STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE VERIFIED PETITION OF INDIANAPOLIS POWER & LIGHT FOR APPROVAL OF DEMAND SIDE MANAGEMENT (DSM) PLAN, INCLUDING ENERGY EFFICIENCY (EE) PROGRAMS, AND ASSOCIATED ACCOUNTING AND RATEMAKING TREATMENT, INCLUDING TIMELY RECOVERY, THROUGH IPL'S EXISTING STANDARD CONTRACT RIDER NO. 22, OF ASSOCIATED COSTS INCLUDING PROGRAM OPERATING COSTS, NET LOST REVENUE, AND FINANCIAL INCENTIVES.	)	**CAUSE NO. _____**

PETITIONER'S SUBMISSION OF DIRECT TESTIMONY OF
ZAC ELLIOT

Indianapolis Power & Light Company ("IPL" or "Petitioner"), by counsel, hereby submits the direct testimony and attachments of Zac Elliot.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing was served this 23rd day of April, 2020, by email transmission, hand delivery or United States Mail, first class, postage prepaid to:

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ATTORNEYS FOR PETITIONER
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Petitioner's Exhibit 1

PRE-FILED VERIFIED DIRECT TESTIMONY

OF

ZAC ELLIOT

ON BEHALF OF

INDIANAPOLIS POWER & LIGHT COMPANY

SPONSORING PETITIONER'S ATTACHMENT ZE-1, AND ZE-2

PRE-FILED VERIFIED DIRECT TESTIMONY OF ZAC ELLIOT

I. Introduction

Q1. Please state your name, employer and business address.

A1. My name is Zac Elliot. I am employed by Indianapolis Power & Light Company ("IPL" or "Company"), One Monument Circle, Indianapolis, Indiana 46204.

Q2. What is your position with IPL?

A2. My title is Manager, Energy Efficiency Programs.

Q3. What are your duties and responsibilities regarding Demand Side Management ("DSM")?

A3. My primary responsibility is to oversee the successful and effective implementation of IPL's DSM programs. This responsibility includes program administration, program marketing, oversight of third-party program delivery vendors, budget and expenditure tracking, program impact tracking, quality assurance and quality control, and program process improvement.

Q4. Please summarize your education and professional qualifications.

A4. I hold a bachelor's degree from Indiana University's College of Arts and Science. I have attended workshops, seminars, and conferences pertaining to planning, implementation, and evaluation of DSM programs, and was an active participant of the Demand Side Management Coordination Committee during Energizing Indiana.

Q5. Have you previously testified before this Commission?

A5. Yes. I have testified in a similar capacity as IPL's DSM Plan witness in Cause Nos. 44328, 44497, 44792, and 44945. Additionally, I testified in IPL's most recent DSM cost recovery proceeding, Cause No. 43623 (DSM-19).

Q6. What is the purpose of your testimony in this proceeding?

A6. The purpose of my testimony is to support IPL's request for Commission approval of the Company's DSM Plan pursuant to Ind. Code § 8-1-8.5-10 ("Section 10") for the three years beginning in 2021 (herein referred to as the "2021-2023 DSM Plan" or "DSM Plan"). I discuss the proposed programs in the 2021-2023 DSM Plan (attached hereto as Petitioner's Attachment ZE-2) and associated program operating costs IPL is projecting to meet the energy efficiency goals. I describe the continuation and governance of the IPL Oversight Board ("OSB") and ongoing reporting of DSM impacts and expenditures. Additionally, I summarize the planning approach which led to the development of the 2021-2023 DSM Plan as proposed in this proceeding including a description of a competitive Request for Proposal ("RFP") process developed to select a subset of 2021-2023 program implementation vendors. I describe Indiana policy considerations as they relate to DSM planning, including IPL's proposed recovery of reasonable lost revenues and financial incentives as allowed by Section 10. I conclude my testimony with a description of the requirements and steps IPL has taken to comply with Section 10.

Q7. What Attachments are you sponsoring in this proceeding?

A7. I am sponsoring the following Attachments which were prepared or assembled by me or under my supervision:

Petitioner's Attachment ZE-1 IPL's Petition in this Cause

Petitioner's Attachment ZE-2 IPL's 2021-2023 DSM Plan

Q8. Did you submit any workpapers?

A8. Yes. I am providing an electronic version of the 2021-2023 DSM Plan, which I prepared for this filing.

Q9. Are you familiar with the Petition in this Cause?

A9. Yes.

Q10. Did IPL post an electronic copy of its Petition and proposed DSM Plan on the Company's website?

A10. Yes. The 2021-2023 DSM Plan and associated Petition in this Cause were posted on IPL's website contemporaneous with the filing of the Petition with the Commission.

Q11. Did IPL provide a copy of its Petition and the proposed DSM Plan to the Indiana Office of Utility Consumer Counselor ("OUCC")?

A11. Yes.

Q12. Please summarize the relief requested by IPL in this proceeding.

A12. IPL is seeking Commission approval for IPL to deliver a reasonably achievable and cost-effective portfolio of DSM programs with energy saving projections totaling 476,461 MWh and demand savings projections of 73 to 80 MW for the three-year period of 2021-2023. The portfolio consists of seven (7) residential programs, and four (4) business programs.

Additionally, IPL is seeking authorization of continued timely cost recovery for the DSM Plan program costs through IPL's existing Standard Contract Rider No. 22 ("DSM Rider" or "Rider 22"). The costs to be recovered include direct program costs, indirect costs,

Evaluation, Measurement & Verification ("EM&V") costs, reasonable lost revenues, and a reasonable financial incentive.

Q13. Please introduce the other IPL witnesses testifying in this proceeding.

A13. Mr. Erik Miller (Petitioner's Exhibit 2), Senior Research Analyst:

The purpose of IPL Witness Miller's testimony is to (1) present the cost and benefit analysis of the proposed DSM Plan; (2) discuss how the 2021-2023 DSM Plan Energy Efficiency ("EE") goals are reasonably achievable, consistent with IPL's 2019 Integrated Resource Plan ("IRP") and designed to achieve an optimal balance of energy resources in IPL's service area; (3) discuss the effect of the proposed DSM Plan on electric rates and customer bills; and (4) describe IPL's plan for conducting EM&V.

Ms. Kimberly Aliff (Petitioner's Exhibit 3), Senior Regulatory Analyst:

The purpose of IPL Witness Aliff's testimony is to (1) describe the impact of the 2021-2023 DSM Plan on the previously approved cost recovery mechanism utilized in the Company's annual filings (Cause No. 43623-DSM-X), including the allocation of cost recovery among the customer classes; (2) describe IPL's proposal to earn a financial incentive calculated as a percentage of DSM expenditures and how IPL proposes to account for the financial incentive in the Fuel Adjustment Clause ("FAC") earnings test; (3) discuss the calculation of lost revenues and how IPL proposes to account for the proposed lost revenue recovery in the FAC earnings test; and (4) describe the bill impacts associated with implementation of the 2021-2023 DSM Plan.

Q14. Please list and define the terms IPL will be using throughout testimony in this Cause.

A14. Where available, the definitions for the terms used throughout testimony are consistent with those found in the Commission's rules for DSM Planning (170 IAC 4-8-1) or in Section 10. The following list is provided for ease of reference:

Demand Side Management ("DSM") - DSM refers to the planning, implementation, and monitoring of a utility activity designed to achieve energy efficiency or demand response.

Energy Efficiency ("EE") – expressed in energy terms (kWh, MWh) EE is defined as a reduction in energy usage for a comparable level of energy service.

Demand Response ("DR") – expressed in demand terms (kW, MW) DR is defined as a reduction in demand for a limited interval of time, typically associated with system peak or emergency conditions.

Program Costs – program costs include direct and indirect costs of energy efficiency programs, costs associated with the independent EM&V of program results, and other recoveries or incentives approved by the Commission, including lost revenues and financial incentives.

Program Operating Costs – program operating costs include direct and indirect costs of energy efficiency programs, costs associated with the independent EM&V of program results, but exclude lost revenues and financial incentives.

Direct Costs – direct costs include (but are not limited to) program administrative costs, vendor administrative costs, equipment, labor, EM&V costs, and customer rebates and incentives.

Indirect Costs – indirect costs are any costs necessary to support achievement of the 2021-2023 DSM Plan, but are not tied to a specific program. These costs include (but are not limited to) outreach and education, consulting, memberships, staff training and development, and indirect labor.

Lost Revenues – the difference, if any, between revenues lost and the variable operating and maintenance costs saved by an electricity supplier as a result of implementing energy efficiency programs.

Financial Incentive – reasonable financial incentives encourage the cost-effective implementation of programs and eliminate or offset the financial bias against energy efficiency programs in favor of supply side resources.

DSM Plan Summary

Q15. Please summarize IPL's 2021-2023 DSM Plan.

A15. The 2021-2023 DSM Plan is comprised of eleven (11) programs, including seven (7) residential programs and four (4) programs targeting business customers. IPL projects that successful delivery of the 2021-2023 DSM Plan will require spending authority of $105,720,171[1] in program direct and indirect costs, and expects gross energy savings of 476,461 MWh over the three-year period. The annual average program direct and indirect costs are projected at $35,240,057 and the forecasted average annual gross energy impacts are 158,820 MWh. For additional detail, including annual demand savings projections, please refer to the summary tables prepared for each calendar year in Petitioner's Attachment ZE-2, the 2021-2023 DSM Plan.

Q16. Does the plan include energy efficiency goals required under Section 10?

A16. Yes. Section 10 defines energy efficiency goals as:

> **all energy efficiency produced by cost effective plans that are:**
> **(1) reasonably achievable;**
> **(2) consistent with an electricity supplier's integrated resource plan; and**
> **(3) designed to achieve an optimal balance of energy resources in an electricity resource in an electricity supplier's service territory.**

The energy efficiency goals included in IPL's 2021-2023 DSM Plan are listed by year in the table below.

Table ZE-1

Year	Energy Efficiency Goals (kWh)
2021	158,150,811
2022	158,828,774
2023	159,481,900
Total	476,461,486

Q17. What programs are included in the 2021-2023 DSM Plan to meet the energy efficiency goals?

A17. The 2021-2023 DSM Plan includes the following named programs:

Table ZE-2

Program
Res
Appliance Recycling
Residential Demand Response
Efficient Products
Multifamily

[1] This amount excludes proposed costs for lost revenues, financial incentives, spending flexibility, and emerging technologies, but includes EM&V costs.

School Education
Home Energy Reports
Income Qualified Weatherization
C&I
Custom
Business Demand Response
Prescriptive
Small Business Direct Install

DSM Plan Costs

Q18. Please describe the direct costs projected for the 2021-2023 DSM Plan programs.

A18. Consistent with the development of the savings projections and overall program delivery strategies, the direct costs presented (Petitioner's Attachment ZE-2) are largely reflective of the planning efforts described later in my testimony. The program implementation costs are comprised of vendor administrative costs, equipment costs, and customer incentives necessary to successfully deliver the energy efficiency goals. In addition to the direct implementation costs, the forecasted EM&V costs and direct IPL administrative costs are based on historical expenditures.

Q19. Is IPL seeking to recover indirect costs in addition to the direct costs as outlined above?

A19. Yes. In addition to the direct costs of the programs described above, successful administration of the 2021-2023 DSM Plan will require indirect costs including: 1) outreach & education; 2) consulting; 3) memberships; 4) staff development; and 5) indirect IPL labor.

Q20. Please list the indirect costs necessary for the 2021-2023 DSM Plan.

A20. Estimated indirect costs by year are listed in the table below.

Table ZE-3

Indirect Costs	2021	2022	2023
Outreach & Education	$750,000	$750,000	$750,000
Consulting	$155,000	$155,000	$155,000
Memberships	$20,000	$20,000	$20,000
Staff Development	$25,000	$25,000	$25,000
Indirect IPL Labor	$250,000	$250,000	$250,000
Total	$1,200,000	$1,200,000	$1,200,000

Q21. Please describe outreach & education.

A21. Outreach and Education is comprised of general messaging activities not tied to specific program offerings, but nonetheless required to successfully promote energy and demand saving actions. Ultimately, IPL must be able to make its customers aware of the information and programs available to assist them in taking advantage of these opportunities. In order to implement successful programs, IPL must understand what messages will cause customers to consider their energy consumption and then motivate them to change their energy related purchasing decisions or consumption behavior. Outreach efforts will incorporate key messages into a general awareness campaign that will be delivered through a variety of channels.

Q22. Please describe consulting expenses IPL expects to incur.

A22. In the 2021-2023 program years, IPL expects to incur consulting expenses for ongoing DSM modeling and planning efforts in addition to licensing and maintenance fees associated with Vision DSM™, IPL's internal DSM tracking system. IPL also included a

projection for DSMore™ licensing costs, which IPL uses for cost and benefit analysis of its DSM programs.

Q23. Please describe the value of memberships.

A23. Membership organizations act as an extension of IPL DSM program staff, and provide vast resources that emphasize industry best practices. Membership organizations also present the opportunity for DSM staff members to attend ongoing education, training, and development events such as seminars, conferences, and workshops.

Q24. Please describe staff development.

A24. Staff Development is comprised of expenses associated with attendance at DSM related seminars, conferences, and workshops that provide opportunities for ongoing professional development and continuous learning of DSM industry best practices.

Q25. Please describe why indirect IPL labor is necessary.

A25. IPL has threshold obligations to successfully administer its proposed 2021-2023 DSM Plan that are not tied to specific programs. These obligations include but are not limited to:

- Attendance at, or participation in IPL Oversight Board ("OSB" or "IPL OSB") meetings;
- Participation in external seminars, conferences, and/or workshops;
- Preparation of memoranda and/or reporting materials to be presented to the IPL OSB;
- Attendance to, preparation for, or participation in industry association events and/or community events to promote IPL's DSM portfolio;
- General program oversight.

Q26. Please discuss funding requested for the emerging technology initiatives.

A26. IPL believes that it is important to have the opportunity to consider promising, emerging technologies that have the potential to contribute toward IPL's future energy and demand savings achievement. These funds will be used under the direction of the IPL OSB to assess innovative energy and demand saving technologies. This in turn will provide flexibility as the DSM market changes in the future.

Q27. Please describe IPL's proposal for spending flexibility.

A27. Consistent with prior Commission Orders,[2] IPL requests spending flexibility of up to 10% of the portfolio direct costs for each year presented in the 2021-2023 DSM Plan. Spending flexibility provides IPL, through the OSB, the ability to pursue cost-effective energy and demand savings opportunities if interest in the market exceeds forecast customer participation. Increasing the level of participation or inclusion of additional measures may increase direct costs, prompting the need for additional funds.

IPL has generally been successful in working with its OSB to modify budgets as necessary throughout the course of previous program years. However, in the event that utilization of additional spending flexibility funds is determined to be beneficial, and consensus by the OSB cannot be achieved, the additional expenditures could be allocated by a majority vote of the IPL OSB. This proposal will relax the unanimous consent required by the Settlement Agreement approved in Cause No. 44945. While IPL will continue to work collaboratively with its OSB and attempt to reach consensus on

[2] Cause Nos. 44945, 44972, 44328, and 43960.

program modifications, we believe that a majority vote on a funding proposal brought to the OSB by IPL is sufficient to approve changes when reasonable minds disagree.

Q28. What is IPL's proposal for the use of carry over funding in the 2021-2023 DSM Plan?

A28. Consistent with prior DSM Plan approvals, IPL is requesting to carry over unspent funds from prior program years in the 2021-2023 DSM Plan period beginning in 2021. In addition, IPL requests authority to carry over any unspent funds from its 2018-2020 DSM Plan approved in Cause No. 44945 into the 2021-2023 DSM Plan period. IPL proposes that unspent carry over funds be allocated per the same methodology described above for spending flexibility.

Q29. What will be the composition and role of the IPL OSB?

A29. IPL proposes to maintain the current composition of the IPL OSB, which includes voting members from IPL, OUCC and CAC. The IPL OSB will have the ability to shift dollars within the portfolio using spending flexibility, emerging technology funds, and carry over as described above as well as shift dollars among programs in the 2021-2023 DSM Plan so long as the approved budget is not exceeded. Additionally, IPL requests that the IPL OSB maintain its authority to approve new DSM programs during the period that these approvals are in effect (calendar years 2021-2023). Funding for any new program addition would not be in excess of the total approved spending as authorized in this proceeding. The funds would either be moved from a program that is under performing or from the requested spending flexibility, emerging technology funds, or carry over funds.

Q30. Please describe IPL's proposal for ongoing reporting during the 2021-2023 program delivery period.

A30. In the Order in Cause No. 43623 (DSM-13) the Commission requested that IPL provide status reports on a quarterly basis. IPL began submitting these quarterly scorecard reports to the Commission in 2016. IPL proposes to continue reporting quarterly scorecard reports related to the 2021-2023 DSM Plan to the Commission in this docket, unless directed otherwise. IPL will also continue to submit a final EM&V report on or before July 1 of each year that summarizes the prior year DSM efforts and evaluated results. Last, IPL proposes to continue submitting scorecard reports to the OSB to be reviewed during IPL's monthly OSB meetings.

Q31. What is the proposed budget for the 2021-2023 DSM Plan?

A31. IPL projects the annual costs shown below will be necessary to successfully administer and implement programs as outlined in the 2021-2023 DSM Plan.

Table ZE-4

	2021	2022	2023	Total
Direct Costs	$32,440,149	$34,208,254	$35,471,768	$102,120,171
Indirect Costs	$1,200,000	$1,200,000	$1,200,000	$3,600,000
Sub total	$33,640,149	$35,408,254	$36,671,768	$105,720,171
Emerging Technology	$250,000	$250,000	$250,000	$750,000
Spending Flexibility	$3,244,015	$3,420,825	$3,547,177	$10,212,017
Financial Incentives	$3,303,885	$3,444,150	$3,580,915	$10,328,951
Lost Revenues	$3,998,975	$9,123,144	$14,184,459	$27,306,578
Sub total	**$10,796,875**	**$16,238,120**	**$21,562,551**	**$48,597,546**
Total	**$44,437,025**	**$51,646,374**	**$58,234,319**	**$154,317,717**

Lost Revenues (Legacy)	$15,418,213	$15,417,037	$4,213,115	$35,048,366
Total (w/ Legacy)	**$59,855,238**	**$67,063,411**	**$62,447,435**	**$189,366,083**

Q32. How do the annual savings and program operating costs in the 2021-2023 DSM Plan compare to the savings and costs in the 2018-2020 DSM Plan?

A32. Overall, the savings are comparable. IPL's average gross annual energy efficiency goals for 2018-2020 DSM Plan (as modified by the Settlement Agreement) were approximately 164,000 MWh, compared to the three-year average gross energy efficiency goals of approximately 159,000 MWh in the 2021-2023 DSM Plan. Average annual program operating costs in the 2018-2020 DSM Plan (as modified by the Settlement Agreement) were approximately $26 million compared to the average annual projected expenditure of approximately $35 million in the 2021-2023 DSM Plan.

Program Implementation

Q33. What is the overall administrative and implementation strategy of the 2021-2023 DSM Plan?

A33. IPL intends to maintain its administrative responsibility over the 2021-2023 DSM Plan. Program implementation (including but not limited to participant acquisition, rebate fulfillment, equipment and measure installations, onsite quality control and quality assurance, and primary data collection and tracking) will largely be delivered by the third-party implementation vendors. IPL's role as administrator will continue to consist of program planning, program coordination, internal and external reporting, data aggregation and tracking, and overall program quality assurance and oversight. Lastly, in partnership with its OSB, IPL will continue to maintain responsibility for coordination and oversight of EM&V that is completed annually by the independent third-party evaluator.

Q34. Please describe the residential programs that are new or materially changing compared to the 2018-2020 DSM Plan offerings.

A34. As proposed, five (5) residential programs are new or materially different, and are as follows:

- Income Qualified Weatherization
- Efficient Products (new)
- Multifamily
- School Education
- Residential Demand Response

Q35. Are there significant changes that impacted residential program planning for the 2021-2023 DSM Plan compared to current offerings?

A35. Yes. There are several significant program modifications that were taken into consideration when developing the 2021-2023 DSM Plan. First, general service lighting ("GSL") has been largely removed from the portfolio due to the impacts from federal codes and standards ("EISA") which have eroded the savings potential of utility sponsored EE programs. IPL is proposing exceptions to be made for income qualified programs and channels, where we expect a continued need for low/no cost GSL offerings. General service lighting has been a significant energy savings contributor in prior plans, and has provided for a significant percentage of net benefits, particularly in residential customer segments. During the planning process, IPL worked with vendors and stakeholders to identify opportunities to backfill (but not wholly replace) some of the savings lost due to GSL no longer being a viable EE measure.

Second, and largely due to the aforementioned implications of removing GSL measures, IPL's plan no longer includes an in-home assessment (previously identified as Whole Home - eScore) or a Lighting & Appliances program due to cost effectiveness concerns. As described in more detail below, IPL will continue to offer in-home assessments and

weatherization services through the Income Qualified Weatherization program and will continue to offer a significant number of energy efficiency products and services to residential customers through a combination of retail and trade ally channels in the newly established Efficient Products program.

Third, IPL is proposing to modify the income qualification criteria of the Income Qualified Weatherization program to include both low and moderate income customers. Prior program design limited participation to customers at or below 200% of the Federal Poverty guidelines, and IPL believes that extending the income qualification criteria to 300% of Federal Poverty will provide new opportunities for in-home services to a significant number of moderate income customers. We further believe this is a necessary and beneficial program design change due to the discontinuation of Whole Home (eScore), which would eliminate opportunities for moderate income customers to receive assessment-driven energy savings recommendations and direct installation of energy efficiency measures in their homes. Additionally, IPL has incorporated Community Based Lighting (Foodbank distribution), previously a stand-alone program, into the Income Qualified Weatherization program.

Fourth, and building on the proposed improvements for the Income Qualified Weatherization program, IPL is also proposing to differentiate offerings based on income criteria for its School Education program and multifamily customers. For School Education, IPL and its program implementation vendor are proposing to continue offering kits that include GSL measures in schools where seventy-five percent (75%) or more of a student population is on a free or reduced cost lunch program. The remaining schools serving students at higher income levels will receive kits that only include

specialty (non-GSL) lighting measures. Non-lighting measures in the School Education kits will be consistent between both income criteria.

Fifth, IPL is proposing to build on the success of its residential Demand Response program by offering incentive opportunities for demand response capable electric hot water heaters and managed electric vehicle chargers. IPL's Demand Response program today includes load control switches and smart thermostats, which limit load curtailment to summer peak conditions. Winter (or other non-summer) peak conditions can effectively be managed by controlling hot water heaters, and managing electric vehicle chargers. Electric vehicle adoption continues to grow in IPL's service territory, and several technology improvements have now enabled active management of electric vehicle charging applications.

Q36. Does IPL consider managed electric vehicle charging to be "load building"?

A36. No. DSM planning requirements[3] define load building as a program intended to increase electricity consumption *without regard to the timing of the increased usage*. The purpose of offering incentives to customers for managed electric vehicle chargers is indeed intended to shift or reduce their consumption of electricity to off-peak or mid-peak hours. Furthermore, IPL's proposal for managed electric vehicle charging in the DSM Plan is not intended to incent the adoption of new electric vehicles. The aim is to identify customers who would have, or who already have, purchased an electric vehicle otherwise. In other words, the program impacts should not account for an increase in electric vehicle charging load, but should account for IPL's ability to manage the

[3] 170 IAC 4-8-1(v).

electricity consumption of in-home chargers during peak hours – not unlike any other demand response resource.

Q37. Are there significant changes that impacted business program planning for the 2021-2023 DSM Plan compared to current offerings?

A37. Yes. There are a few significant program modifications that were taken into consideration when developing the 2021-2023 DSM Plan. Since the last DSM Plan was filed for program years 2018-2020, IPL worked with its vendors and OSB to launch Strategic Energy Management ("SEM") and Retro-commissioning ("RCx") channels in IPL's Custom program. SEM is a cohort-based model designed to seek top down organizational support for continuous energy improvements. RCx provides study-led recommendations for optimal performance setpoints of various equipment at a C&I facility. For the 2021-2023 DSM Plan, both channels remain part of the Custom program.

Second, IPL will also be including Virtual Retro-commissioning ("VRCx") as a channel in the Small Business Direct Install program. This is intended to streamline retro-commissioning services for small and medium sized businesses. This new channel was part of an RFP process that I will describe further in testimony, and is intended to provide a customer portal allowing customers access to energy consumption data in near real time accompanied with site specific energy savings recommendations.

Last, IPL worked with its program implementation vendor to identify improvements to the midstream channel in the Prescriptive program offering. IPL has successfully administered a midstream program offering for a number of years, but expects

opportunities to expand the number and types of qualifying products (e.g. HVAC) in the 2021-2023 DSM Plan period.

Q38. Will approval of the DSM Plan give an unfair competitive advantage to IPL vis-à-vis small businesses (170 IAC 4-8-8)?

A38. No. IPL and its program implementation vendors will work with trade allies and other small businesses to support outreach and delivery of the programs as proposed in the 2021-2023 DSM Plan.

DSM Plan Development

Q39. Please summarize the process which led to this filing.

A39. IPL established the following guiding principles to shape its DSM program portfolio development. IPL will offer a portfolio that: 1) is inclusive for all customers; 2) is appropriate for our market and customer base; 3) is cost effective; 4) modifies customer behavior; and 5) provides continuity from year to year. In addition to these guiding principles, and as summarized below, several steps were coordinated by IPL for the purpose of filing and delivering a reasonably achievable plan that meets all the requirements of Section 10.

- **Market Potential Study ("MPS")** – IPL engaged a consulting firm to develop a DSM MPS for the years 2021-2023 with an extended market potential projection through 2039.

- **Development of DSM Supply Curve** – In coordination with the MPS consulting firm and various stakeholders, IPL developed DSM decrements using the results of the MPS to act as an input for Integrated Resource Plan ("IRP") modeling and economic resource selection. This approach provided sufficient granularity such that DSM could be evaluated on a consistent footing with supply side resources in the IRP model, while also providing program design flexibility. These matters are addressed in more detail by IPL Witness Miller.

- **IRP modeling** – As discussed by IPL Witness Miller, IPL's resource planning team modeled the DSM decrements in the capacity expansion model on a comparable basis to supply side resources. DSM was chosen by the model to select an optimal mix of supply and demand side resources.

- **RFP development and issuance** – IPL developed an RFP for select DSM programs soliciting bids to deliver programs designed to support the goals established by the IRP for the period 2021-2023.

- **RFP Evaluation** - IPL received and is evaluating the RFP responses to select successful bidders to deliver a subset of programs for the period 2021-2023.

- **2021-2023 DSM Plan Development –** IPL developed the 2021-2023 DSM Implementation Plan (Petitioner's Attachment ZE-2) through a combination of contract extension negotiations and the competitive bidding process.

Q40. Was there stakeholder involvement in the development of the 2021-2023 DSM Plan?

A40. Yes. IPL provided a summary of the 2021-2023 DSM Plan to the OUCC and CAC, and had technical discussions prior to submission of this filing. The OUCC and CAC were both involved in the MPS development and IRP stakeholder meetings, and were provided transparent access to the underlying modeling. As part of the MPS and IRP process, IPL conducted a technical meeting in May 2019 to review and discuss the DSM decrement approach used in the IRP model, and to discuss underlying measures identified in the MPS. For the technical meeting, representatives from IPL, the OUCC, CAC, various implementation contractors, the independent evaluator, and the MPS consultant were present. Additionally, the OUCC and CAC were provided a summary of the RFP prior to issuance, and were provided access to all of the responses. Throughout all of these steps, IPL requested feedback from stakeholders to assist in guiding the planning process.

Q41. What adjustments were made to the DSM Plan in response to stakeholder input?

A41. There were several adjustments IPL made in preparation for this filing that were responsive to stakeholder discussions and feedback. IPL and its MPS consultant received and reviewed extensive comments and questions on measures contained in the MPS, and many of the suggested changes were adopted in the MPS model. In coordination with the MPS completion, IPL worked with stakeholders to incorporate components of a recommended DSM decrement approach used for purposes of modeling DSM in the IRP.

As described further in my testimony, IPL also put forth an earnest effort to address the concerns expressed about GSL measures, which have generally been removed from the 2021-2023 DSM Plan. The MPS consultant also considered measure life suggestions in its development of the measure screen, which guided the Company's program design and planning efforts in advance of this filing. Where GSL measures remain in the plan - primarily in the Income Qualified Weatherization program - IPL has proposed a shortened measure life (5 years in lieu of 15 years) which is largely based on remaining useful life assumptions in the Illinois TRM.[4]

Furthermore, the financial incentive mechanism described further below in my testimony was prepared in response to recent challenges surrounding the underlying assumptions used in the calculation of shared savings. In IPL's most recent cost recovery proceeding, GSL baselines, GSL measure lives, and avoided costs were contended subjects that underly the calculation of shared savings. In response, the proposed financial incentive mechanism in this Cause is intended to alleviate controversy, and to provide a more straight-forward calculation which does not require economic modeling as an input.

[4] Illinois TRM version 8, "For lamps that are subject to the EISA backstop provision, the measure life is 2 years for non-income eligible populations…and 6 years for income eligible populations…" (page 253 of 346).

Q42. Please describe the RFP approach, and how it was used for plan development.

A42. The overall RFP approach was to present a subset of program categories, without prescribing specific end use participation, savings, or budget projections that could limit bidders' ability to present innovative program design options. This approach afforded bidders the flexibility to differentiate their respective responses and bid to their organizational strengths, while targeting a mix of programs that would support achievement of the goals established by the IRP. Program categories provided high and low energy savings ranges, which allowed bidders to design programs that met the overall savings projections. Both the OUCC and CAC were provided a summary of the RFP and were invited to provide feedback on the draft in advance of its issuance.

Q43. Describe the timing and process for the RFP issuance and bid evaluation efforts.

A43. The process and timing included:

- **RFP Issuance –** After developing the RFP, IPL issued the solicitation for proposals in January of 2020.

- **Response Development –** Bidders were required to submit bids and associated supporting documentation by the end of February 2020.

- **Response Receipt and Evaluation –** IPL received responses from nine (9) different program implementation vendors. Given the significant interest, the bid evaluation is still ongoing as of the time of this filing. Despite final bidder selection not having been completed prior to filing, IPL reviewed cost and impacts estimates of the bids to ensure the programs contemplated in the RFP responses as filed in the 2021-2023 DSM Plan were reasonably representative. IPL compiled a comprehensive bid summary, which included program level impacts and budgets, and provided the summary to the OUCC and CAC for their feedback.

- **Follow-Up/Clarifying Questions –** Where necessary, IPL sent follow up questions to bidders (and received responses) in March 2020.

Q44. What program categories were presented in the RFP?

A44. As described above, the RFP presented high level program categories without pre-determining the participation, savings, or budgets for each respective program. The program categories, and the high-level descriptions are in Table ZE-5 below. In an effort to garner innovative program delivery approaches beyond the named program categories, IPL also included a program category called "Vendor Picks."

Table ZE-5

Program Category	Vision
Residential	
Home Energy Reports, Residential Analytics	Home Energy Reports will provide customers with personalized, actionable information about their consumption to drive behavioral energy and demand savings. The solution will provide individualized energy saving tips, cross promote other customer programs, provide an easily accessible utility portal with actionable insights to be used by the Utilities' customers, and provide a robust methodology to measure savings impacts.
Marketplace	The marketplace platform will provide point-of-purchase rebates for qualifying energy efficient products and services, and offer non-rebated products that provide customers with additional choice beyond standard energy efficiency measures.
Managed Electric Vehicle Charging (Part of the Demand Response Program)	The managed electric vehicle charging solution will provide customers the opportunity to purchase electric vehicle supply equipment ("EVSE") with demand response (managed charging) capabilities. The program will offer customers incentives/rebates in exchange for electric vehicle managed charging.
Demand Response	The demand response program will deliver both summer and winter capacity resources that contribute to system reliability and

	delay the need to build capacity, transmission, and distribution resources.
Business	
Virtual Retro-commissioning ("VRCx"); Small and Medium Business ("SMB") Analytics	Provide small and medium commercial customers with a building optimization program that leverages utility usage data to identify energy saving opportunities and drive program participation.
Residential & Business	
Vendor Picks	Provide your most innovative program delivery strategies to deliver cost effective savings and digital customer engagement opportunities.

Q45. What were the requirements of the RFP?

A45. Consistent with IPL's intention of receiving innovative and competitive bids, the eligibility requirements were as broad as practical. Nonetheless, certain requirements were included to facilitate the bid evaluation efforts, and to ensure that defensible program characteristics (*e.g.*, energy and demand savings levels) were presented in the bids. The high-level RFP requirements included:

- All programs needed to be shown as cost-effective. Avoided costs, as well as other relevant economic assumptions, were included in the RFP to facilitate bid comparability and consistency with those used in the IRP modeling.

- Bidders were encouraged to bid to their respective program categories within the projected savings ranges, but were afforded the opportunity to propose alternative savings projections depending on their independent assessment of the market.

- All program proposals were to be accompanied by a corresponding list of proposed Service Level Agreements ("SLAs") and/or Key Performance Indicators ("KPIs").

- All responses needed to at a minimum include the following:
  - Cover Letter
  - Executive Summary
  - Bidder Background and Relevant Experience
  - Program Descriptions

- Program Description
- Program Objectives
- Target Market
- Implementation Strategy
- Outreach & Education Strategy
- Barriers/risks and strategies
- Detailed measure list
- Proposed Service Levels/KPIs
- Detailed matrix containing the following by program by year:
  - Estimated MWh and MW savings achievable by program, by year
  - Estimated participation by measure
  - Deemed kWh and kW savings by measure utilized
  - Estimated incentive for each proposed measure
  - Program Budget by year
  - Benefit cost results at the program level by year

Q46. How were programs developed that were not included in the RFP process?

A46. For programs not contemplated by the RFP, IPL worked with current vendors to develop program designs, cost estimates, and impact estimates for the years 2021-2023. Vendors were all provided results of the MPS and IRP modeling to develop plans consistent with IRP results.

Q47. Do the DSM Plan goals reflect forecasted large business customer opt out in the 2021-2023 DSM Plan?

A47. Yes. Savings for opt-out sensitive programs in the 2021-2023 DSM Plan were developed in coordination with IPL's current program delivery vendor, which has significant local market experience.

Financial Incentives and Lost Revenues

Q48. Is IPL requesting approval to recover reasonable financial incentives and reasonable lost revenues in this proceeding?

A48. Yes. IPL is requesting approval to recover financial incentives and lost revenues pursuant to Section 10, which provides that:

> **(o) If the commission finds a plan submitted by an electricity supplier under subsection (h) to be reasonable, the commission shall allow the electricity supplier to recover or receive the following:**
>
> **(1) Reasonable financial incentives that:**
>
> **(A) encourage implementation of cost effective energy efficiency programs; or**
>
> **(B) eliminate or offset regulatory or financial bias:**
>
> **(i) against energy efficiency programs; or**
>
> **(ii) in favor of supply side resources.**
>
> **(2) Reasonable lost revenues.**

Q49. Why is recovery of financial incentives and lost revenues reasonable and necessary?

A49. Timely recovery of all DSM program costs, including financial incentives and lost revenues is a critical component to maintaining robust DSM programs. The importance of incorporating all three program cost elements - program operating costs, lost revenues, and financial incentives – into rates has been repeatedly recognized by policymakers. A lack of timely cost recovery in any of these three areas creates a financial disincentive for a utility to offer DSM programs. The policy to recover all three cost elements places DSM on a more level playing field with utilities' supply-side resource options.

Q50. How does IPL calculate and track lost revenues?

A50. The net energy and demand savings used for the forecast of lost revenues will be based on either calculated or deemed values as determined by previous EM&V results or the Indiana TRM. Where neither EM&V results nor an Indiana TRM value exist, IPL and its vendors use representative savings assumptions for purposes of forecasting net savings, typically from other statewide TRMs. Net savings are those savings that result from

IPL's DSM programs net of free ridership,[5] spillover,[6] and market effects.[7] Final net impacts will be determined by EM&V. IPL will record estimated lost revenues for measures beginning with the month after the measures are installed. IPL intends to continue forecasting and reporting lost revenues based on information received from third party implementers, which the Company maintains in its Vision DSM tracking system. Vision DSM is IPL's system of record for tracking and maintaining DSM data. Ultimately, recorded net savings and associated lost revenues are trued up based on EM&V which provides a safeguard for IPL's customers.

Q51. Why is a financial incentive reasonable and necessary?

A51. A financial incentive is reasonable and necessary because it provides an incentive (or offsets the disincentive) for an electric supplier to implement cost effective DSM programs, while mitigating the financial bias against DSM in favor of supply side resources.

Q52. Is IPL proposing the same financial incentive structure as currently approved?

A52. No. IPL is proposing an alternative methodology for calculating the financial incentive to provide for more simplicity and less contention. The financial incentive mechanism being proposed in this case maintains a performance tier structure, but exchanges the net benefits-based (shared savings) calculation in favor of a simpler and more transparent percentage-of-expenditures approach. This approach still offsets the financial bias in

[5] 170 IAC 4-8-1 defines a "free-rider" as a customer who would have installed a DSM measure without participating in a utility-sponsored DSM program, yet participates in the DSM program and receives an incentive or bonus for participation.

[6] 170 IAC 4-8-1 defines "spillover" as additional reductions in energy consumption and/or demand due to program influences beyond those directly associated with DSM program participation.

favor of supply side resources the company would have if no financial incentive opportunity were present. IPL Witness Aliff discusses the mechanics of this financial incentive approach in greater detail.

Q53. What safeguards are built into the proposed financial incentive mechanism?

A53. The proposed mechanism would use projected energy savings levels and expenditures for purposes of forecasting performance tier achievement and the associated financial incentives, but would be trued up using ex-post gross savings from the annual EM&V completed by an independent third party. In other words, EM&V results would determine the savings tier achieved by the Company, and the associated percentage corresponding to the achieved savings tier would be multiplied by actual expenditures during that period.

Q54. Is there precedent for approval of a similarly proposed financial incentive?

A54. Yes. The financial incentive mechanism proposed in this Cause is similar to a performance incentive structure previously authorized to encourage IPL's delivery of DSM programs. Originally proposed and approved in Cause No. 43623, IPL employed a percentage of expenditures approach that was based on performance tiers. Akin to the previously approved performance incentive structure, the proposed financial incentives in this proceeding have minimum performance requirements that IPL must meet in order to receive varying levels of financial incentives. This creates a risk versus reward inducement to meet or exceed the proposed energy efficiency goals.

[7] 170 IAC 4-8-1 defines "market effects" as the indirect influence of DSM programs that result in energy and demand savings from program operations that have not been captured during a DSM program's EM&V activities.

Q55. Is IPL proposing a cap or floor for financial incentives?

A55. Yes. In addition to the safeguards described above, the financial incentive is effectively capped as a function of authorized expenditure of direct costs. Direct costs approved by the Commission in this Cause, and any direct cost funding that is approved through carry over or spending flexibility allocation per the OSB's governance structure will provide the basis for the performance tier percentage to be applied. In contrast, under the shared savings structure, the financial incentive result contains a number of variables like net-to-gross, measure-life, participation rates, avoided costs, incremental measure costs, and installation rates which make projections relatively more prone to upward or downward reconciliation or true-up variation.

To bookend the financial incentive cap, and to further mitigate the financial bias in favor of supply side resources, IPL is also proposing a financial incentive floor. To the extent programs do not produce at least seventy-five percent (75%) of the energy efficiency goals, the proposed floor would allow IPL to receive a financial incentive equaling four percent (4%) of direct program costs. This revised financial incentive structure reduces controversy and better recognizes market conditions beyond IPL's control, including the potential impact of COVID-19 on the 2021-2023 DSM Plan's delivery.

Q56. Please expand on potential COVID-19 related impacts on the 2021-2023 DSM Plan.

A56. Section 10 requires that electricity suppliers submit plans that include energy efficiency produced by cost effective plans that are *reasonably achievable*. Additionally, Section 10 requires submission of a cost and benefit analysis of the plan, *including the likelihood of achieving the goals*. IPL still believes that the 2021-2023 DSM Plan as filed is reasonably achievable based on the information we have today. In terms of the

likelihood of achieving the energy efficiency goals established in this Cause, the global COVID-19 pandemic has created a great deal of uncertainty about future economic conditions, access to equipment, and other uncontrollable factors that may negatively impact the Company's ability to meet the energy efficiency goals. Nonetheless, IPL believes that the portfolio of 2021-2023 DSM programs proposed, including the OSB's ability to authorize allocation of spending flexibility and carry over funding, provides sufficient flexibility to adapt to a number of unforeseeable market uncertainties.

Q57. Is IPL proposing lost revenue and financial incentive recovery for all programs in the 2021-2023 DSM Plan?

A57. IPL seeks to earn the proposed financial incentive for all programs except Income Qualified Weatherization in the 2021-2023 DSM Plan, and requests authorization to recover lost revenues incurred for all programs for the full measure life or until new basic rates are placed into effect following the Company's next base rate case, whichever is sooner.

Q58. How does IPL's request for lost revenue recovery differ from current approvals?

A58. Lost revenues approved in the Cause No. 44945 Settlement Agreement (the 2018-2020 DSM Plan) are capped at five (5) years for measures installed in 2018, and four (4) years for measures installed in 2019 and 2020. IPL is seeking authorization to recover lost revenues that reflect the full measure life in this proceeding. Recognition of lost revenues for the full measure life reflects the real cost of energy efficiency, and makes the utility whole for reduced kWh or kW sales resulting from the DSM programs. A four or five year limit on lost revenue recovery, without a basic rate case filing, would penalize IPL. If a four year limit on lost revenue recovery were imposed, IPL would

have a disincentive to offer programs with longer lived measures that in some cases might be more cost effective.

Section 10

Q59. What factors does the Commission consider in determining the overall reasonableness of the DSM Plan?

A59. The statute enumerates the following ten factors for the Commission to consider in determining the overall reasonableness of the plan. I have listed the considerations below and identified the IPL witnesses who address the factor:[8]

> (1) Projected changes in customer consumption of electricity resulting from the implementation of the plan. (IPL Witness Elliot)
>
> (2) A cost and benefit analysis of the plan, including the likelihood of achieving the goals of the energy efficiency programs included in the plan. (IPL Witness Miller)
>
> (3) Whether the plan is consistent with the following:
>
> > (A) The state energy analysis developed by the Commission under section 3 of this chapter. (IPL Witness Elliot)
> >
> > (B) The electricity supplier's most recent long-range integrated resource plan submitted to the Commission. (IPL Witness Miller)
>
> (4) The inclusion and reasonableness of procedures to evaluate, measure, and verify the results of the energy efficiency programs included in the plan, including the alignment of the procedures with applicable environmental regulations, including federal regulations concerning credits for emission reductions. (IPL Witness Miller)
>
> (5) Any undue or unreasonable preference to any customer class resulting, or potentially resulting, from the implementation of an energy efficiency program or from the overall design of a plan. (IPL Witness Elliot)
>
> (6) Comments provided by customers, customer representatives, the office of utility consumer counselor, and other stakeholders concerning the

[8] I.C. § 8-1-8.5-10(j):

adequacy and reasonableness of the plan, including alternative or additional means to achieve energy efficiency in the electricity supplier's service territory. (IPL Witness Elliot)

(7) The effect, or potential effect, in both the long term and the short term, of the plan on the electric rates and bills of customers that participate in energy efficiency programs compared to the electric rates and bills of customers that do not participate in energy efficiency programs. (IPL Witnesses Miller and Aliff)

(8) The lost revenues and financial incentives associated with the plan and sought to be recovered or received by the electricity supplier. (IPL Witnesses Elliot and Aliff)

(9) The electricity supplier's current integrated resource plan and the underlying resource assessment. (IPL Witness Miller)

(10) Any other information the Commission considers necessary.

Q60. What are the proposed changes in customer consumption of electricity resulting from the implementation of the DSM Plan (Section 10(j)(1))?

A60. The annual projected energy and demand savings resulting from the proposed DSM Plan are described above in my testimony and are presented in Petitioner's Attachment ZE-2. These projections best describe the changes to customer consumption of electricity resulting from implementation of the 2021-2023 DSM Plan.

Q61. Have you considered whether the DSM Plan is consistent with the state energy analysis to be developed by the Commission under Ind. Code § 8-1-8.5-3 (Section 10(j) (3)(A))?

A61. Yes. IPL has considered the consistency with the state energy analysis and notes that IPL provided the State Utility Forecasting Group ("SUFG") in 2018 with information related to our DSM Plan development. This IPL provided information was considered by SUFG in their development of the 2019 Indiana Electricity Forecast.

Q62. Will any undue or unreasonable preference to any customer result or potentially result from the implementation of the EE programs or from the overall design of the DSM Plan (Section 10(j)(5))?

A62. No, IPL does not expect this to be the case. IPL has made every effort to offer a robust and diverse group of cost-effective DSM programs for all customers.

Q63. Section 10(j)(6) requires the Commission to consider comments provided by customers, customer representatives, the OUCC, and other stakeholders concerning the adequacy and reasonableness of the plan, including alternative or additional means to achieve EE in the electricity supplier's service territory. Do you have any comment on this consideration?

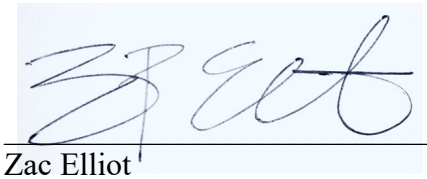
A63. Yes. IPL meets regularly with the IPL DSM OSB and trade allies and considers their input in the development of the proposed DSM Plan. Stakeholder input was also received and considered by IPL as part of the IRP Stakeholder process. Additional input will be received through the participation of the OUCC and any intervenors in this docketed process.

Q64. Does this conclude your verified pre-filed direct testimony?

A64. Yes, it does.

VERIFICATION

I, Zac Elliot, of Indianapolis Power & Light Company, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information and belief.



Zac Elliot

Dated: April 23, 2020

Petitioner's Attachment ZE-1

[Verified Petition – Not Duplicated Herein]

Petitioner's Attachment ZE-2
2021-2023 DSM Plan

DSM PROGRAMS

2021 Summary

Program	Budget	Energy Savings		Demand Savings	
		Gross kWh	Net kWh	Gross kW	Net kW
Appliance Recycling	$775,477	3,228,205	2,259,744	554	388
Residential Demand Response	$4,087,424	503,030	503,030	44,893	44,893
Efficient Products	$3,909,240	11,152,171	6,750,735	2,413	1,700
Multifamily	$928,830	2,132,310	2,071,811	248	223
School Education	$565,439	4,358,172	2,829,599	685	422
Home Energy Reports	$1,139,400	27,000,000	27,000,000	7,008	7,008
Income Qualified Weatherization	$4,907,771	8,282,808	8,011,300	965	919
Custom	$4,579,891	29,233,969	23,387,175	3,873	3,098
Business Demand Response	$62,726	0	0	778	778
Prescriptive	$9,895,635	66,916,239	50,230,917	11,290	8,458
Small Business Direct Install	$1,588,315	5,343,907	5,101,561	714	682
Residential	$16,313,581	56,656,696	49,426,220	56,767	55,553
Business	$16,126,568	101,494,115	78,719,654	16,654	13,016
Direct Subtotal	$32,440,149	158,150,811	128,145,874	73,421	68,569
Indirect Subtotal	$1,200,000				
Portfolio Total	$33,640,149	158,150,811	128,145,874	73,421	68,569

Program budgets are inclusive of the direct and indirect cost of DSM programs, including costs related to EM&V

2022 Summary

Program	Budget	Energy Savings		Demand Savings	
		Gross kWh	Net kWh	Gross kW	Net kW
Appliance Recycling	$786,512	3,228,205	2,259,744	554	388
Residential Demand Response	$4,543,930	503,030	503,030	47,827	47,827
Efficient Products	$4,362,143	12,115,488	7,442,611	2,510	1,776
Multifamily	$1,203,386	2,610,702	2,547,366	257	230
School Education	$576,748	4,358,172	2,829,599	685	422
Home Energy Reports	$1,139,400	27,000,000	27,000,000	7,008	7,008
Income Qualified Weatherization	$5,507,001	9,080,765	8,678,096	1,071	1,004
Custom	$4,650,547	29,512,138	23,609,710	3,915	3,132
Business Demand Response	$62,726	0	0	778	778
Prescriptive	$9,642,876	64,494,646	48,413,140	10,881	8,152
Small Business Direct Install	$1,732,984	5,925,628	5,678,520	782	749
Residential	$18,119,121	58,896,362	51,260,446	59,913	58,656
Business	$16,089,133	99,932,412	77,701,370	16,356	12,811
Direct Subtotal	$34,208,254	158,828,774	128,961,816	76,268	71,467
Indirect Subtotal	$1,200,000				
Portfolio Total	$35,408,254	158,828,774	128,961,816	76,268	71,467

2023 Summary

Program	Budget	Energy Savings		Demand Savings	
		Gross kWh	Net kWh	Gross kW	Net kW
Appliance Recycling	$797,767	3,228,205	2,259,744	554	388
Residential Demand Response	$5,010,867	503,030	503,030	51,545	51,545
Efficient Products	$4,549,886	12,693,780	7,837,880	2,630	1,858
Multifamily	$1,629,575	3,382,774	3,316,450	272	245
School Education	$588,283	4,358,172	2,829,599	685	422
Home Energy Reports	$1,139,400	27,000,000	27,000,000	7,008	7,008
Income Qualified Weatherization	$5,630,806	9,209,406	8,875,024	1,080	1,025
Custom	$4,735,269	29,976,058	23,980,846	3,986	3,189
Business Demand Response	$62,726	0	0	778	778
Prescriptive	$9,469,852	62,704,054	47,069,026	10,579	7,926
Small Business Direct Install	$1,857,337	6,426,420	6,175,357	840	807
Residential	$19,346,584	60,375,368	52,621,727	63,775	62,491
Business	$16,125,184	99,106,532	77,225,229	16,183	12,700
Direct Subtotal	$35,471,768	159,481,900	129,846,956	79,958	75,191
Indirect Subtotal	$1,200,000				
Portfolio Total	$36,671,768	159,481,900	129,846,956	79,958	75,191

2021-2023 Total

Program	Budget	Energy Savings		Demand Savings (Average)	
		Gross kWh	Net kWh	Gross kW	Net kW
Appliance Recycling	$2,359,755	9,684,615	6,779,231	554	388
Residential Demand Response	$13,642,221	1,509,091	1,509,091	48,088	48,088
Efficient Products	$12,821,270	35,961,439	22,031,226	2,518	1,778
Multifamily	$3,761,792	8,125,787	7,935,627	259	233
School Education	$1,730,470	13,074,515	8,488,797	685	422
Home Energy Reports	$3,418,200	81,000,000	81,000,000	7,008	7,008
Income Qualified Weatherization	$16,045,578	26,572,980	25,564,420	1,039	983
Custom	$13,965,707	88,722,165	70,977,732	3,925	3,140
Business Demand Response	$188,179	0	0	778	778
Prescriptive	$29,008,363	194,114,939	145,713,083	10,917	8,179
Small Business Direct Install	$5,178,636	17,695,955	16,955,438	778	746
Residential	$53,779,286	175,928,427	153,308,392	60,151	58,900
Business	$48,340,885	300,533,059	233,646,253	16,398	12,842
Direct Subtotal	$102,120,171	476,461,486	386,954,645	76,549	71,742
Indirect Subtotal	$3,600,000				
Portfolio Total	$105,720,171	476,461,486	386,954,645	76,549	71,742

APPLIANCE RECYCLING

Program Description	The Appliance Recycling program achieves energy savings by offering an incentive payment to customers to remove their old, inefficient appliances and recycle them. It includes refrigerators, freezers, room AC units, and dehumidifiers. The program offers free pickup of units from residences plus customer incentives and education about the benefits of secondary unit disposal to encourage their participation. There are no additional costs to participating customers. The contractor will pick-up, disable, and recycle the units. Once IPL receives verification that the units have been recycled. The customer will receive a $50 incentive per refrigerator/freezer recycled and a $20 incentive per Room AC/dehumidifier recycled. In addition to educating residential customers about the benefits of secondary unit disposal, the program provides services to enable disposal of the units. The two program components are: <u>Customer Incentives</u> • Pickup of units from homes will be by appointment directly with the program implementation contractor. • The program implementation contractor mails incentive checks (or an alternative form of payment) to customers after units have been removed. • To qualify, refrigerator, freezer, dehumidifiers or room air conditioning units must be in working condition, meet minimum size requirements, and be readily accessible for removal. <u>Environmental Disposal of Units</u> • Units will be removed to a collection facility and disassembled for environmentally responsible disposal of CFCs and recycling of remaining components.
Objectives	The objectives for the Appliance Recycling program are: • To permanently remove old, energy-inefficient appliances from the electric grid. • To recycle all appliances with strict adherence to local and federal regulations and in compliance with the Environmental Protection Agency's (EPA) Responsible Appliance Disposal (RAD) requirements. • To provide responsive and effective program management services to IPL customers. • To provide IPL's customers with seamless service that results in high customer satisfaction and a white-glove customer experience in every step of the program.

Projected Savings

Gross Energy (kWh) Savings

Program	2021	2022	2023
Appliance Recycling	3,228,205	3,228,205	3,228,205

Gross Demand (kW) Savings

Program	2021	2022	2023
Appliance Recycling	554	554	554

Net Energy (kWh) Savings

Program	2021	2022	2023
Appliance Recycling	2,259,744	2,259,744	2,259,744

Net Demand (kW) Savings

Program	2021	2022	2023
Appliance Recycling	388	388	388

Projected Expenditures

Budget (dollars)

Program	2021	2022	2023
Appliance Recycling	$775,477	$786,512	$797,767

2021-2023 Cost-Effectiveness

	Cost Effectiveness Tests			
Program	**UCT Ratio**	**TRC Ratio**	**RIM Ratio**	**PCT Ratio**
Appliance Recycling[1]	1.10	1.10	0.40	N/A

[1] Benefit/Costs results for each program reflect scores for the entire 2021-2023 program delivery period.

RESIDENTIAL DEMAND RESPONSE

Program Description	The Residential Demand Response (DR) program aims to deliver peak demand savings through the following end uses: • **Direct Load Control ("DLC") Switch Maintenance.** IPL's current program consists of ~40,000 one-way load control switches and ~5,500 two-way load control switches. The Demand Response program delivers switch replacements while enhancing IPL's relationship with the local HVAC service community. The implementation vendor will provide in-depth training and in-field support to a network of local HVAC trade allies who will perform switch replacements. This approach transforms the local HVAC community by educating local trade allies on the benefits of DR and alleviates the common issue of service technicians disconnecting DLC switches when they service customer's AC units. • **Smart Thermostats.** IPL's current program consists of ~11,000 smart thermostats that are demand response enabled through IPL's program. The proposed approach offers a simplified avenue for recruiting IPL's residential customers into the DR program using in-home visits and touch points within other residential offerings. It also allows customers the option of purchasing smart thermostat through several channels across multiple manufacturers. Customers who purchase a smart thermostat through the Efficient Products program or receive a thermostat through the Income Qualified Weatherization program will receive thermostat incentives as well as bill credits through IPL Rider 13. • **Hot Water Heaters.** Taking advantage of hot water heaters for demand response is a new addition to IPL's portfolio. The load shape for hot water heaters would provide a demand response opportunity that coincides with IPL's winter peak, which is typically during the morning hours of winter months. There are several new technology innovations in this space that provide customers and the program administrator more insight and control over non-demand savings metrics, like continuous monitoring of water temperature (i.e. comfort). • **Managed Electric Vehicle Chargers.** Electric vehicle demand will continue to grow in IPL's service territory over time. Typical Level II in-home chargers can require between 30-70 amps instantaneously, which presents a new and potentially material load potential for demand response. This measure in the demand response program presents an opportunity for IPL to better understand charging behavior, and to provide customers with charging solutions that meet their needs while managing peak demand.
Objectives	The objectives for the Residential DR program include: • Updating IPL's existing infrastructure of one-way DLC switches; • Target both winter and summer peak demand through inclusion of hot water heaters and managed electric vehicle chargers; • Growing IPL's relationship with the local trade ally community; • Maintaining the existing DR fleet;

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Driving the adoption of smart thermostats, water heaters, and managed EV chargers in the IPL service territory;
Creating a foundation for the next generation DR program;
Leveraging synergies between IPL energy efficiency and DR programs.

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<tr><td>Projected Savings</td><td>
Gross Energy (kWh) Savings
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Budget (dollars)
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<tr><th>Program</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td>Residential Demand Response</td><td>$4,087,424</td><td>$4,543,930</td><td>$5,010,867</td></tr>
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<tr><td>2021-2023 Cost-Effectiveness</td><td>
<table>
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<tr><th>Program</th><th>UCT Ratio</th><th>TRC Ratio</th><th>RIM Ratio</th><th>PCT Ratio</th></tr>
<tr><td>Residential Demand Response</td><td>1.12</td><td>1.12</td><td>1.03</td><td>N/A</td></tr>
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EFFICIENT PRODUCTS

Program Description

The Efficient Products program is new to the portfolio and merges several elements of IPL's previously offered Lighting & Appliances and Whole Home programs. The program will increase awareness and sales of energy efficient non-general service lighting, HVAC, smart thermostats and other ENERGYSTAR appliance products in the IPL service territory. IPL's residential customers can purchase products at participating retail locations across its service territory and/or receive rebates through contractor (trade ally) driven projects. The program will reduce the cost barrier of products through markdowns at the point of sale or through rebates post purchase/installation. Additionally, IPL will leverage a customer facing portal to allow participants to submit online incentive applications for qualifying appliance purchases. Connecting a customer who has already chosen to purchase an energy efficient product through the Efficient Products program is an excellent warm lead for the other energy efficiency offerings.

Smart thermostat purchases through retailers, trade allies, or through an online marketplace in this program will continue to provide IPL customers with multiple channels to enroll in IPL's Demand Response program, avoiding many of the usual customer acquisition costs of a standalone bring-your-own-thermostat (BYOT) or direct install (DI) program.

Objectives

The objectives for the Efficient Products program include:

- Increasing consumer awareness of the benefits of energy efficient products in the residential market;
- Working with trade allies to drive installation of energy efficient HVAC and other products;
- Amplifying the availability of energy efficient products in local retail stores;
- Improving retailers' understanding of the benefits of energy efficient products through training;
- Enhancing the local market penetration of energy efficient products through off-shelf merchandising tactics leading to higher sales;
- Pursuing industry leadership initiatives to increase knowledge and develop strategic partnerships to strengthen local program effectiveness;
- Educating customers on available incentives for ENERGY STAR products;
- Strengthening the customer's awareness of IPL as a trusted partner in energy efficiency;
- Deliver cost-effective energy savings.

Projected Savings

Gross Energy (kWh) Savings

Program	2021	2022	2023
Efficient Products	11,152,171	12,115,488	12,693,780

Gross Demand (kW) Savings

Program	2021	2022	2023
Efficient Products	2,413	2,510	2,630

Net Energy (kWh) Savings

Program	2021	2022	2023
Efficient Products	6,750,735	7,442,611	7,837,880

Net Demand (kW) Savings

Program	2021	2022	2023
Efficient Products	1,700	1,776	1,858

Projected Expenditures

Budget (dollars)

Program	2021	2022	2023
Efficient Products	$3,909,240	$4,362,143	$4,549,886

2021-2023 Cost-Effectiveness

	Cost Effectiveness Tests			
Program	**UCT Ratio**	**TRC Ratio**	**RIM Ratio**	**PCT Ratio**
Efficient Products	1.09	1.01	0.42	4.09

MULTIFAMILY

Program Description

This program will provide no-cost, turnkey service delivery to property managers and tenants to help overcome first-cost and disruption barriers typically associated with this type of investment. Trained Energy Advisors will install low-cost energy saving measures (e.g., showerheads, programmable thermostats, bath and faucet aerators various specialty LED bulbs, and pipe wrap) within residences at no cost.

Objectives

The objectives for the Multifamily program include:

- Providing education and support services for property owners/managers, tenants and manufactured home owners to promote the implementation of energy efficiency measures;
- Creating jobs and developing the local market;
- Enhancing the local market penetration of energy efficient products and services – helping customers save energy and money;
- Providing manufactured home owners with access to energy efficient products;
- Strengthening the customers awareness of IPL as a trusted partner in energy efficiency;
- Delivering cost-effective energy savings.

Projected Savings

Gross Energy (kWh) Savings

Program	2021	2022	2023
Multifamily	2,132,310	2,610,702	3,382,774

Gross Demand (kW) Savings

Program	2021	2022	2023
Multifamily	248	257	272

Net Energy (kWh) Savings

Program	2021	2022	2023
Multifamily	2,071,811	2,547,366	3,316,450

Net Demand (kW) Savings

Program	2021	2022	2023
Multifamily	223	230	245

Projected Expenditures

Budget (dollars)

Program	2021	2022	2023
Multifamily	$928,830	$1,203,386	$1,629,575

2021-2023 Cost-Effectiveness

The cost-effectiveness metrics of the Residential Demand Response program are as follows:

	Cost Effectiveness Tests			
Program	**UCT Ratio**	**TRC Ratio**	**RIM Ratio**	**PCT Ratio**
Multifamily	0.90	0.90	0.32	N/A

SCHOOL EDUCATION

Program Description

The School Education program incorporates an educational module provided to grade school students, along with a take-home kit of energy efficiency measures. Measures include LEDs and low-flow fixtures. IPL is proposing differentiated LED offerings based on an income qualification process. Schools with 75% or more of the student population receiving free or reduced lunch services will continue to receive general service LEDs. Schools not meeting this criterion will receive kits containing specialty LEDs. The program targets students to help them learn about energy efficiency and how they can apply it at school and at home. Participating schools will receive education in the classroom and take-home kits filled with energy efficiency saving devices. The program is designed to educate both the students and their parents about simple energy efficiency and conservation practices, driving grassroots market transformation throughout the service territory.

Objectives

The objectives for the School Education program include:

- Achieving verifiable, cost-effective electric savings through the installation of low-cost measures;
- Helping customers identify opportunities to better manage their energy use;
- Creating an exceptional customer experience for participating households;
- Strengthening and supporting IPL's energy efficiency branding, while providing an excellent opportunity to increase energy efficiency awareness;
- Cross-promotion and uplift to other energy efficiency program offerings;
- Promoting energy literacy among teachers, students, and families.

Projected Savings

Gross Energy (kWh) Savings

Program	2021	2022	2023
School Education	4,358,172	4,358,172	4,358,172

Gross Demand (kW) Savings

Program	2021	2022	2023
School Education	685	685	685

Net Energy (kWh) Savings

Program	2021	2022	2023
School Education	2,829,599	2,829,599	2,829,599

Net Demand (kW) Savings

Program	2021	2022	2023
School Education	422	422	422

Projected Expenditures

Budget (dollars)

Program	2021	2022	2023
School Education	$565,439	$576,748	$588,283

2021-2023 Cost-Effectiveness

	Cost Effectiveness Tests			
Program	**UCT Ratio**	**TRC Ratio**	**RIM Ratio**	**PCT Ratio**
School Education	1.34	1.34	0.41	N/A

HOME ENERGY REPORTS

Program Description

The Home Energy Reports program provides individualized Home Energy Reports that analyze customer's energy usage and offer recommendations on how to save energy and money by making small changes to their energy consumption.

Reports are sent quarterly or monthly (when IPL has a valid e-mail address) to customers throughout the year. A key behavioral component is peer comparison, where customers are shown their energy usage relative to similar, nearby households. Peoples' intrinsic social competitiveness thereby increases the energy reductions and effectiveness of this program.

Objectives

Objective for the Home Energy Reports program are to:

- Reduce energy consumption through socially driven and information-driven behavioral change;
- Raise general awareness regarding energy efficiency;
- Cross-promote and market other programs within the portfolio.

Projected Savings

Gross Energy (kWh) Savings

Program	2021	2022	2023
Home Energy Reports	27,000,000	27,000,000	27,000,000

Gross Demand (kW) Savings

Program	2021	2022	2023
Home Energy Reports	7,008	7,008	7,008

Net Energy (kWh) Savings

Program	2021	2022	2023
Home Energy Reports	27,000,000	27,000,000	27,000,000

Net Demand (kW) Savings

Program	2021	2022	2023
Home Energy Reports	7,008	7,008	7,008

Projected Expenditures

Budget (dollars)

Program	2021	2022	2023
Home Energy Reports	$1,139,400	$1,139,400	$1,139,400

2021-2023 Cost-Effectiveness

	Cost Effectiveness Tests

Program	UCT Ratio	TRC Ratio	RIM Ratio	PCT Ratio
Home Energy Reports	1.47	1.47	0.48	N/A

INCOME QUALIFIED WEATHERIZATION

Program Description

The Income Qualified Weatherization program is an expanded and enhanced version of the existing program. IPL's proposed program delivery model goes above and beyond a traditional income qualified program by extending energy efficiency opportunities to both low and moderate income customers in our community.

This program offers holistic weatherization measures, including air and duct sealing completed by trained Energy Advisors as well as the installation of attic and wall insulation by local weatherization contractors for electrically heated homes. The program will incorporate a channel for distribution of energy efficient lighting through local food pantry services, as well as air infiltration reduction and other availability of low cost energy efficiency measure in income qualified multifamily properties.

There are multiple points-of-entry into the program, including a web-based, self-administered home assessment through an online portal, or by scheduling an in-home Income Qualified Weatherization audit with a trained Energy Advisor.

Objectives

The objectives for the Income Qualified Weatherization program include:

- Helping eligible customers understand how they are using energy, identify opportunities for energy savings specific to their home, and offer access to a wider range of energy efficiency measures;
- Educating qualifying customers on the benefits of installing energy efficiency measures and of behavior change opportunities so they can begin saving energy and money immediately;
- Providing education support services and funding for qualified customers to promote the implementation of energy efficiency measures;
- Engaging IPL's residential customers over the long term, delivering more holistic energy savings
- Creating jobs and developing the local market through participating weatherization contractors;
- Strengthening the customer's awareness of IPL as a trusted partner in energy efficiency

Projected Savings

Gross Energy (kWh) Savings

Program	2021	2022	2023
Income Qualified Weatherization	8,282,808	9,080,765	9,209,406

Gross Demand (kW) Savings

Program	2021	2022	2023
Income Qualified Weatherization	965	1,071	1,080

Net Energy (kWh) Savings

Program	2021	2022	2023
Income Qualified Weatherization	8,011,300	8,678,096	8,875,024

Net Demand (kW) Savings

Program	2021	2022	2023
Income Qualified Weatherization	919	1,004	1,025

Projected Expenditures

Budget (dollars)

Program	2021	2022	2023
Income Qualified Weatherization	$4,907,771	$5,507,001	$5,630,806

2021-2023 Cost-Effectiveness

	Cost Effectiveness Tests			
Program	**UCT Ratio**	**TRC Ratio**	**RIM Ratio**	**PCT Ratio**
Income Qualified Weatherization	0.62	0.62	0.30	N/A

CUSTOM

Program Description	The Custom program will provide incentives to business customers for implementing energy efficiency projects that fall outside the scope of the Prescriptive program. The Custom program broadens the availability of financial incentives for more complex projects and offers non-cash incentives in the form of technical support for customers and trade allies. Program measures earn incentives based on $/kWh savings achieved beyond baseline energy performance, such as state or federal codes and standards, industry-accepted performance standards, or other baseline energy performance standards. The program will also help business customers participate in IPL's suite of business programs, creating additional savings opportunities for customers. Prescriptive measures can complement the deeper savings approach to energy efficiency achieved through the Custom program. Continuing recent program enhancements to IPL's program portfolio, the Custom program also includes channels for Strategic Energy Management ("SEM"), and Retro-commissioning ("RCx"). SEM was launched in 2019 to provide a cohort-based program delivery channel that is designed to facilitate a culture of continuous energy improvement at customers' facilities. RCx, also launched in 2019, is designed to improve performance in existing buildings. While RCx projects have historically been eligible measures in the Custom Program, a dedicated RCx channel was developed to improve the overall customer experience, including incentives for the initial RCx study to be completed.
Objectives	The objectives for the Custom program include: • Achieving savings goals cost-effectively by using data-driven customer outreach, segmentation and prioritization strategies; • Encouraging business customers to improve the energy efficiency of their facilities by offering program incentives; • Leveraging technical expertise to identify, scope and drive projects forward, working closely with customers and their contracted trade allies; • Enhancing existing relationships with the network of equipment suppliers who can also identify energy efficiency opportunities for utility customers and streamline their engagement with the program; • Coordinating program delivery of all IPL's business programs where appropriate, including Prescriptive, and SBDI to improve customer experience; • Improving customer satisfaction and the perception of IPL as the customer's energy efficiency expert and trusted advisor.
Projected Savings	**Gross Energy (kWh) Savings** Program | 2021 | 2022 | 2023 Custom | 29,233,969 | 29,512,138 | 29,976,058 **Gross Demand (kW) Savings**

Program	2021	2022	2023
Custom	3,873	3,915	3,986

Net Energy (kWh) Savings

Program	2021	2022	2023
Custom	23,387,175	23,609,710	23,980,846

Net Demand (kW) Savings

Program	2021	2022	2023
Custom	3,098	3,132	3,189

Projected Expenditures

Budget (dollars)

Program	2021	2022	2023
Custom	$4,579,891	$4,650,547	$4,735,269

2021-2023 Cost-Effectiveness

	Cost Effectiveness Tests			
Program	**UCT Ratio**	**TRC Ratio**	**RIM Ratio**	**PCT Ratio**
Custom	1.92	1.75	0.64	4.06

BUSINESS DEMAND RESPONSE

Program Description

The Business Demand Response program provides installation of direct load control ("DLC") switch replacements while enhancing IPL's relationship with the local HVAC service community. The implementation vendor will provide in-depth training and in-field support to a network of local HVAC trade allies, who will perform switch replacements. This approach offers the advantage of complimenting services provided by the HVAC community by educating local trade allies on the benefits of DR; alleviating the common issue of service technicians disconnecting DLC switches while they are in the field. It also serves to keep HVAC workers employed during the industry's slow season, further improving IPL's relationship with the HVAC community. The participating trade allies will also be available to provide year-round service to IPL customers that may have questions or HVAC issues they perceive to be associated with the Demand Response program.

Objectives

The objectives for the Business Demand Response program include:

- Updating IPL's existing infrastructure of one-way DLC switches;
- Providing a cost-effective solution that leverages local HVAC contractors;
- Maintaining the existing one-way DR fleet until two-way conversion is complete;
- Providing lead generation for the Small Business Direct Install program.

Projected Savings

Gross Energy (kWh) Savings

Program	2021	2022	2023
Business Demand Response	0	0	0

Gross Demand (kW) Savings

Program	2021	2022	2023
Business Demand Response	778	778	778

Net Energy (kWh) Savings

Program	2021	2022	2023
Business Demand Response	0	0	0

Net Demand (kW) Savings

Program	2021	2022	2023
Business Demand Response	778	778	778

Projected Expenditures

Budget (dollars)

Program	2021	2022	2023
Business Demand Response	$62,726	$62,726	$62,726

2021-2023 Cost-Effectiveness	

	Cost Effectiveness Tests			
Program	**UCT Ratio**	**TRC Ratio**	**RIM Ratio**	**PCT Ratio**
Business Demand Response	1.26	1.83	1.26	N/A

PRESCRIPTIVE

Program Description	The Prescriptive program provides rebates and associated savings for a prescribed set of qualifying products and end uses. The program generates energy savings for business customers by increasing customer awareness and understanding of energy efficiency opportunities in their facilities through education provided by the local program team and a qualified network of trained trade allies. The program will provide financial incentives to customers for installing a wide array of high efficiency measures. The Prescriptive program is a great introduction to energy efficiency for IPL customers and can serve as an entry point to further engage customers on a journey to more energy saving options available through IPL's suite of business programs. Additionally, IPL proposes to continue a Midstream channel, which offers incentives for buy-downs to reduce the initial cost of high efficiency products through a network of local distributors.
Objectives	The objectives for the Prescriptive program include: • Achieving IPL's electric goals cost-effectively by using data-driven customer outreach, segmentation and prioritization; • Encouraging business customers to improve the energy efficiency of their facilities by offering financial incentives that improve the economics associated with installing a broad range of energy efficiency options that address major end uses and processes; • Enhancing the network of trade allies by offering program training on new measures and technologies that will continue to play a part in efficiency program planning and delivery; • Leveraging cost-efficiencies derived from the current portfolio; coordinating program delivery and customer support with existing trade ally networks; • Coordinating program delivery of all IPL's business programs where appropriate, including Custom and SBDI • Improving customer satisfaction and the perception of IPL as the customer's energy efficiency expert.
Projected Savings	**Gross Energy (kWh) Savings** **Gross Demand (kW) Savings** **Net Energy (kWh) Savings**

Program	2021	2022	2023
Prescriptive	66,916,239	64,494,646	62,704,054

Program	2021	2022	2023
Prescriptive	11,290	10,881	10,579

Program	2021	2022	2023
Prescriptive	50,230,917	48,413,140	47,069,026

Net Demand (kW) Savings

Program	2021	2022	2023
Prescriptive	8,458	8,152	7,926

Projected Expenditures

Budget (dollars)

Program	2021	2022	2023
Prescriptive	$9,895,635	$9,642,876	$9,469,852

2021-2023 Cost-Effectiveness

	Cost Effectiveness Tests			
Program	**UCT Ratio**	**TRC Ratio**	**RIM Ratio**	**PCT Ratio**
Prescriptive	3.18	2.77	0.76	4.00

SMALL BUSINESS DIRECT INSTALL

Program Description	The Small Business Direct Install program helps small business owners experience immediate savings by completing energy-efficient equipment upgrades. Customers with less than a threshold annual peak demand – currently 200 kW – are eligible for participation. Commercial Energy Auditors conduct a walkthrough assessment and provide recommendations for savings. In addition, the Auditors install faucet aerators, non-GSL LED bulbs, LED exit signs, occupancy sensors, pre-rinse spray valves, programmable thermostats, low-flow showerheads and water heater pipe insulation at no cost to the customer while onsite. The SBDI program design builds on the current model to better complement IPL's Prescriptive offerings by increasing the incentive on select measures identified through the assessment for small business customers. This approach leads to higher project conversion rates, economic development and further positions IPL as a true partner with its small business customers and the communities it serves. While financial constraints are a very common barrier to implementing energy efficiency upgrades, cost barriers are often more acute for small business owners based on their smaller size and budgets. The SBDI Program aims to transform the small business market by increasing the installation of energy efficiency measures and encouraging follow-on building improvements through incentive-eligible projects offered through the Prescriptive program. The program will use a tablet-based audit tool to document facility data (e.g., size, fixture counts), direct installation of measures, and additional energy efficiency opportunities. The program provides customers with attractive and easy-to-understand project proposals with the cost and payback data customers need to make informed decisions about which projects to implement and build a business case for investment. New to the SBDI program in 2021 will be a Virtual Retro-commissioning channel which is designed to target small and medium sized business customers. A web-based portal will allow customers to view interval data and will provide personalized energy efficiency insights and recommendations meant to drive behavioral and process driven energy savings.
Objectives	The objectives for the SBDI program include: • Encouraging small business customers to improve the energy efficiency of their facilities by installing a suite of targeted, highly cost-effective measures at no cost to demonstrate the benefits of investing in efficiency while building rapport that leads to further investment • Educating the customer about their existing energy use and how to operate their buildings in a way that saves energy and money, supporting long-term energy efficiency awareness and commitment leading to permanent improvements in the market for energy efficient products and services • Creating assessment reports that are compelling and that present additional energy efficiency opportunities and available financial incentives to make the case for further investment • Implementing a streamlined participation process that breaks down financial barriers for small business customers by offering immediate energy and cost

savings through direct installation of measures and bonus incentives for multi-measure implementation

- Following-up after assessments to drive participation in measures suited to the particular customer from the wider suite of IPL business programs by implementing cross-selling strategies that move customers to action
- Using data-driven customer outreach, segmentation and prioritization strategies to reach the right customers with the right messages, including sector-specific messages for IPL's most common small business customer types (e.g., small offices, restaurants, retail, grocery and warehouses)
- Improving customer satisfaction and placing IPL at the center of the value steam as the customer's energy efficiency expert and advocate for energy and cost savings

Projected Savings

Gross Energy (kWh) Savings

Program	2021	2022	2023
Small Business Direct Install	5,343,907	5,925,628	6,426,420

Gross Demand (kW) Savings

Program	2021	2022	2023
Small Business Direct Install	714	782	840

Net Energy (kWh) Savings

Program	2021	2022	2023
Small Business Direct Install	5,101,561	5,678,520	6,175,357

Net Demand (kW) Savings

Program	2021	2022	2023
Small Business Direct Install	682	749	807

Projected Expenditures

Budget (dollars)

Program	2021	2022	2023
Small Business Direct Install	$1,588,315	$1,732,984	$1,857,337

2021-2023 Cost-Effectiveness

	Cost Effectiveness Tests			
Program	**UCT Ratio**	**TRC Ratio**	**RIM Ratio**	**PCT Ratio**
Small Business Direct Install	1.56	1.56	0.60	N/A