

Illinois Department of Commerce Updates to IL EE SAG – April 2016 Meeting

April 26th, 2016



Today's Topics

Market Transformation

- Current Market Transformation programs
- Feedback from LBNL, stakeholders, implementers, and literature
- Preliminary proposal for Plan 4

Plan 4 Preliminary Portfolio Presentation

- Objectives
- Highlights
- Public Sector
- Low Income
- Next Steps



Market Transformation



Current Market Transformation Programs

Goal: Provide technical assistance and education to support achievement of long-term EE goals in all sectors



Focus has been largely on educating energy professionals and strategic energy decision-makers, so that they have skills and information needed to implement effective EE strategies (versus other MT strategies such as technology development or supporting manufacturers, vendors, contractors, retailers, etc.)

Efforts to-date have been more geared towards achieving immediate (and to some degree, long-term) energy savings, but not interim market transformation metrics

Department's model has been somewhat ad-hoc/opportunistic (rather than systematic)



Current Market Transformation Programs (cont.)

\$22.82M over three years or 10% of total Department EEPS budget

Program	Sector	Budget
Building Industry Training & Education	All	\$4.42M*
Smart Energy Design Assistance Center	Public/Comm	\$11.25M
Trade Ally	Public	\$0.9M*
Building Operator Certification	Public/Comm	\$0.75M
Codes Collaborative	Comm/Res	\$2.8M*
Illinois Home Performance	Res	\$1.5M*
Lights for Learning	Res	\$1.2M

Savings: 17.84M kWh (4% of Dept. goal), 1.26M therms (8% of Dept. goal)

*No savings currently claimed for this Program

Current Market Transformation Programs (cont.)



BITE: Training, technical assistance, and project implementation assistance for various professionals, from all sectors of the building industry; several MT programs have emerged from BITE

Design Assistance: Technical assistance for public and commercial sectors, ranging from phone consultation to whole building analyses

Trade Ally: Identification, recruiting, and training for contractors, suppliers, architects, and engineering firms providing energy efficiency services to the Public Sector

BOC: Training & education program for building operators

Current Market Transformation Programs (cont.)



Codes: Expansion of the codes training & technical assistance Dept. has provided for many years; collaboration is focused on improving compliance by providing resources, jurisdictional assistance, and training and providing rebates for third party plan reviewers and inspectors

L4L: Education-based outreach and fundraising program that promotes the sale of residential lighting

IHP: Illinois' version of HPwES; Dept. is statewide sponsor, providing administrative support for the program



Market Transformation Feedback

Based on stakeholder feedback in October, we wanted to consider both big picture and program-specific changes/additions to MT portfolio



Lawrence Berkeley National Lab helped us consider two key issues:

- 1) Big picture: What should MT goals be? Are there other models we might want to look at? What steps could we take to make this piece of the portfolio more strategic (e.g., market assessment)?*
- 2) Feedback on current programs and possible new ones*

Also interviewed current MT Program Implementers & stakeholders and reviewed evaluations

Market Transformation Big Picture



Goal: Specific definitions of MT can vary by jurisdiction, but goal is for EE to become standard practice

Type of programs: Products (technologies), Services (supply), Practices (demand)

Approaches: Ad-hoc/Opportunistic vs. Systematic

Metrics: Energy savings should not necessarily be key near-term measure of success for these programs

Feedback:

- More deliberate characterization of the market
- More specific MT strategies and tactics
- Establish measureable, non-energy savings metrics

Market Transformation Feedback: Programs



BITE & Design Assistance: Focus to better channel impact in addressing specific markets and market barriers; clearly characterize markets served, barriers faced, and how services offered address barriers, and outcomes expected

Trade Ally: Align with strategies/tactics deployed to address specific barriers identified through BITE & Design Assistance

BOC: Move toward accreditation, incorporate online learning, consider tying to jurisdictions with benchmarking ordinances, target MF operators, provide more support to veterans, establish specific outcomes and performance metrics to determine market progress

Codes: Solid MT concept

L4L: Consensus to discontinue under MT

IHP: Continue to place emphasis on consistency in standards and education/training for contractors, realtors, and appraisers

Preliminary Proposal for Plan 4: Big Picture



Do not try to dramatically shift portfolio, but begin trend toward more systemic approach

- Goals: 1) Make EE standard practice in IL, 2) Serve as testbed for new EE approaches in IL
- Realign & refocus programs
- Incorporate non-energy metrics
- Conduct market baseline study for Plan 5
- In interim, decrease budget over last plan – 6.5% of Department’s budget vs. 10% in Plan 3

Preliminary Proposal for Plan 4: Programs



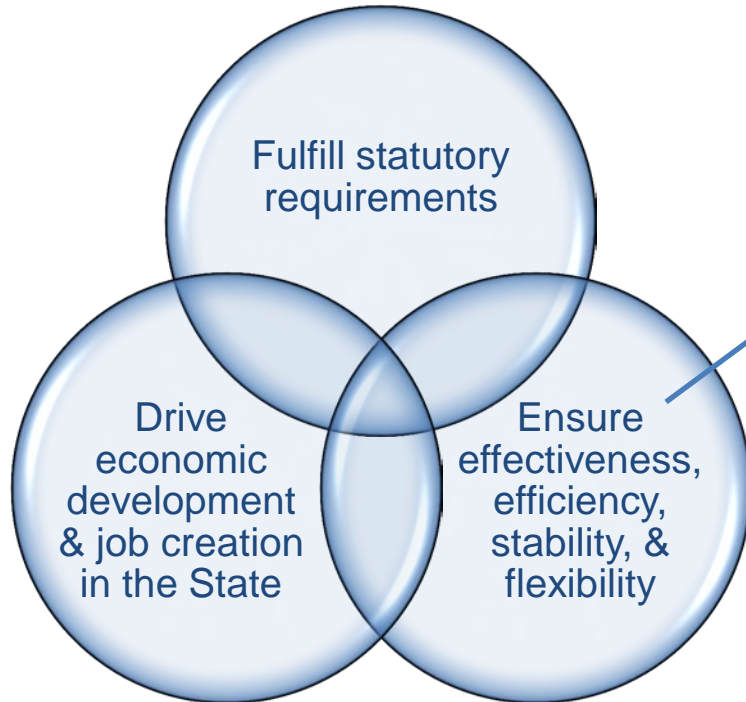
Realignment of programs:

- Move Assessments from Market Transformation to Public Sector
- Move Trade Ally to Marketing
- Discontinue L4L under MT
- Bucket remaining programs:
 - Training & Education (Supply), including: BITE, Design Assistance, Codes, BOC
 - Data & Information (Demand), including: IHP, Benchmarking Policy & Implementation Support
 - Products: Emerging Technologies focus on Public Sector & Low Income; Sub-Committee?

Plan 4 Preliminary Portfolio Presentation



Illinois Department of Commerce & Economic Opportunity Portfolio Planning Objectives



- *Build on past experiences and program designs that work, while*
- *Considering best practices from other Program Administrators and states, in order to:*
 - *Increase savings and cost effectiveness of portfolio*
 - *Provide more stability to customers, trade allies, and implementers*
 - *Allow flexibility to be responsive to market developments*

Performance of the Department's Programs

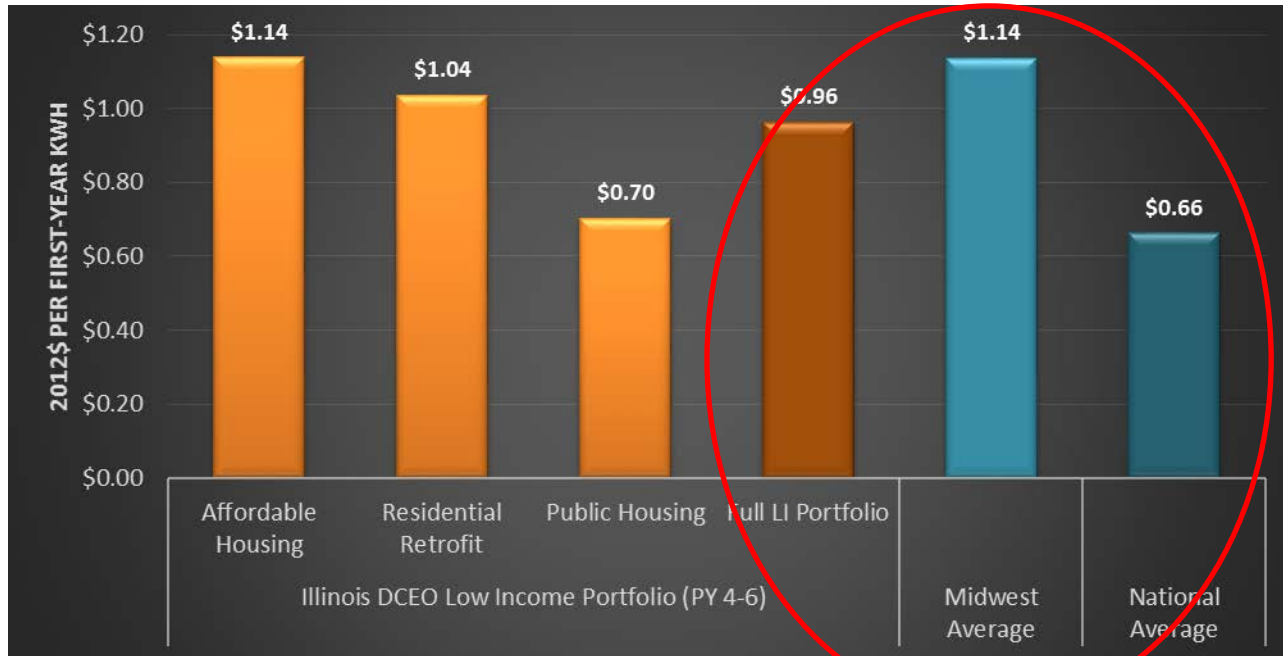
Public Sector Program First-Year Cost of Saved Electricity: DCEO, Midwest and National Averages



Analysis performed by LBNL, using LBNL database and DCEO evaluations

Performance of the Department's Programs

Low income Program First-Year Cost of Saved Electricity: DCEO, Midwest and National Averages



Analysis performed by LBNL, using LBNL database and DCEO evaluations

Highlights



All number are preliminary draft and likely to change

Budget: \$226 million over 3 years (71% electric, 29% gas)

Savings: 441 MWh and 22 million therms of first-year energy savings

Cost-Effectiveness: Numbers are preliminary but look promising

- Savings & cost-effectiveness calculated for Northern & Southern regions of State
- With and without 10% NEBs adder
- Using ComEd and Ameren discount rates

Highlights



Non-Program Costs: 8.5%

- EM&V = 2.5%
- Marketing = 1%
 - ✓ Trade Allies
 - ✓ Website
 - ✓ Call Center
- Portfolio Administrative = 5%
 - ✓ Staff
 - ✓ IT & Legal Support
 - ✓ Site Visits & Other Travel
 - ✓ 3 Year Planning & Potential Study

The Peoples Gas Dilemma

Department of Commerce EEPS Budget for Peoples (Over Budget)			
	Costs	Percent of Budget	Notes
Available Peoples \$ for DCEO Program	\$6,809,750		
Public	\$2,723,900	40.00%	By law DCEO must spend 40% of its budget on public sector
Low Income	\$4,376,626	64.27%	By law this is the amount of Peoples EEPS dollars that must be spent on low income
Market Transformation	\$442,634	6.50%	6.5% is what we've allotted for other utilities
Portfolio (non-Program/Admin)			
EM&V	\$170,244	2.50%	Standard across utilities
Marketing	\$68,098	1.00%	Standard across utilities
Portfolio Administrative	\$340,488	5.00%	Standard across utilities
TOTAL	\$8,121,989	119%	

Department of Commerce EEPS Budget for Peoples (Within Budget)			
Public	\$2,723,900	40.00%	By law DCEO must spend 40% of its budget on public sector
Low Income	\$3,847,509	56.50%	DCEO proposes to split LI obligation with Peoples; DCEO will cover 88% of Peoples LI requirement, and Peoples will cover remaining 12% (\$529,117) with their proposed LI work
Market Transformation	\$0	0.00%	Per SAG discussions, propose to increase ComEd MT budget (not as much funding needed for LI) to cover costs
Portfolio (non-Program/Admin)			
EM&V	\$170,244	2.50%	Easier if segregated
Marketing	\$68,098	1.00%	Easier if segregated
Portfolio Administrative	\$0	0.00%	Per SAG discussions, propose to distribute this 5% over program budgets
TOTAL	\$6,809,750	100%	

Public Sector



Proportion of budget about the same as last plan – 54% – but varies by utility, depending upon Low Income share (particularly Peoples)

Realignment of programs:

- Moving Assessments from Market Transformation to Public Sector
- Incorporating WWT & Boiler programs under Standard & Custom
- Continuing CHP as separate offering

Most programs similarly sized, with a few exceptions

Savings are PRELIMINARY – somewhat higher on electric side (largely due to increased deployment of LEDs), dramatically higher on gas (think targets are likely too aggressive)

Cost effectiveness – still preliminary, but portfolio will be very cost effective

Public Sector (cont.)



Assessments: continue to shift from deep IGAs to higher level assessments, savings/TRC still to be analyzed

Direct Install: continue to focus on market segments that have been underserved (i.e., state facilities), potentially shift to direct install vs. self install model (still under consideration)

Standard & Custom: one comprehensive application, greater deployment of LEDs

CHP: savings/TRC still to be analyzed

Some potential new measures not incorporated yet, including laminar flow restrictors, smart thermostats, and advanced power strips

Low Income



Increased budget over last plan – 33% of Department’s budget vs. 24% in Plan 3

Continue to deploy funding through 3 core programs: Residential Retrofit, Public & Federally-Subsidized Housing, and Affordable Housing New Construction

- Budget increase namely through Residential Retrofit (most cost effective program)

Complement with more marketing (under Marketing budget) & education (under Market Transformation budget)

Savings are PRELIMINARY, but will be higher

Cost effectiveness TO BE DETERMINED, but continue to focus on improving

Low Income (cont.)



Residential Retrofit: provide better guidelines and training to ensure consistency, focus on most cost-effective implementers, develop strategies to encourage implementation of lower cost measures

Public Housing: target PHAs not already served by program and other underserved federally-subsidized subsegments, work more closely with contractors, require better balance of low-cost and higher-cost measures

AHNC: work with IHDA to streamline application process (including simplify income verification), shift to performance-based approach, improve project documentation, institute expiration date

Low Income (cont.)

Administrator	Budget (\$M)				Customer			Program Type		
	Year 1	Year 2	Year 3	Plan Total	Income Range	SF	MF	Rebates	Assessments	Outreach & Education
Dept.	23.38	23.38	23.38	70.14	"Low"	X	X	X	X	X
ComEd	1.5	1.5	1.5	4.5	"Low and Moderate"					
Ameren E	9	9	9	27	"Income Qualified"					
Ameren G	3	3	3	9	"Income Qualified"					
Nicor	2.78	2.78	2.78	8.34	"Moderate"	X	X	X	X	X
Northshore	0	0	0	0				N/A		
Peoples	3.35	3.35	3.35	10.05	"Low-Moderate"	X	X	X	X	X
Utility Subtotal	19.63	19.63	19.63	58.89						
TOTAL EEPS	43.01	43.01	43.01	129.03						

14% of total EEPS budget
vs. 6% in Plan 3



Proposed Low Income Definitions

Goal: Ensure there is a common understanding across Program Administrators re what customers are being served

Proposed Definitions	EEPS Law	HUD Definitions	Poverty Level	AMI
Low Income	Low (budget set, customers served, programs do not have to be cost effective)	Very Low Income	150% and below	Up to 50AMI
Low Income	Low (customers served, programs do not have to be cost effective)	Low Income	151-250%	51-80AMI
Moderate Income		Moderate Income	251-300%	81-95AMI

Next Steps



Feedback from SAG

Receive final draft of Potential Study

Continue to refine program analyses, savings, and TRCs

Present updated plan in June

Thank You!

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Illinois
Department of Commerce
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