

Leveraging Community Engagement for Maximum Energy Efficiency Impact

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ABSTRACT

Ameren Illinois Company (AIC) launched its four-year Market Development Initiative in 2018, which leverages its \$100 million annual energy efficiency portfolio to engage communities in its service territory to:

- Create a model for energy efficiency job development in local income qualified communities.
- Increase the number of diverse business enterprises delivering energy efficiency products and/or services in support of programs.
- Increase energy efficiency program participation from residential and business customers in diverse, underserved or income qualified communities.
- Achieve maximum portfolio-wide energy savings through community partnerships and engagement.

AIC established a company-wide commitment to increase its diverse energy efficiency spending, empower underserved communities to participate in the energy efficiency economy fostered by the Future Energy Jobs Act (FEJA) and serve AIC's low-to-moderate income customers in a manner that goes beyond traditional energy efficiency weatherization programs. The innovative approach focuses on solidifying relationships with key local partners and community-based organizations, as well as offering customized grants to operationalize targeted energy efficiency initiatives. AIC has metrics for each of the objectives and tracks quantitative and qualitative progress towards achieving set goals. We are excited to share the approach, strategy and progress of this ambitious plan.

Introduction

Consistent with its long-time commitment to equitably serving the rural, hard-to-reach, diverse and traditionally underserved communities in their service territory, AIC enthusiastically embraces FEJA opportunities. In addition to designing programs in the portfolio that meet spending and target-market requirements, AIC designed an initiative as part of its four-year portfolio that focuses on meeting FEJA-legislated goals in a manner that increases jobs, expands businesses and increases energy efficiency program participation in low-income and diverse communities.

When Illinois enacted the Future Energy Jobs Act, 99-0906 (FEJA) in December 2016, it shifted the paradigm of energy efficiency programs for investor-owned utilities (IOUs) in Illinois and opened tremendous opportunities for income qualified and historically underserved communities. FEJA improved existing energy efficiency policies and established new rules for how utilities deliver energy saving measures, while aligning stakeholder and utility interests

through new cost recovery mechanisms. Last year, AIC developed and obtained approval of its four-year energy efficiency portfolio, which began in January 2018. Consistent with FEJA, the Illinois Commerce Commission (ICC) approved new cumulative annual electric savings goals and program budgets that are strongly tied to customer bill impacts.

In addition to the new electric savings goals and budgets, FEJA mandates several spending requirements. These requirements include, but are not limited to, a minimum annual spend on delivering programs to low-income customers (the annual electric energy efficiency budget equals \$8.35 million); a fixed percentage (seven percent) of the total electric budget annually must be spent on public buildings (local government, municipal corporations, public housing, community colleges, etc.); and a fixed percentage of funds dedicated to programs serving residents of public housing. FEJA's changes prompted a new cost-recovery mechanism for AIC. Under the new FEJA rules, AIC capitalizes the reasonable and prudent costs incurred to comply with the electric energy efficiency standards, amortize it over the useful life of the measures and earn a weighted average cost of capital (WACC) return on the asset balance (Public Act 099-0906 2018). Other significant changes that FEJA introduced include shifting the responsibility to serve low-income customers from the Department of Commerce and Economic Opportunity (DCEO) to IOUs, and the formation of a low-income energy efficiency advisory committee. The low-income advisory committee is established to assist in the design and evaluation of low-income energy efficiency programs in each of the electric utilities' service territories and include a variety of stakeholders, such as low-income energy efficiency implementation contractors and representatives of community-based organizations.

FEJA's emphasis on serving low-income customers, promoting diversity and expanding jobs created a perfect opportunity for AIC to design a new program focused on Market Development. This initiative satisfies the requirements of FEJA by establishing a novel approach of extending energy efficiency services to communities that have not benefited historically from energy efficiency programs while also creating energy efficiency jobs and expanding diverse businesses. The program focuses on establishing partnerships with community organizations and leveraging their relationships with community members and businesses to effect change in these communities. MDI's primary objective is to expand diverse businesses and job opportunities to increase broader access to and participation in efficiency efforts within diverse and income qualified communities.

Ameren Illinois Service Territory and Energy Efficiency Programs

AIC is a gas and electric utility serving counties throughout northeast, central and southern Illinois. A significant number of AIC's customers live in rural communities, public housing and manufactured homes. Additionally, AIC has a large percentage of customers who are from historically underserved populations such as low-income and diverse communities. Due to the remote locations coupled with limited financial resources, AIC faces the ongoing challenge of bringing energy efficiency programs to these customers. AIC designed the Market Development Initiative (MDI) to target this problem by using a community-based approach to expand energy efficiency businesses, create jobs and increase customer participation in these communities. AIC is working with these organizations to design projects that the organizations will implement focusing on such initiatives as community outreach events, educational workshops, and internship and staffing grants to expand energy efficiency services for existing businesses while creating jobs within these target communities.

The AIC energy efficiency plan, as approved by the ICC, includes several strategies and approaches to reach its customer-centric goals. AIC delivers a set of programs that achieve economic investment and energy savings while also positively impacting the lives of customers. Among these strategies are programs specifically designed to serve income-qualified customers to deliver real and meaningful savings through long-term measures, when practicable and possible. Income-qualified programs include programs such as weatherization, direct installs. While these programs offer significant savings and potential future savings, they do not directly address the barriers that prevent low-income and diverse communities from realizing their benefits. To address this issue, AIC developed the MDI which aims to deliver these measures to communities that are traditionally underserved, as well as provide training and delivery of measures by program trade allies within these neighborhoods by collaborating with existing small businesses and community-based organizations that expand into the energy efficiency space. Partnering with community-based organizations and networks opens access to the energy efficiency benefits promised by FEJA for the customers they serve.

The Market Development Initiative

In this groundbreaking effort, AIC is committed to deliver real, tangible and reportable results from its new MDI. MDI is designed to implement programs that are researched and designed in collaboration with community organizations that serve income qualified AIC customers to create projects that will have the most significant energy efficiency benefits to the communities they serve. These projects are then implemented by the community organizations utilizing their expertise and existing networks with the support of AIC.

Through research and assessment, this initiative identifies both successful programs that already exist, as well as the primary barriers for energy efficiency job development and business growth in diverse and low-income communities. Community leaders and organizations are identified and interviewed to better understand community successes, needs and barriers. For workforce development and job growth, diverse businesses throughout the service territory are identified and interviewed to establish best practices, barriers and opportunities for growth and expansion. To address some of the barriers, AIC is developing a list of energy efficiency jobs and business opportunities within its portfolio of programs for diverse employee training and business contracting.

Viable community organizations are assessed for possible partnerships to engage in the implementation of the initiative, with a focus on partnering with diverse employees and businesses. These organizations have deep community ties and become community ambassadors to ensure the engagement strategies and financial energy efficiency incentives funneled to the communities provide sustainable results. AIC works with local organizations that serve low-income and diverse clients to design energy efficiency projects that are compatible with the services they already provide and leverage their network for a deeper reach into targeted areas. Based on initial interviews with local organizations, AIC developed a list of engagement strategies and metrics to assess outcomes for each project a partner organization implements. These projects focus on community outreach and education, identifying eligible candidates for AIC's income qualified energy efficiency programs, staffing and internship grants and training to expand energy efficiency businesses and jobs in their communities. The organizations implementing these projects are held to performance standards to ensure successful results in one of the three goal areas of this initiative: increasing the (1) number of diverse individuals

employed through energy efficiency funding, (2) number of diverse business enterprises providing energy efficiency services, and (3) number of customers from diverse and/or income qualified communities participating in AIC energy efficiency programs.

MDI employs a variety of engagement strategies such as business training, technical training, coaching, mentoring, access to business expert advice and other advice that benefits businesses, individuals and organizations, educational workshops and programs. AIC anticipates that the demand for services will grow over the four-year period as awareness of the initiative grows throughout communities in need, allowing AIC to continue qualifying new individuals, businesses and organizations to provide services through and beyond the four-year period.

Creation and Expansion of Energy Efficiency Jobs and Businesses

AIC established a company-wide commitment to increase its diverse energy efficiency spending, empower traditionally underserved communities to participate in the energy efficiency economy fostered by FEJA and serve AIC's low-to-moderate income customers in a manner that goes beyond traditional energy efficiency weatherization programs. Therefore, one of the key goals of MDI is to create energy efficiency jobs for diverse, local, low-to-moderate-income employees and expand diverse businesses in these communities that provide energy efficiency services. The energy efficiency industry was historically built on the grass-root creation of local businesses and jobs. This energy efficiency economy has grown over the last decade to a significant economy of over seven billion dollars nationally, with over twenty-five percent in the Midwest. Yet when companies are hired to perform energy efficiency services, the majority of the revenue goes to a handful of specialized energy efficiency regional and national companies. AIC's MDI is designed to address this disparity in access to the energy efficiency economy. AIC's innovative MDI approach focuses on solidifying relationships with community-based organizations and other key, local partners as well as offering customized grants to operationalize targeted energy efficiency initiatives.

This strategy aligns with AIC's corporate goal of expanding supplier diversity by providing opportunities for diverse business enterprises to grow through the goods and services they provide to AIC and its customers. AIC supports the low-to-moderate income stakeholders that are actively involved in FEJA. AIC agrees with these stakeholders that diverse business participation, along with a diverse workforce, are catalysts to successfully meeting energy efficiency objectives across all of AIC's territory. Creating energy efficiency jobs and expanding diverse businesses in the neighborhoods where these people already live increases access to these services and makes the future of energy efficiency expansion in these communities more sustainable. The need for this targeted program is exemplified in that AIC has had difficulty identifying local diverse business enterprises that both reflect the diversity of their service territory and are qualified to support the delivery of energy efficiency programs. The internships, staffing grants, certification and training programs offered through MDI are designed to help close this gap.

To date, AIC works with over a dozen local organizations and community action agencies to implement multiple projects designed to create new energy efficiency jobs, provide training and expand diverse energy efficiency businesses in these target markets using internship grants, staffing grants, equipment grants and training programs. These projects are designed and carried out with the input and support of local agencies already serving diverse and low-to-moderate-income customers within AIC's territory. The success rate for these projects is

increased by leveraging community networks and expertise to help identify excellent candidates for these grants. AIC's concerted effort to expand the number and capacity of diverse business enterprises that support delivery of AIC energy efficiency programs serves the broader goals of FEJA, as well as the supplier diversity policy that was established by the Commission.

Increased Consumer and Business Program Participation

Despite the many savings and quality-of-life benefits to the consumer, current energy efficiency program participation throughout the United States does not adequately reflect the general population. In a 2016 California study, it was reported that the low-income demographic segment was consistently underrepresented. The underrepresented segment "included households that were non-white, lower- and middle-income, non-college educated, or non-English-speaking" (California Energy Commission 2016). It was discovered that these customers were not served in either general programs or low-income programs. Similarly, it was concluded in a 2017 University of Michigan study, that when compared to high-income households, low-income residential customers received 10 times less electric savings and 3.4 times less gas savings. The findings of this study revealed that disparities in household savings were partially attributed to lower investments in low-income programs, but primarily, in the significant need to restructure how utilities approach underserved households (Stacey and Reames 2017). In an analysis conducted by Elevate Energy, it was found that low-income families in Illinois spend an average of 13 percent of their income on energy. A household's energy burden is a ratio of energy cost to household income. On average, households in America spend about six percent of their income on energy expenses (Elevate Energy n.d.). This higher burden causes people to make hard decisions that often involve reducing their heat to a dangerous level during cold months or foregoing groceries or medications to pay utilities.

A number of policy actions, including energy shut-off protections, bill-payment assistance and home weatherization programs exist to address immediate or emergency scenarios. From studying how participants engage with these initiatives, along with the federal Low-Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program (WAP), many low-income energy advocates hope to better understand how to create sustainable paths to target and engage low-to moderate-income (LMI) households (Drehobl and Ross 2016). Yet, as Stacey and Reames comment in their 2017 publication, *Social Equity in State Energy Policy*, "concerns have been raised in regard to utility investment levels in programs targeting LMI residents and the impact on achieving an equitable energy future."

As found in a 2015 Energy Information Administration survey, nearly one-third of US homes (31 percent) struggled to afford adequate energy in 2015. Other alarming statistics such as the following were found:

- One in five homes traded home energy use with other necessities such as food or medicine.
- Fourteen percent of households (17 million) received a disconnect notice from their utility. Of the 17 million, two million answered that this occurred almost every month.
- Households may also have used less energy than they preferred: 11 percent of households surveyed reported keeping their homes at an unhealthy temperature.
- Twenty-five million households reported forgoing food and medicine to pay energy bills and of them, seven million faced that decision nearly every month.

These concerns are not simply limited to the portion of our society that qualify for low-income services. They are experienced by individuals, families and businesses across society that find themselves in difficult financial situations for a variety of reasons. Across the AIC territory there are hard-working individuals that are unable to close the gap between their income or revenue and rising costs. MDI goes beyond traditional energy assistance programs by striving to ensure that these individuals and businesses receive their share of energy efficiency benefits. Partnerships with community-based organizations serving AIC's target population, listening to feedback regarding barriers to access and cooperatively designing programs to address these problems will increase the number of LMI and diverse customers receiving energy efficiency services. For example, energy efficiency education and outreach can be included with other services these customers are already receiving, such as at back to school events and senior service programs. Whether addressing the LMI market, small business market or commercial and industrial markets, AIC designed the MDI to leverage community engagement as the essential strategy to address past participation barriers and increase program adoption levels that reflect the diversity and socioeconomic profile of the consumers and businesses in Southern Illinois.

Community Engagement Approach

The key difference to AIC's approach is rooted in leveraging community partnerships as a way to meet the goals of creating new local energy efficiency jobs, expanding the number of local energy efficiency businesses and increasing diversity of consumers and businesses participating in energy efficiency programs across their portfolio. While working with community-based organizations has been a key strategy to deliver low-income weatherization programs for years, these organizations are not commonly engaged in the energy efficiency economy. Both regional and national organizations, such as AARP, Illinois Black Chamber of Commerce and community groups like the Urban League of Springfield and the Champaign County Regional Planning Commission, are working with businesses in Southern Illinois that embrace energy efficiency funding opportunities. Their expertise is invaluable when designing and implementing programs that provide services that will reach the target audience and effect the greatest impact those communities.

During 2017 planning meetings in preparation for the new portfolio, AIC received specific input from community organizations that were foundational in the design of the MDI. A common theme from participants was a request for AIC to create familiarity around energy efficiency programs by incorporating local businesses for diverse candidates and providing economic development opportunities for income qualified communities that are typically underserved in the energy efficiency Industry.

Many representatives at meetings expressed the importance of engaging the community in the design and delivery of energy efficiency programs so that programs reflect the needs, as well as the local diversity, of the residents and businesses. These organizations are playing a meaningful role in the initiative by serving as ambassadors to the energy efficiency portfolio and ensuring that the initiative provides valuable impacts in their communities.

During the first phase of the MDI, launched in 2018, AIC began working with local community organizations to better understand and assess barriers to increase engagement in energy efficiency programs. The second phase involves developing partnerships with local organizations already imbedded in diverse and income qualified communities to jointly design

strategies and projects that will create jobs, expand diverse businesses and increase program participation within targeted communities. The third phase involves implementation of the initiative through work with local partners to provide the actual support and training needs identified through the previous phases.

Project Planning: Strategies, Metrics and Impacts

Through the first two phases described above, AIC and the initial group of organizations are working together to jointly design projects for year 2018. These projects, which will be implemented by the organizations with the support of AIC, are scaled and tailored to each organization to maximize opportunities for success. The projects include performance metrics that identify impacts that are expected to be delivered by the organization. To ensure a true partnership through the initiative, AIC works diligently to thoroughly understand each organization—including their vision, mission, focus and the immediate and long-term needs of those they serve. The organizations were strategically selected based on the fact they serve diverse and income qualified customers within AIC's service territory. Several of the organizations already provide weatherization services that can be expanded through AIC provided training and staffing grants.

AIC created an initial list of intervention strategies with community organizations to ensure that project designs and actions are measured and create energy efficiency impacts that align with the goals of the MDI. T MDI intervention strategies targeting consumer participation include workshops, outreach and education events, kit distribution and other energy efficiency measures installation by local organizations. These strategies are designed to educate consumers and provide reliable information while removing financial barriers to accessing measures. Having local workforce install enhanced measures also fosters trust and increases community engagement in energy efficiency programs. Strategies designed to expand energy efficiency businesses and workforce help expand the expertise in these communities. Some of these strategies include internship, staffing, equipment and mentorship grants and job training and certification to expand the capabilities and capacity of energy efficiency businesses in these communities. Each strategy is assigned various metrics such as attendees at an event, employees hired, kits disturbed, employees trained and people engaged through services offered by the interns or new hires. These metrics are tracked to ensure that targeted AIC customers are being served by this initiative.

Performance-Based Approach to Create Sustainable Impacts

AIC utilizes a performance-based approach for these projects because it aligns the interests of the company, the community organization and the customer. Chiefly, it ensures a positive impact in the community. AIC teamed with local organizations to identify needs and barriers and designed projects with clear objectives to address those scenarios. When organizations have explicit performance goals, they are more likely to deploy their staff and resources in a manner to meet these goals. To further meaningful collaboration, the performance metrics are established with the organization's input, to ensure they are goals that are important and achievable for all parties.

By establishing a true partnership with community organizations and providing long-lasting investment and energy savings to targeted communities, it is anticipated that the organization's ability to sustain many of the energy efficiency-related services for their customers and clients will go beyond the AIC program funding. In many cases, this requires the organization's involvement with AIC to develop the creative use of existing or expanded funding opportunities elsewhere. It also entails the use of extensive public and private partnerships where the community-based organizations leverage their skills and goodwill to help grow more sustainable energy efficiency businesses. In some cases, it is intended that AIC funding allows for the start or continuation of sustainable programs, which is key to ensuring long-term support and growth for these important AIC communities.

Organization Case Study

AIC has partnered with Champaign County Regional Planning Commission (“CCRPC”) as a core contributor to the Market Development Initiative, leveraging their existing expertise and infrastructure in multiple ways. CCRPC will provide initiative-wide support for AIC and the participating organizations by developing a project and participant-tracking database which will be used to manage and track all participant information and impacts from the various projects. Participating organizations will use the system directly to submit data through an easy-to-use interface and manage to their individual project goals. AIC will use this repository to ensure the MDI objectives are achieved and can be tracked directly to local energy efficiency spending, customer services and job creation efforts. CCRPC will also serve as a partner organization implementing a community-based project in support of MDI's broader goals, with an emphasis on workforce innovation and development.

Champaign County Regional Planning Commission employs over 200 local residents and provides diverse services to a County-wide population of over 200,000. CCRPC serves as a community action agency delivering weatherization services to customers in support of an AIC energy efficiency program and has extensive expertise in serving the income-qualified community. The CCRPC team brings advanced operations and experience to the network of participating organizations and can serve as an ambassador and example for other community-based organizations that may lack the infrastructure or experience in implementing targeted energy efficiency-focused initiatives. CCRPC was selected not only for their capabilities as an organization, but as a strong advocate for the income-qualified community and as a supporter of AIC's broader mission.

Conclusion

While AIC envisions many important impacts achieved through the Market Development Initiative, the key impacts relevant to energy efficiency funding include: (1) increasing the amount of program funding that passes through diverse businesses as a result of their direct support of AIC energy efficiency programs; (2) increasing the number of jobs created through the effort; (3) increasing the proportion of program dollars flowing into targeted communities; and (4) increasing the number of diverse participants in AIC's programs. Other market transformation impacts include greater community awareness of energy efficiency programs and greater penetration into traditionally underserved market segments.

AIC is excited and proud to have developed an innovative approach to delivering energy efficiency investment and energy savings to customers through true community partnerships and new market development. While there are remaining challenges, AIC is confident that the results will pave the way for this model to be adopted in other jurisdictions and adjusted to the communities for which these initiatives can serve. By focusing on both investment and energy savings, utilities can help deliver true, life changing measures to the customers they serve. And that is a goal worth working towards.

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