

Recommendations/Questions for Ameren, ComEd, Nicor, and Peoples Gas/North Shore Gas on their 2018-2021 Energy Efficiency Plans

The below recommendations and questions have been compiled by the Illinois Energy Efficiency for All partners – the Community Investment Corporation (CIC), Citizens Utility Board (CUB), Elevate Energy, the Midwest Energy Efficiency Alliance (MEEA), and the Natural Resource Defense Council (NRDC) – as well as the Environmental Defense Fund and The Nature Conservancy.

All of the groups appreciate the opportunity to provide feedback on the preliminary plans presented on May 2 at the Illinois Energy Efficiency Stakeholder Advisory Group. Should you have any questions or would like to discuss these informal recommendations further, please contact Stacie Young, Director of The Preservation Compact, at 312-870-9955 or by email at stacie.young@cichicago.com.

Income Eligible/Qualified Multifamily Program Design:

- Provide appropriate incentive levels for the subsidized and unsubsidized multifamily rental stock that are flexible enough to meet the needs of the owner (see appendix).
 - Subsidized Stock:
 - Provide no less than 75% incentive/grant for retrofits
 - The timing of the incentives matters. An owner who is doing a gut-rehab is like a new-construction owner, in that they may need a promissory note up front while they assemble their financing.
 - Unsubsidized Stock:
 - Provide a partial incentive/grant to building owners to cover 50-75% of the total retrofit cost. Owners can utilize financing options, such as Energy Savers Loan Fund and on-bill financing, for the remaining cost of the retrofit. The level of support needed will vary based on the project.
 - For gut-rehabs, owners may need a promissory note up front, as stated above. But an owner simply replacing a furnace will be fine with a rebate after the job is done, or take a write-down in the price at the time it is replaced.
- Determine building eligibility by geography through qualifying census tracts with a secondary compliance method of allowing owners, whose buildings are not in designated census tracts, to qualify by verifying the income of their tenants.
- Implement an approach to energy efficiency projects that incorporates deep retrofit activity as stated in the Comprehensive Retrofit definition we developed with utilities in the Illinois Energy Efficiency Stakeholder Advisory Group (see appendix).
 - Create long-term relationships with customers to ensure deep retrofit happens over time. These customers may not be able to complete all measure at once due to capacity and resource limitations. Allow for a building owner to be counted as a participant in multiple program years for implementing different measures in each year. See the joint, approved filing by Xcel Energy and CenterPoint Energy in Minnesota for guidance (Docket No. E,G-002/CIP-12-447; Docket No. G-008/CIP-12-564).
 - Maintain continuous follow-up with customers including: construction support to ensure that the installations are done well and result in good savings, O&M training for new equipment, ongoing monitoring to measure performance for up to 2 years post-retrofit, with annual reports to owners regarding energy usage.
- Provide technical assistance for: resolving health and safety issues, technical services throughout the retrofit process, and financing options.

Workforce Development and Supplier Diversity:

- Within market transformation programs, explore programs designed for workforce development in economically disadvantaged communities through training and education on energy efficiency trades and practices.
- Add a metric to annual supplier diversity reports to the Illinois Commerce Commission to demonstrate the number of suppliers with businesses and employees based in economically disadvantaged communities.

Marketing Coordination and Transparency:

- Marketing is coordinated across all utility and non-utility EE programs to ensure implementers, contractors, and other stakeholders are aware of all program offerings and communicate opportunities to customers with consistent language.
- Utilities are transparent about when rebates are turned on and off.
- When appropriate - gas-electric joint delivery programs as well as instances where customers may take advantage of residential and commercial offerings - provide customers with a single point of contact to navigate program offerings.

Benefits to All Customers:

- Ensure that market transformation, emerging technology, and third party programs are selected and designed in a way to benefit all customers in an equitable manner.
- Ensure that Voltage Optimization programs benefit all customers, prioritizing projects targeted to economically disadvantaged communities.

Evaluation:

- Evaluate additional non-energy benefits (NEBs) (beyond water and O&M savings) of programs and prioritize those associated with income eligible/qualified programs to start.
- Recommendation for NEBs to look at: Comfort, health and safety, reduced tenant turnover, reduced shut-offs, and lower energy burden (see *ACEEE's Lifting the High Energy Burden in America's Largest Cities: How Energy Efficiency Can Improve Low-Income and Underserved Communities*. April 20, 2016).
- Assess reduced credit and collections costs due to low income programs.
- Tailor evaluation methods for income eligible/qualified programs to have appropriate flexibility and innovation for this part of the housing stock.

Gas-Electric Coordination:

- Coordinate electric and natural gas programs to lower costs and improve customer service and savings.

AMI:

- We recommend that Ameren and ComEd use data from AMI, which the Public Utilities Act directs the utilities to incorporate into their energy efficiency efforts (specifically, in the "planning, implementation, and evaluation of energy efficiency measures and programs" 220 ILCS 5/8-103B(i)) for uses such as customer targeting, quality assurance and quality control, trade ally management, EM&V, and individual energy efficiency measures in order to maximize benefits to all customers from both AMI and energy efficiency measures.

Ameren-Specific Recommendation:

- Look at dedicating a portion of the income eligible budget exclusively to all-electric homes/buildings.

Questions for ComEd/Ameren:

1. What is the measure life/persistence of savings for behavioral programs?
2. What are the planned participation numbers for each program?
3. What is the breakdown of incentive vs. non-incentive cost for your income eligible/qualified programs? What do the non-incentive costs cover?

Questions for ComEd:

1. Can more information be provided so that we may understand how, in 2018, behavior programs accounting for 8% of the residential budget achieves 48% of the savings?
2. Are residential multifamily assessments for in-unit measures only?

Questions for Ameren:

1. Must all the phases of the Residential Income Qualified program be completed within one program year? See the above recommendation regarding program participation.
2. Within the Residential Income Qualified and Business programs, how will multifamily building participation be tracked to better understand how multifamily buildings are being served by these programs? How will the pursuit of whole building energy efficiency be tracked through participation?

Appendix:

Multifamily Affordable Rental Housing

Distinguishing between two different types of multifamily (5 units +) affordable rental housing:

- Government assisted, or subsidized affordable rental housing, and
- Unsubsidized affordable rental housing. *

In short, **the utilities could stretch their dollars significantly if they offered only a partial, 50-70% incentive to the unsubsidized affordable rental owners instead of 75-100% grant.** Because these owners currently expect to finance or pay for the bulk of the total retrofit cost themselves, a 50-70% incentive from the utilities would be a huge boost.

Historically, **subsidized buildings knew they could pursue sizeable grants from DCEO** via the Affordable Housing New Construction Program. These grants would cover most, if not all, efficiency related costs.

Unsubsidized buildings, however, did not access DCEO programs to avoid burdensome government requirements. These buildings historically could only partially offset their retrofit costs with utility incentives and rebates. Depending on a building's overall retrofit needs and available utility incentives, **past utility resources would typically cover only 10-20% of the total cost** of all measures in a retrofit. ** These owners would expect to finance - or pay out of pocket - the remaining 80-90%.

If a new utility program offered an incentive to cover an average of 50-70% of the cost of a retrofit, these owners would be greatly motivated to apply. However, if an income certification is required (as opposed to using a census tract's income to automatically qualify a building), owners may avoid the program, since the costs to comply would outweigh the program benefit. For buildings outside of qualifying census tracts, there should be a secondary method of compliance where owners can verify that their tenants are low-income.

CIC has been serving these unsubsidized owners for thirty years with financing, and CIC and Elevate have easily triaged buildings between unsubsidized and subsidized. We could help the utilities come up with a simple and effective protocol along these lines.

Boosting incentives for unsubsidized owners to an average of 50-70% would yield an improvement in owner participation, and stretch utility dollars to retrofit a much higher number of units. It is also important to provide flexibility in program design for building owners who may need more or less incentives to complete a retrofit.

In addition to the Energy Savers Loan Fund, CIC also administers **multifamily on-bill financing**. To be clear, **a tenant's bill is not allowed to be touched at all.** Only the investor owners finance the improvements off of their utility bills.

*For reference, according to Harvard's Joint Center on Housing, of the affordable rental stock across the country, 70% is unsubsidized, and 30% receives subsidy (this includes all types of government contracts, and capital subsidies like tax credits to build housing). Public housing, we all acknowledge, falls into a completely separate bucket.

**CIC has typically seen these kinds of retrofits cost hover around \$3,000 per unit.

Comprehensive Retrofit Definition:

A Comprehensive Retrofit means an energy efficiency project that applies a whole building approach that touches multiple systems and components of an eligible utility customer's residence or business facility, which may include incentives for heating, cooling, lighting, and/or the building envelope, as well as providing a whole building assessment, with the intent, over time, of capturing all cost-effective efficiency opportunities, while ensuring that health and safety standards are met. Illinois Program Administrators shall leverage funding sources outside of Section 8-103, 8-104, or 16-111.5B energy efficiency budgets for health and safety repairs that are required before an energy efficiency project can be installed. Comprehensive Retrofit projects focus on improving energy efficiency, to result in lower whole-building energy use. To ensure quality installation of energy efficiency projects, Illinois Program Administrators shall develop and implement quality assurance and quality control procedures for energy efficiency programs that utilize Comprehensive Retrofits.

Additional Input Provided on Comprehensive Retrofit Definition:

- Focuses on comprehensive projects that touch multiple systems and components (such as heating, cooling, lighting, building envelope) *
- Aim for savings target range of 20-40% savings based on actual consumption for a 3-5-year period post-retrofit (achieving this target should not be required for each project)
- Provide a whole building assessment and report that includes
 - Analyzing of HVAC and lighting systems with on-site diagnostic testing (combustion efficiency, etc.)
 - Identifying health and safety issues
 - Measuring utility consumption, compared to consumption of typical buildings
 - Projecting savings and modelling based on actual prior energy usage, practical experience, performance and similar buildings
 - Addressing financing options and showing ROI

*List of commonly installed measures and average amounts:

- Insulation in walls, attics/flat roof cavities – 10-15,000 sf
- Pipe insulation on heating pipes – 300-500 linear feet
- Pipe insulation on domestic hot water pipes – 150 linear feet
- Lighting retrofits (new lamps and ballasts)
- Lighting controls
- Pumps and Motors
- HVAC balancing and optimizing
- Boiler tune ups
- DHW temperature set back
- Outdoor resets
- Electric chiller replacement
- HVAC controls and equipment replacement
- General air sealing
- Central domestic hot water heater
- Demand controlled ventilation
- Steam traps, Vents, Controls and Balancing.
- Operations and Maintenance Training