Shaking It Up: New and Nimble Designs for Low- and Moderate-Income Programs

June 22, 2015
Presentation Agenda

- Introductions
- Study Background
- Methodology
- Study Findings
- Consumers Energy Income Qualified Program
Introductions and Study Purpose

Michelle Kelly – Cadmus – Portland, OR

Chad Miller – Consumers Energy – Lansing, MI

Determine the strategies of utilities, nonprofits, state agencies, and other program administrators working to create inventive new program models that help alleviate energy poverty and expand the breadth and depth of energy savings.
Following the Recovery Act and Clean Air Act → increased pressure on utilities and program administrators to establish energy efficiency as a resource and prepare for the future

- Diminished capacity from community action agencies
- Lower federal weatherization budgets
- Greater customer need

Utilities and program administrators have responded to needs among lower-income energy-efficiency programs in a variety of ways

Cadmus conducted a best practices analysis of income-qualified sector program design and delivery methods
### Study Background

<table>
<thead>
<tr>
<th>Benefits of Best Practice Research</th>
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<tr>
<td>Effective mechanism to quickly assess the strengths and opportunities of key programs</td>
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<td>Focus finite program resources in the areas that are most likely to improve or even optimize program performance</td>
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<td>Provides more nuanced insights related to participant engagement</td>
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Methodology

Industry reports, publicly available program information, prior evaluations, and institutional knowledge

Interviewed program administrators and industry experts on best practices topics

Best Practice Metrics

• Innovative methods of serving customers
• High or highly cost-effective energy savings
• Identify or reach a population that has not been widely served in the past
• Assess the community need and offer complementary services
• Provide more comprehensive services/generate more comprehensive savings
### Methodology

#### Programs

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<thead>
<tr>
<th>Program Sponsor</th>
<th>State/Region</th>
<th>Literature Review</th>
<th>Interview</th>
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<td>National Center for Appropriate Technology (NCAT)</td>
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<td>The Rural Renewable Energy Alliance (RREAL)</td>
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<td>Xcel Energy</td>
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Methodology

Program Administrator Interviews

• Efficiency Vermont –
  – ACEEE exemplary program
  – Portfolio of IQ programs: SF, MF, MH
  – Coordinated approach with many other organizations

• Mass Save –
  – ACEEE exemplary program
  – Portfolio of low-income programs: SF, MF, Moderate Income

Xcel Energy-
  – ACEEE exemplary program
  – Portfolio of IQ programs: SF, MF, Energy education

• Community Energy Project
  – Small non-profit providing small measure weatherization and training
  – High savings for dollars expended, very engaged in the community, outreach and marketing
Industry Expert Interviews

- Rick Karg – Low-income weatherization trainer and technical expert. Has written technical standards and weatherization guides for: the Midwest, NM, ME, NH, ND, WV

- Sherry Vogel – manager of the LIHEAP Clearinghouse database which catalogues energy assistance and energy efficiency programs offered by states, utilities and the federal government.
Themes and Focus Areas

- Innovative program design models
- Successful program delivery strategies
- Proven marketing and outreach tactics
- Innovative or emerging technologies
INNOVATIVE PROGRAM DESIGNS

Portfolio Approach

Manufactured Homes Programs

Multifamily Programs

Customer DIY Installation Programs
### Study Findings

#### Portfolio Approach

Offering a suite of low-income programs helps a broader range of customers and expands opportunities for energy savings.

| Serve Broader Population | • Targets market niches and customer sub-segments  
|                         | • Opportunity to reach participants that may not participate in traditional program offerings |
| Meet Customer-Specific Needs | • Weatherization, energy education, energy efficiency kits  
|                           | • Target both single family and multifamily customers |
| ACEEE Best Practice | • Customers have multiple opportunities to learn about and implement energy efficiency measures  
|                    | • Program dollars are distributed equitably across the segment |
| Capture Deeper Savings | • Range of initiatives that reach as many low-income households as possible |
Manufactured Home Programs

Duct Sealing Programs
- Offered in MI, WA
- PSE: Parks served all at once, coupled with small measure installations

Manufactured Home Replacements
- Offered in VT, MT, ME, AZ
- Long-term process
- Need to team with other funding sources
- Decommissioning of old houses
Moderate Income Programs

Programs have leveraged the Income Qualified infrastructure to offer highly cost-effective savings for a population unable to participate in traditional programs (60 – 100% AMI, 200-250% FPL)

Focus on Energy, WI
- Higher incentive levels
- Delivered through trade ally network

Alliant Energy, IA
- Cost limit for household
- Delivered through agency network

Efficient Neighborhoods, MA
- Enhanced incentives for residential measures
- Delivered through neighborhood sweeps
Multifamily Programs

There are opportunities to further serve this hard-to-reach population and generate significant energy savings with innovative services and additional measure offerings.

**Whole-Building Program**
- Offered in MA, VT
- Team with other funding sources
- Comprehensive measures
- Agency or implementer approach

**Enhanced In-Unit Upgrades**
- Offered in MO
- Some non-traditional measures: replacement of older room AC, cleaning central AC
- High touch program
- Agency and implementer approach
Study Findings

Customer DIY Installation

Providing customers with education and tools to make energy efficient upgrades on their own provide cost-effective savings and promotes energy use awareness.

Consumers Energy, MI
- Energy kits and classroom training
- Training for small and large measures

Community Energy Project, OR
- Weatherization workshops
- High participation and community interest

Energy Wise, IA
- Energy kits and energy education
- Delivered through community agencies
SUCCESSFUL PROGRAM DELIVERY STRATEGIES

Pairing Energy Efficiency with Rate Assistance

Marketing and Outreach Tactics
## Study Findings

### Pairing Energy Efficiency with Rate Assistance

<table>
<thead>
<tr>
<th>Provide access to otherwise hard-to-reach customers</th>
<th>Opportunity to leverage funding for bulk fuel customers</th>
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<tr>
<td><strong>Consumers Energy, MI</strong></td>
<td><strong>California Alternate Rates for Energy</strong></td>
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<td>CARE Pilot Program</td>
<td>Fixed percentage reduction on monthly bills</td>
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<td>Verify participant eligibility for weatherization services</td>
<td>Focus marketing to hard-to-reach populations</td>
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<td><strong>National Grid, MA</strong></td>
<td><strong>Rate assistance programs provide entry point for EE services to moderate-income customers</strong></td>
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<td><strong>Partnerships with CAAs, affordable housing networks, and community development corporations</strong></td>
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Study Findings

Marketing and Outreach Tactics

**Word of Mouth**
- Most participants learn of the program through a recommendation of friends or family

**Strategic Partnerships**
- ACEEE – “relationship building is important for improving overall program participation and that customers’ must see the partner organizations as trusted information sources and/or experts”

**Overcome Language Barriers**
- Provide information in simple language, and in multiple languages, with a minimum of technical information

**Consistency in Program Offerings**
- Information about new program opportunities take longer to spread in low-income communities
- Offer consistent programs for at least a couple of years - lead to increases in participation

19
INNOVATIVE TECHNOLOGIES

Ductless Heat Pumps

Room Air Conditioners

Solar Air Heat
Different emerging technologies will make sense for different regions, building types and utility capacity

Continually address new technologies

- Technical feasible
- Economic feasible
- Market acceptance
Ductless Heat Pumps

- Offer significant savings over baseboard heat: 2,500 to 3,200 annual kWh found in Connecticut

- Currently popular retrofit for multifamily housing

- Can provide very efficient cooling; savings potential if replacing less efficient technologies
Room Air Conditioner Replacement

- Offered in Missouri in Multifamily, Ohio in Single Family

- RACs in IQ homes are often older and less efficient

- Often cooling larger spaces than rating

- High savings – 500 kWh per year
**Solar Air Heat**

- Rural Renewable Energy Alliance in Minnesota

- Appropriate for Northern states, rural locations

- High savings potential - 2,100 kWh

- Partnership opportunity
Pulling it all together

IQ programs aim to help as many households as possible

Understanding best practices will help each entity reach households in the best possible way
Consumers Energy IQ Program

Program utilizes several design and delivery methods identified as best practices

Portfolio of Program Initiatives
- Serves single family and multifamily customers
- Manufactured homes – duct sealing

Strategic Partnerships
- Collaborate with local agencies

Pairs Energy Efficiency with Rate Assistance
- CARE program

Consistent Outreach Message through Program Branding
- Helping Neighbors
CONSUMERS ENERGY

Helping Neighbors Program
Income-Qualified Energy Efficiency Assistance

Chad D. Miller
Senior Program Manager
6/22/15
Design and overview

• Multi-faceted program provides Consumers Energy with opportunities to touch multiple niche markets with a portfolio approach

• Deliver energy efficiency products, services and education
  ▪ No cost energy efficiency upgrades to Michigan households
    • Multifamily and Single family
  ▪ Eligibility: At or below 200% FPL

• 2015 Program targets:
  ▪ 75,000 MCF | 3,800 MWh
  ▪ $11.6M
HIGHLIGHTS:

- Customers served:
  - 2009: 7,012
  - 2010: 13,251
  - 2011: 12,441
  - 2012: 21,791
  - 2013: 9,898
  - 2014: 13,612

- Prescriptive approach to focus delivery of more impactful measures

- Improved customer experience through a multi-touch approach (energy efficiency journey) and education

BEST PRACTICES:

- Portfolio Approach
- Targeted marketing and high-involvement community outreach strategies
- Developed a unique brand identity for the program

Empowering Households. Building Communities.
Helping Neighbors began as a grass roots, targeted initiative in June 2011, but over the past two years has grown tremendously into the equitable brand as we know it today as a portfolio approach to meeting customer needs.

- *Nurtured relationships*
- *Built trust within the community*
- *Positive public relations*
Helping Neighbors
Income-Qualified Energy Efficiency Assistance

- Single-family
- Multifamily
- Leveraged whole house weatherization
- CARE Consumers Affordable Resource for Energy
- Customer satisfaction
- Education
- Program management
- Marketing and outreach

Portfolio
Turn-key solution providing energy efficiency to IQ multifamily sector
- In-unit measure upgrades
- Future opportunities:
  - Whole building and enhanced in-unit upgrades

Market saturation continues to threaten the viability of current program design – need to innovate
- Collaboration with market-rate rebate program
  - Maximizing cost-effectiveness on implementation
  - Ability to leverage established infrastructure and outreach model
Main initiative among the offerings within the Helping Neighbors portfolio:

- **Phase one:** Entry point for customers (basic measures and services)
  - Water heating efficiency, lighting measures, and carbon monoxide testing
- **Phase two:** Greater impact on energy efficiency through more comprehensive measures and services (based on home’s qualification for more comprehensive services)
  - Phase one + blower-door testing, air sealing, insulation, furnace tune-ups, etc.
  - Energy education via online tool, leave behinds and dialogue with technicians
  - **Integrated marketing:** Media placements, direct marketing and outreach
- **A la carte option for premium measures**
  - Measures: Furnace replacements (95 – 98 percent) AFUE, refrigerator replacements, crawlspace insulation and duct sealing (15 percent reduction)
  - All costs paid by Program
- **Energy Education (EASE)**

Primary driver for Program customer satisfaction, which is maintained through an in-house team of technicians vs. contractors
Everyday Actions Save Energy

Multi-tiered online platform providing energy education to influence long-term behavior modification
- Reinforces learnings provided in customer report

Online Energy Education portal providing personalized home energy report.
• Collaboration between community action agencies and community organizations
  ▪ Leverage public funds to reduce the cost burden
  ▪ Supports ability to engage more qualified households
  ▪ Expands lead generation through warm leads identified by participating agencies
  ▪ Improves customer satisfaction by touching customers on long agency waitlists
  ▪ Impacts growth on statewide infrastructure by building industry technical knowledge through energy efficiency training

• Builds statewide infrastructure in energy efficiency by supporting Program’s participating agencies with technical training to improve their skills and energy efficiency knowledge

• Supports local economy by identifying projects for Program’s participating agencies to keep and expand their work in Michigan
**The ARRA Era**

**During ARRA**
- Community Action Agency (CAA) network
  - Well-funded
  - Leveraged dollars
  - Substantial energy efficiency participation, including major weatherization projects
  - Benefits of an existing, trained workforce

**Life After ARRA**
- Limited funding
  - CAAs can no longer meet the demands of program needs
- Meeting the needs of a changing landscape
  - New program design - **Helping Neighbors**
    - Single-family initiative
    - Weatherization (HN & CAA model)
    - Multifamily initiative
  - Began expanding network of other non-profit organizations
    - Created opportunities to leverage funding categories outside ARRA
Customer Benefits

• Affordable payment program that provides long-term, proactive, and accountable assistance before crisis
• 40% bill credit each month
• Gradual past due balance forgiveness as a reward for regular payments
• Energy education and free in-home weatherization
• $25 gift for completing energy home visit

Accomplishments

• $15.7 million investment from state of Michigan
• More than 18,000+ customers enrolled
• Energy education offered to all participants
• 4,000+ (Up to 5,000) customers offered EE upgrades (valued at $5.1 million)
Why this (portfolio approach) works?

• Comprehensive portfolio of initiatives
  ▪ Responsive to market conditions
  ▪ Tailored to customers needs
• Agency-quality marketing deployments governed by overarching strategic communications plan
  ▪ Geotargeted placements to maximize costs and diminish waste
  ▪ Media placements, direct marketing and collateral library
  ▪ Campaigns are sized to fit current customer priorities (e.g., seasonal) and program goals
  ▪ Drives equity, credibility and interest
  ▪ Digital engagements to optimize customer engagement

RECEIVE NO-COST ENERGY EFFICIENCY PRODUCTS & SERVICES
Put some SPRING in your step with home energy savings!

Income-Eligibility Guidelines

- $23,540
- $40,380
- $51,920
- $68,560
- $85,200
- $101,840
- $118,480
- $135,120

Save more on your energy bill this spring with a detailed energy assessment and free energy-saving measures for your home. Products/services you could receive at no cost includes:
- Air sealing
- Carbon monoxide testing
- High-efficiency appliances
- Other products or services available.

Call 877-448-9433 to schedule an appointment today.

Spring direct mail

HELPING NEIGHBORS PROGRAM
FREE ENERGY EFFICIENCY PRODUCTS & SERVICES
(877) 448-9433

Winter exterior bus ad
Outreach

- Family/friends/word-of-mouth: 45% (2014), 61% (2012)
- Flyer in the mail or brochure: 7% (2014), 3% (2012)
- Consumers Energy representative: 3% (2014), 16% (2012)
- Energy technician knocked on door: 3% (2014), 30% (2012)
- Energy bill insert: 3% (2014), 8% (2012)
- Consumers Energy Website: 3% (2014), 2% (2012)
- Non-Consumers Energy program: 3% (2014), 1% (2012)
- CARE Program (bill assistance): 2% (2014), 1% (2012)
- Consumers Energy Advertisement: 2% (2014), 2% (2012)

Note: n=138 (2014), n=146 (2012)
Customer Satisfaction!

- **Satisfaction with Information Left**
  - September (n=61): 9.2
  - October (n=70): 9.4
  - November (n=96): 9.6
  - December (n=70): 9.4
  - January (n=38): 8.8
  - February (n=64): 9.2
  - March (n=20): 9.4
  - April (n=12): 9.4
  - YTD (n=431): 9.2

- **Usefullness of Tips Received**
  - September (n=61): 9.3
  - October (n=70): 9.1
  - November (n=96): 9.1
  - December (n=70): 9.4
  - January (n=38): 9.4
  - February (n=64): 9.6
  - March (n=20): 8.2
  - April (n=12): 9.3
  - YTD (n=431): 9.2
Next Steps (Evolution of Program)

- **Website Refresh**
  - Self-scheduling
  - Agency Engagement Tool
    - Access to EASE (education)
    - Agency Requests
      - Presentations
      - Collateral
- **Agency Portal**
  - Measure Reservations
  - Application Submittals
  - Electronic Application Processing
    - Status Updates
THANK YOU!
Contact information

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Michelle.Kelly@cadmusgroup.com

Chad Miller
Chad.D.Miller@cmsenergy.com
Best Practice Research Sources


Best Practice Research Sources


- The Building Performance Institute offers a specialized certification for staff working on manufactured homes.


Best Practice Research Sources


Best Practice Research Sources


Best Practice Research Sources


Best Practice Research Sources


Best Practice Research Sources


- Interview with LIHEAP Clearinghouse, October 9, 2014.

- Interview with National Grid, October 17, 2014.

Best Practice Research Sources

