

ComEd Seeks the True Meaning of Trade Ally

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Abstract

In June 2008, Commonwealth Edison (ComEd) launched new commercial and industrial energy efficiency programs within one of the largest service territories and untapped energy efficiency (EE) markets in the country. Employing a trade ally-based strategy for implementing EE programs created unique challenges for ComEd due to the pent up demand and a trade ally community unfamiliar with utility funded EE programs, along with the ambitious program goals and schedule created by new legislation. This paper summarizes the background and context for ComEd's EE programs for the business sector, and presents the early trade ally strategy and results as an example of a successful trade ally program during an initial program rollout.

Background

ComEd's service territory includes Chicago; a huge and largely untapped market for energy efficiency. ComEd is a transmission and distribution utility with 5,300 miles of overhead transmission, 36,000 miles of overhead distribution, and 29,000 miles of underground lines. ComEd's service territory covers 11,411 square miles in Northern Illinois including the city of Chicago. ComEd serves about 70 percent of the population of Illinois, about 3.8 million customers. ComEd's peak system demand is just under 23,000 Megawatts.

Enactment of Public Act 95-0481 created a new Section 12-103 of the Illinois Public Utilities Act, and, among other initiatives, set forth new energy efficiency and demand response goals. These goals placed Illinois in the top-tier of states with respect to required investment in energy efficiency. Within four years, the levels of demand-side program investment and energy efficiency savings realized will place Illinois second to only California. By 2011, ComEd is projected to be investing more in customer energy management than every utility in the country except for Pacific Gas and Electric and Southern California Edison¹. The legislation provides for funding and programs to be provided in ComEd's service territory by ComEd and the Illinois Department of Commerce and Economic Opportunity (DCEO) on roughly a 75/25 split. The statutory program goals are shown in Table 1.²

Table 1. Statutory Portfolio Goals

| Annual Goal | 2008 | 2009 | 2010 | Total |
|------------------------------|-------------|-------------|-------------|--------------|
| Spending Screen (\$M) | \$39.4 | \$81.6 | \$126.7 | \$247.7 |
| Energy Efficiency Goal (MWh) | 188,729 | 393,691 | 584,077 | 1,166,497 |
| ComEd Goal (MWh) | 148,842 | 312,339 | 458,919 | 920,100 |

¹ Commonwealth Edison Company's 2008 – 2010 Energy Efficiency and Demand Response Plan, Docket No. 07—540, ComEd Ex. 1.0, November 15, 2007, page 1.

² Ibid, page 2.

| | | | | |
|---------------------------|--------|--------|---------|---------|
| DECO Goal (MWh) | 39,887 | 81,352 | 125,158 | 246,397 |
| Demand Response Goal (MW) | 11.7 | 11.1 | 10.0 | 32.8 |

ComEd developed a portfolio of energy efficiency and demand response programs to achieve the ambitious goals. The programs spanned all customer classes and covered a diverse set of energy efficiency and demand response technologies and measures.

The energy efficiency programs covering the business sector fall under the program name *ComEd Smart Ideas for Your Business*. The largest programs offer prescriptive incentives, custom incentives, and retro-commissioning. The three-year budgets and goals are shown in Tables 2 and 3:³

Table 2. Program Budget

| Program Element | 2008 | 2009 | 2010 | Total |
|-----------------------------|----------|---------|---------|---------|
| C&I Prescriptive Incentives | \$6,970K | \$13.9M | \$27M | \$47.9M |
| Custom Incentives | \$2,520K | \$10.5M | \$13.4M | \$26.4M |
| Retro-Commissioning | \$409K | \$2.4M | \$4.1M | \$6.9M |
| Totals | \$9.8M | \$26.8M | \$44.5M | \$81.2M |

Table 3. Program Savings Goals

| Program Element | MWh | | | |
|-----------------------------|--------|---------|---------|---------|
| | 2008 | 2009 | 2010 | Total |
| C&I Prescriptive Incentives | 43,255 | 86,510 | 167,613 | 297,378 |
| Custom Incentives | 18,932 | 74,475 | 95,244 | 188,651 |
| Retro-Commissioning | 1,090 | 6,456 | 10,903 | 18,449 |
| Totals | 63,277 | 167,441 | 273,760 | 504,478 |

Applications for incentives were accepted starting June 10, 2008. As of November 1, 2008, almost 800 applications had been received, including over 250 applications placed on a wait list. ComEd has since stopped accepting new applications. While the program launch and initial results of ComEd's Smart Ideas for Your Business program are described in a separate presentation at this conference (see "Fast Start Energy Efficiency: Illinois Style, Sandra Henry, ComEd), some program results through October 31, 2008 are included in this paper for context.

Figure 1 sets forth the Active projects through October 31, 2008. Active projects exclude those on the wait list, as well as on-hold, cancelled, and duplicate projects.

³ ComEd Commercial and Industrial Energy Efficiency Incentive Program Implementation Request for Proposals, page 16

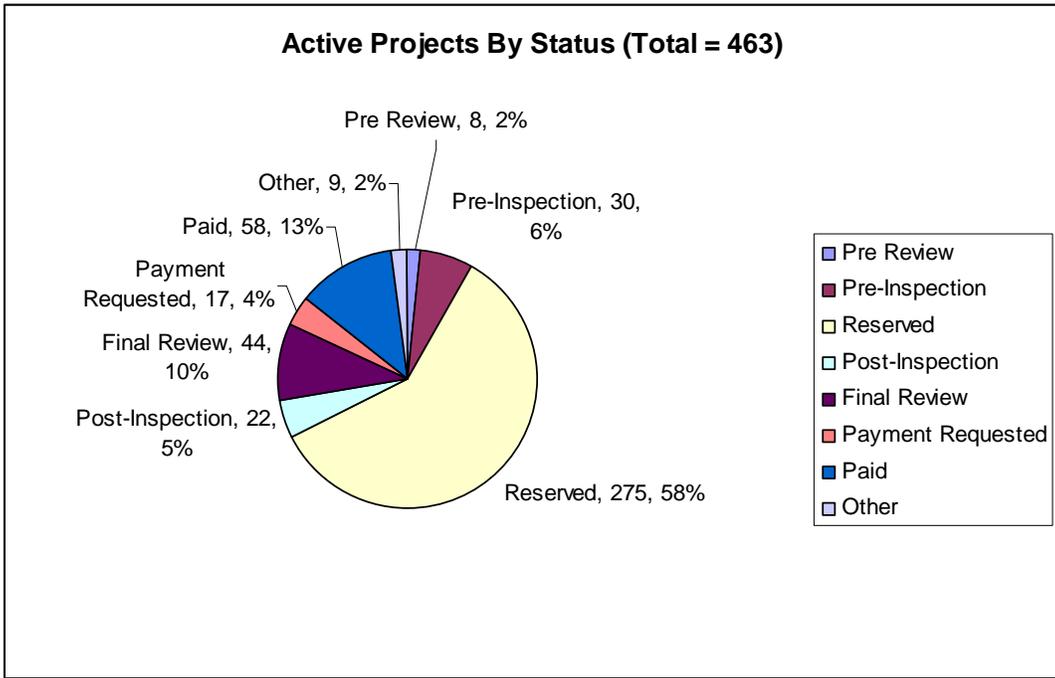


Figure 1. Active Project by Status

Figure 2 identifies the breakdown of the annual gross MWH savings represented by the Active projects through October 31, 2008.

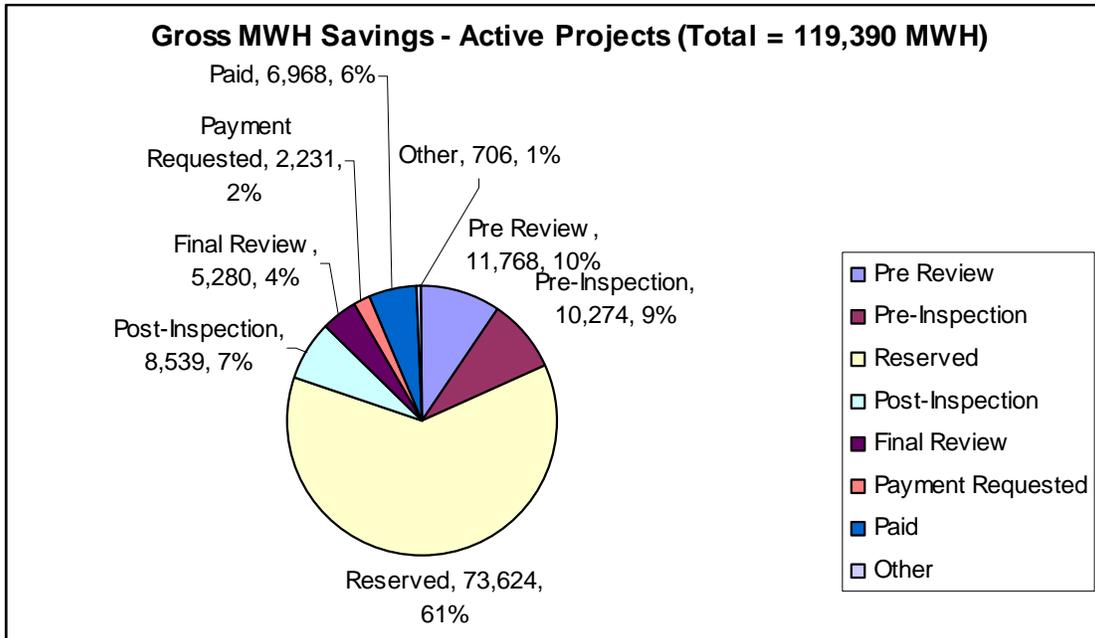


Figure 2. Gross MWH Savings—Active Projects

As of October 31, 2008, most project applications and associated MWH savings were classified as Reserved, indicating that funding had been reserved for projects, but the final applications to be submitted upon project completion were not yet received or incentive paid.

Trade Ally Strategy – Overview

Most trade allies in the service territory were inexperienced with utility-based efficiency programs and needed to be trained. ComEd initiated a large outreach effort to train the trade allies before launching the Smart Ideas for Your Business program. ComEd acted quickly to engage trade allies by hosting four trade ally workshops throughout the service territory in May 2008, one month prior to the formal program launch to customers.

ComEd marketed workshops electronically to trade associations and individual companies and most trade allies enrolled electronically, although a relatively small number of walk-up registrations did occur. The sessions were organized in a trade show format with an opening presentation, an open central area for light food and stand-up tables, and staffed table top displays around the perimeter of the large room. The tabletop displays were organized by technology and other topics. Breakout sessions covering key technology segments (e.g. lighting, retro-commissioning) were held throughout the events. The events were kicked off with short introductions by ComEd and Illinois Department of Commerce and Economic Opportunity managers. Event staff included ComEd program staff, implementation contractor staff (KEMA, Inc.), and ComEd account managers.

Attendees learned about the reasons for the program, the scale (goals and funding), customer and measure eligibility, the application process, and had ample opportunity to ask questions. In recognition of the importance of trade allies to ComEd's strategy for marketing and implementation, the trade allies received details of the program ahead of ComEd customers.

At trade ally meetings, ComEd distributed information sheets describing eligible measures and incentive amounts but withheld application forms until the official customer launch the following month. With this strategy, ComEd communicated that it was important for trade allies to receive program details prior to an official customer launch.

Event Participation and Feedback

Trade ally meetings were held in Chicago, Rockford, and two Chicago suburbs in May 2008. Over 400 people and representatives from almost 300 companies attended the half-day events. ComEd conducted post-workshop online surveys to assess trade ally impressions. The surveys had a response rate of over 80 percent. The following statistics indicate a strong positive feedback on the trade ally meetings:

- 98 percent of respondents indicated the session was helpful in showing ways they can leverage the incentives for their customers
- 93 percent of respondents indicated they would attend other types of technical trainings offered by ComEd

Become A Smart Ideas for Your Business Trade Ally

At the trade ally meetings, ComEd encouraged trade allies to enroll to become a Smart Ideas for Your Business trade ally. Attendees were invited to complete and submit an enrollment form that included contact information and references. Approval is based upon confirmation of references and

completion of trade ally training (accomplished by attending a trade ally meeting or participating in a webinar). While ComEd does not endorse specific trade allies, approved trade allies are posted on www.comed.com and customers would be confident that the approved trade allies were experienced and had participated in program training.

To date, ComEd has almost 150 trade allies on the approved list. The list includes installation contractors, equipment manufacturers and distributors, and energy consultants. Figure 3 illustrates the number of trade allies who have indicated they have expertise in various specialty areas.

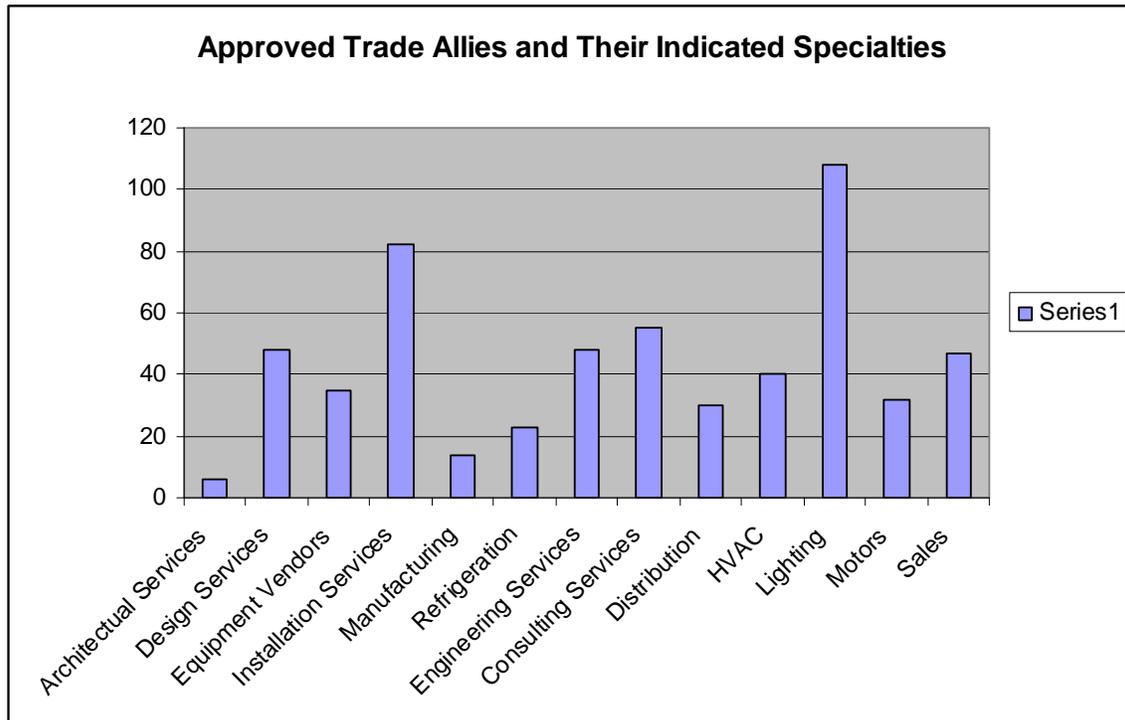


Figure 3. Approved Trade Allies and Their Indicated Specialties

Despite the diversity of trade allies and their specialties, ComEd’s early experience was that most of the energy savings resulting from their initial rollout is expected to come from lighting projects. Figure 4 shows the early dominance of lighting technologies, indicating the importance of trade allies with lighting expertise.

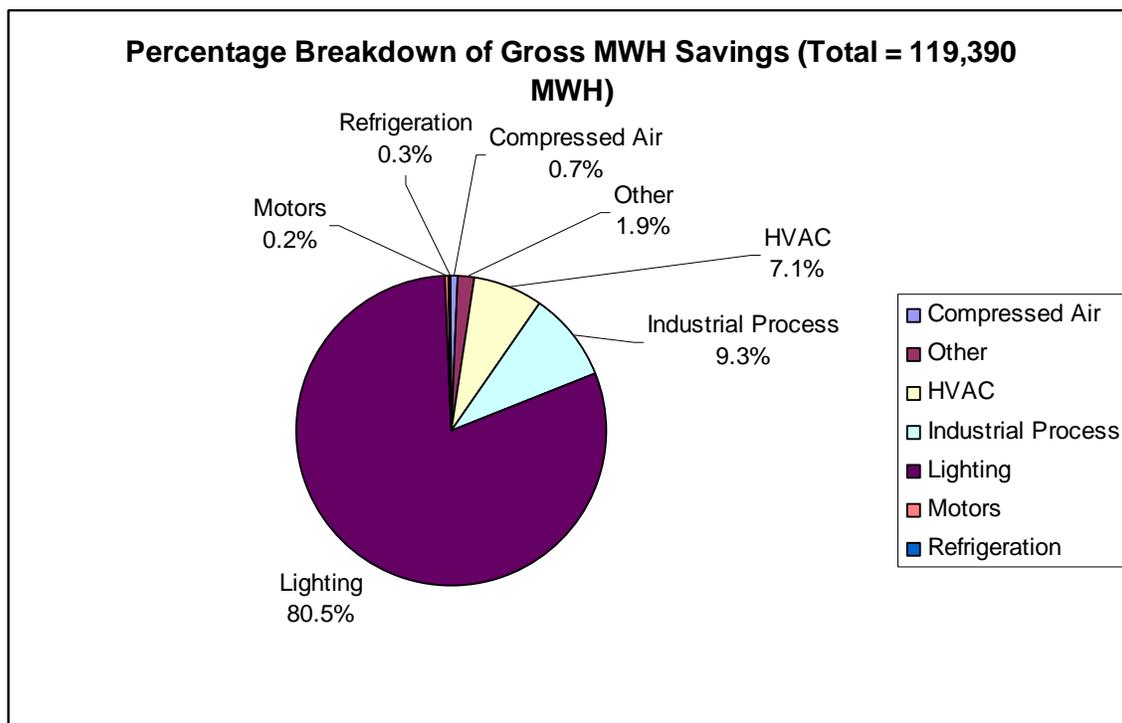


Figure 4. Percentage Breakdown of Gross MWH Savings

Trade Ally Results

ComEd evaluated project applications to determine trade ally participation and to compare the participation of approved trade allies to non-affiliated contractors. The team evaluated 785 projects through October 31, 2008, including 443 active projects and 342 non-active projects. Active projects are those expected to result in a paid incentive, while non-active projects are those that are not expected to be funded, either because ComEd had achieved its funding limit and projects had to be placed on a wait list or projects were deemed ineligible or were otherwise cancelled. Of the 785 projects, 628 projects listed trade allies or non-affiliated contractors on the applications and 157 projects are presumed self-installed by customers. This breakdown is shown in Table 4.

Table 4. Project by Type

| Type of Project | Active | Non-Active | Total |
|---|--------|------------|-------|
| Trade Ally or non-affiliated contractor | 373 | 255 | 628 |
| Self-Installed | 70 | 87 | 157 |
| Total | 443 | 342 | 785 |

The following statistics characterize the nature of the submitted projects:

- The average number of projects submitted by trade allies = 6 projects
- The average number of projects submitted by non-affiliated contractors = 2 projects

- The maximum number of projects submitted by a single trade ally = 62 projects
- 20 percent of the projects submitted were customer-only or the contractor was not designated

Figure 5 shows that Trade allies were involved in 46% of the projects and the other 54% were either non-affiliated trade allies or self-installs. Figure 5 shows the amount of projects submitted by trade allies in comparison to those submitted by non-affiliated contractors or self-installed.

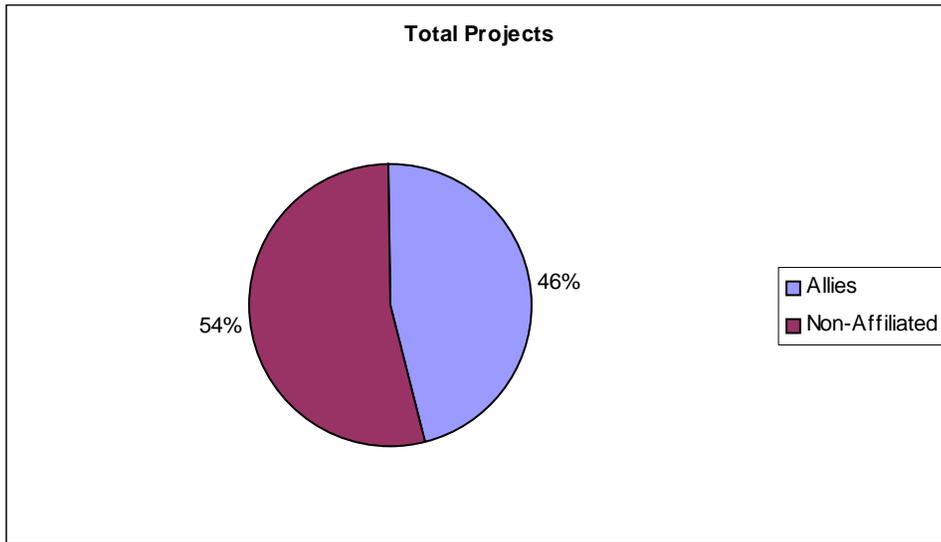


Figure 5. Percentage of projects completed by program trade allies compared to non-affiliated contractors and self-installs.

On average trade allies submitted more projects than non-affiliated contractors. Forty-four percent of trade allies submitted more than five projects and several trade allies submitted over 20. The top performing trade ally submitted 62 applications. Figure 6 shows the number of projects that were submitted by trade allies.

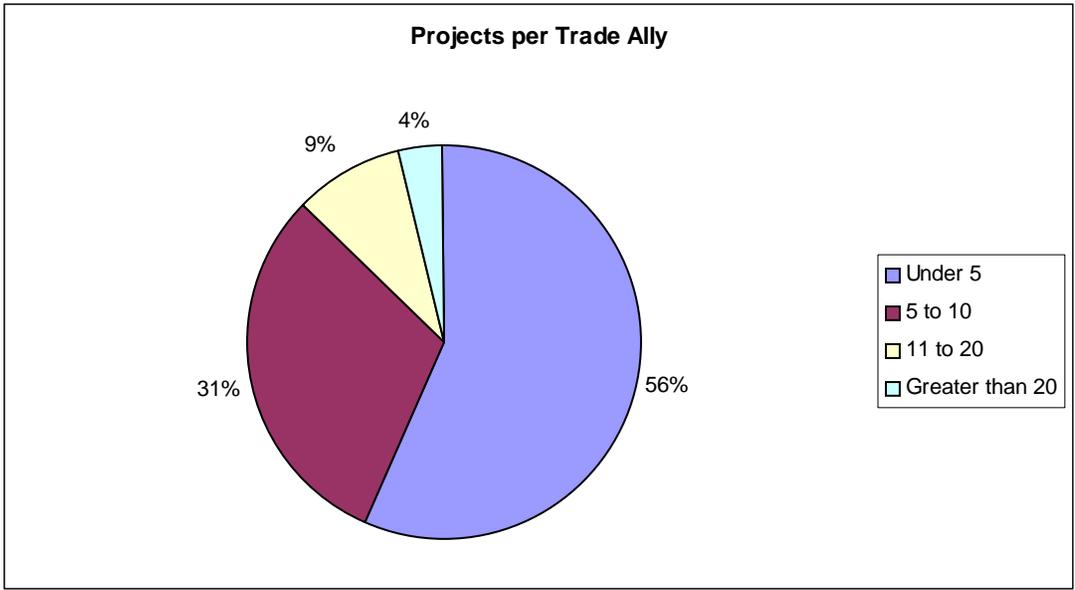


Figure 6. Number of Projects Submitted by Trade Allies

Contractors that were not affiliated with the program (including self-install customers) submitted far fewer projects. Ninety-seven percent of non-affiliated contractors submitted less than 5 projects. Figure 7 shows the breakout of the number of projects submitted per non-affiliated contractor.

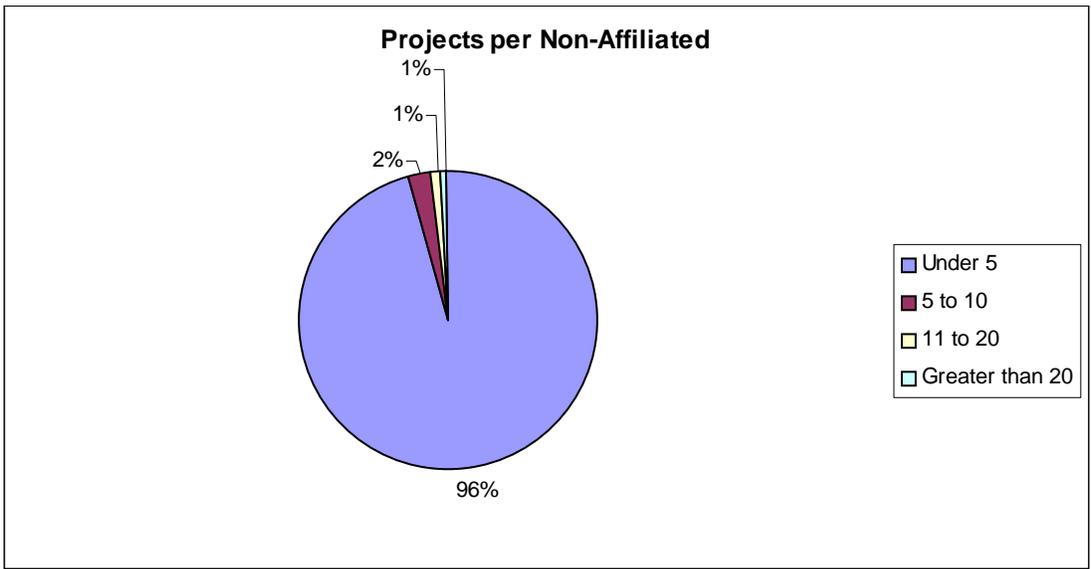


Figure 7. Number of Projects Completed by Non-affiliated Contractors and Self-Installs

ComEd analyzed the extent to which the approved trade allies (i.e., those who completed applications to be listed on ComEd's website and who also participated in a ComEd trade ally event) submitted projects vs. non-affiliated contractors. The results indicate that contractors affiliated with the program submitted five times more projects on average than contractors that were not affiliated with the program. This correlation does not necessarily indicate causation. The reason for this could be that companies that choose to become affiliated with a utility program have a more aggressive approach to begin with. Additionally, funding for the program did become fully reserved less than half way through the program year. As a result these findings could have resulted from contractors that became affiliated with the program sooner, were able to get projects submitted quicker and therefore crowded out applications from non-affiliated contractors.

Going Forward

One benefit of having an active trade ally program is that it offers an ongoing opportunity to engage the trade allies. This results in better customer service because the trade ally learns how to more effectively leverage the program. Program administrators are able to more expeditiously review projects that are similar in nature or have similar specifications to others completed by any given trade ally. Knowledgeable trade allies minimize the processing hassles for the customer by providing complete and accurate documentation. ComEd program managers and administrators continue to develop the trade ally network. The following are several tactics that program implementers will utilize going forward.

- Continue to promote the trade ally program to contractors who have participated through bi-monthly newsletters.
- Set up another round of trade ally seminars to launch the 2009 program.
- Offer webinars to announce the closing of the program and waiting list procedures.
- Assign staff to work with individual trade allies to simplify communication.
- Actively recruit contractors that have submitted three or more projects to join the trade ally network.
- Create a training series to help educate trade allies and their customers about energy efficiency.
- Identify trade allies who are struggling with the program rules and work individually with them.
- Offer "thank you" and recognition opportunities to help showcase the program and value of becoming an associated trade ally.

Conclusions

- Program results indicate ComEd was effective in engaging and involving a broad representation of the trade ally community during the launch phase of the Smart Ideas for Your Business program.
- Trade ally participation occurred evenly across the trade ally community, with a dominance of lighting projects, which is typical of early results for utility energy efficiency programs.
- Contractors that chose to become affiliated with the ComEd Smart Ideas program out performed their counterparts by a significant margin.

- While the trade ally strategy employed by ComEd appears to have been successful in achieving the first year goals (at least as represented by including projects for which funding is “reserved”), the success of the strategy should be assessed further as the program matures, as trade ally participation and attitudes will evolve and mature along with the Smart Ideas for Your Business program.