

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

January 26th, 2016



Today's Topics

Where Are We Now? (Plan 3)

- Current Budget Status
- Current Low Income Offerings
- Current Market Transformation Offerings

Where Are We Going? (Plan 4)

- Overview of Proposal Responses & Preliminary Budget
- Administrative Ideas (including multiyear contracts)
- Market Transformation Update (including Codes & Standards)
- Low Income Ideas & Guiding Principles

SAG Feedback on Existing LI & MT Programs (ICC Directive)



Where Are We Now: Plan 3



Current Budget Status

Unfortunately, there is still no FY16 appropriation for EEPS funds, but Department has been able to move forward with committing funds.



Good news: Majority of funds have been committed to projects, and we have told customers we will cover prior incurred costs

Bad news: Because of uncertainty, many are not willing to go forward with work

Department has been working on a variety of contingency plans

Low Income Overview

Statute requires utilities to coordinate with the Department to present energy efficiency measures proportionate to the share of total annual utility revenues in Illinois from households with incomes at or below 150% of the poverty level; programs must be targeted at households with incomes at or below 80% AMI



For last 3 plans, Department has been designated the implementer for these programs, because:

- More than 25 years of successfully developing and managing LI EE programs
- Leverage existing programs and partners that have proven track record and are well-known in the low income community, and can design programs that complement not duplicate efforts
- Able to offer statewide, integrated gas/electric programs, which leads to more efficient use of ratepayer dollars, and provides consistency and clarity for customers

Low Income Plan 3

Budget: \$55.24M over three years (\$18.29 in PY7), 24% of total Department EEPS budget, 6% of total EEPS portfolio



Residential Retrofit \$28.24M

Affordable Housing New Construction \$15M

Public Housing \$12M

Energy Savings Goals: 44.87M kWh (10%), 2.8M therms (18%)

PY6 Low Income Overall TRC: 0.94 (1.22 w/NEBs)

Comprehensive, “building system” approach is critical in low income



Residential Retrofit

Goal: Improve energy efficiency in existing low income single- and multi-family homes, by partnering with trusted community partners



Implementers have varied each year, but typically include: Elevate, Chicago Historic Bungalow, and the Department's Office of Energy Assistance's Weatherization Assistance Program

Identify and implement measures such as: high efficiency appliances, ACs, lighting, insulation, furnaces, water heaters

We allocate annual grants to our implementers and set incentive levels for the measures they implement

Residential Retrofit (cont.)

Goal: Improve energy efficiency in existing low income single- and multi-family homes, by partnering with trusted community partners



PY7 Spend: \$8.4M

PY7 Preliminary Savings: 8.6M kWh, 1.1M therms

PY6 TRC: 1.27 (1.65 w/NEBs) – a can vary widely by implementer

Customer satisfaction high:

- Satisfied with process, professionalism of program staff and contractors, and quality of work*
- EE improvements result in financial, comfort, and safety benefits*

Updated data tracking PY7, measures in PY8



Affordable Housing New Construction

Goal: Identify and implement cost-effective efficiency opportunities in multi- and single-family affordable housing gut-rehab and new construction (since 1988)



Department implements this program with technical support from DOMUS Plus

Grants available for non-profit and for-profit developers, average in PY7 was \$190K; most also work with IL Housing Development Authority

Focus is on standards for: high insulation levels, air sealing, ventilation, and high efficiency heating, hot water, and AC; we do not allow individual measures

Affordable Housing New Construction (cont.)

Goal: Identify and implement cost-effective efficiency opportunities in affordable housing gut-rehab and new construction (since 1988)



Program has touched ~10K units in Illinois

PY7 Spend: \$3.69M

PY7 Preliminary Savings: 1.97M kWh, 92K therms

PY6 TRC: 0.43 (0.56 w/NEBs)

Because program runs on 2-year cycle, there can be significant disconnect between costs and savings in a given year

PY9: better market performance-based approach, and update measures, data tracking procedures, and fund commitment process

Public Housing Program

Goal: Improve energy efficiency in Illinois' 99 public housing authority multi-family units, duplexes, and facilities



Implementer is U of I's Efficient Living Program

Identify and implement measures such as: high efficiency appliances, ACs, lighting, duct insulation and sealing, furnaces, low flow showerheads

Funds are awarded to PHAs by grant; grantees can leverage funding/financing from ESCOs, HUD

Public Housing Program (cont.)

Goal: Improve energy efficiency in existing Illinois public housing authority multi-family units, duplexes, and facilities



Program has served 52 of 99 IL PHAs to date

Program received MEEA's 2015 Inspiring Efficiency Impact Award

PY7 Spend: \$3.5M

PY7 Preliminary Savings: 2.4M kWh, 301K therms

PY6 TRC: 0.46 (0.59 w/NEBs)

Customer satisfaction high

Will be updating measures and data tracking procedures in PY9

Market Transformation Plan 3

Goal: Provide technical assistance and education to support achievement of long-term EE goals in all sectors; educate energy professionals and strategic energy decision-makers so that they have skills and information needed to implement effective EE strategies

Total budget is \$22.82M over three years (\$7.52 in PY7), 10% of total Department EEPS budget

Smart Energy Design Assistance Center: \$11.25M

Codes: \$2.8M

Building Operator Certification: \$0.75M

Lights for Learning: \$1.2M

*Illinois Home Performance: \$1.5M**

*Trade Ally: \$0.9M**

*Building Industry Training & Education (BITE): \$4.42M**

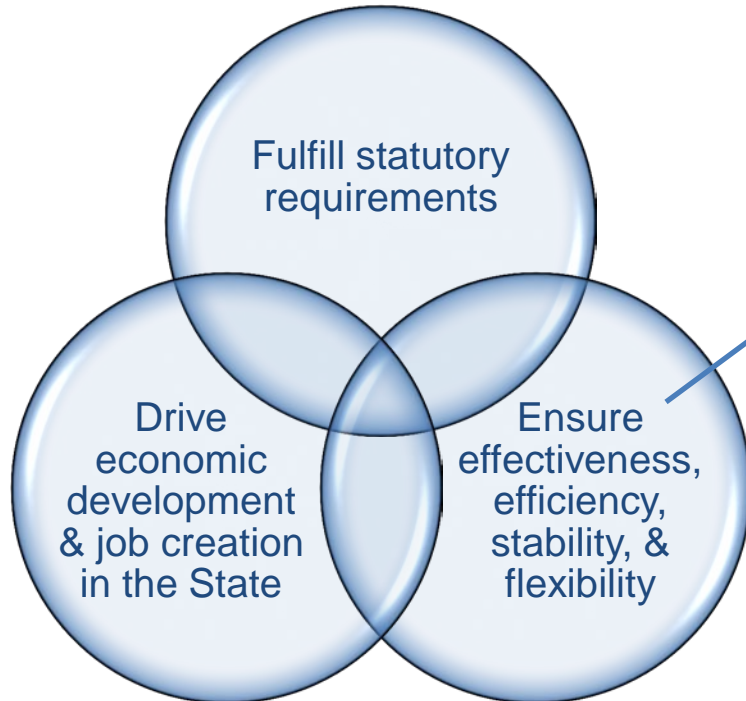
Energy Savings Goals: 17.84M kWh (4%), 1.26M therms (8%)



Where Are We Going: Plan 4



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*

Where Are We Going: Plan 4

Proposal Responses & Budget Template



Low Income Market Data Update

Department has commissioned ERC to update low income market data for Plan 4 and preliminary budget proposal on their preliminary findings



Statewide, 1.08M or ~22.6% of Illinoisans are at or below 150% of federal poverty level (up from 21% for Plan 3); **~41.7% at or below 80% AMI***

Utility territory customers at or below 150% of federal poverty: 983K electric, 685K gas; percentages vary by territory

*Based on share of revenue paid**, Department's Plan 4 budget will dedicate varying percentages to low income programs by utility territory*

**According to U.S. Census 2013 data*

***Most recent data still needed from utilities*

Low Income Market Data Update (cont.)

Plan 3

| Utility | % of Total Households** |
|-----------------|-------------------------|
| ComEd | 19.5% |
| Ameren Electric | 22.5% |
| Nicor | 14.1% |
| Peoples | 26.4% |
| North Shore | 14.5% |
| Ameren Gas | 21.4% |

| Utility | LI Share of Department Budget |
|-----------------|-------------------------------|
| ComEd | 26% |
| Ameren Electric | 26% |
| Nicor | 18% |
| Peoples | 37% |
| North Shore | 18% |
| Ameren Gas | 37% |

Plan 4: No Utils in Rents

| Utility | % of Total Households |
|-----------------|-----------------------|
| ComEd | 21.0% |
| Ameren Electric | 23.0% |
| Nicor | 14.9% |
| Peoples | 28.6% |
| North Shore | 11.7% |
| Ameren Gas | 22.2% |

| Utility | LI Share of Department Budget |
|-----------------|-------------------------------|
| ComEd | 30.3% |
| Ameren Electric | 33.2% |
| Nicor | 20.7% |
| Peoples | 45.8% |
| North Shore | 19.6% |
| Ameren Gas | 31.1% |

Plan 4: Utils in Rents

| Utility | % of Total Households |
|-----------------|-----------------------|
| ComEd | 27.7% |
| Ameren Electric | 30.7% |
| Nicor | 33.5% |
| Peoples | 55.7% |
| North Shore | 31.0% |
| Ameren Gas | 30.1% |

| Utility | LI Share of Department Budget |
|-----------------|-------------------------------|
| ComEd | 32.1% |
| Ameren Electric | 35.1% |
| Nicor | 23.6% |
| Peoples | 54.2% |
| North Shore | 21.8% |
| Ameren Gas | 33.4% |

Administrative

We expect to make three key administrative changes in Plan 4 and are considering several additional changes



3-year agreements with program implementers

Combining utility funds under one agreement for program implementers

We would like to move toward an advanced analytics platform

**Possibly* move from retrospective to prospective NTG*

Develop high-level portal webpage for statewide EEPS offerings, including potentially specific subpage for low income customers (which could also include non-EEPS offerings)

Market Transformation

We're considering big picture and program-specific changes/additions to MT portfolio, including lit review and assistance from LBNL

Lawrence Berkeley National Lab is providing technical assistance to consider two key issues:

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

LBNL is working on this now but will need until March to provide feedback – small side meeting with interested parties?

Codes Update: work in Plan 3 has been significantly delayed; all PAs agree would like to continue codes work, but likely using different model for administration; Dept. will continue to fund work under MT, most utilities appear to want to use ET budget given lack of demonstrated results in Plan 3



Low Income

We are exploring adjustments to existing programs, with goal to improve cost effectiveness and reach persistently underserved populations



Have done a literature review of low income best practice reports and collecting feedback from implementers, customers, and LBNL – initial thoughts:

Cross: incorporate more education, direct install in audit phase(?)

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

AHNC: simplify income verification process, shift to performance-based approach(?)

Public Housing: target PHAs not already served by program, work more closely with contractors, require better balance of low-cost and higher-cost measures(?)

Low Income (cont.)

We are also thinking big picture about how all of us can increase impact of EEPS on the low and low-mod markets



We intend to support more marketing and outreach in this space

Also plan to continue to improve data collection, including better tracking data for single- vs. multi-family and income levels

Department anticipates increasing its own investment in low income, but not possible to double investment on our own

Low Income (cont.)

Where are the gaps and what is best way for utilities to expand into low and low-mod income?



There are a lot of ways to slice and dice, but unfortunately we don't think there's a magic solution. Our thoughts so far:

- All of our programs were oversubscribed in PY7 – in particular we are significantly short on gas dollars*
- Strongly encourage utilities to invest in existing low low-mod income programs/implementers first*
- If there are gaps, let's tackle together*
- If utilities feel like they have to go with their own programs/implementers, close coordination to avoid duplication and confusion for customers will be critical*

Feedback on Existing Programs?

Low Income, Market Transformation



Thank You!

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Illinois
Department of Commerce
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Bruce Rauner, Governor