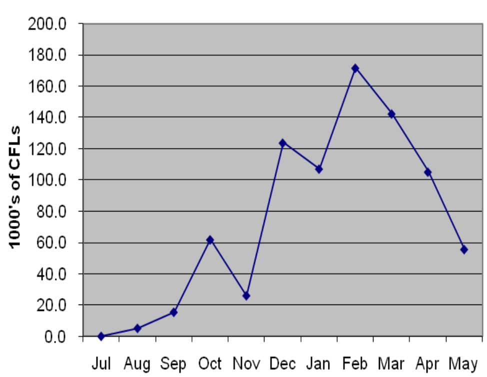
The program also provides customer and retailer education materials, in-store customer educational events, training for retail sales staff at retail sites, and general advertising using billboards, television and radio ads, and bill stuffers. CSG subcontracted the program's implementation to APT and EFI. Their responsibilities have included: program fieldwork with retailers, on-line order fulfillments, program tracking, and incentive payments. The program performed 1,589 visits to the 122 participating retail stores, trained 2,253 store employees, and held 32 in-store lighting clinics during PY1.

Program sales were 815,403 CFLs: 47,442 through the online store; and 767,961 through retailers. The 122 individual retail outlets represented 11different retailers, including the online store. Table 9 summarizes sales by retailer. Bulb sales declined in March through May due to AIU's decision to slow the program due to the risk of exceeding PY1's residential portfolio budget.

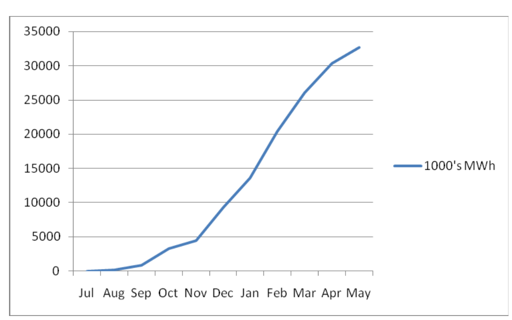
Table 9. AIU CFLs Sold

Store	Qty
Ace Hardware	31,316
CVS	3,273
Home Depot	448,508
Lowes	21,874
Menards	89,692
Sam's Club	173,298
Web Online Store	47,442
Total	**815,403**

PY1 CFL Sales by Program Month



Gross MWh Savings by Program Month (Cumulative)



AIU's service area is unique in that it covers approximately 44,000 square miles, and throughout this territory are small, municipally-owned electric utilities and rural electric cooperatives. Therefore:

- The potential for "sales leakage" (Program discounts going to non-AIU customers) existed because of cooperative and municipal customers living near retail stores in AIU's service territory; and
- A significant portion of customers did not have close access to home improvement or discount outlet stores.

To mitigate leakage, AIU limited participating retail stores to those whose service area included at least 80% AIU customers (based on ZIP code). To meet the needs of rural customers, the program offered catalog and Web site options for purchasing CFLs. This option was advertised to 286,000 targeted rural customers, who received a mailing with advertising materials, catalog, and Web site information as well as two free CFLs. The promotion resulted in orders for 45,874 CFLs, exceeding AIU's expectations for this part of the program by a factor of five.

AIU adjusted the program's sales targets twice during PY1. The initial program sales goal of 360,000 bulbs was based on AIU's 2007 Energy Efficiency Plan filing with the ICC. CSG's proposal to AIU assumed lower manufacturing costs than had the filing, and proposed selling over 500,000 CFLs in PY1 within the program budget. After program implementation began, AIU and CSG increased the program targets to an even higher number of bulbs. This last increase was made because several of the other residential portfolio programs did not start as planned, and AIU needed to find another way to meet its overall PY1 goals. The second increase also reduced the potential need to suspend incentives midyear, should the program prove too successful and consume the annual budget before PY1 ended.

Marketing

Specific program marketing and outreach includes:

- POP displays at the retail stores;
- Training for retailer employees;
- Press releases;
- Ameren stickers on CFL products;
- Community relations events with giveaways;
- Lighting displays in stores to show different CFL colors and to compare them to incandescent bulbs;
- Electric meters in retail stores to demonstrate usage differences between incandescent and CFL bulbs;
- Comparators in retail stores to show lumen differences between the two types of bulb;
- Lighting clinics in retail stores to explain to customers about specialty lights and color differences, and to help customers identify the best product for their needs; and
- Promotion through the ActOnEnergy.com Web site, which was designed specifically for branding and promoting all AIU's energy-efficiency programs.
- Customer bill messages, inserts and newsletters.

AIU's more general ActOnEnergy advertising included:

- Promoting the national ENERGY STAR pledge by holding a contest with prizes from October through April. AIU received approximately 2,750 entries and achieved 313% of its ENERGY STAR savings goals.
- Placing general, energy-efficiency advertising through billboards, TV, radio, and newspapers.

Program Year 2

AIU was able to secure grant funding through DCEO which it will use to pay incentives at retail stores located near ZIP codes where less than 80% of the residents are AIU customers. AIU also is increasing the specialty CFL allocation; these lamps are typically sold in smaller pack sizes, are more costly, and require higher incentive amounts than do standard CFLs.

AIU started administering one hundred CFL authorized drop-off locations for used CFLs beginning June 1, 2009. This is partially funded by a grant received from the Illinois Department of Commerce & Economic Opportunity. Locations include Ace Hardware, Springfield Electric, and selected County Health Departments. There is no cost to the authorized drop-off locations.

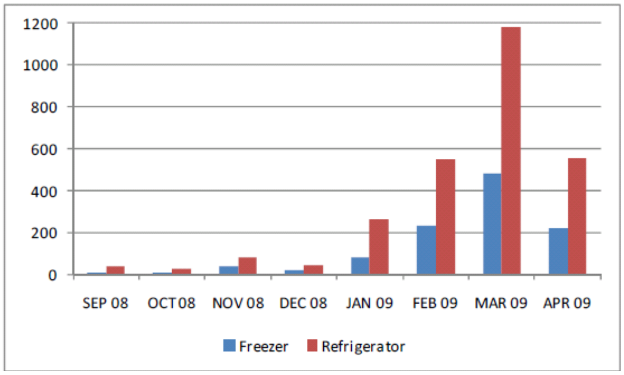
In PY2, AIU will offer rebates for selected ENERGY STAR products: room air conditioners, ceiling fans with lights, fan light kits, and dehumidifiers.

REFRIGERATOR AND FREEZER RECYCLING

The Refrigerator and Freezer Recycling program disposes of and recycles operable but inefficient secondary refrigerators and freezers through ARCA. To qualify, appliances must be operational, a household secondary unit located on account premises, sized between 10 and 27 cubic feet, and manufactured before 1993. AIU pays participants a $35 incentive in addition to the free removal and disposal of the unit.

Following are program highlights:

– August 15, 2008 – program launched
– October 15, 2009 – ARCA opens facility in Springfield
– October 2008 – CFL kit with recycling insert sent to 46,000 customers
– January 2009 – bill insert & state-wide service started
– February – earned media in TV, radio & newspaper
– March 2009 – received 3,700th call for recycling
– April 10th – closed - surpassed 3,700 unit goal
– May 2009 – provided online scheduling of orders
– June 2009 - Truck wraps – (2 trucks)



Given the reletively modest goals in PY1, marketing efforts were limited during the program's first two months, when less than 100 appliances were picked up, and remained low for the duration of 2008. Marketing activities and participation began to increase in January 2009, rising again in February, and then peaking in March, when 1,660 appliances were picked up. The large increase in March Program participation corresponds to the timing of both a media event and a trade ally marketing push designed to stimulate demand for the program at that time.

Early changes to the program design included adding freezers and room air conditioners to the list of eligible measures. Incentives were not provided for room air conditioners, and those were only picked up in conjunction with a refrigerator or freezer. In addition, shared resource coordination occurred between AIU and the local utility in Springfield ("CWLP") with the use of the same subcontractor, recycling facility and staff.

Program marketing started in October 2008 when AIU advertised the program to approximately 42,000 customers via a "CFL Box" (included two free CFLs and information regarding the program). In January 2009, AIU provided a bill insert to all residential customers (approximately 1.2 million). The program also experienced free press promotion. Near the program year's end, efforts began to develop truck wraps (advertising on trucks picking up appliances).

A target of 3,700 recycled appliances was set and efforts were made to restrain participation early in the program cycle to ensure funding would last throughout the Program year. Despite efforts to regulate participation throughout the year, program funds were exhausted by early April. As a result, all prospective customers during the rest of the program year were placed on a waiting list until next year's program became available.

Table 10. Ameren Illinois Utilities Appliances Recycled

Appliance	Recycled Units	%Total
Refrigerator	2,752	72%
Freezer	1,096	28%
Total	**3,848**	**100%**

In PY2, due to program evaluation recommendation, the program has decided to accept a limited number of commercial appliances, which abide by the same program requirements, without promotion.

MULTIFAMILY

The Multifamily program began November 2008 and is offered to privately-owned, market-rate, multifamily buildings with three or more units.

Following are program highlights:
- November 17, 2009 - Multifamily program launches
- November 25 - first In-unit installation
- March 1 - first common area project

The following services are offered to all qualifying buildings:
- A free, walkthrough lighting assessment.
- Incentives for installation of energy-efficient lighting in common areas.
- Free CFLs and water conservation measures for installation in resident units, along with an informational brochure for residents on measures installed.

Table 11. AIU Multifamily Savings and Volumes

Metric	Actual	Target
Net MWh	817	762
Participation (#units)	2,342	2340
Incentives	$74,956	$54,850

Install Location	#Sites
Common Area Lighting Only	3
In-Unit Only	59
Both Common Area and In-Unit	7
Total Number of Facilities	69

Program marketing focuses on management companies holding multiple properties, typically utilizing cold calls and in-person visits to prospective properties. Staff also gave presentations at business association and neighborhood meetings.

Participants receive a free walkthrough common area lighting assessment. This assessment determines opportunities existing for a building to reduce energy usage by installing new lighting measures. After approval of a building's "Request for Reservation of Incentive Funds" application, the participants can install common area lighting upgrades and apply to CSG for incentives with the "Incentive Funds Application." Projects are inspected by CSG staff, either prior to or after installation. CSG conducted 100% post-installation inspections.

Building owners or managers can also retrofit tenant units with CFLs and hot water conservation measures. The in-unit measures are offered at no cost, and are shipped to the property after CSG receives a "Materials Request Form." The property staff install these measures in the resident units, report their installations to CSG, and return any unused measures.

Within a seven-month time frame, the program was able to: recruit knowledgeable staff; develop materials; facilitate necessary Program changes; and meet targets. Program evaluation, initiated in March 2009, concluded the Program started strongly.

The program's achievement of 817MWh in savings was attained mostly through installation of in-unit measures rather than common area lighting measures.

A few design changes factored into the Program's success, including:

- Certified electrical contractors were no longer required to replace common area lighting; the participating facility's maintenance staff could make those replacements.
- Facilities participating in the Program's in-unit portion were not required to also participate in either the Program's common area lighting or the custom measures portions.
- The Program only focused on common area lighting and in-unit measure installations its first year; it will launch custom measures in PY2.

Planned program changes for PY2 allow for inclusion of more complex (and HVAC) measures, and outreach to program allies able to conduct an energy analysis.

HOME ENERGY PERFORMANCE

The Home Energy Performance ("HEP") Electric program is a home diagnostic and improvement service offered to AIU's residential customers for a $25 fee. During the HEP audit, a CSG auditor conducts a 10-minute interview with the program participant, installs domestic hot water ("DHW") and lighting instant savings measures ("ISM"s), including faucet aerators, low-flow showerheads, water heater pipe insulation, and CFLs, and assesses potential shell measures (air sealing, wall, attic, and basement insulation) and HVAC replacement savings using CSG's proprietary software. After the HEP audit, using CSG's proprietary software tool, program participants receive a customized report with recommendations for additional shell and HVAC measures, and a list of certified contractors (HEP Insulation Program Allies and HVAC Program Allies). The HEP program served 152 electrically heated homes, saving 201 MWh of energy. Three auditors were hired locally and trained by CSG. The HEP program markets directly to consumers through direct mailings. CSG sent batches of mailings, ranging from 5,000–10,000 pieces each.

In PY1, CSG processed no insulation incentives. Potential reasons for not meeting suggested targets include the current recession, incentive levels may be too low and incentive conditions too restrictive for success during current economic conditions. There was also no post-audit follow-up with participants. For the first three to four months, the AIU HEP Web page emphasized audits and ISMs over incented shell and HVAC measure installations. Because so few customers applied for incentives during that period, CSG changed the HEP Web page to emphasize these incented measures. At the end of PY1, there were only three HEP Insulation Program Allies.

During PY1, CSG made the following improvements to program design:

- Changed promotion efforts from targeting customers with high-energy bills to customer ZIP codes with both large concentrations of older homes (pre-1975) and high energy bills. This increased the proportion of participants who could benefit from the program.
- Revised HEP audit scheduling process to allow customers to call directly and schedule appointments rather than send in a response card with a $25 check and wait for a call from the auditor. The revised program has auditors collect payment at the time of their visit.
- CSG also revised the mailer as a brochure and letter, which has been more successful because it looks more official and is less likely to be mistaken for junk mail.

CSG plans to hire an HEP-dedicated manager for PY2, plans to hire two new auditors in southern Illinois, plans on writing the audit report in more layman-friendly language, following up with audit participants, recruiting contractors to be insulation program allies and assisting them with BPI training costs, and promoting BPI training. Suggested targets for DWH measures were not met. The market is being analyzed to determine if the market is too small or if the program should be changed. The program will also change its DHW savings values to be similar to Midwestern savings values.

HEATING AND COOLING EQUIPMENT

While no electric energy savings are being claimed for PY1, the Heating and Cooling Equipment program experienced start up operations and incented 58 units. Some of these were gas energy savings measures which are not included in this report. Incentives were provided for new heating and cooling equipment and proper sizing of equipment.

Program highlights included:

- March 18 - program launches
- March 20 - 160 allies recruited
- March 24 - Early retirement design proposed
- May 1 - New applications with early retirement components
- May 2009 - to date, 54 heating jobs and 4 cooling jobs

RESIDENTIAL PORTFOLIO: PROGRAM YEAR TWO ("PY2")

In addition to existing programs, the residential portfolio will be adding the ENERGY STAR Product Rebate and E-Smart (Demand Response) programs:

Residential ENERGY STAR Product Rebates

The ENERGY STAR Product Rebate program targets residential customers of existing and new homes working through retailers to offer financial incentives to consumers for the purchase of the highest energy efficient consumer ENERGY STAR rated window air conditioners, ceiling fans and ceiling fan light kits, and dehumidifiers. The program implements product point-of-sale rebates for products during a defined promotional period. Program personnel will be in direct and continued contact with industry allies through ongoing retail visits.

E-Smart: Residential Demand Response

The E-Smart program is the free installation of a free programmable thermostat that allows AIU to shed load through the control of smart thermostats installed in homes with central cooling load. The web based system allows the customer to control temperature settings via the internet which enables customers to save kWh and therms. HVAC program allies are recruited to perform installations. Real time pricing customers are encouraged to participate.

ActOnEnergy® Business Portfolio

INTRODUCTION

AIU began implementation of its business portfolio of programs in June 2008 and ended its first program year on May 31, 2009. Three programs were implemented and realized savings in PY1:

- **Standard** (also known as Prescriptive)
- **Custom**
- **Retro-commissioning**

Table 12. Ameren Illinois Utilities Business Portfolio Planned and Ex Post Impacts

<table>
<tr><th></th><th></th><th colspan="2">PY1 Planned Impacts(1)</th><th colspan="2">PY1 Ex Post Net Impacts</th></tr>
<tr><th></th><th>Program</th><th>kW(2)</th><th>MWh</th><th>kW(2)</th><th>MWh</th></tr>
<tr><td rowspan="7">C & I (Business) Portfolio</td><td>Standard (Prescriptive)
Includes Lighting, HVAC New and Tune-Up, Refrigeration, Motors</td><td>8,355</td><td>35,276</td><td>1,565</td><td>13,677</td></tr>
<tr><td>Custom
Includes Lighting, HVAC, Refrigeration, Motors</td><td>756</td><td>5,817</td><td>5,682</td><td>38,596</td></tr>
<tr><td>Retro-commissioning</td><td>12</td><td>513</td><td>117</td><td>1,022</td></tr>
<tr><td>New Construction</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Street Light</td><td>-</td><td>4,249</td><td>-</td><td>-</td></tr>
<tr><td>Demand Credit (E-Smart)</td><td>2,328</td><td>47</td><td>-</td><td>-</td></tr>
<tr><td>Total C & I (Business) Portfolio</td><td>11,451</td><td>45,901</td><td>7,364</td><td>53,295</td></tr>
</table>

(1) From AIU Energy Efficiency and Demand Response Plan November 15, 2007, Table 12
(2) Planned kW impacts were based on the peak hour of the year while ex-post net kW impacts are based on the peak period (3-7 p.m. weekdays, June-August) and therefore are not directly comparable to each other.

The impact evaluation concluded that the program exceeded its MWh energy savings goals; PY1 business programs saved 53,295 MWh as compared to the business portfolio goal of 45,902 MWh (The detailed report of the independent evaluator, ODC, can be found in the Appendix of this report).

AIU chose an experienced prime contractor, SAIC, as the prime contractor and implementer for the AIU business portfolio. SAIC brought a wealth of knowledge from similar implementation of programs throughout the country. AIU and SAIC strategically agreed to locate SAIC offices in the AIU corporate building where AIU energy efficiency department staff were co-located. Together, AIU and SAIC made several refinements to the portfolio throughout the program year including: the New Construction program was postponed to PY2 and it was determined to include those incentives and measures within the Custom portfolios as opposed to establishing it as a separate program. The Street Light program was ultimately eliminated and the funds were added to the Custom and Retro-Commissioning programs. The Demand Credit program became the E-Smart (controllable thermostat) program and started in PY2.

There was a relatively even distribution of small (33%), medium (37%), and large (29%) companies that participated in the business programs during PY1. Participants in the custom program are more likely to be large (46%) than participants in the prescriptive program (13%). More than half of the facilities receiving an incentive for energy efficiency measures (69%) are one of multiple locations operated by the participating customer. [10]

The portfolio independent evaluator, ODC, performed an independent process analysis of the business portfolio and determined the following key achievements:

- ***The program tracking database*** was easy to use and was an invaluable tool, whose capabilities the evaluator considered unprecedented.
- ***Completion of the Technical Reference Manual*** ("TRM")
- ***The assurance and verification procedures*** were rigorous
- ***High customer satisfaction*** with the prescriptive and custom programs
- ***Handled the early oversubscription of the prescriptive program well***, with minimal disruption to customers.

KEY ACTIVITIES

Timeline of Key Events

June 2008:	Portfolio launch with program ally events held throughout AIU service territory.
September 2008:	Standard program becomes over subscribed; Standard programs now apply for Custom program incentives, being subject to Custom program criteria. Simultaneously, economic downturn causes program applications to slow dramatically.
January 2009:	Activities were implemented to increase participation: ▪ 10% bonus to all businesses that submit an application where the project can be completed by May 31, 2009 ▪ Program ally Visa gift card referral bonus ▪ Incentive cap per facility increased from $100k to $200k to allow large firms to implement additional projects ▪ Added HVAC Tune-Up program
March 2009:	The program stopped accepting PY1 Standard and Custom project applications on March 31, 2009. A small business on-line store was developed as a part of the Business Standard program.

[10] Information stated here, and company size, is based on company's perception of themselves relative to other companies, as the result of the 2009 evaluator's ("ODC") survey.

Key Challenges

- ***Portfolio under funded*** (to achieve goals and match ComEd & DCEO incentive levels)
- ***Budget and savings goals based on annual deadlines*** impeded program momentum
- ***An ongoing "unknown" in regards to achieved savings*** due to dependence of business measures being installed prior to program year end
- ***Program seasonality*** must be considered for timing program launch
- ***Frequent interaction with Customers and Program Allies is required*** to maintain program awareness
- ***U.S. and local economy*** directly impacts program participation
- ***Lack of experience/awareness*** of EE programs for many Illinois businesses
- ***Program highly dependent on small business participation***; Much more difficult to enroll the smaller business customer base
- ***Large geographic size of the AIU territory*** presents significant challenges

ComEd/AIU Portfolio Funding Differences

Initially AIU, ComEd and DCEO agreed that it was preferable to have aligned incentives; whereby similar programs would try to provide the same level of incentives. Ultimately AIU had to discontinue this practice because the AIU business portfolio is not funded to the same degree as the ComEd portfolio. Specifically, AIU is funded at $0.105 per kWh and can only provide $0.06 per kWh on average for incentives while ComEd is funded at $0.155 per kWh and can provide $0.095 per kWh for incentives. BPL 91 was the most heavily subscribed measure in PY1 for AIU and ComEd. Table 13 illustrates the PY2 incentive difference between ComEd and AIU for that measure.

Table 13. AIU/ComEd Funding Comparison

	Budget	MWH Goal	Budget/kWh	Incentives/kWh	PY2 BPL91
ComEd	$9.8 million	63,277	$0.155	$0.09	$0.30/Watt reduced
AIU	$4.8 million	45,901	$0.105	$0.06	$0.25/Watt reduced

PROGRAM DESCRIPTIONS

The Standard Program

The Standard program provides incentives for common/prescriptive (as opposed to custom) measures, providing rebates for energy-efficient products that are readily available in the marketplace and with savings opportunities for a large number of customers, and where a simple calculation may be required. The rebate is pre-set rather than calculated based on the specific project. A principal objective of this program element is to provide an expedited, simple solution for customers interested in purchasing efficient technologies that can produce verifiable savings. This program is responsible for the majority of business portfolio savings.

Table 14. Business Project Volume

Project Type	# of Projects
Standard Lighting	186
Custom	68
Standard Refrigeration	45
Standard HVAC	7
Small Business HVAC	16
Standard Motor	3
Total Projects	**325**

The Standard program offers AIU commercial and industrial customers fixed incentives for the installation of specific energy efficiency measures. The program covers lighting, HVAC, and refrigeration equipment as well motors. There were 257 projects in the Standard program in PY1 and 72% of them were in lighting.

Program awareness was primarily generated by the recruitment of program allies and the establishment of a formal program ally network. Case studies and press releases were used as a mechanism to increase awareness and convince potential participants of the benefit associated with removing inefficient equipment even if it is still functional.

The Standard program stopped accepting applications in September 2008 due to over-subscription. As a result, measures were completed under the Custom program. When submitting an application under the Custom program, these Standard measures were subject to Custom program requirements including requirements for payback period and incremental cost. Therefore, 172 Standard projects (referred to as Standard-Revised) were evaluated under the Custom program.

In January 2009, in addition to new HVAC equipment, AIU added HVAC Tune-Up as a measure. In March 2009, AIU implemented an on-line store for small businesses which offered CFLs, motion sensor switches, and LED exit signs at discounted prices. Free shipping was provided through end of PY1. This was a creative addition to the existing on-line lighting store being offered by the residential lighting program and implemented by the same sub-contractor ("EFI"). While over 3,000 units were purchased, there was limited response and use of the on-line store in PY1. This program was not evaluated by EM&V in PY1, and will be continued in PY2.

The Custom Program

The Custom program provides incentives for energy efficiency projects that involve equipment or process changes not covered through the Standard program. This program enables customers to tailor projects to their facility and equipment needs. Custom incentives are available for lighting, HVAC, refrigeration, and motors in addition to measures such as compressed air, geothermal, and industrial processes. Different from Standard is that Custom incentive applications are evaluated using more rigorous criteria such as requiring a payback period. All Custom program customers must get pre-approval for their projects and provide documentation and calculations of estimated energy savings when submitting their applications.

The Custom program was modified in September 2008 when the Standard program became over-subscribed. At that point, customers interested in installing measures available through the Standard program were allowed to apply for those incentives through the Custom program, although their applications were subject to the more rigorous Custom project review process.

All projects after September 2008 required pre-approval, per Custom program criteria. However, the program still was not fully subscribed by January when it was determined to institute an Incentive Bonus program to encourage participation (10% Incentive bonus offered on all measures). To encourage submission of applications to meet PY1 goals, a Program Ally Gift Card Program launched in January, 2009 ($500 VISA gift card to be awarded to program ally for the first 25 projects with incentive levels greater than $10k).

The Retro-commissioning Program

The Retro-commissioning program was considered a pilot in PY1 and included one project (Continental Tire) which achieved savings of 1022 MWh (350% over goal). In PY2 the Retro-commissioning program will be launched for Compressed Air systems and Healthcare facilities.

MARKETING AND OUTREACH

Program marketing and outreach efforts were primarily focused on the recruitment of program allies. SAIC had found this approach successful in other markets. Program launch started with program ally events and education sessions throughout the service area (three quarters of Illinois geography). AIU Key Account Executives also played an important role in cultivating their existing relationships with current AIU business customers, making business leaders aware of the program and encouraging participation. The program also offered incentives to Key Account Executives whose program leads resulted in qualified projects.

The business program also participated in the Act On Energy® branding campaign, integrating the Act On Energy brand in all literature, forms and events. The business program information, forms, news events and success stories were also integrated in the Act On Energy interactive media channels (You Tube videos, website, etc). ActOnEnergy.com was used as a helpful tool for searching for participating program allies. Free press and publicity was also generous and numerous due to high profiled success stories of installations and program participation by major businesses and grocery chains.

PROGRAM YEAR TWO ("PY2")

In addition to the existing programs, the business program added the following programs to the portfolio:

Business New Construction

Consistent with PY1, until the formal New Construction program begins (anticipated in Spring 2010), incentives continue to be provided through the existing Custom program.

Small Business Commercial Kitchens Program

The Small Business Commercial Kitchens Program provides a free Green Pre-Rinse Nozzle with free installation ($150 value). This simple equipment change can save businesses an estimated $500* annually in gas energy costs. This product maintains the same water pressure of other commonly used nozzles, while using only 0.64 gallons per minute.

Grocery/Convenience Store Program

Act On Energy offers financial incentives tailored specifically to grocery and convenience stores to simplify the process of upgrading standard industry equipment to more energy-efficient models. Incentives may be available for the following improvement measures and more: LED lighting and controls for refrigerator/freezer cases, night curtains for open coolers, automatic door closers for walk-in coolers and freezers, energy-saving door gaskets, and tune-ups on refrigerators and freezers.

E-Smart: Small Business Demand Response

The E-Smart program is the free installation of a free programmable thermostat that allows AIU to shed load through the control of smart thermostats installed in businesses with central cooling load. The web based system allows the customer to control temperature settings via the internet which enables customers to save kWh and therms. HVAC program allies are recruited to perform installations. Legislative mandate limits portfolio demand response programs to small business customers.

COMPLIANCE WITH ORDER

On February 6, 2008 the Illinois Commerce Commission issued an Order in Docket No. 07-0539; whereby AIU filed a Petition seeking approval of their Energy Efficiency and Demand-Response Plan pursuant to 220 ILCS 5/12-103(f)[11] of the Public Utilities Act and AIU filed a Plan in support of the Petition on November 15, 2007. The Illinois Commerce Commission also issued an Order on Rehearing for the same docket to address findings regarding the hiring and firing of the independent evaluator. The following section summarizes Analysis and Conclusions, pertaining to AIU activities, of these Orders and describes activities performed by AIU to be compliant with these Conclusions.

[11] Renumbered 220 ILCS 5/8-103(f) by P.A. 95-876, eff. 8-21-08.

Plan Implementation Issues; Application of the Total Resource Cost Test at the Portfolio Level

The Order concluded that calculation of the total resource cost test at the portfolio level is reasonable and approved. As submitted with this Annual Report, an independent analysis by an industry expert concluded that the AIU Plan portfolio resulted in a total resource cost of over 2.0 (2.17 using Weighted Cost of Capital and 2.78 using the Societal approach).

Plan Implementation Issues; Annualizing Savings

The Order concluded that AIU was directed to re-calculate its annual spend limit projections on an annual basis, taking into account updated revenues and forecasted usage. AIU updated its Program Year 2 spend limit projections and shared with ICC Staff in January 2009. The Program Year 2 spend limit increased from $29M to $29.4M as a result.

New Building and Appliance Standards

The Order concluded that AIU was required to have programs that implement both new building standards and existing appliance standards. AIU confirms that Energy Star new construction and appliances incentive and rebate programs are currently part of their portfolios.

Approval of Ameren's Rider EDR

The Order concluded that AIU was required to prepare and file an audit report and an annual report summarizing the operation of the automatic adjustment mechanism for EDR measures for the previous program year. AIU submitted as an Informational Filing to the ICC an initial reconciliation of Rider EDR Program Year 1 revenues and expenses on May 20, 2009 and a revised reconciliation on June 19, 2009. An internal audit report complying with the Rider EDR tariff was filed with the ICC on September 30, 2009.

Order on Rehearing; Hiring and Firing of Independent Evaluator

The Order concluded that AIU was required to file Request for Proposals for its independent evaluator within 10 days of its issuance and any contract between AIU and an independent evaluator shall provide the Commission with certain rights regarding contracting, hiring and firing. AIU issued Request for Proposals on August 22, 2008. The Request for Proposals was filed with the Commission on September 2, 2008. In addition, Commission staff participated in interviewing prospective evaluators. The contract with the evaluator was provided to Commission legal counsel by AIU for review. Commission legal counsel provided desired contractual language on December 18, 2009, which AIU added to the contract prior to execution; which was filed with the Commission on January 13, 2009.

Appendices

Portfolio Total Resource Cost Test Analysis (The CADMUS Group)

Residential Portfolio Evaluation Report (The CADMUS Group)

Business Portfolio Evaluation Report (Opinion Dynamics Corporation)

DCEO AIU Evaluation Report (Summit Blue)