

Program Year 3, 4th Quarter Program Year 4, 1st Quarter

Results, Projections, Issues

*Illinois Stakeholder Advisory Group
September 27, 2011*



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- **PY3, Year End (MWH)**
- **PY4 YTD (MWH, Therms)**
- **What's New**
- **Challenges and Issues**

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Program Year 3 Estimated Results

| RESIDENTIAL | MWH |
|---|----------------|
| Home Energy Performance | 614 |
| Appliance Recycling | 8,878 |
| Lighting | 124,699 |
| Multi-family | 2,605 |
| New HVAC | 18,402 |
| Direct Load Control | 179 |
| Energy Star New Homes | 101 |
| TOTAL RESIDENTIAL | 155,479 |
| BUSINESS | MWH |
| Standard | 86,061 |
| Custom | 29,689 |
| Retro Commissioning | 20,516 |
| TOTAL BUSINESS | 136,266 |
| TOTAL PORTFOLIO* | 291,745 |
| Statutory Goal | 227,206 |
| Percent of Statutory Goal | 128% |
| *Based on Y2 EMV values; pending Y3 EMV Results | |

Program Year 4, Q1, MWH

| | PY4 Goal | PY4 Q1 |
|--------------------------------------|----------------|---------------|
| RESIDENTIAL | | |
| Home Energy Performance | 9,304 | 260 |
| Appliance Recycling | 12,779 | 3,560 |
| Lighting | 110,169 | 6,879 |
| Multi-family | 7,813 | 620 |
| New HVAC | 14,827 | 2,625 |
| Res Energy Efficient Products (REEP) | 1,946 | 353 |
| ENERGY STAR New Homes | 400 | 33 |
| Behavior Modification | 26,836 | 0 |
| Moderate Inc/Warm Neighbors | 1,278 | 0 |
| TOTAL RESIDENTIAL | 185,352 | 14,330 |
| BUSINESS | | |
| Standard | 65,000 | 35,707 |
| Custom | 49,500 | 30,981 |
| Retro Commissioning | 23,425 | 2,164 |
| TOTAL BUSINESS | 137,925 | 68,852 |
| TOTAL PORTFOLIO | 323,277 | 83,182 |
| Modified Goal | 273,534 | |
| Percent of Modified Goal | | 30% |

Business savings include pending savings

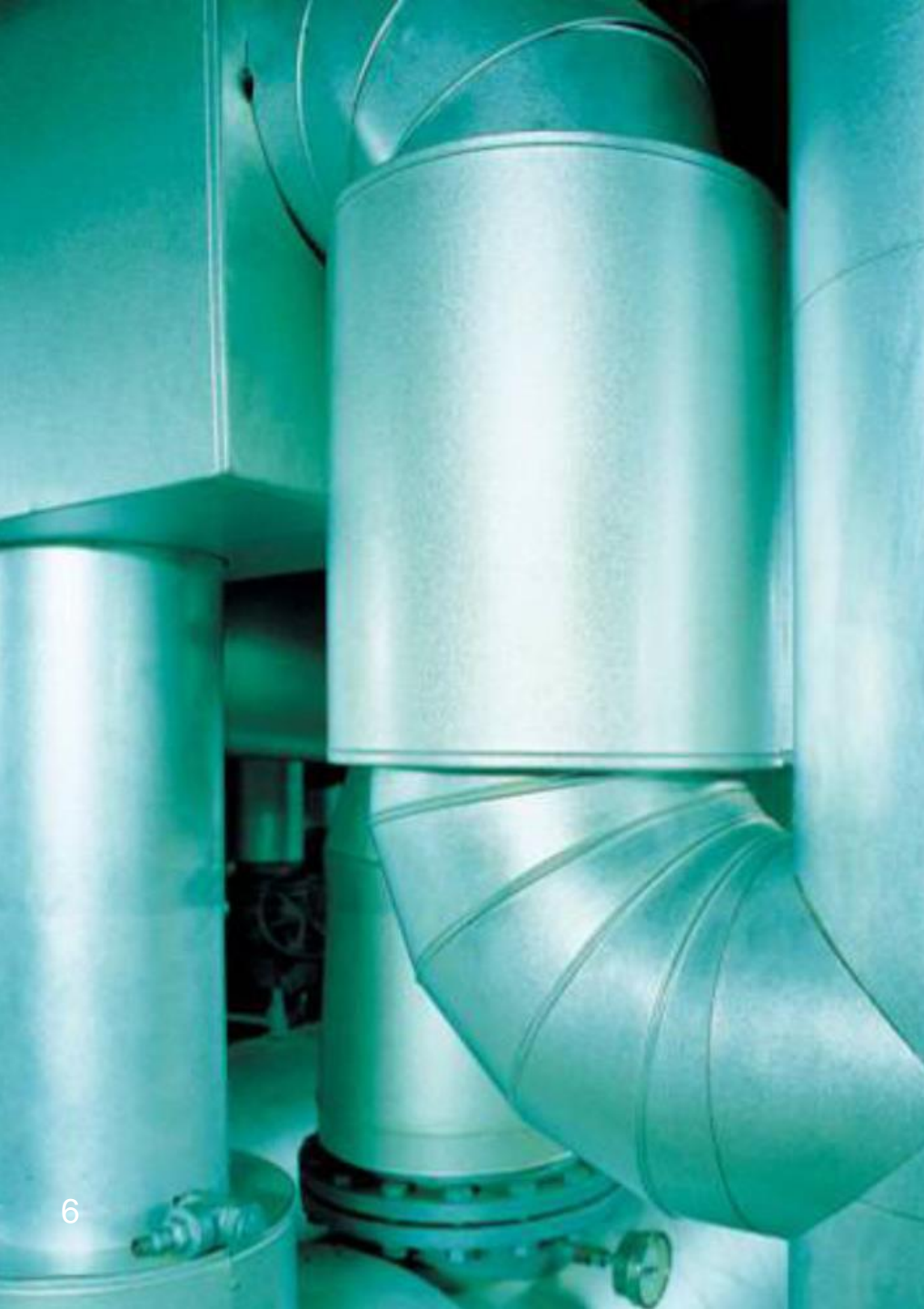
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Program Year 4, Q1, Therms

| | PY4 Goal | PY4 Q1 |
|--------------------------------------|------------------|----------------|
| RESIDENTIAL | | |
| Home Energy Performance | 520,920 | 80,437 |
| Multi-family | 76,140 | 4,446 |
| New HVAC | 919,446 | 123,013 |
| ENERGY STAR New Homes | 9,216 | 2,352 |
| Behavior Modification | 912,632 | 0 |
| Res Energy Efficient Products (REEP) | 77,938 | 7,016 |
| Moderate Inc / Warm Neighbors | 124,716 | 0 |
| TOTAL RESIDENTIAL | 2,641,008 | 217,264 |
| BUSINESS | | |
| Standard | 902,000 | 466,844 |
| Custom | 685,830 | 230,822 |
| Retro Commissioning | 82,000 | 0 |
| TOTAL BUSINESS | 1,669,830 | 697,666 |
| TOTAL PORTFOLIO | 4,310,838 | 914,930 |
| Statutory Goal | 1,881,446 | |
| Stretch Goal | 3,735,017 | |
| Percent of Statutory Goal | | 49% |

Business savings include pending savings

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What's New (PY3 to PY4)

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What's New: RESIDENTIAL

New HVAC

- Raised minimum SEER level requirement from 14 to 14.5 SEER to align with Energy Star qualifications
- Dropped Manual J incentive - ex-ante savings of 160kWh per unit dropped to 98 kWh per unit as a result of PY2 evaluation
- Restricted GSHP & ASHP incentives to units that replace electric resistance heat source - no fuel switching - to ensure that program is not adding kWh during heating season
- Moved to a tiered incentive structure for all measures to better align incentive with savings earned

Behavior Modification

- Pilot in PY3 – Now a program in PY 4

Demand Response

- Voltage Optimization Pilot

What's New: RESIDENTIAL

Home Energy Performance

- Added diagnostic equipment to audit - infrared camera and bore scope - audit moves from 1.5 to about 2.5 hrs
- Formal QA process follow up on contractors - includes full blower door and combustion safety testing
- Added staff to grow program and touch more customers - 5 additional auditors, 1 additional WN Project Coordinator, 2 QA Inspectors, 1 additional Account Manager
- Increased efficiencies of CFLs installed
- Increased efficiencies of showerheads installed
- Increased incentives

What's New: RESIDENTIAL

Multifamily

- Expanded eligibility in major measures program - both electric and gas now eligible
- Increased efficiencies of CFLs installed
- Increased efficiencies of showerheads installed
- Started using program staff to assist with installs for customers with limited resources

Energy Star New Homes

- Increased incentives for combo or electric homes from \$650 to \$750
- Introduced tiered incentive in PY4 - Tier 1 - (base incentive) = HERS 71-85, Tier II (base incentive x2) - HERS 56-70, Tier III (base incentive x3) - HERS 55 or less, greater default savings for higher tiers

What's New: RESIDENTIAL

Moderate Income/Warm Neighbors

- Pilot in PY 3 – Now offering to greater geographic area
- Increased incentives
- Increased efficiencies of CFLs installed
- Increased efficiencies of showerheads installed
- Raised HVAC required minimum efficiencies

Electric Space Heat Pilot

PY4 pilot: 2 man crew, audit with blower door, IR camera, bore scope and all direct install measures, 3 hrs of air sealing by program staff

What's New: RESIDENTIAL

Lighting

- Some movement within retailers (added Dollar Tree - moved away from CVS, etc)
- On-line offerings to be revamped
- Added 2 APT retail lighting reps (from 4 to 6 reps)

Appliance Recycling

- Incentive level raised from \$35 to \$50
- Started using small appliance retailers to promote program
- (mid to late PY3) dropped age restrictions, added primary units and started non-profit campaign

What's New: RESIDENTIAL

Residential EE Products (REEP)

- Appliance rebates separated from lighting program - now stand alone program including gas and electric measures
- Moved thermostat offering from HEP to REEP
- Added new DHW measures
- Added smart power strips and heat pump
- (in PY3) dropped dehumidifiers

- FTEs: 23 in PY3 vs 33 in PY4

What's New: BUSINESS

- Staffing Grant Application
- Custom Gas Program
- Gas also now included in Retro-Cx Program
- Process Steam/Steam Trap Application
- Increased Education & Training activity (fully dedicated E&T coordinator)
- Compressed Air Leak Repair Application
- Increased Program Ally Outreach
- Investigating partnering with Springfield City, Water, Light & Power for green nozzle marketing in Springfield area

- FTEs: 15 in PY3 vs 29 in PY4



Challenges and Issues

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Residential Portfolio Issues

Home Energy Performance

- Lack of BPI certified contractor base - currently 52 registered allies – BUT only 8 of which offer only testing or diagnostic services
- Large service territory - nearly 44k sq miles - larger staff equates to labor heavy costs - smaller staff equates to more travel time and expense
- Customer eligibility for some measures - attic insulation with baseline of R11 or less and wall insulation with zero (required for cost effectiveness) existing make some folks that could use the help ineligible

Appliance Recycling

- Lower than anticipated participation - difficult for customers to eliminate 2nd fridge
- Decreasing age of units picked up. Higher percentage of newer units equates to lower savings per unit.
- Pick up capacity/coordination due to the large service territory - coordinating rural pick ups in a timely, yet efficient manner

Residential Portfolio Issues

Lighting

- Increasing price of Phosphors (due to controlled supply) is increasing the price of CFLs.
- EISA - unknown ramifications on savings values and sales
- Ongoing customer and retailer education - overcoming CFL myths and comfort levels with the known (incandescent)

Multi-family

- Managing the balance between demand and funding - since in-unit material is free there is the potential for greater demand than funding would allow
- Long timeframe between retro fit project planning and implementation - property managers operate on tight fixed budget so projects are many times pushed into the next budget cycle
- Specialized contractors needed for shell measures due to scale of most MF projects, specialized testing and air sealing techniques and tenant security issues

Residential Portfolio Issues



New HVAC

- Given the programs large contribution to overall portfolio savings, the low NTG applied from PY2 evaluation makes it more difficult to achieve not only the HVAC program goal, but the overall PY4 portfolio therm goal
- Lowered "realized" unit savings & NTG recommendations from PY2 evaluation resulted in the need to lower incentive amounts on some measures which is resulting in lower participation
- Raised minimum SEER level requirements to "push" program maturity to better align with Energy Star qualifications. This exacerbated the lower participation level.
- Economy - many people are opting toward repairing existing units in lieu of purchasing new equipment. Contractors are currently laying off techs that do installations
- Unable to launch an effective Tune Up program given lack of contractor participation and the shorter cooling season in the upper Midwest
- Uptake on the boiler measure is very seasonal. While a furnace can be a part of an overall system swap out, boilers are stand alone heating equipment and are not often changed out in warmer weather.

Residential Portfolio Issues

Residential EE Products (REEP)

- Uncertainty of demand due to new product mix
- Retailer and customer education on lesser understood products (Smart Power Strips)
- Starting relationships with the right outlets to provide unit volume given the diverse suite of products is challenging. Retailer inventory is very low on some products.
- Decrease in savings/NTG making a product no longer cost effective for program
- Limited gas product availability

New Construction

- Very small network of certified HERS raters - only 16 registered with program and only a few of these that offer ratings as their primary business line
- Depressed housing market 2010 starts were 85% below 2005 peak - less than 4,000 homes built in Ameren territory in 2010
- Builders looking for ways to cut costs rather than to build above code

Residential Portfolio Issues

Moderate Income/Warm Neighbors

- Managing the balance between demand and funding - must be marketed at the grass roots almost door to door level
- Difficult to hit target market - eligibility limited to middle income household income which is a touchy subject to verify
- Uncertainty of long term future funding

Gas overall - limited list of gas measures (not as offered by programs, but in general)

Business Portfolio Issues



- The economy continues to be very fragile – many customers flush with cash but uneasy about implementing large capital projects
- Achieving awareness with all Ameren Illinois gas customers regarding program eligibility (only GDS2 customers were eligible in PY1-3)
- Continued increase in energy savings goals
- Training and coordination of new staff (approximately 14 new staff have joined project)
- Increased maturity of some programs (much of the low hanging fruit is gone)

Business Portfolio Issues

- Some customers still skeptical of EE program
- Many of the largest gas customers opted out of program
- Continued interest from customers wanting to opt out (gas and electric)
 - Customers frustrated that they can't; inhibiting desire to participate in current program
 - DCEO may allow them to opt out mid Plan cycle
- Rare earth materials shortage is driving prices of some lighting products up and increasing lead time for delivery
- Confusion about status of Illinois program since the Missouri program is ramping down
- Make-up of customer distribution throughout Ameren Illinois service territory (much variation over a large area)
- Large size of Ameren Illinois service territory