

**Illinois EE Stakeholder Advisory Group
Market Transformation Savings Working Group
Monday, October 19, 2020
10:00 am – 12:00 pm
Teleconference Meeting**

Attendees and Meeting Notes

Attendees (by webinar)

Celia Johnson, SAG Facilitator
Samarth Medakkar, Midwest Energy Efficiency Alliance (MEEA) – Meeting Support
Matt Armstrong, Ameren Illinois
Nancy Barba, Frontier Energy
Ben Campbell, Energy Resources Center, UIC
Lauren Casentini, Resource Innovations
Zenia Montero Chang, ICF
Kevin Cullather, Frontier Energy
Kegan Daugherty, Resource Innovations
Erin Daughton, ComEd
John Davis, PSD Consulting
Leanne DeMar, Nicor Gas
Shaun Dentice, Resource Innovations
Nick Dreher, MEEA
Julie Drennen, Center for Energy & Environment
Gabe Duarte, CLEAResult
Allen Dusault, Franklin Energy
Greg Ehrendreich, MEEA
Ross English, Resource Innovations
Jim Fay, ComEd
Scott Fotre, CMC Energy
Margie Gardner, Resource Innovations
Jean Gibson, Peoples Gas & North Shore Gas
Jon Gordon, Enervee
Kevin Grabner, Guidehouse
Molly Graham, MEEA
Karin Gredvig, MEEA
Randy Gunn, Guidehouse
Kelly Gunn, ComEd
Scott Hackel, Slipstream
Sue Hanson, Tetra Tech
Jan Harris, Guidehouse
Jeff Harris, Northwest Energy Efficiency Alliance (NEEA)
Amalia Hicks, Cadmus Group
Hannah Howard, Opinion Dynamics
Jim Jerozal, Nicor Gas
John Lavalley, Leidos
Beth Littlehales, NEEA
Bruce Liu, Nicor Gas
Todd Malinick, Opinion Dynamics
Mark Milby, ComEd

Abigail Miner, IL Attorney General's Office
Jennifer Morris, ICC Staff
Rob Neumann, Guidehouse
Randy Opdyke, Nicor Gas
Stacey Paradis, MEEA
Michael Pittman, Ameren Illinois
Marci Sanders, Resource Innovations
Ellen Steiner, Opinion Dynamics
Noel Stevens, Opinion Dynamics
Rich Swierczyna, Gas Technology Institute
Mark Szczygiel, Nicor Gas
Ted Weaver, First Tracks Consulting, on behalf of Nicor Gas
Patricia Plympton, Guidehouse
Rick Tonielli, ComEd
Leah Scull, CLEAResult

Meeting Notes

Follow-up items are indicated in red and summarized at the end of the notes.

Opening and Introductions

Celia Johnson, SAG Facilitator

The purpose of the Oct. 19th meeting:

1. To provide an update on MT process/outreach policies previously presented to the Working Group.
2. To provide an update on the Commercial Food Service Pilot.
3. To provide an update on other Illinois EE initiatives.

Market Transformation Policy Update

Celia Johnson, SAG Facilitator and Stacey Paradis, MEEA

Background on MT Policy Discussions

- Aug 2019: Framework for MT Savings in IL finalized in Policy Manual and IL-TRM V 8. Questions were raised by SAG.
- Nov 2019: MEEA and Resource Innovations presented policy issues.
- Feb-May 2020: Follow-up discussions on policy issues.
- Since May, policy resolution incorporated feedback, SAG raised additional process policy questions, and proposed resolution of process and outreach questions presented in July mtg by MEEA and RI.
- Overview of IL stakeholder feedback, shared by ICC Staff and NRDC.

Overview of MT Policy Next Steps

1. Midwest Market Transformation Collaborative (MW MTC) members are reviewing the process/outreach next steps presented to the Working Group in July
2. Further discussion is needed on IL stakeholder feedback
3. Open IL market transformation policies will be finalized together, as a package (anticipated in Q1 2021)
4. Final MT policy resolution will be documented on the Policy page of the SAG website: <https://www.ilsaq.info/policy/>

5. Once MT policies are finalized, they will be added to the “Policy Tracker” describing any policies to be considered in a future update to the IL EE Policy Manual or IL-TRM Policy Document

Midwest Market Transformation Collaborative Update:

- MW MTC was hopeful we would be further down the road in receiving feedback on proposed process/outreach plan, but due to a number of events, we haven’t been able to meet with utility partners to reach a resolution for 2021.
- MW MTC was established by Resource Innovations and MEEA, with support from Nicor and ComEd.
- In 2020, the focus was Consumers, DTE, and Xcel in Minnesota.
- A big focus in IL has been to put MT policies in place. In MN and MI, they’re in different stages. Those states are grappling with how they can we encourage MT to become part of the EE portfolios.
- In July we discussed the idea of various advocates and other groups to pitching MT ideas to the MW MTC. We are interested in figuring out how to do this. We agree that coordination and working with SAG is important. It will be a balancing act with other portfolio plan schedules in other states.

Next steps:

1. SAG Facilitator to coordinate with Midwest MT Collaborative, utilities and other interested stakeholders on Working Group schedule for 2021.
2. Follow-up Working Group discussion will be needed in 2021 to finalize open MT policies.

Commercial Food Service (CFS) Pilot Update

Rich Swierczyna, Gas Technology Institute

Kevin Cullather, Frontier Energy

Kegan Daugherty, Resource Innovations

Reviewed Program Highlights (Gas Technology Institute)

- GTI is a project manager on this program, in partnership with Frontier Energy. The pilot is sponsored by Northern IL utilities.
- Previous Phase 1 Market Study – estimated the inventory of facilities in the utility service area. Provided an estimate of cooling, refrigeration, sanitization and ventilation measures. Used a CFS study model out of California, working with data, to determine the IL inventory. Found the total population of appliances are about 265,000. Of those, 160,000 are gas while 105,00 are electric. Commercial dishwashers accounted for 16,000 units.
- Pilot was to target a number of rebate eligible equipment, around 300,000 units.
- Phase 1 Study also addressed barriers. Size of the re-sale market is substantial; this is one barrier. Since that time, it has become larger because of the economic downturn, availability of equipment and health concerns. There is also a perceived first cost for higher efficiency appliances. Also, there are barriers for hard-to-reach customers – mom and pops don’t have the time and resources. Pandemic affected the food service industry greatly; 3/10 restaurants may not come back.

Reviewed Program Structure (Frontier Energy)

- Officially launched program Sept 2019. Prior to this, outreach and education to dealers, to ensure successful launch – education on eligible equipment, locations, marketing materials. Messaging needed to be straightforward and simple, consistent. Significant

outreach with customers and salesforce – the employees working with customers. We needed to know the benefits of energy efficiency and the value to customers.

- Received feedback from dealers. Extensive qualifying product list. Identifies every model for which rebates are available. Used zip codes in territories to identify eligible locations. For Electric, ComEd, for gas, gas utility territories. There is also an online portal for which dealers can enroll and submit rebate applications.
- Dealers are reimbursed and paid a modest incentive. Randomly selected customers are subject to a visual inspection after the rebate has been reimbursed.
- Shared 22 Participating Dealers. Both large and small. Good geographical coverage of territories as well.

Reviewed Charts – Rebated Items

- Projected goals are based on work done in the phase 1 market study. With the pandemic, we went back and modified the goals. We are close to being on track for gas measures. We have been on or exceeding targets. Electric side has been lagging but we are starting to see an uptick in gas measures.

Reviewed COVID-19 impact

- Foodservice was severely impacted by the pandemic. Many businesses temporarily or permanently closed. Local dealers closed showrooms. Projects postponed or cancelled.
- While restaurant rebates slowed, institution and healthcare CFS applications continued. Larger projects were already budgeted. They were less affected. As businesses opened, new dealers were added. These businesses were looking for leverage.

Reviewed Program Immediate Response

- Modified their curve projections.
- They offered a bonus SPIF (doubled) to increase the dealer incentive to promote and encourage dealers in August and September. They implemented a virtual inspection plan through a web platform.

Jennifer Morris: Why do you think electric is lagging compared to gas?

Kevin Cullather: Gas is driven by fryers. Common across states. Electric seems to be in the bigger projects. They're seeing less replacement equipment on the electric side than on the gas side.

Jennifer Morris: For fryers, are they more appealing to upgrade?

Kevin Cullather: Yes, it brings the cost to a payback of under a year.

Reviewed Longer Term Effects

- We are seeing national chains close, 10-30%. Creates a smaller market for CFS equipment.
- In some markets, we are seeing new equipment coming out.
- Takeout/Delivery Foodservice. Hot food holding cabinets. Increase in prepared foods.

Reviewed Feedback from Dealers

- Program has helped them (dealers) promote the sale of EE equipment. They like that the program design is easy to submit rebates, track rebates and is straightforward. They

co-branded the marketing materials. Customers know to reach the dealer for more info on the program.

Going Forward:

- Seek greater involvement from more dealers.
- Larger projects have longer lead times; dealers want assurances about future of program.
- Also work with dealers to tailor their internal processes to the different rebate amounts. It requires a champion within the dealers and manufacturers.
- Evaluate the current rebate and dealer incentive levels. Survey participating dealers and customers.
- Consider expanding the qualified products list.

Jim Jerozal: What proportion is 22 dealers is to the whole northern IL territory?

Kevin Cullather: There are 3 dealers with 70-80% of the market. Two of these are participating, and one of the two is still on the fence. From an administrative perspective, one larger dealer is unsure of implementing this in only a local market. Some don't have the capability to put a rebate on the invoice.

CFS Natural Market Baseline Report and Recommendations

Kegan Daugherty, Resource Innovations

Background and Timeline

- In early 2019, the CFS pilot was identified as a potential MT opportunity by Nicor Gas and ComEd. Contract with Frontier Energy to develop report. Report delivered in May 2020. In July 2020, RI developed a MT recommendation based the results, pilot results and in consultation with funding utilities to understand their objectives.

Report Structure and Approach

- Report looked at the CFS market. Developed a technical assessment and grouping of measures to develop a baseline model development. The model was reviewed, and a summary of results created.

Major CFS Equipment Categories

- Dishwashers, Griddles and Hot food Holding Cabinets were NOT assessed in the report due to the small savings potential.

2018 Market Penetration

- Market penetration assessment for the various appliance types. Includes EE adaptor category, estimated total sales population and EE market penetration.

Summary of Baseline Results

- Objective of the report was to understand how the natural growth of these appliances would look like over a certain time period. As of 2018, the growth of these measures is reflected on the slide. No quantitative assessments for underfired boilers, DCKV and PSRVs.

Jim Jerozal: Left on its own in 20 years, the market is transformed, so utilities will simply speed it up?

Kegan Daugherty: In a way. Savings potential for those investments would diminish due to the natural adoption of those. They are not good candidates for MT.

Jim Jerozal: Fryers, broilers etc would be better candidates?

Kegan Daugherty: Yes

Recommendation:

- Not recommending the CFS sector as a MT program for Northern Illinois utilities. Rather continue with the upstream offering. Northern IL is not large enough market to affect the market change. It would need a long-term, national approach intervention to obtain market savings.
- Rationale: Northern IL market share is not large enough to grab attention of key market actors (manufacturers, ENERGY STAR, national chains) to drive true market shifts across multiple measure categories.

Alternative MT Design:

- A CFS version of RPP. Need for long-term investment and coordination. Development of national program. Additional utility recruitment to grow market share. Engagement with national distributors to gain access to data. Engagement with Manufacturers, Energy STAR, codes and standards organizations.

Conclusion:

- RI is not recommending CFS as MT program due to minimum value in developing a MT overlay for the existing FER pilot design and no opportunity to claim market savings. Drive additional participation through midstream channel.

Randy Updyke, ComEd: Based on these recommendations, the utilities are looking to move forward with exploring the program on the midstream level as opposed to as a MT initiative. Working with other utilities on next steps. We see value in helping out small businesses through a midstream approach, especially for those struggling due to the pandemic. In 2021 we will launch a joint utility program with Northern Illinois utilities, and we are looking at working with Ameren as well, in the next portfolio cycle.

Brief Initiative Updates

ComEd Retail Products Platform Initiative

Mark Milby & Rick Tonielli, ComEd

- ComEd signed on to the ENERGY STAR Retail Products Platform this year, targeting clothes washers and refrigerators. We are working with the large retailers in ComEd's footprint.
- More participants, more influence over manufacturers. Currently, 18% of the market.
- Retailers are receiving incentives in exchange for their sales data. Helps develop strategies, which appliances, etc. They're giving all their sales data for an appliance area. 12 months of historical data for establishing baselines. Online and in-store retail sales data provided.
- Allows them to develop implementation plans to promote certain efficient appliances, utility field teams into the stores to a place point of purchase signage, quarterly reports.
- Preliminary product strategies:
 - We have nearly all current and historical retailer sales data.
 - Clothes washers – most of the front load machines meet efficient standards. But not ESME sales for top loaders.

- Advocate for a higher ESME level for front-loaders to make ESME more impactful.
 - Advocate for lower/more achievable ESME level for top loaders to encourage purchases. Provide midstream incentive for efficient top loaders.
- Refrigerators
- Bottom mount and side mount freezers have 0% of sales for ESME models, while other models, top mount and no freezer have 24% of sales for ESME.
- Evaluation Update:
 - Guidehouse is developing an evaluation plan. A draft was presented to ComEd, NEEA in an advisory group. Progress is being made on a final evaluation plan.

Building Operator Certification (BOC)

Molly Graham, MEEA

Overview of BOC:

- At least 50,000 sq feet or larger. Look at job titles related to mechanical systems or energy management of commercial building. At least 2 years of experience.
- Nationally administered program. Regionally administered by MEEA (licensed).
- Reviewed the topics presented in Level 1 and Level 2 course offerings.
- Reviewed Level 2 course offering, new this year and will be offered by MEEA starting next week.
- Culminated in a project peer exchange to develop soft-skills to pitch an EE project to C-suite or other managers. Supporting individuals in developing reports on the building operation.
- BOC was evaluated with the MT screening criteria that RI has presented to SAG. It was determined that the program could be redesigned to ultimately change hiring requirements.
- A business plan was written since it passed this initial screening stage. Includes 3 areas. Presented to IL utilities in 2019. Utilities decided they wanted to better understand the energy savings. BOC has had a handful of evaluation; energy savings have been quite different. Currently it's being funded as traditional program by all 5 IOUs through 2020.
- MT funding decision after 2020 evaluation by utilities.

Update on 2020 Activity – Virtual Delivery

- Pivoted to a virtual training model over the Spring. Each class typically was 8 hours. Now it's split into 2 to 3-hour modules, on zoom and live instruction. Students can ask questions in real-time. Facilitate discussion and engagement as it normally would be in person. They've integrated with a learning management system for tests and homework.
- Participation rates have remained the same, feedback has been positive. Virtually delivery may have made it more accessible. More impact from digital trainings to be seen as it has only been administered virtually for 6 months.

Closing & Next Steps

- This is the Q4 Working Group meeting, and the last meeting planned in 2020.
- Summary of follow-up items:
 1. SAG Facilitator to coordinate with Midwest MT Collaborative, utilities and other interested stakeholders on Working Group schedule for 2021.
 2. Follow-up Working Group discussion will be needed in 2021 to finalize open MT policies.