

Orange & Rockland Big Energy Solutions Program: Process Evaluation Summary

Evaluation Conducted by: Navigant Consulting, Inc., March 2013

PROGRAM SUMMARY

The Orange & Rockland (O&R) C&I Existing Buildings program, also called the Big Energy Solutions program, promotes the purchase and installation of specific high-efficiency equipment by commercial and industrial (C&I) customers in existing facilities. The program provide customers with financial incentives to offset the higher purchase cost of specific energy efficient equipment (prescriptive rebates) and information on the features and benefits of energy efficient equipment. Qualifying equipment includes electric cooling, ventilation, motors and lighting. O&R customers may also receive custom rebates for installing high-efficiency equipment that is not specified in the program.

EVALUATION OBJECTIVE AND HIGH LEVEL FINDINGS

The overall objective of the Big Energy Solutions Program process evaluation is to assess the effectiveness and efficiency of program design, delivery, and implementation processes. O&R is seeking recommendations that can help to increase program participation, identify and document issues of overlap and conflict with other programs, and inform and improve the program in future program cycles.

The process evaluation addresses the following six program processes:

- Program planning - Identify program process and design limitations that impede the program's ability to meet goals.
- Infrastructure development - Determine whether the program is gathering all info needed for program management and reporting and whether the tracking systems contain accurate data.
- Marketing and customer acquisition - Determine customer awareness of the program and understanding of program requirements and assess whether marketing partners and channels are appropriate and effective.
- Program delivery - Identify contractor perceptions of the benefits of program participation, possible bottlenecks in the customer participation process and opportunities for streamlining the program delivery processes.
- Satisfaction with the program - Assess participating customer and contractor satisfaction with programs, identify possible improvements and determine whether customers are satisfied with the timing of rebate payments.
- Interactions with other programs - Identify areas of potential program overlap with other programs and determine whether there are any areas of contractor or customer confusion about the program due to having multiple programs in market.

EVALUATION RECOMMENDATIONS AND PROGRAM ADMINISTRATOR RESPONSE

Overall, the O&R Big Energy Solutions Program is being implemented effectively and, including committed projects, came close to reaching its goal by the end of 2011. Participant satisfaction with the program is high and the majority of the process evaluation recommendations relate to methods to increase participation and improvements which could be made to streamline the program processes as it continues to grow. Readers should note, however, that the results from surveys with program participants and customers who began participating and then stopped ("non-completes") should be considered anecdotal.

Navigant contacted all program participants and non-completes and was able to complete surveys with a reasonable portion of the populations (8 of 29 total participants and 4 of 17 total non-completes). This response rate of approximately one-quarter of the population is typical for C&I evaluations; however, the survey results should be considered anecdotal rather than statistically significant due to the low absolute number of survey completes. In contrast, non-participant survey results, based on 78 respondents, can be considered statistically significant and representative.

The following recommendations were made by the evaluators conducting this study. O&R's initial response to these recommendations is also summarized below and will be tracked over time.

Program Planning and Design

As of the end of December 2011, O&R had achieved 82 percent of the 2010-2011 program goal through both completed and committed projects.

Recommendation 1: Orange and Rockland should consider adding an upstream incentive for HVAC measures and possible other measures that are not included in the SBDI program.

Marketing these incentives to trade allies may help incent them to encourage their customers to participate in the O&R program. This would in turn increase participation in the program and contribute to O&R's ability to meet its goals in the future.

- **Response to Recommendation 1:** O&R has considered adding contractor upstream incentives; however the current program is exceeding its four year goal by 160% without upstream incentives. O&R will continue to monitor program performance and determine if upstream incentives are necessary.

Recommendation 2: Navigant recommends that O&R investigate opportunities to expand Trade Ally marketing.

A single Trade Ally can potentially promote the program to all of their eligible customers, effectively leveraging limited O&R marketing resources. Increased marketing of the program to Trade Allies is likely to significantly increase program awareness. This type of marketing may be done through reaching out to local chapters of industry associations, such as ASHRAE and IES, for opportunities to promote the program through presentations and sponsorships. O&R should also consider joining Trade Ally and customer industry associations to expand its network of trade allies that know about and understand the program and generally improve program awareness. Finally, O&R should consider holding regular informational meetings for Trade Allies if there is sufficient demand.

- **Response to Recommendation 2:** O&R has already joined with trade ally organizations such as ASHRAE and will research joining others organizations. An informational meeting was held in 2013 to promote the program to Trade Allies, with many contractors in attendance. Plans will be made to organize additional informational meetings with Trade Allies in the future.

Infrastructure Development

The information collected for this program is entered and stored in an excel spreadsheet. Due to the small size of the program the spreadsheet has been sufficient to date.

Recommendation 3: Navigant recommends that O&R move to a relational database as the program grows. This would allow for easier and more accurate data management and reporting.

To improve accuracy and ease of reporting using the current excel spreadsheet, the following recommendations have been made:

- Input new projects to have a single line item per prescriptive measure or custom project end use.
 - Each line item associated with the same customer should contain a customer identifier so that projects could easily be linked to a unique participant.
 - A single row per prescriptive measure type and separate columns for number of measures and units would simplify the savings calculations/verifications.

- The number of measures installed as part of each project should be entered into a designated cell in the tracking spreadsheet. This cell could then be referenced in the savings and rebate calculations to improve accuracy and remove data entry errors.
- Define the project status codes to be tracked and add this field *and corresponding date fields* to the tracking spreadsheet.
- Some fields collected on application forms should be added to the tracking spreadsheet to simplify evaluation of program savings.
 - Addition of measure-specific fields and project dates to the spreadsheet would simplify tracking of projects, internal and regulatory reporting and impact evaluation.
- **Response to Recommendation 3:** O&R has incorporated the recommendations above and is currently installing a tracking database that will allow O&R enhanced program tracking ability capturing all of the evaluator's recommendations.

Marketing and Customer Acquisition

The majority of the marketing is completed by calling the highest consuming customers and sharing program details with them as well as sharing potential projects and project economics with them to encourage participation. While this has been successful in attaining 82 percent of the savings target for the program, interviewed Trade Allies and non-participants both indicated a lack of awareness as the main reasons for not participating, which suggests that increased marketing may help O&R achieve its goals in the future.

See Recommendation 2.

Program Delivery

The O&R Big Energy Solutions program appears to be running smoothly with participants reporting a high level of ease of participation with various program aspects.

Saving energy and cash rebates were reported by participants as the reasons for participating in the program. Non-participants indicated that typical energy savings/ROI and examples of how to save energy were the most critical pieces of information to provide in order to have them participate in the program.

Recommendation 4: Navigant recommends that O&R consider adding example project payback periods, case studies and information about how to calculate project economics to program marketing and the program website.

Adding information about how to calculate project economics would allow the program to be more appealing to a wider audience and encourage higher participation levels. This would contribute to O&R's ability to meet its program goals.

- **Response to Recommendation 4:** O&R has included project paybacks when reviewing project proposals with customers and is currently adding case studies to their website. O&R has been advertising in trade magazines, online, radio and the Palisades Mall. In addition, O&R has set a customer engagement visitation goal to meet with 100 large commercial and industrial customers annually. These onsite visits have been an integral component of the current 2012-2015 program success.

Satisfaction with the Program

Participants reported a high level of satisfaction with all program aspects. The lowest rating (average of 7.25 on a 10 point scale) was given to rebate amounts. Seven out of the eight interviewed participants also indicated they would be extremely likely to recommend the program to others, thus corroborating their high level of satisfaction.

Non-completes (those who began but never completed their participation in the program) who indicated they had contacted the utility regarding program participation reported a low satisfaction with utility interactions. This was reportedly due to the amount of time spent on program processes prior to determining ineligibility.

Participating Trade Allies also reported a high level of program satisfaction due to a number of benefits they receive from participating in the program.

Recommendation 5: Orange & Rockland should clarify high-level program qualification requirements.

High-level qualification requirements should be included on the program website and in program marketing materials to make it easier for customers to identify whether they are eligible to participate. This will increase satisfaction as well as participation which would contribute to O&R's ability to reach its goals. Offering this information online may also reduce the number of calls O&R receives about the program leaving more time for O&R program staff to dedicate to marketing and administration. Effects of project payback on custom incentives, the percentage of project costs covered, any project caps or limitations, cost effectiveness requirements, and pre-approval requirements should be clearly listed on the program website.

- **Response to Recommendation 5:** This has been addressed on O&R's website.

Interactions with Other Programs

Awareness of NYSERDA's program is much higher among Trade Allies than awareness of O&R's Big Energy Solutions program. Eighty percent of non-participating Trade Allies were aware of the NYSERDA program and only 37 percent were aware of the O&R program.

Non-participant awareness was low for both programs, with 44% of non-participants having heard of NYSERDA programs compared to 40% who had heard of the O&R program.

Participants who had heard of the NYSERDA program indicated they selected the O&R program since it involved less red tape, and that it was preferable to deal with utilities directly. Also, non-participants who indicated they had participated in the NYSERDA program indicated this was because they did not know about the O&R Big Energy Solutions program.

A comparison of rebate levels for similar programs found that O&R rebates are significantly lower than NYSERDA rebates for HVAC, Motors and VFDs. However, O&R rebates are higher for some lighting measures, especially for smaller projects.

Recommendation 6: O&R should consider increasing its rebates to match NYSERDA program rebate levels.

It is also recommended that O&R consider increasing its rebates to match NYSERDA program rebate levels. Offering rebates comparable to those offered by NYSERDA (which operates in the same geographical area) would motivate more customers to select the O&R program over the NYSERDA program in cases where they were aware of both.

- **Response to Recommendation 6:** O&R's custom rebate offering is competitive with NYSERDA's custom rebate program.

EVALUATION METHODS AND SAMPLING

The research and the findings expressed in the report are based upon the following evaluation activities:

- Review of program and marketing materials;
- Review of program tracking system, data, and other documents;
- In-depth interviews with:
 - O&R program staff
 - 11 Participating trade allies
 - 30 Non-Participating trade allies sampled by service/technology type
- Customer telephone surveys with:
 - 8 of 29 Program participants - Navigant attempted to reach all participants, and completed surveys with 6 lighting participants, 1 refrigeration participant and 1 air conditioning participant
 - 4 of 17 Program participants who did not complete the process (non-completes) - Navigant attempted to complete surveys with all non-completes
 - 78 Program non-participants randomly sampled from non-participating O&R customers with demand greater than 100 kW