

**Exhibit 1.2: PY5 Evaluation Recommendations & Modifications**

<b>Program Evaluation Recommendation</b>	<b>DCEO Response</b>
<b>Low-Income Residential Retrofit</b>	
Improve Reporting Requirements	DCEO on a trial basis had three Residential Retrofit grantees complete workbooks developed by the evaluator in PY6 in order to improve reporting requirements. Minor changes were made to the workbooks by the DCEO evaluator based on grantee suggestions and beginning in PY7 all Residential Retrofit grantees are required to submit workbooks. The data in these workbooks is then uploaded to our EEPS database.
Improve Program Database to Track Residential Retrofit Program Projects	As noted above, DCEO’s evaluator during PY7 completed modification of the database which is now compatible with the Residential Retrofit Program, and DCEO staff is entering data from the grantee workbooks into the database for PY7. DCEO is also considering expanding requirements in PY8, so that more frequent reporting is required, to enhance our ability to track projects over the course of the year.
Different Program Design Requirements for Non-Standard Incentives	DCEO for PY8 in the Low Income Program Support Guidelines (which includes the Residential Retrofit Program) has modified the reimbursement rate for the various energy saving measures based on projected energy savings instead of the replacement cost. Applicants in PY8 will also be required to submit more robust documentation of how potential savings were estimated, and DCEO will be conducting more thorough review for reasonableness.
<b>Affordable Housing Construction</b>	
Clarify Reporting Requirements	The Appendix E – Construction Document Checklist has been and remains part of the EEAHCP application. Completion of the Checklist by the applicant is required. This ensures that the prospective grantee understands the requirements of the program and allows the program’s consulting architect to determine in advance if their plans will meet our program’s standards. For PY8, this checklist is being reviewed and will be revised, as necessary, to ensure that it clearly outlines what measure specification information is needed and clearly defines what constitutes proof of purchase.
Consider hosting a program kick-off webinar	As awards are made on a rolling basis throughout the year, DCEO is contemplating offering quarterly webinars for new grantees.
Designate an electronic document storage solution for all project documentation	The old EEPS database would not accept uploads of project documentation. This capability has been built into the new database and is beginning to be utilized by EEAHCP staff in PY7.
<b>Building Energy Code Compliance</b>	

<p>Promote and Develop Supplemental Materials  DCEO Code Page  <a href="http://www.ildceo.net/energycode">www.ildceo.net/energycode</a></p>	<p>DCEO promotes existing guides from DOE at DCEO Code Classes and provides links to DOE Compliance Software Tools on the DCEO Codes Page. The Codes Page includes links to checklists on how to achieve code compliance, specifically the BCAP Consumer Checklist &amp; Guide (customized for Illinois). Other resources available on the DCEO Codes Page include: DOE’s BECP Compliance Software Tools &amp; Resource Guide-Code Officials Edition, FAQ guide, and 2011 &amp; 2014 IL Compliance Studies links. Further, in PY8 Code Classes, DCEO will survey participants to determine what if any supplemental materials would be most useful to develop, and then pursue as budget allows in PY9.</p>
<p>Continue to Seek Ways to Support Enforcement Effort</p>	<p>Regarding the recommendation to continue to support the enforcement effort, DCEO continues to train 3rd party inspectors and provide rebates to cover inspections under the 3rd Party Code Inspection program. DCEO has also been working with all IL utilities to develop a Codes Collaborative Program, which will allow us to pool our resources to reach more of the enforcement community and pursue new avenues for this work. An enabling MOU is expected to be executed by all parties this summer.</p> <p>Regarding the recommendation to fund the purchase of diagnostic equipment, doing so for all code officials would be cost prohibitive, however, equipment was purchased by the Illinois Home Performance (IHP) Program and has been available for loan at Illinois Community Colleges for several years through IHP program. A broad Equipment Lease Program is one component of the upcoming Plan 3 Codes Enhancement Program, but not currently in place.</p>
<p>Increase Consumer Outreach</p>	<p>As noted above, DCEO makes many resources available on its Codes webpage, but we will review in PY8, with an eye toward consumer outreach, and also explore possibility of partnering more with the utilities and other stakeholders on this.</p>
<p>Consider Offering an Online Version of the Course</p>	<p>DCEO has considered this in the past but decided in-person courses were a higher priority. DCEO will reexamine this option in PY8, including potential budget needs, and potentially pursue in PY9.</p>
<p><b>Building Operator Certification Program</b></p>	
<p>Notify Participants of Potential Evaluation Follow-Up</p>	<p>All BOC graduates in PY7 were notified that at the completion of the course that they can expect to be contacted by a third party evaluator to verify projects and savings.</p>
<p>Consider and plan for external project</p>	<p>DCEO is now considering a program design to make this</p>

incentive activity, as savings from projects with additional incentives are ineligible	possible, such as working with facility personnel from public facilities that may be able to take advantage of additional incentive opportunities. Expects to roll this out in PY8/9.
Consider Offering an Online Version of the Course	The national BOC program administrator, Northwest Energy Efficiency Council, developed an online pilot for the BOC 1003 class in Spring 2015. DCEO plans to offer this online version of BOC 1003 after the pilot.
Encourage Participant Documentation and Project Tracking	In future BOC series, DCEO will provide BOC participants with a project tracking form upon graduation to document project implementation.
<b>Lights for Learning (L4L)</b>	
Shift Focus to Fundraising to maximize savings	DCEO now places a greater emphasis on fundraising; in PY 7, DCEO began offering both paper fundraiser order forms and a robust online web store. All students participating in the L4L fundraiser received updated fundraiser materials with more in-depth instructions about how to sell the fundraiser's EE products, ideas about who to approach for sales, and a fundraiser FAQ. DCEO also created more age-appropriate branded prizes to incentivize students' participation in the fundraiser. The product list was refreshed and focused around LEDs and multi-pack items. The L4L presentation slide show now also includes slides about the fundraiser and the dollar savings earned by using EE products, to encourage participation.
Improve product purchaser tracking data	DCEO's new program delivery team understands the importance of collecting customer contact information and overall, the program has collected a much higher percentage of contact information this year than in years past. In PY6, DCEO tripled the number of end user contact information collected over the previous year. Now in PY7, DCEO has expanded on that success. The new L4L web store was built to more easily and comprehensively collect purchaser data and to improve the ordering process. Please note that DCEO cannot legally collect minors' contact information.
Improve ordering process	
Consider offering additional products	DCEO continues to seek out the best LED and CFL products to offer based on market data and customer preferences. In the PY6 evaluation, ADM suggested that L4L condense and focus our product offerings, so we struck a balance during PY7 of offering 12 products with an enhanced focus on LEDs to promote market transformation, and an expanded offering of products on the web store.
Target a more diverse type of participant	Although DCEO primarily targets elementary, middle and high schools, Girl Scout and Boy Scout Troops, and park district summer camps, it has expanded in recent years to environmental clubs, faith-based organizations, math and

	science teachers, and more. In PY6, DCEO also targeted low-income high schools. DCEO intends to continue to explore and expand to more diverse participants in PY8.
<b>STEP/Green Nozzle</b>	
Green Nozzle Program Should Collect Additional Data	The Green Nozzle program has been permanently integrated into the STEP program. Program staff collects participants' hot water fuel type, participant email address, and utility service provider when participants apply for the program.
Potential Improvements to the Green Nozzle Program Distribution Process and Program Guidelines	<p>STEP engineers carry a kit containing one of each type of measure so customers can see them in person and try them out as needed. In STEP product shipments, staff include a "STEP Product Installation Tips and Tricks" document that includes the following entry for green nozzles:</p> <p>"Follow the manufacturer's instructions to install green nozzles.</p> <ul style="list-style-type: none"> <li>• PRO TIP 1: Use the provided rubber washer to prevent leaks.</li> <li>• PRO TIP 2: Turn down the valve or tap as needed to reduce excessive splashing or spraying." <p>STEP publishes basic manufacturer product data online and has full spec sheets available for customers who request further detail.</p> <p>Green nozzles are now subject to the same product installation verification process as all STEP products, so the recommendations regarding an online form no longer apply.</p> </li></ul>
Potential Improvements to STEP Program Data	To resolve all of the issues mentioned to the left, the STEP program now successfully utilizes an ID number for each participant that is used to correlate addresses, contacts, individual measures, etc.
Consider a Different Installation Period Requirement for STEP Program	<p>Based on past recommendations, the STEP program now allows participants three months to install the equipment distributed through the STEP Program, followed by one month to complete and submit their verification forms. As soon as a facility joins the STEP program, they are placed on a contact schedule to ensure that facilities are actively engaged and aware of the process. They are contacted as follows:</p> <ol style="list-style-type: none"> <li>1. Schedule walkthrough</li> <li>2. Confirm walkthrough</li> <li>3. Confirm product quantities</li> <li>4. Delivery confirmation</li> <li>5. Installation check in 1 (after 1 month)</li> <li>6. Installation check in 2 (after 2 months)</li> <li>7. Installation check in 3 (after 3 months)</li> </ol>

	<p>8. Verification reports check in (after 4 months)  9. Deliver facility report (after successful completion)</p> <p>As a result of this, we believe that equipment is far less likely to be lost, forgotten, or placed into storage and remain uninstalled.</p> <p>One perennial challenge is that many STEP participants are public facilities that have greater capacity to complete measure installations in the summer months (due to occupancy and weather patterns), and we often do not the program launched until later in the year. DCEO is looking at adjusting timeframes to better address this in PY9.</p> <p>Finally, by allowing for products returns and exchanges, the STEP team can ensure a high installation rate at minimal cost to DCEO and rate payers. At this time, we believe the self-install model's benefits, including actively engaging facility staff in their buildings' improvements, yields strong results and that the model is preferable from a cost perspective to the direct install model. However, we will reassess this issue, analyzing cost and savings data from the last several years, and consider possible modifications for PY9.</p>
<p>Consider Changes to Data Collected during STEP Program Walk-Throughs</p>	<p>For the first time in PY7, STEP engineers used an improved STEP Walkthrough Collection Form, administered quickly and conveniently through a tablet-based form to track counts of approved measures. The STEP Walkthrough Collection Form secures the following data: utility account numbers, FEINs, facility contact information, facility occupancy data, past participation in incentive programs, specific incentive questions, potential for partner program opportunities, desired location of products, location-specific details such as base flow rate or baseline kWh of existing measures, number of measures per location, and other useful information.</p> <p>STEP engineers carry a kit containing one of each type of measure so customers can see them in person and try them out as needed.</p> <p>In the cases when the shipped products do not fit the facility's fixtures, there is a simple, hassle-free process in place to facilitate returns and exchanges.</p> <p>DCEO has also created a "STEP Product Installation Tips and Tricks" document that helps clear up many of the installation confusions that happened in the past due to customer</p>

	knowledge level.
<b>Public Housing Authority</b>	
Continue to Leverage Public-Private Partnerships	<p>1) Project staff continued to work with Energy Performance Contracting (ESCOs) to provide EEPs funding to leverage large energy efficiency replacement projects. In addition, project staff have been working with the Department of Housing and Urban Development (HUD) national and Chicago Regional Offices through an Energy Innovation Grant to design and test self-managed EPCs for small to medium size PHAs.</p> <p>2) In PY6: \$1,034,501 of PHA Utility funds was leveraged with two EPC projects at the Rockford and Bloomington PHAs.</p> <p>3) Under the self-managed demonstration EPC project, \$742,544 of EEPS funding was leveraged with three PHAs: City of Freeport, City of North Chicago, and Carroll County. In addition, \$358,182 of private financing was leveraged for a total of \$1,100,726.</p> <p>4) Numerous training sessions and round table discussions were held to discuss various energy efficiency strategies. HUD Region Five Midwest Director Antonio Riley participated in some of the discussions.</p>
Explore the Possibility of Extending the Grant Cycle to Two Years	DCEO intends to structure these as two-year grants in PY8, however it should be noted that this also has the potential to lead to disjointed cost effectiveness evaluation, in that in many cases costs would be incurred in a given program year and savings wouldn't be counted until the following year. This is now the case for our Affordable Housing New Construction Program and New Construction Program. Ultimately, we think the benefits of this approach outweigh the costs, but it is something important to consider.
Continue to Emphasize Responsible Appliance Disposal (RAD) Credentials in the Efficient Living Program Marketing Materials and On the Program Website	<p>1) In PY6, we hauled and recycled 727 replaced measures: 101 window A/C units, 590 refrigerators, and 36 PTACs. Estimated kWh savings: 62,196.</p> <p>2) Responsible recycling of mercury-switch Thermostats were added. A total of 221 old thermostats were recycled with an estimated savings of 7,669 therms.</p>
Create Educational Materials For Residents To Facilitate Long-Term Energy Conservation	In PY6, IL PHA Energy Program website ( <a href="http://www.ilpha.org">www.ilpha.org</a> ) went live with the intent of not only the housing authority staff being able to retrieve all necessary application information, but as a way to also distribute energy saving information to the residents as well. While current content is namely focused on application materials, in PY7, DCEO will seek to leverage existing educational materials for residents, incorporating them in the website and into site visits.

Emphasize the Importance of Matching Improvements to Original Equipment Specifications	Starting in PY6, ILPHA staff reviewed all bids and specifications with the housing authority staff, in order to ensure the new measures are of the correct efficiency or better and to maintain quality replacements.
<b>Public Sector Boiler Tune-Up</b>	
Consider Offering Incentives for Steam Trap Audits	Added steam trap audit rebates to the PY7 application.
Improvements to Program Marketing	Worked with some of the Trade Unions to disseminate information to their customer base; increased targeted marketing events in certain utility territories (e.g. Lunch and Learns in Peoples Gas territory). In the future, looking to narrow our marketing efforts down more in each territory.
Consider Online Applications	Converted application to a fillable PDF. In the future looking to add the ability to add multiple locations on the same PDF, and DCEO is generally exploring the possibility of an online application system for Illinois Energy Now Programs.
<b>Public Sector Custom/Standard/NC</b>	
Integrate Trade Ally Information into Project Data	Application and Database captures both Signature Authority and Vendor information. Also we've developed a new report that generates the Signature Authority and Vendor information for each project.
Use Historical Billing Data to Check Expected Savings	Currently the application only requires submission of 1 month utility bills, though during review of Custom Incentive program projects DCEO staff often request annual billing data to verify savings claimed by custom calculations. DCEO is consulting with utilities now to determine if we might be able to expand this requirement, without putting undue burden on applicants.
Improve Application and Documentation Protocols	New application protocols have been established since PY5, and DCEO makes adjustments to these each year to improve. Further, as noted above, with the rollout of the new EEPS database in PY7, our application and documentation protocols have vastly improved, allowing for things like document upload, by building tracking, etc. In PY8, DCEO will also be adding a QC component, to regularly spot check projects in the database, to ensure protocols are being met. Finally, DCEO is exploring the possibility of improving its application system for all Illinois Energy Now Programs, to allow applications to be submitted online and automatically transferred to our database.
Add Capacity to Include Multiple Buildings on Application	The application has been improved and has the ability to add additional locations/buildings.
Consider Allowing New Construction Projects in the Design Phase to Apply for Incentives	SEDAC has made a substantial effort to reach new construction projects early in the design process. SEDAC's efforts to target projects early in the design process have

	<p>included the development and presentation of outreach workshops and materials targeted to architects and design professionals as well as to public sector entities planning new facilities. In addition to its development of workshop offerings targeted for both designers and owners of new or proposed buildings, in EPY6/GPY3, SEDAC also developed and released a series of fact sheets focused on specific aspects of high performance design in new buildings. Both workshops and fact sheets serve to educate design professionals about energy-savings design strategies as well as to promote the Design Assistance services that can help identify building-specific energy savings strategies. SEDAC has also increased representation in professional organizations statewide and has provided targeted presentations on request to design firms and other entities.</p>
<p><b>Public Sector Retro-Commissioning</b></p>	
<p>Consider balancing spending requirement with savings potential and scope; suggest varying spending commitment by size or energy use intensity, having a \$10,000 level and a higher level of \$50,000</p>	<p>We have discussed a sliding scale or higher spending commitments. At this point however, this is not recommended. Public sector project budgets are driven by a wide range of influences. Many public sector clients have expressed difficulty with budgeting for the \$10,000 requirement. For reference, other utility programs that utilize variable spending commitments have not necessarily been more successful in comparison. The majority of projects in sliding scale programs usually fall in the \$5,000 - \$15,000 implementation requirement range. DCEO will revisit this in PY8 and consider whether a smaller scale (e.g., \$5,000-\$15,000) might be worth offering in PY9.</p> <p>Additionally, the RCx program acts as a bridge program allowing customers to apply for custom incentives for eligible measures once they have met or exceeded minimum spending commitments; this allows customers to take full advantage of the DCEO program offerings.</p> <p>While higher spending commitments may increase implementation in some scenarios, it is our opinion that the disadvantages of this type of policy for public sector customers would outweigh the benefits by driving a greater number of customers away from participation.</p>
<p>More information to participants on potential energy savings before they commit to \$10,000</p>	<p>DCEO has already implemented this. Currently, prior to completing any application, we perform a full scoping study to determine preliminary savings opportunities. This scoping study is used as the basis for project approval in addition to the information in the program application. Energy savings opportunities identified in scoping are reviewed with the</p>

	customer in advance of the project to help them in the decision to move forward. Further information is provided as needed and on a case-by-case basis depending on the specific needs of the client.
Consider offering Retro-Commissioning Training to Service Providers; conduct analysis of training needs first	<p>We provide an annual webinar training to service providers. Additional program training for providers is offered as needed on a one-on-one basis, including: new service provider on-boarding, program requirements/expectations review, and addressing technical inquiries.</p> <p>The RCx program has a deep network of approved providers for RCx services and continues to actively recruit new providers for the program. All approved RCx providers are credentialed professional engineering firms who have been screened by SEDAC based on their experience and expertise in providing retro-commissioning services. To remain competitive and actively continue to participate in the program, providers must demonstrate that they remain current on industry advancements and strategies. Providers are routinely reviewed and evaluated to ensure their work meets or exceeds program requirements.</p> <p>That said, in PY8, DCEO will survey service providers to determine if there are any additional training needs that would be particularly useful for us to offer.</p>
<b>SEDAC</b>	
Assess whether report delivery can be expedited	SEDAC has improved its processes to address the small number of clients (3%) reporting dissatisfaction with the timeliness of Energy Assessment report delivery. First, SEDAC has centralized the initial client phone call contact to ensure that clients are consistently asked about the timeline for their energy assessment needs and to centralize prioritization of projects. This has enabled SEDAC to improve its ability to provide immediate assistance to clients with near-term project planning horizons. Second, SEDAC now requests client energy use history (2 years of bills) immediately on receipt of the initial application, and proceeds with analysis after this necessary information is received. This enables SEDAC to identify motivated clients and provides an additional screening for the urgency of client information needs, so that SEDAC can provide information more efficiently to motivated clients and avoid diverting time to more casually interested clients without urgent needs.
Ensure participants are informed of available financial incentives	SEDAC has improved its communication of available incentives through several mechanisms. (1) SEDAC now ensures it has the most up-to-date information on incentive

structures and availability through regular calls with utilities and with DCEO partner organizations. (2) SEDAC has further developed its report templates to ensure consistent presentation of incentive info. (3) SEDAC has expanded its Level 4 follow-up implementation services into in-house incentive application assistance (with coordination with BITE application assistance). Level 4 services are especially important for public sector clients because these clients often have a longer timeline for action on energy efficiency measures, meaning that the incentive information provided in the report may not be current at the time of implementation. (4) SEDAC continually updates and maintains current incentive information on its website through its "Public Sector Energy Efficiency Incentive Summary" (detailed DCEO incentive summary) and "Illinois Energy Incentives Quick Reference Guide" (summary of all DCEO and utility incentives) documents.