



MEMORANDUM

TO: Karen Kansfield and Jonathan Jackson, Ameren Illinois Utilities
Jennifer Hinman and Tom Kennedy, ICC

FROM: Opinion Dynamics Evaluation Team

DATE: March 2, 2012

RE: Response to ICC Recommendations for Ameren Evaluation Plan

This memo provides our response to the comments and recommended changes to Ameren's PY4-PY6 Evaluation Plan provided by Staff of the Illinois Commerce Commission (ICC). The evaluation team held an in-person meeting in Springfield on 2/16/12 where we covered the evaluation tasks planned across the three program years by program. Present were the evaluation team as well as Ameren and ICC staff. We received comments via an email from Staff on 2/21/12 that highlighted 11 points and detailed 42 comments / suggested changes within an attached document.

Overall, we have adopted many of the detailed comments/suggested changes and shifted budgets around to accommodate the Staff preference for customer intercepts in the spring of 2012. Because the evaluation team's independent opinion for the timing of the residential lighting research differs from the ICC request, we now spend time discussing our differences.

We understand that part of the current requests stem from a need for statewide consistency, and as such, our team is planning to add lighting intercepts in PY4, PY5, and PY6 based on ICC requests. However, as recommended by our QA/QC consultant, we are documenting our independent opinions prior to this change to ensure transparency in the planning process. We are happy to discuss this issue future if necessary.

Background

Per the evaluation contract, the evaluation team is required to perform an impact assessment (which we interpret to mean obtaining a new NTGR) for lighting at least once over the course of the three year period (ideally in time for Ameren to use in their Plan 3 filing, thus by March of 2013). Based on best practices, our evaluation team believes that NTG research should be conducted when the market is not in flux. Given the current 2007 Energy Independence and Security Act (EISA) regulations, our expectation is that the market will be in flux for the next three years. Specifically, EISA requires that most screw based light bulbs become approximately 28% more energy efficient over the period 2012 through 2014. EISA requirements will take effect in phases, beginning with 100-W equivalents in 2012 (with enforcement of the EISA standards eliminated through at least September 2012 per the federal spending bill approved in December 2011), 75-W equivalents in 2013, and 60- and 40-W equivalents in 2014.

Given: (1) the state of the market, (2) the need to conduct research at least once over the course of the three year period, and (3) the desire to have this early enough to inform the next cycle, our team recommends conducting research in the Fall of 2012 (closer to the enforcement date for 100-W equivalents) so that the market would have time to pass through most of the existing stock of bulbs.

We also recommend revisiting the requirement for intercepts in PY6, and instead base this decision on the state of the market at that time. If PY6 intercepts are necessary to update the PY5 estimates due to market change, we recommend conducting them in the fall of 2013.

Per ICC comments, our team has been requested to conduct in-store intercepts each year over the three year cycle. Limitations of any PY4 research, and our rationale for conducting research in the Fall rather than the Spring of 2012 are described below.

Limitations of PY4 NTG Research for Residential Lighting

Given the current planning cycle, conducting PY4 NTG research for residential lighting would require the evaluation team to field this effort in March/April/May 2012. Due to the timing, the use of any PY4 is more limited than we would like. Any data that the evaluation team collects in March/April/May is only relevant to half of the program year, if that, given the changing state of the market. NTG research conducted now should not be applied to bulbs sold prior to January 2012 since the EISA regulation was proposed for January 1, 2012 (enforced post-September 2012). Since the market is in such a state of flux, the research could only reasonably be applied any collected NTG value to bulbs sold post January 2012. The NTG estimate only applies to a very limited slice of time in PY4 when EISA regulated bulbs may or may not be available to consumers.

Our expert opinion is that due to the fact that we are proposing to conduct intercepts in the Fall of PY5 (less than 6 months after the proposed timing for PY4 intercepts), the PY4 intercepts are not a wise use of evaluation funds for Ameren. We understand that the decision for other utilities with larger evaluation budgets may be different, but the funds for Ameren are limited and additional costs for intercepts will mean fewer data collection efforts for other programs. The request for PY4 intercepts requires a larger investment in NTG research and the decision has research implications for other research efforts.

Why the Fall of 2012 Rather than Spring of 2012 for Customer Intercepts

With the implementation of EISA, the timing of intercepts could impact the results. As stated earlier, EISA regulations for different incandescent wattages go into effect at the beginning of each year from 2012 through 2014, with 100-watt bulbs affected in 2012. The timing of when the regulations go into effect is less important than when the regulated product becomes unavailable to consumers. The regulations do not ban sales of traditional 100-watt incandescent bulbs; just imports of them so that products that are already in the U.S. can be sold. It will take some time to sell through existing inventory so it is likely that the regulations will not affect consumers until later in the year.

The results of intercepts conducted at the beginning of a calendar year could be quickly outdated. We feel customer intercepts should be done in the fall of each calendar year during the EISA phase in, particularly, if those results will be applied to programs prospectively.

The Fall is also considered a time when more lighting purchases are made, thus allowing us to represent the market better with our research efforts. Seasonal differences in purchase volume also impact the cost of the research. Generally, more bulbs are sold during the fall as hours of daylight drop and people are indoors more and start turning on lamps for longer periods of time. It can be more efficient to conduct intercepts during the fall when more bulbs are being purchased.

We were also planning to use the intercept research effort to collect information in the stores. While we are in the stores, we will record the presence and type of program marketing materials and conduct a brief shelf survey of available lighting products. We are particularly interested in the presence of alternatives to the bulbs that have been phased out by EISA. These products are more likely to be present later in the year as old inventory of regulated products are sold through.

A Final Note

Our team understands the need to be consistent with other evaluators. As such, our plan is to field instruments that are consistent with other evaluation teams; however, as an independent evaluation firm, we feel strongly that the need for consistency is less important than the need for high quality data. We do not anticipate any difficulties in fielding consistent data collection efforts that are of high quality; however, we will continue to make sure that all research collected under our contract meets the needs of our contract while also considering statewide priorities. Where we are asked to have statewide coordination take precedence over looking specifically at the Ameren portfolio, we will document for transparency and may proceed as requested.

Next we provide a table with our responses to the 11 points, followed by our responses to each of the 42 comments / recommended changes.

Staff Suggestion	Evaluation Team Response	Justification for Response
1. Remove Top Line Sales Approach for Residential Lighting	We will remove this approach	While we have removed this approach, we believe it has value and plan to use any contingency funds available at the end of PY4 to perform this small task.
2. Conduct In-Store Customer Intercepts for Residential Lighting to examine NTG, res/non-res split, and leakage	We will perform PY4 customer intercepts	See above discussion
3. Conduct NTG analyses for Residential Lighting, Custom, and Prescriptive programs each year	<p>We will adopt this suggestion for residential lighting across all years.</p> <p>We will not adopt this for the custom and prescriptive programs in PY4 and will consider a NTGR for lighting measures in the custom and prescriptive programs for PY6.</p>	We agree that the EISA changes will affect the linear fluorescent market when it comes into effect in PY5. We had planned a full net analysis in PY5 for the prescriptive and custom programs already. For PY6, we will consider performing additional net analysis on the lighting end uses only for the prescriptive and custom programs. We need to perform the PY5 research first to assess how this may be affecting choices made.
4. Write final site reports and NTG summaries for at least the largest custom projects	We will write site reports / NTG summaries for up to 10 sites	
5. Remove Treatment and Control Group Survey for Behavior Modification for PY4	We have removed this survey for PY4	
6. Remove Non-Participant survey for Appliance Recycling Program for PY4	We have removed this survey for PY4	
7. Reduce number of participants surveyed for REEP for PY4	We will not adopt this suggestion	
8. Remove site visits for Retro-commissioning Program for PY4	We have removed the four planned site visits.	
9. We suggest reducing the following program evaluation budgets for PY4: Behavior Modification, Appliance Recycling, REEP, and Retro-commissioning.	We have reduced the budgets for Behavior Modification, Appliance Recycling and Retro-Cx, but not REEP.	To enable performing PY4 customer intercepts for residential lighting and additional write ups for custom sites.

Staff Suggestion	Evaluation Team Response	Justification for Response
10. We suggest increasing the following program evaluation budgets for PY4: Residential Lighting and Custom.	We have increased both budgets	
11. Coordinate with other utilities' evaluation teams. Page 23 of the Ameren Illinois ODC Plan 2 Evaluation Services Contract states: "• Review the energy efficiency program Plans submitted by all Illinois utilities. Meet and consult with all other Illinois evaluators (for ComEd, Nicor, Integrys and DCEO) in an ongoing manner to determine to what extent similar methodologies and timelines can be employed for Illinois efforts. It is expected that efforts will be made towards implementing a statewide Residential Lighting evaluation methodology. • In partnership with evaluators for other Illinois utilities (gas and electric), make every effort to employ consistent methodologies for identical programs throughout Illinois." http://www.icc.illinois.gov/downloads/public/edocket/307434.pdf	We will coordinate with other evaluation teams.	

We have attached the 42 detailed comments / suggested changes from staff in the next section, along with our responses.

N	Program	Recommendation / Question	Response	Reason for Response
1	Custom	Increase Budget	Yes	We will increase the budget to allow for writing site reports / NTG summaries for up to 10 sites
2	Custom	Coordinate with other utilities (Kris Bradley and Josh Arnold called out)	We will coordinate	While we will discuss our approaches with other efforts in the state, we cannot guarantee that the approaches will be identical due to differences in evaluation budget and program design.
3	Custom	Add Participant Survey to PY4 and assess NTG	No	There is no reason to perform additional NTG. The program has had a relatively consistent NTGR over the last three years.
4	Custom	Ensure fully nested sample of NTGR with onsite sample	See 3.	We are not performing a NTG survey in PY4. For PY5, when we do plan to perform this research, we will make every effort to obtain the responses from our onsite sample in our telephone survey for NTGR, but cannot state with certainty that each customer will be willing to talk with us.
5	Custom	Will an effort be made to include some staffing grant participants in the onsite sample?	No	The onsite sample is based on energy savings. To the extent that a staffing grant participant is included in the stratified sample, they will be included. However, we do not plan to sample to assure that they are included.
6	Custom	Write final site reports for the largest projects (all tier 1) and for projects that receive the highest and lowest realization rates (to the extent that funds allow) from the tier 2 sampling strata onsite projects	Yes	
7	Lighting	Do not use retailer interviews for estimation of NTGR (“Corporate buyers self reports for NTG are notoriously unreliable”)	Yes	This is a PY5 process activity, not a NTG activity.
8	Lighting	Add customer intercepts for each program year and use them for the net impact approach	Yes	See above discussion.

N	Program	Recommendation / Question	Response	Reason for Response
9	Lighting	Use customer intercepts to assess res/nonres split and leakage rates for gross impact approach	Yes	
10	Lighting	Expand the previous in-home survey to include market research components that can help us understand aspects at least related to the behavior modification program and the appliance recycling program. With respect to the appliance recycling program there is a need to better understand those customers with secondary fridges/freezers and what it would take (\$) to encourage them to get rid of the secondary fridge/freezer through the program.	We will discuss other possible information to collect with our team and include as feasible	
11	Lighting	Obtain suggestions from all residential program leads for useful information to gather during the in-home survey	We will discuss other possible information to collect with our team and include as feasible	
12	Lighting	Coordinate with ComEd lead	We will coordinate	While we will discuss our approaches with other efforts in the state, we cannot guarantee that the approaches will be identical due to differences in evaluation budget and program design.
13	Lighting	Increase budget	Yes	We increased the PY4 budget to perform the PY4 intercepts.
14	Lighting	There may be an in-service rate deemed as part of the TRM	Noted	
15	Lighting	Remove topline sales effort	Yes	While we have removed this approach, we believe it has value and plan to use any contingency funds available at the end of PY4 to perform this small task.
16	Standard	Coordinate with other utility evaluation efforts (Kevin Grabner and Josh Arnold called out)	We will coordinate	While we will discuss our approaches with other efforts in the state, we cannot guarantee that the approaches will be identical due to differences in evaluation

N	Program	Recommendation / Question	Response	Reason for Response
				budget and program design.
17	Standard	Add NTG into PY5 and PY6 as “significant changes in the lighting market are occurring”	Yes for PY5, Considering for PY6	We will perform NTG for the Standard program in PY5. For PY6, we will consider performing additional net analysis on the lighting end uses only for the prescriptive and custom programs. We need to perform the PY5 research first to assess how this may be affecting choices made.
18	Standard	Comment - Prefer NTG by measure-type over a single NTGR	Noted	
19	Standard	Is 100 calls necessary for 90/10 precision for the Direct Install effort?	Yes	We agree that this number may not be required for 90/10 precision, depending on the specific results we are looking for. At a minimum, we would need 70 responses. We will closely watch our responses to determine if the additional 30 planned completes are needed.
20	Standard	Does PY5 NP survey include spillover estimates?	Yes	
21	HVAC	From later emails – drop GSHP and ASHP for metering	Possibly	Total metered will be the same, just what we meter will depend on final outcome of Ameren’s decision regarding GSHP and ASHP and expected participants.
22	Behavior Mod	Drop PY4 survey and use for lighting intercepts	Yes	Will drop PY4 survey (move budget to either intercepts or custom)
23	Behavior Mod	Coordinate with other utilities (Bill Provencher called out)	We will coordinate	While we will discuss our approaches with other efforts in the state, we cannot guarantee that the approaches will be identical due to differences in evaluation budget and program design.
24	Behavior Mod	Reduce budget	Yes	
25	ARP	Coordinate with other utilities (Jennifer Fagan called out)	Yes	We discussed the approach with ComEd’s evaluation contractor. The methods for

N	Program	Recommendation / Question	Response	Reason for Response
				estimating NTG are similar. ComEd's contractor does not plan a non-participant survey, but does plan market actor interviews, which we do not due to budget limitation. Our evaluation will also include comparison of refrigerator type to ComEd (e.g. what types of measures are being recycled in terms of age of equipment and to review variation with metered data).
26	ARP	Drop NP telephone survey	Yes	
27	ARP	Add Sears (n=1) to market actor interviews	Yes	We will include SEARS in our sample to call
28	ARP	Reduce budget	Yes	
29	HEP	Coordinate with other utilities (Mark Thornsjo and Josh Arnold called out)	We will coordinate	While we will discuss our approaches with other efforts in the state, we cannot guarantee that the approaches will be identical due to differences in evaluation budget and program design.
30	Moderate Income	No comments / recommendations	-	
31	Multi-family	Does common area lighting come out of the MF budget or standard program budget?	MF Budget	
32	Multi-family	What % of savings for the MF program is a result of common area lighting?	-	The PY3 evaluation indicated that common area lighting was 9% of the overall savings from the program.
33	Multi-family	HOU should probably be investigated during these interviews with property managers and during the onsite audits for the common area lighting	Yes	This will occur with interviews with property managers.
34	Multi-family	Coordinate on net approach with other utilities (Josh Arnold called out)	We will coordinate	While we will discuss our approaches with other efforts in the state, we cannot guarantee that the approaches will be identical due to differences in evaluation budget and program design.
35	REEP	Coordinate with other utilities (Mohit Singh-Chhabra and Paul Wozniak called out)	We discussed this program with Mohit	ComEd's evaluation plan has not been written yet, however it appears that

N	Program	Recommendation / Question	Response	Reason for Response
			and Jeff Erickson.	products being promoted through this program are different (ComEd – refrigerators and clothes washers), while Ameren IL (Room AC, dehumidifier, water heaters, smart strips). While we will discuss our approaches with other efforts in the state, we cannot guarantee that the approaches will be identical due to differences in evaluation budget and program design.
36	REEP	Reduce participant surveys from 210 to 90. Perform 30 on AC units, 30 on thermostats and a random sample of 30 for the rest of the projects	No	We will keep all 210 because the NTG values will be very different and cost savings are minimal from reducing number of completes due to the fixed costs associated with designing and analyzing the survey.
37	REEP	It would be useful to obtain some behavioral items - for example thermostat usage/set point for heating and cooling in comparison to previous use – is thermostat set higher or lower in comparison to purchase and why? Customer room C usage before (if any) and after	Yes	We will explore including behavioral items in the survey, but cannot guarantee their inclusion.
38	REEP	Reduce budget	No	See reasons above regarding reducing participant surveys.
39	RNC	No comments / recommendations	-	
40	NRNR	No comments / recommendations	-	
41	Retro-Cx	Remove site visits in PY4 and shift funds to Custom Program NTGR and site reports in PY4 – perform engineering desk review only for gross impacts in PY4	Yes	We will remove PY4 site visits will conduct an engineering desk review only.
42	Retro-Cx	Reduce budget	See 41.	