

Central Hudson Gas & Electric Corp Commercial Lighting: Process Evaluation Summary

Evaluation Conducted by: Applied Energy Group (AEG), DATE: February 2015

PROGRAM SUMMARY

The objective of the Central Hudson Small & Mid-Size Business Lighting Program is to replace existing inefficient lighting with energy efficient lighting and lighting controls in Central Hudson business customer facilities in order to capture significant energy savings and environmental benefits. Participants receive a free energy audit conducted by Lime Energy (Lime), the third-party program implementer. Incentives cover up to 70 percent of the equipment and installation costs. A financing program initiated by Central Hudson and approved by the New York Department of Public Service (DPS) provides zero percent financing to cover the remaining equipment and installation cost.

EVALUATION OBJECTIVE AND HIGH LEVEL FINDINGS

An independent evaluation contractor, Applied Energy Group (AEG), designed the 2012-2013 process evaluation gain a better understanding of program operations, assess the overall effectiveness of program operations and identify areas for improvement. AEG performed the following tasks:

- Reviewed program materials and data.
- Reviewed program tracking methods.
- Updated program logic model and assessed program flow
- Conducted interviews with Central Hudson staff and Lime Energy, the third party implementation contractor
- Conducted interviews with installation contractors
- Conducted surveys of participating customers.

In 2012-2013, a total of 882 customers accounted for 908 projects. The majority of participants were Small-Size (97%) with the remaining Mid-Size (3%). Other high-level findings of the evaluation include:

- The majority of customers paid in a lump sum (67%), followed by 24 month financing (16%) and 12 month financing (7%).
- The majority of activity concentrated in Dutchess (40 percent) and Ulster (32 percent) counties.
- The top 5 most active contractors accounted for 80 percent of total projects

EVALUATION RECCOMENDATIONS 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: Target Larger Commercial Customers

Small commercial customers account for 43 percent of the DSM portfolio but make up less than 20 percent of the load forecast. Ninety-seven percent of customers that participated between April 1, 2012 and June 30, 2013 were small commercial customers. On January 25, 2013, the New York DPS authorized Central Hudson to remove the 350 kW eligibility cap from the Mid-Sized Commercial Lighting Program.

AEG recommends that Lime work with Central Hudson to target larger commercial facilities. Marketing tactics, such as direct mail and local events, should be targeted towards larger commercial facilities as well as small commercial customers. Where possible, Lime should leverage Central Hudson staff that work closely with larger commercial clients.

Response to Recommendation 1: Central Hudson, partnered with Lime Energy, has done extensive marketing to larger facilities (over 100kW). We have started a process to utilize internal Central Hudson staff that has relationships with our larger key accounts. It is helpful for Lime's credibility if the larger customer has their Central Hudson liaison promoting the program. We currently bring projects that are stalled to this groups' attention, but we are working towards a process that our New Business group works directly with Lime and their key accounts.

Recommendation 2: Improve Facility Audits

Lime auditors utilize Lime's Audit Tool software to generate a customer proposal. The software provides reference operating hours as well as a full list of eligible measures and the application of each measure. While the software was designed to minimize errors, a Lighting Contractor and Lime noted that there have been issues with material miscounts. Lime noted that number of material miscounts has decreased as the program progresses. However, Central Hudson is concerned that Lime is unable to keep up with the participant backlog and that materials are not ready for installation.

AEG recommends that Lime continue to work closely with the auditors, providing additional training for auditors that continually generate incorrect proposals. Any new auditors hired would optimally have some background with the measures installed.

Response to Recommendation 2: Lime provides a full in-depth training to new auditors as well as constant training for their existing auditors. This training provides detailed program offerings, as well as what is expected from Central Hudson from a customer satisfaction stand point. Also covered are safety, proper customer etiquette, and Company policies. Central Hudson believes it would be helpful if someone from Energy Efficiency could be present at these trainings. We have asked Lime to put together a schedule of training of current employees so we can attend.

Recommendation 3: Update SavingsCentral Website

The SavingsCentral website does not currently offer easily accessible information about the Commercial Lighting Program. Program information is only available within the 'FAQ' section. AEG recommends that Central Hudson work with Lime to develop language for

the SavingsCentral website. A program description, Call Center telephone number and link to the sign up for a lighting audit should be available to customers.

Response to Recommendation 3: Central Hudson is in the process of updating the SavingsCentral website to include information about our Commercial Lighting program and make it easier for customers to locate this information. On all of our marketing pieces that Lime sends out, we do make reference to the www.centralhudsonlighting.com website. This website has information about our program and also has a designated area in which a customer can input some information and sign up for a free energy audit.

Recommendation 4: Continue to Engage Lighting Contractors

Thirteen Lighting Contractors completed at least one project between April 1, 2012 and June 30, 2013. The top 5 most active contractors accounted for 80 percent of total projects. Nearly all participants surveyed reported that they were satisfied with their Lighting Contractor. The respondents that were not satisfied with the Lighting Contractor were dissatisfied with the professionalism (7 percent), level of customer service (7 percent small) and that the project was not completed on time (4 percent small).

AEG recommends that Lime continue to regularly communicate with the Lighting Contractors and work closely with the Lighting Contractors to improve customer satisfaction.

Response to Recommendation 4: We have met with Lime and their contractors multiple times to stress the importance of customer satisfaction and professionalism. We have instructed Lime that any time there is an escalated problem to make Central Hudson aware so we can rectify the problem as quickly as possible.

DETAILED IMPACT PROCESS FINDINGS

The program incentives and financing are influencing customer participation in the program. 97% of participants are Satisfied or Very Satisfied with the overall performance of the program and 96% of participants would recommend the program to other customers.

Thirteen contractors installed at least one project and the top five contractors account for 80% of the total projects. Over 90% of participants were satisfied with the lighting contractor and with the installed lighting equipment.

EVALUATION METHODS AND SAMPLING

Between April 1, 2012 and June 30, 2013, Central Hudson provided incentives to 908 participants, 877 small and 31 mid-sized commercial participants. Central Hudson provided data for all participants, including business name, account number and telephone number. AEG scrubbed the participant data to remove duplicate electric Central Hudson account numbers from the participant list, thereby accounting for customers that received more than one rebate. The scrubbed participant data included 882 unique participants, 853 small and 29 mid-sized commercial participants. AEG calculated the sample size at a 90 percent confidence interval with an error margin of +/-10 percent. The sample size was calculated at 63 small and 22 mid-sized commercial participants. 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.

Seventy-two small commercial surveys and 14 mid-sized commercial surveys were completed. Therefore, the mid-sized commercial survey responses are statistically valid at a 90 percent confidence interval with an error margin of +/-14 percent.

AEG updated the program logic model based on interviews with Central Hudson program staff and the third-party implementer. The model shows the linkages among the program's activities and outputs. There are six main activities in the Small and Mid-Sized Business Lighting Program, including: develop program infrastructure, market program, perform lighting audit, process customer work order, process payment, and evaluate program.