

Central Hudson Residential Natural Gas Program: Process Evaluation Summary

Evaluation Conducted by: Applied Energy Group (AEG), *DATE:* December, 2011

PROGRAM SUMMARY

The Residential Natural Gas Program targets residential customers that are interested in purchasing or replacing their space and water heating equipment with the energy efficient options offered by the program. Measures that are eligible for rebates include natural gas furnaces, steam and water boilers, indirect water heating, boiler reset controls, and programmable thermostats. In addition, incentives of up to \$420 are available to customers to install duct and air sealing from qualified contractors.

EVALUATION OBJECTIVE AND HIGH LEVEL FINDINGS

The objective of this process evaluation conducted by an independent evaluation contractor, Applied Energy Group (AEG), is to examine program processes and customer responses to the program between 2009 and 2011. The evaluation identifies the methods used for gathering data and measuring program results and makes recommendations for program improvements.

Key evaluation findings include:

- 54 percent of customers install more than one measure. No customers have received duct sealing services and very few have received air sealing services.
- The vast majority of furnaces and boilers are rebated at the highest performance level.
- In the absence of the program, almost half of participating customers (49 percent) would have likely purchased the same equipment.
- Approximately 22 percent of customer installations were completed by 3 trade allies.

EVALUATION RECOMMENDATIONS AND PROGRAM ADMINISTRATOR RESPONSE

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

Recommendation 1: Conduct a Residential Appliance Saturation Survey and Market Potential Study

AEG recommends that, within the next year, Central Hudson conduct a Residential Appliance Saturation Survey ("RASS") to identify the type, age and efficiency level of appliances and HVAC equipment currently being used by households within Central Hudson's territory. The RASS will inform program design changes and measures to be considered for inclusion in Central Hudson's Residential Electric HVAC Program. Using the results from the RASS, a Market Potential Study should be completed that quantifies the quantity and targeted end uses where savings can be realized.

Response to Recommendation 1: Central Hudson is currently conducting a Residential Appliance Saturation Survey, RASS. The analysis is on track to be completed by 3/31/2013.

Recommendation 2: Continue Aggressive Marketing Campaign to Customers and Trade Allies

The changes to Central Hudson's marketing strategy over the last year have been positive and should be continued. Although there is evidence that customers' overall awareness of energy efficiency is increasing, customers that participated in this program were often unaware that Central Hudson offered rebates for energy efficient lighting.

Central Hudson should continue to provide clear, accessible information to its residential customers on the benefits of installing energy efficient natural gas equipment and systems. Central Hudson should also continue to aggressively promote this program as part of the Savings Central brand and to inform customers of its other energy efficiency programs. Honeywell should continue to aggressively market the program to trade allies.

In order to track changes in customer awareness moving forward, Central Hudson should include a question on the rebate application that asks customers to identify how they learned about the program.

Response to Recommendation 2: Central Hudson continues to promote Energy Efficiency programs under the Savings Central branding. We periodically send customers information on current and new offerings within each program, and target according to heat type. We have also set up a system for Trade Allies so that their continued effort to support and promote programs is highlighted on our Savings Central website.

Recommendation 3: Create a Flexible System for Completing and Submitting Rebate Applications

Although the majority of contractors mentioned that the rebate application process is not burdensome, several had suggestions for improving the process and making it more consistent with how business operates today.

Honeywell should create a mechanism for contractors to complete applications online and give them the option of submitting the rebate application online or of filling out the application online and printing it through Adobe Acrobat. This would streamline the application process for many contractors and potentially end the problems associated with handwriting (e.g., not enough space on the rebate forms, illegible handwriting).

Response to Recommendation 3: Central Hudson changed implementation contractors in 2011 and implemented a new system for customers to submit their rebate applications online with instant feedback that it's been received.

DETAILED PROCESS EVALUATION FINDINGS

The Residential Natural Gas Program over-performed in 2009 and 2010, such that the New York Department of Public Service (DPS) approved an increase in the program budget and energy savings goals and modified the measure rebate levels in mid-2010. Despite the modification of measure rebate levels, program participation remained steady in 2011.

EVALUATION METHODS AND SAMPLING

AEG designed Phase II of the residential natural gas program evaluation to analyze program processes and customer and contractor responses to the program. The study identifies methods for gathering data and measuring program results. It also makes recommendations for program improvements. Energy savings estimates (impact evaluations) are not a part of the evaluation. However, some estimates of the impacts have been provided in the report. To arrive at the final recommendations, AEG carried out the following research activities:

- AEG reviewed current program materials and relevant past studies for this report. The evaluation team reviewed documents provided by Central Hudson including program marketing materials (numbers, types, and means of distribution), program logic model, and key findings from the Residential Appliance Saturation Study (“RASS”) conducted in 2006.
- AEG reviewed current program tracking and reporting carried out by Central Hudson program staff and Honeywell.
- AEG updated the program logic model based on interviews with Central Hudson program staff and third-party program implementers.

- AEG conducted a comprehensive, group interview with Central Hudson program staff in June 2011.
- AEG interviewed Honeywell in August 2011. The interview provided information on program implementation activities, scheduling, program data and tracking methods, the relationship between the program implementation contractor and participating HVAC contractors, and barriers to increased participation.
- AEG administered a 10 to 12 minute telephone survey to a sample of program participants to assess program experience and awareness, customer satisfaction, barriers to participation, free ridership and areas for potential program improvement. AEG calculated the sample size at a 90 percent confidence interval with an error margin of +/-10 percent. Participants were then randomly selected based on unique identifiers determined by Microsoft Excel's random number generator. Program participants were contacted based on the unique identifier, beginning with the smallest number.