

Efficiency First Arizona's recommendations for improving APS' DSM plan in 2016 and beyond

Introduction

Efficiency First Arizona (EFAZ) applauds APS' efforts to develop the successful Demand Side Management (DSM) programs that it has in place today. Although these programs are effective and have already benefited many APS customers, we believe there is always room for improvement and opportunities to reach even more customers. Additionally, EFAZ recognizes the fact that APS faces a substantial need to achieve higher levels of DSM savings in the coming years to meet its compliance obligations under the Energy Efficiency Resource Standard established by the Arizona Corporation Commission. Thus, in early 2015, EFAZ consulted its members and conducted a survey to identify ways the programs might be improved for APS' upcoming 2016 DSM Plan. The following table represents our collective ideas and recommendations for inclusion in the 2016 DSM Plan. While EFAZ encompasses the broader energy efficiency industry, our membership to date is predominately contractors in the residential home performance sector. Thus, the majority of these recommendations focus on the Home Performance with ENERGY STAR (HPwES) program.

Program, Measure, or Portfolio Area	Suggested Change	Rationale/Comments
HPwES (Air Sealing)	Consider redirecting discontinued rebates for Air Sealing toward Room Pressure Relief and/or static pressure testing.	In May 2015, APS announced its discontinuation of rebates for air sealing. EFAZ members have found measures like Air Sealing to be an important driver of additional sales and conversions. APS should consider redirecting the funding for this rebate towards room pressure relief or static pressure testing. Several EFAZ members have found that these actions provide a high level of impact in terms of energy savings. However, these actions are currently not recognized or reported as a conversion. We suggest providing a rebate to encourage their adoption. Even without a rebate, we suggest finding way to report these measures (and other non-rebate measures) so that the savings are captured and the conversion is acknowledged.
Cost-benefit analysis	Provide contractors with more information on program/measure cost-benefit ratios.	In general, it would also be helpful if APS would provide DSM contractors with up-to-date information of the cost-benefit ratios for current measures, including any input assumptions used in the screening process. This will help provide better insight into which programs and measures are

		most cost-effective, and which may be nearing a threshold for discontinuation (such as what recently occurred with Air Sealing).
HPwES (Shade Screens)	Reconsider residential shade screen measures.	In 2013, APS discontinued shade screen measures, “due to cost effectiveness or a lack of customer demand.” ¹ However, APS also stated that it would reinstate the measure if it became cost-effective in the future. Several EFAZ members have found shade screens to be very effective and suggest that APS consider reinstating it.
HPwES (Duct Sealing)	Create an additional tier (i.e. “total duct performance”) to provide more differentiation within and reward higher quality performance.	EFAZ members have found Duct Sealing to be one of the most common and most effective measures for many households. However, there are many contractors who provide a lower quality Duct Sealing that may not achieve as much savings. Therefore, we support the creation of higher tier “total duct performance” measure that is distinct from the “standard duct seal” to encourage better duct sealing performance. The higher tier might also be accompanied with a higher level of rebate. We recommend convening a working group to identify the parameters for the “total duct performance.”
HPwES & Large Existing (LEDs, Window Film, Smart Strips)	Consider adding LED lighting, window film, and smart strips as an approved HPwES measure and include a rebate.	Several EFAZ members have found these measures to be very effective. However, absent a rebate it is difficult to persuade customers to consider installing the measure. In the case of LEDs and Smart Strips, APS could consider these as a “direct install” option in place of CFLs.
HPwES (general)	Consider providing qualified HPwES contractors with discounted software tools.	Software tools that provide customers with “instant estimates” can greatly improve conversion rates, reduce revisits, and lower the acquisition costs of energy savings. In coordination with the EnergySavvy platform, APS should consider providing contractors with additional automated reporting options.
HPwES (general)	Provide the ability to transfer audit information from under-performing companies.	Under-performing companies are often unable to convert audits into actual efficiency measures. However the audit information may still be valuable and can help avoid the need for site revisits by higher-performing companies. If no conversion is made after a certain period (e.g. 6 months)

¹ See APS’ 2013 DSM Progress Report, p 33.

		<p>APS should consider returning this lead to an “open” status and transferring audit information to another contractor. This may require contractors to provide more comprehensive information to APS during the initial audit.</p>
HPwES (health and safety reporting)	<p>Share health and safety statistics.</p>	<p>Auditors frequently encounter potential health and safety issues (e.g. carbon monoxide backdraft). Identifying these issues is not only good for customers’ well-being, but can be a powerful motivator for driving the adoption of related energy-saving measures. While home audits typically collect information on health and safety issues, statistics are not reported back to the industry or other stakeholders. We suggest that APS provide statistics they have collected to help demonstrate the benefits of these programs.</p>
Energy Conservation Code Education	<p>Help to sponsor contractor energy conservation code education programs</p>	<p>Contractors with a sound understanding of the current IECC codes and consequences for not meeting them are more likely to install appropriate measures and avoid cutting corners. This can lead to additional energy savings. APS should consider supporting efforts to provide additional code education for contractors.</p>
Contractor Recognition	<p>Provide an award/acknowledgement for companies that are the best performers in their sector or meet certain energy savings goals.</p>	<p>Recognition programs can be a powerful motivator for employees at energy efficiency contracting/implementing firms. This is a low cost way to encourage competition between firms and lead to better program performance.</p>
Workforce Development & Training	<ul style="list-style-type: none"> • Provide information exchange for best practices; • Provide workforce training • Industry job fair 	<p>The EE industry in Arizona has grown significantly and currently faces a shortage of qualified workers that will be needed to meet increasing EE savings goals. In order to achieve these higher EE savings goals, Arizona’s EE workforce must continue to expand and become more effective. APS plays unique role in this regard since it interacts with the vast majority of the state’s EE contractors. We think APS could help to improve the size and effectiveness of Arizona’s EE industry through the following steps:</p> <ul style="list-style-type: none"> • Serve as an intermediary to communicate best practices and by

		<p>providing workforce training.</p> <ul style="list-style-type: none"> • Support education and training for contractors (e.g. marketing training) to improve conversion rates and savings levels for each customer visited. • Co-sponsor an annual industry job fair
Smart Thermostats	Develop a smart thermostat pilot program	EFAZ members see great potential in smart thermostats. APS should develop a pilot program to evaluate this technology. This pilot should focus on reducing unintended consequences, such as the potential for multiple revisits if the device is installed incorrectly.
Program Marketing (segmentation)	Increase segmentation for program marketing; support third-party organizations that increase customer acquisition.	Program marketing can be improved by tailoring it to more segmented audiences based on housing age, demographics, etc. APS could also consider supporting organizations like EFAZ to develop more sophisticated customer acquisition platforms.
Program Marketing (state-wide)	Consider a coordinated, multi-utility state-wide marketing effort.	Consider joining a multi-utility effort to develop a state-wide EE marketing effort. This could build upon successful approaches in other states such as Connecticut.
Program Marketing (cross-sector)	Provide business support and assistance for contractors to enter new sectors	SRP currently offers assistance and incentive payments to residential contractors who are interested in branching out into commercial programs. APS should similarly offer a program for cross-sector contractor engagement.
On-bill financing	Commit to include on-bill financing at conclusion of software upgrade.	In previous discussions, APS has indicated that it is currently 1 year into a 3-year billing software upgrade. At the conclusion of this upgrade, APS will have the capability to perform on-bill financing of EE measures. We urge APS to commit in its 2016 plan to providing this option at the appropriate time.