

**Response of
Interstate Power and Light Company
to
OFFICE OF CONSUMER ADVOCATE
Data Request No. 66**

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Information Requested By: Jennifer Easler
Date Responded: July 15, 2008
Author: Dorothy Landt
Author's Title: Product Manager
Author's Telephone No.: (319) 786-4522
Subject: Business Energy Audit, Business Efficiency Check-up,
Appliance Recycling

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- A. What is the distribution of customers among the various program components listed, and how will IPL track customers participating in more than one program?
- B. IPL will provide an incentive to dealers in the range of 5% to 20% of the customer rebate amount. How is this range determined? Why not provide all of the incentive directly to the trade ally? How are the savings verified?

Response

- A. During the calendar year of 2007, the number of customers who participated in the free, on-site Business Energy Audit program was 301, the number of customers who used the free, online Business Efficiency Check-up was 544¹, and the number of participants in the Appliance Recycling program was 385. IPL anticipates moderate growth in these programs will result from increased promotion. IPL does not preclude customers from participating in more than one program, so IPL does not cross reference participation across these programs.
- B. Incentive Range Determination:
There are no five percent dealer incentives. There are 10 and 20 percent incentives, where the difference is a function of measure type. Participating Dealers frequently provide referrals to the Business Energy Audit program for qualifying customers. Additionally, Participating Dealers selling **and** installing insulation are eligible for an incentive of ten percent of the customer rebate

¹ Unlike Business Energy Audit and Appliance Recycling, IPL cannot be certain whether the 544 online Business Efficiency Check-up audits were all Iowa customers. The data IPL receives from the software provider does not identify the location of the customer.

amount. However, there is no Participating Dealer incentive tied directly to the Business Energy Audit program.

IPL does not provide dealer incentives in association with the Business Efficiency Check-up and Appliance Recycling programs. Although Participating Dealers may sometimes promote these programs to customers, Participating Dealers are not highly engaged or involved in these programs.

The Participating Dealer incentive is a key marketing element of the prescriptive rebates programs. It is provided on measures that require active Participating Dealer promotion, more complex applications and/or installation, and often require licensed trades to handle them. The incentive is 20 percent for energy-efficient agricultural equipment, heating and cooling equipment, water heaters, clock-programmable thermostats and replacement windows/sashes. The incentive is ten percent for insulation.

All Incentive Not to Participating Dealer:

The dealer incentive is 10 or 20 percent of the participant incentive. IPL chooses not to provide all of the incentive to the dealer, because IPL believes that there is greater customer participation and market transformation when the participant explicitly sees some of the incentive and is part of the decision-making process. IPL believes that to provide all of the incentive to the dealer would diminish significantly the participant's understanding of the energy efficiency decision-making process and so make the participant less likely to choose the higher efficiency option. Additionally, less understanding of energy efficiency decisions on one measure would lessen understanding of other energy efficiency options and dampen efforts in those areas.

How Savings Verified:

There are two types of savings associated with the Business Energy Audit, direct install measures and insulation. IPL plans to include verification of auditors' reports of direct-install measures as part of process and impact evaluations for the Plan. Each quarter, IPL requests verifications of three percent of insulation installations to be completed by a third-party contractor. IPL reserves the right as noted on the rebate application to verify all energy-efficiency projects submitted for rebate. Additional verifications are performed on an as-needed basis at the discretion of the product manager.

The Business Efficiency Check-up program is a web-based, educational tool that helps businesses identify energy-saving opportunities and suggests ways to implement them. These energy-saving ideas are based on basic calculations using customer inputs of facility square footage, operating hours, and other facility features. IPL does not capture savings from this program, as IPL can neither accurately quantify nor rely on customers' implementation of projects or behavioral changes at this time.

Appliance recycling is field-verified by the contractor who tests to ensure the equipment operates before accepting it for recycling and provides detailed reports on the equipment that is recycled. IPL also conducts third-party process and impact evaluations of the program that check number and type of units and kWh impacts claimed.