



MEMORANDUM

To: Nick Warnecke and Nic Crowder, AIC; Nida Khan, CAMI Energy; Seth Craigo-Snell, SCS Analytics; and Elizabeth Horne, ICC Staff

From: Opinion Dynamics Evaluation Team

Date: May 17, 2024

Re: Ameren Illinois Small Business General Population Survey Results

INTRODUCTION

The Ameren Illinois Company (AIC) Small Business Initiative delivers energy savings to small commercial and industrial (i.e., nonresidential) customers by increasing access to energy-efficient products through financial and technical support. The Initiative targets private and public facilities through two channels that work in tandem to provide a comprehensive suite of offerings:

- **Small Business Direct Install (SBDI) channel:** The SBDI channel is available to all small nonresidential facilities in AIC's service territory and focuses on rapidly deployable lighting and refrigeration measures. It is the primary driver of Initiative electric savings.
- **Small Business Energy Performance (SBEP) channel:** The SBEP channel targets facilities in Empower Communities.¹ It focuses on delivering building envelope upgrades, HVAC improvements, and other non-SBDI measures supported by participating program allies.

Both channels leverage a network of program allies to coordinate and install the incentivized measures in participating facilities. These program allies specialize in serving small businesses, nonprofits, schools, and local governments. Many projects are fully funded through channel incentives and require no out-of-pocket contribution from the customer. The low-touch, high-impact measures incentivized through the SBDI channel, combined with the customized, deeper retrofits incentivized through the SBEP channel, offer customers in this segment an opportunity to upgrade their facilities comprehensively.

Given the potential the Small Business Initiative has to reach disadvantaged, historically underserved customer segments and achieve significant electric savings, there is great interest in ensuring that the design of the Initiative and its channels adequately meet equipment needs and address common barriers to energy efficiency product adoption among small business customers. In the spring of 2023, Opinion Dynamics (evaluation team) developed an Initiative Program Theory and Logic Model (PTLM) outlining the theory of change underlying the Initiative (i.e., assumptions of how Initiative activities would result in targeted outcomes).² To test the assumptions included in the model, the

¹ Predominately non-White and/or economically challenged communities.

² <https://www.ilsag.info/wp-content/uploads/AIC-2022-Small-Business-Initiative-PTLM-Memo-FINAL-2023-06-16.pdf>.

evaluation team conducted survey research with nonresidential customers eligible to participate in the AIC Small Business Initiative. The evaluation team addressed the following objectives through this research:

- Identify where energy efficiency opportunities exist among the small business population (i.e., equipment accounting for most energy consumption, customer-reported opportunities) and how this does/does not differ between businesses in disadvantaged communities (DACs) and non-DACs.³
- Assess small business customers' knowledge, awareness, interest, and ability related to energy efficiency investments and how this does/does not differ between businesses in DACs and non-DACs.
- Determine the key market and organizational barriers that small business customers report experiencing related to investment in energy efficiency and compare this against the key barriers the Small Business Initiative is designed to address; explore whether small business customers in DACs and non-DACs experience similar or different barriers.
- Explore respondents' views on the intervention strategies currently employed through the Small Business Initiative and whether they effectively address the barriers small businesses are experiencing.
- Identify any changes the Initiative team could make to improve the customer experience and generate greater energy savings.
- Assess awareness of and interest in AIC programs among small business customers and whether this differs between small businesses in DACs and non-DACs.
- Collect firmographic information from small businesses in AIC's service territory.

The evaluation team developed and fielded a survey, available online and via telephone, between February and March 2024 to meet these research objectives. The evaluation team invited a stratified sample of non-DAC and DAC customers eligible for the Small Business Initiative, given their rate code(s),⁴ to complete the survey. The survey was designed to gather information from the person at each organization responsible for making decisions related to energy-using equipment. The evaluation team conducted email and phone outreach with 8,000 customers, and 405 participants completed the survey, yielding a response rate of 7.7%.⁵

SAMPLE DEVELOPMENT AND FIELDING

AIC provided the evaluation team with a list of nonresidential customer contact information, including customer/business name, rate code(s), building type, address, phone number, and, if available, email address.

To develop the cleaned contact list, we excluded the following:

- Any duplicated customer names, addresses, phone numbers, and email addresses;
- Any businesses or organizations without either a phone number or an email address on record;
- All customers with DS3-B, DS-4, DS-5, GDS-3, GDS-4, or GDS-5 rate codes and therefore ineligible for the Small Business Initiative;⁶ and

³ For the purpose of this research, we defined DAC customers as those whose business or organization was located in a census tract identified as income-eligible under the Illinois Solar for All Program for nonprofit and public facilities. <https://www.illinoissfa.com/programs/nonprofit-and-public-facilities/>

⁴ Customer eligibility is primarily based upon a delivery service rate of DS-2 and DS-3A for electric and GDS-2 for natural gas.

⁵ The evaluation team used the Response Rate 3 (RR3) method recommended by the American Association for Public Opinion Research (AAPOR). RR3 excludes partially completed surveys from the numerator and includes the number of eligible sample points in the denominator.

⁶ The Small Business Initiative focuses on AIC customers in the DS-2, DS3-A and/or GDS-2 customer delivery rate codes.

- All customers not receiving electric service from AIC.

When drawing the survey sample from the cleaned contact list, we excluded the following:

- Any billboard, cable boxes, cell phone towers, and other non-businesses/organizations we could identify; and
- Any customers with a seemingly incomplete address we could identify.

The evaluation team created a DAC customer flag for stratified sampling by DAC status. We used geocoding (i.e., converting addresses into geographic coordinates) to identify the census tract for each property address in the sample frame. For the purposes of this study, we defined DAC customers as those whose properties were located in a census tract identified as income-eligible under the Illinois Solar for All Program for non-profit and public facilities.⁷

As shown in Table 1, the final, cleaned contact list included over 65,000 customers. Assuming a response rate of 5% based on previous surveys with nonresidential customers in AIC’s service territory, we drew a stratified random sample of 8,000 customers (4,000 non-DAC, 4,000 DAC) intending to achieve 400 completed surveys (200 non-DAC, 200 DAC). We fielded the survey using web and phone data collection modes. All customers with an email address on record were sent up to five emails that included a link to the survey and other important information about the study. We also called nonrespondents to the email outreach up to three times as a reminder to complete the web survey or to give them the option to complete it over the phone. We called customers without an email address up to five times to complete the survey over the phone. If the respondents preferred to complete the survey digitally and provided an email address, we sent them an email invitation to complete the survey online. We fielded the survey from February 2024 through March 2024.

We ultimately received 405 responses to the survey, 198 from non-DAC customers and 207 from DAC customers. Of the 405 surveys, 351 were completed via the web, and 54 were completed via phone (Table 1). We achieved a 7.7% response rate overall.

Table 1. Summary Survey Disposition by Community

DAC-Status	Total Contact List	Total Contacted	Web Completes	Phone Completes	Total Completes	Response Rate ^a
Non-DAC	49,620	4,000	175	23	198	7.5%
DAC	18,928	4,000	176	31	207	7.8%
Total	65,548	8,000	351	54	405	7.7%

^a American Association for Public Opinion Research (AAPOR) Response Rate 3

SURVEY QUALIFICATION

In addition to being a nonresidential AIC customer with a DS-2, DS3-A, and/or GDS-2 rate code, respondents had to meet the following criteria to qualify for the survey:

1. Be a business or organization and not a residence or other entity;
2. Be involved in making management decisions about the organization. The examples we gave the respondents were “decisions about finances, employment, clients or customers, sales and purchases, inventory, operations, maintenance, repairs or building upgrades, administration, the building or the facilities, etc.”

Upon reviewing the completed survey data, the evaluation team excluded 15 responses from the data analysis. The responses associated with these records suggested that the premises were not a business or organization or that the

⁷ <https://www.illinoisfa.com/programs/non-profit-and-public-facilities/>
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respondents were not involved in decision-making. After exclusions, the analysis included 390 responses: 188 non-DAC and 202 DAC.

KEY FINDINGS AND RECOMMENDATIONS

Overall, the design of the Small Business Initiative aligns with customer feedback on energy upgrade needs and barriers. Below, we highlight key findings on the alignment between the program design and customer survey results.

- **Finding #1:** Surveyed organizations' greatest energy efficiency upgrade opportunities were weatherization, replacement or upgrade of major equipment (e.g., HVAC equipment, water heater, appliances), and replacement or upgrade of minor equipment (e.g., lighting, thermostats, fans); for some measures, opportunities were greater in DACs than outside DACs (Figure 8). Survey respondents also most commonly identified non-portable space heating and cooling as their business's largest energy users (Figure 5). In addition, surveyed organizations in DACs indicated having more energy efficiency upgrade opportunities at their properties than those outside DACs (Figure 7) and were statistically more likely to report replacing or upgrading major equipment and windows as energy upgrade opportunities at their facilities. Respondents in the public sector were statistically most likely to identify adding insulation and replacing or upgrading windows as opportunities compared to the other core business segments.
- **Recommendation:** Survey results generally align with the types of measures incentivized through the SBDI and SBEP channels and the populations they target. The SBEP channel incentivizes respondents' top improvement area in weatherization, as well as some HVAC-related measures. Further, the SBEP channel's prioritization of Empower Communities aligns with survey results, which indicate that respondents in DACs and the public sector have more energy upgrade opportunities. The SBDI channel incentivizes respondents' third largest opportunity area, minor equipment upgrades, and by offering these low-touch measures, broadens the number of small businesses AIC can reach with its Small Business Initiative. However, given that there is a large need for weatherization across all small businesses, AIC could consider widening the availability of these services beyond SBEP to a broader population. In addition, while AIC provides opportunities for their nonresidential customers to upgrade major equipment through their other offerings, such as the Standard and Midstream initiatives, they could consider the viability of offering enhanced incentives to small businesses that participate in these offerings.⁸
- **Finding #2:** Survey results highlight small businesses' lack of financial capital as a barrier to their pursuit of energy efficiency upgrades. More than half of surveyed organizations reported generating or operating on less than \$300,000, with the most common financial bracket being less than \$100,000 (Figure 1). Only about one-third of respondents indicated they had funds set aside to upgrade their facilities or their equipment (Figure 22). When asked what actions they have taken to manage their energy costs directly, the most common actions included no- or low-cost strategies (Figure 12). Further, financial barriers were the most common type of barrier respondents cited for controlling their energy usage (Figure 16) and pursuing energy efficiency measures (Figure 19). Additionally, the cost of recommended upgrades was the most common reason respondents reported not being interested in a free energy assessment (Figure 21). Differences by DAC status across survey questions suggest that said financial burden disproportionately affects organizations in DACs.
- **Recommendation:** Survey results align with the program theory that small businesses lack the financial capital to invest in energy efficiency. According to the program design, while some projects are fully funded through the Small Business Initiative, others require a copay, which could pose a barrier to potential participants. Given

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small businesses' hesitancy to leverage financing to make energy efficiency upgrades (Figure 23), adding a 0% on-bill financing option to the Initiative could attract potential participants.

- **Finding #3:** Survey results highlight small businesses' lack of time and knowledge as barriers to making decisions about their energy usage. About one-third of respondents felt they did not know how to best manage their usage or what upgrades to make. One-fifth reported the employees responsible for managing energy usage at their facility do not have enough time, training, information, or resources to do so (Figure 16); organizations in DACs were more likely to report this as a barrier than those outside DACs. Among the common barriers to making energy efficiency upgrades (Figure 19) were a lack of information about energy efficiency options (41%), a lack of time or staff resources to pursue energy efficiency upgrades (36%), and a lack of knowledge about what upgrades could be made (36%).
 - **Recommendation:** Survey results align with the program theory that small business customers often lack the time to assess their energy-related needs and improvement opportunities and the knowledge needed to understand the existing energy-using equipment and options for energy efficiency upgrades in their facilities. The Small Business Initiative should continue to offer free on-site assessments and assessment reports to provide small businesses with the information they need to make informed energy-related decisions. The Initiative team should encourage participating program allies to offer potential participating businesses with scheduling flexibility to ensure those with time limitations can participate.
- **Finding #4:** Survey results highlight the lack of qualified contractors as a barrier to making energy efficiency upgrades. About two-fifths of respondents agreed that "finding qualified contractors or equipment for making repairs and upgrades could be challenging" (Figure 16). About 13% of respondents indicated that an inability to find qualified contractors in their area would prevent their organization from making energy efficiency upgrades (Figure 19). Only 1% of respondents aware of AIC's energy efficiency offerings cited a lack of qualified contractors as a reason for not participating (Figure 30). Although results indicated that respondents in DACs had more issues finding qualified contractors than those outside DACs, the difference was not statistically significant.
 - **Recommendation:** Survey respondents did not cite concerns about contractor availability as frequently as barriers related to financial, time, and staffing constraints; however, this does not necessarily conflict with the program theory that there is a limited pool of qualified contractors, rather, it could suggest that lack of contractors is a second-order barrier for small businesses compared to barriers related to cost, knowledge, and time. The Small Business Initiative should continue to develop and train a network of qualified, diverse program allies to ensure contractors are readily available when businesses decide to participate.
- **Finding #5:** Survey results indicate that many small businesses are unaware of actions they could take to manage their equipment usage to reduce energy consumption, but those who do are likely to take those actions in the future. About 43% of respondents indicated they could take "very few or no" actions related to their equipment use, and an additional 10% were unsure how many actions they could take (Figure 25). Those who indicated there were "very few or no" actions they could take were not more likely to have already created energy-saving policies or changed the settings of their HVAC or water heating equipment to save energy, suggesting these respondents likely lacked awareness of what actions they could take rather than having already taken all possible actions. Of those who identified that there were at least "a few" actions they could take, 90% indicated they were at least "slightly" likely to take such changes in the future (Figure 27). The most common barriers to modifying equipment usage to reduce energy consumption included an inability to change equipment settings or schedules and a lack of information on what actions could be taken (Figure 28).
 - **Recommendation:** Survey results suggest that, in addition to incentivizing physical energy upgrades, the Small Business Initiative has the potential to offer additional value to participants by providing them with facility-specific recommendations about actions they can take to save energy. The Small Business Initiative should consider adding such recommendations to the on-site assessment process and written assessment report.

- **Finding #6:** Survey results indicate that some small businesses may experience limitations in making energy upgrades because they do not have decision-making authority. About 28% of respondents indicated they did not fully own their facility. Organizations in the public sector were most likely to own their facility. Of surveyed organizations who did not independently own and operate their organization or fully own the property where their organization was located, 43% did not have full authority regarding equipment decisions, and 56% did not have full authority regarding building shell decisions (Figure 17). Lack of decision-making authority was cited as (1) a reason for disinterest in fuel substitution (Figure 10), (2) a barrier to making energy efficiency upgrades (Figure 19), (3) a reason for disinterest in a free energy assessment (Figure 21), and (4) a reason for disinterest in AIC's energy efficiency offerings (Figure 32).
 - **Recommendation:** The program design does not specifically address the barrier of decision-making authority. This is unlikely to be an issue in the early stages of the SBEP channel, given its focus on highly customized projects with individually targeted public sector customers (who tend to have a higher rate of building ownership). Challenges around decision-making authority could be larger in the SBDI channel, given its aim of reaching a broader group of small businesses and reliance on mass outreach strategies. However, given that the measures incentivized through the SBDI channel are relatively minor in comparison to SBEP, renters may be less likely to need outside approval. Still, the Small Business Initiative team may want to consider developing a specific strategy for engaging with small businesses that rent their facilities.
- **Finding #7:** Survey results support the program theory that small businesses have limited awareness of the Small Business Initiative and the benefits of participating. Although 55% of respondents had some level of familiarity with AIC's energy efficiency offerings in general, less than 10% were "extremely" or "very" familiar with them (Figure 29). Among all respondents, only one in five indicated they previously participated in an AIC energy offering. Among those who were aware of AIC's energy efficiency offerings but never participated, the top three reasons for not participating were related to a need for more information (Figure 30).
 - **Recommendation:** The Small Business Initiative should continue its outreach efforts to increase awareness of the Small Business Initiative. Survey results indicate small businesses prefer mass outreach approaches coming directly from AIC, including mailers, emails, and bill inserts (Figure 34). Program ally-led marketing efforts should be co-branded with AIC when possible. Given that the SBEP channel currently targets a smaller sub-segment of small business customers, mass outreach materials should continue to focus on promoting participation in the SBDI channel.

DETAILED FINDINGS

This section provides a comprehensive analysis of the survey results. For clarity, we refer to the customers who completed the survey as “surveyed organizations” or “respondents.” To identify meaningful differences between organizations in and outside of DACs, we tested for statistical differences between the groups across all survey questions.⁹ The detailed findings highlight the differences the testing found to be statistically significant. Where possible, the results also explore statistically significant differences by business segment.

FIRMOGRAPHICS

This section provides an overview of respondent firmographics as context for the survey results.

SEGMENT

Of the 390 surveyed organizations included in the analysis, 202 (52%) were located in a DAC, and the remaining 188 (48%) were located outside of a DAC. Surveyed organizations represented a wide variety of nonresidential segments. We asked respondents to report their organization type and ultimately organized the individual categories into groups that shared potentially similar occupancy patterns, purposes in the community, energy-using equipment, or otherwise in ways that enabled meaningful analyses. Some (9%) respondents selected multiple segments, and we reviewed all responses with more than three selected segments (through online searches as necessary) to ensure the final categorization was accurate.

Table 2 summarizes the final segment groups, the total surveyed organizations in each group, and the number of organizations in DACs and non-DACs in each group. About half of the surveyed organizations were in one of three core segment groups with enough sample for statistical comparison: personal/trade services (17%), professional services (16%), and nonprofit, religious, and education (16%). Nonprofit, religious, or educational organizations and housing or lodging establishments were statistically more prevalent in DACs than outside DACs. Agricultural organizations were statistically more prevalent outside of DACs. These findings indicate that there is variation in the distribution of business types based on whether a community is a DAC.



PTLM PERSPECTIVE

The SBEP channel aims to provide more comprehensive energy efficiency upgrades to organizations in Empower Communities, with a specific focus on public sector customers such as nonprofits, schools, religious organizations, or other community-serving institutions. Survey results indicate that the prevalence of such public sector customers is higher in DACs than non-DACs.

Table 2. Respondent Segment Groups

Segment Group	Number of Respondents	Number of Organizations Outside DACS	Number of Organizations in DACS	Examples
Core Segment Groups				
Personal and Trade Services	77	41	36	<ul style="list-style-type: none">Personal services: Salons, barbers, dry cleaners, laundromats, car washes, pet groomers, taxisTrade services: Mechanic, landscaping, construction, services in the private sector

⁹ The evaluation team leveraged two-tailed tests of equality for column proportions/means to test for significance at an alpha of 0.10, meaning there is less than a 10% chance that the result could have occurred if the groups were not different.

Segment Group	Number of Respondents	Number of Organizations Outside DACS	Number of Organizations in DACS	Examples
Professional Services	73	32	41	<ul style="list-style-type: none"> Real estate, property, mechanic, tax, banking, insurance, legal, IT, services in the private sector
Nonprofit, Religious, or Education	71	25	46	<ul style="list-style-type: none"> Charity, political, or advocacy organizations, clubs, and associations Religious organization Colleges, trade schools, universities, pre-K, K-12, nurseries
Additional Segment Groups				
Retail, Entertainment/Arts, or Recreation	49	22	27	<ul style="list-style-type: none"> Retail: Department stores, hardware stores, specialty stores, pharmacies Entertainment/Arts: Movie theaters, concert venues, bowling alleys, gyms Recreation: Libraries, parks, sports, or community centers
Warehouse, Distribution, or Wholesale	37	18	19	<ul style="list-style-type: none"> Storage rentals, cold storage and delivery, bulk sales
Restaurant or Food Service	32	14	18	<ul style="list-style-type: none"> Cafes, delivery, catering, does not include industrial-scale food processing or preparation
Housing or Lodging	27	8	19	<ul style="list-style-type: none"> Housing: Rental housing, senior housing, assisted living, rest homes, multifamily properties Lodging: Hotel, motel, bed and breakfast, vacation rentals
Health or Medical Services	23	8	15	<ul style="list-style-type: none"> Medical, dental, veterinarian, and counseling offices, hospitals, and laboratories
Agriculture	22	19	3	<ul style="list-style-type: none"> Farming, animal husbandry
Manufacturing or Industrial	10	4	6	<ul style="list-style-type: none"> Manufacturing and industrial operations, including industrial-scale food processing and preparation
Total	390	188	202	N/A

Note: Rows do not sum to total because 36 respondents fall into multiple segment groups. Only 12 of these respondents are in multiple core analysis segments and are removed from those comparisons.

OWNERSHIP STRUCTURE

Most surveyed organizations had a high degree of autonomy in managing their organization and the building(s) they occupied.

- Nearly all (94%) surveyed organizations were independently owned and operated, with the remaining (6%) reporting being part of a larger network or government.
- Most surveyed organizations reported occupying the entire facility (78%) or at least one building on the property (1%) at the address referenced in the survey.¹⁰
- About three-quarters (72%) of surveyed organizations owned their facility, with the remaining leasing the facility (24%), leasing some parts of the space and owning others (3%), or indicating that the facility is part of a government or public agency (2%).

¹⁰ Although this question was asked of all respondents, one respondent bypassed the question (n=389).

Building ownership and the portion of the building occupied were statistically different by core segment group. Respondents in the professional services segment group were most likely to report leasing their facility (42%), and those in the nonprofit/religious/education group were least likely (8%). Likewise, respondents in the professional services group were most likely to report occupying only part of the building (32%), and those in the nonprofit/religious/education group were least likely (9%).

FINANCIALS

Nearly all respondents who provided financial information qualified as a small business based on their annual revenue or operating budget (less than \$10 million).¹¹ The vast majority (94%) of those who reported their annual revenue or operating budget reported it was less than \$10 million (Figure 1). The most common financial bracket was less than \$100,000.



PTLM PERSPECTIVE

The SBDI and SBEP channels seek to eliminate financial barriers to participation by providing upgrades at low to no cost. In providing financial assistance, the channel can increase the adoption of energy-efficient equipment among small businesses with tight profit margins or limited excess budget. Survey results indicate a sizeable portion of small businesses generate or operate on less than \$100,000 annually; more than half on less than \$300,000.

Figure 1. 2022 Annual Operating Budgets or Revenues (n=158)



Note: Figure excludes 22 “Don’t know” responses and 90 “Prefer not to say” responses

Of the organizations that did not disclose their 2022 revenue or annual budget, 78% confirmed that it was less than \$10 million. The remaining 22% of organizations chose not to confirm.

EMPLOYEES

Nearly all respondents qualified as small businesses based on their number of employees (less than 500).¹² Most (87%) respondents reported fewer than 500 employees, most commonly fewer than 50 (Figure 2).



PTLM PERSPECTIVE

Survey results indicate customers on Small Business Initiative eligible rate codes typically have fewer employees, a finding that aligns with the assumption in the program design that small businesses lack the people power needed to internally assess their energy-related needs and opportunities.

¹¹ The US Small Business Administration defines small/medium-sized businesses as those with fewer than 500 employees and/or less than \$10 million in annual operating budget or revenue.

¹² Ibid.

Figure 2. Number of Employees (n=390)

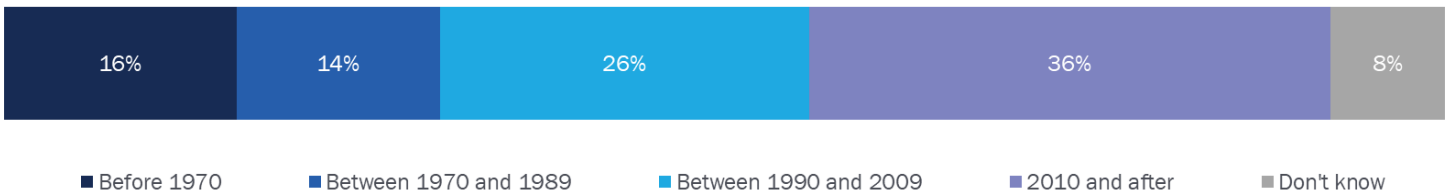


Note: Percentages less than 2% are not labeled

ESTABLISHMENT AGE AND BUILDING CHARACTERISTICS

Many of the surveyed organizations are well-established businesses or institutions in their communities: in many cases, they far exceed the national average life span of a business (8.5 years, according to the US Small Business Administration).¹³ Over half of the respondents (56%) have been operating for at least 14 years; more than a quarter (30%) for more than 35 years (Figure 3). Organization vintage was statistically different by core segment group. Respondents in the nonprofit/religious/education segment group were most likely to report opening before 1970 (42%), and those in the professional service segment were least likely (6%). Inversely, those in the professional service segment were most likely to report opening in 2010 or later (40%), and those in the nonprofit/religious/education segment were least likely (9%).

Figure 3. Opening Year of Organizations (n=390)



Surveyed organizations were generally located in small facilities. About three-quarters (76%) of surveyed organizations reported that their facility was less than 10,000 square feet (Figure 4). Compared to surveyed organizations outside DACs, those in DACs were statistically more likely to report square footage of 10,000 to 49,999 (14% vs. 8%) and statistically less likely to report square footage of less than 500 (9% vs. 4%), indicating that organizations in DACs may typically occupy larger spaces. Building square footage was statistically different by core segment group. Respondents in the nonprofit/religious/education segment group were most likely to report square footage of more than 5,000 (41%); those in the professional services segment were least likely (8%).

¹³ Nav. "Small Business Statistics." Nav. Accessed: March 21, 2024. <https://www.nav.com/small-business-statistics/>.
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Figure 4. Square Footage of Space Organization Occupies (n=390)



Note: Percentages less than 2% are not labeled

Approximately one in five (21%) organizations had multiple locations in Illinois, with 77% having a single location and 3% being unsure.

ENERGY-RELATED NEEDS

This section summarizes the types of fuel and energy-using equipment present at surveyed organizations and provides an assessment of energy efficiency upgrade opportunities.

FUEL SOURCES

According to AIC business customer data, and in line with the survey sample design, all surveyed organizations belonged to at least one rate code that qualified them to participate in the Small Business Initiative, DS-2, DS3a, or GDS-2 (Table 3). A little less than half (44%) of the respondents were dual-fuel AIC customers (i.e., they received both electric and gas service from AIC); the remaining respondents only received electric service from AIC. Many electric-only AIC customers likely have gas service from another utility: about three-quarters (73%) reported having natural gas service at their facility, whereas only 44% had an AIC gas rate code. Surveyed organizations in DACs were statistically more likely to have gas service than those outside DACs (83% vs. 63%).

Table 3. Respondent Rate Codes

Rate Code		Description	Number of Respondents	Percentage (n=390)
Electric	DS-2	Small General Service Delivery	388	99%
	DS-5	Lighting Service (i.e., outdoor lighting)	85	22%
	DS3-A	General Delivery Service < 400 kW	1	<1%
Gas	GDS-2	Small General Gas Delivery	173	44%

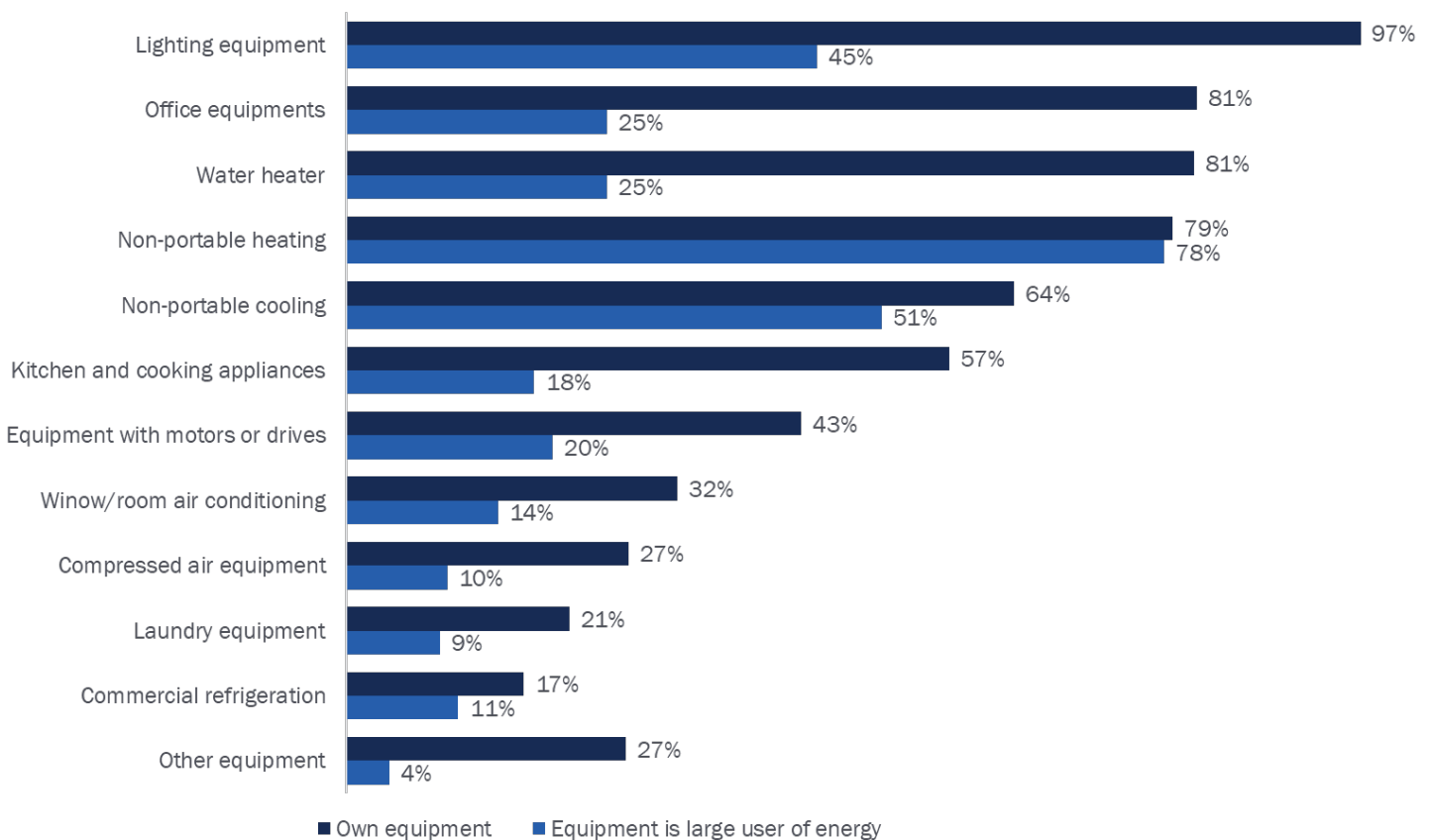
Note: Percentages do not sum to 100%, as 221 respondents were enrolled in multiple rates.

ENERGY-USING EQUIPMENT

Lighting, office, and water heating equipment were the most common items at surveyed organizations; however, space conditioning equipment may be underrepresented. Figure 5 depicts the percentage of surveyed organizations that reported having different types of equipment at their premise. Approximately 19% of surveyed organizations reported they did not have space heating, and a further 3% were unsure. Given that businesses in the warehouse or agricultural sectors often do not have space conditioning, the evaluation team further examined the breakdown of surveyed organizations by the presence of space heating and whether they were in the agricultural, warehouse, or a different sector. Of all surveyed organizations, those in the warehouse and agricultural sectors that reported not having space

heating accounted for 8% of respondents. Those outside the warehouse and agricultural sectors that reported not having space heating accounted for 11% of respondents. Those outside the warehouse and agricultural sectors who reported not knowing if they had space heating accounted for 3% of respondents. Approximately 21% of surveyed organizations reported not having cooling of any kind (portable or non-portable), and a further 1% were unsure. Of all surveyed organizations, those in the warehouse and agricultural sectors who reported not having cooling accounted for 8% of respondents, those outside the warehouse and agricultural sectors who reported not having cooling accounted for 13% of respondents, and those outside the warehouse and agricultural sectors who reported not knowing if they had cooling accounted for 1% of respondents. The portion of respondents from sectors where one would expect space conditioning equipment to be present that failed to report having such technologies suggests that (1) some respondents may have lacked awareness of space conditioning systems and (2) some respondents may not have considered their HVAC equipment as “in” their business, particularly in cases where the heating/cooling was centralized.

Figure 5. Equipment Present and Large Energy Users (n=390; Multiple Response)



Although lighting, office, and water heating equipment were the most common types of equipment, the largest energy users reported by respondents were non-portable space heating and cooling equipment. Figure 5 depicts the percentage of organizations that indicated owning different types of equipment and the percentage who selected each type of equipment as a large user of energy. Approximately 79% of surveyed organizations reported owning space heating, and 78% reported it was a large energy user, indicating almost all respondents with space heating felt it was a major energy user. Similarly, 64% of surveyed organizations indicated owning non-portable cooling equipment, and 51% reported it was a large energy user.



PTLM PERSPECTIVE

The types of equipment surveyed organizations owned suggests there is likely demand for the rapidly deployable lighting and refrigeration measures the SBDI channel offers. The types of equipment respondents indicated using the most energy reinforces the demand for the deeper retrofits the SBEP channel offers.

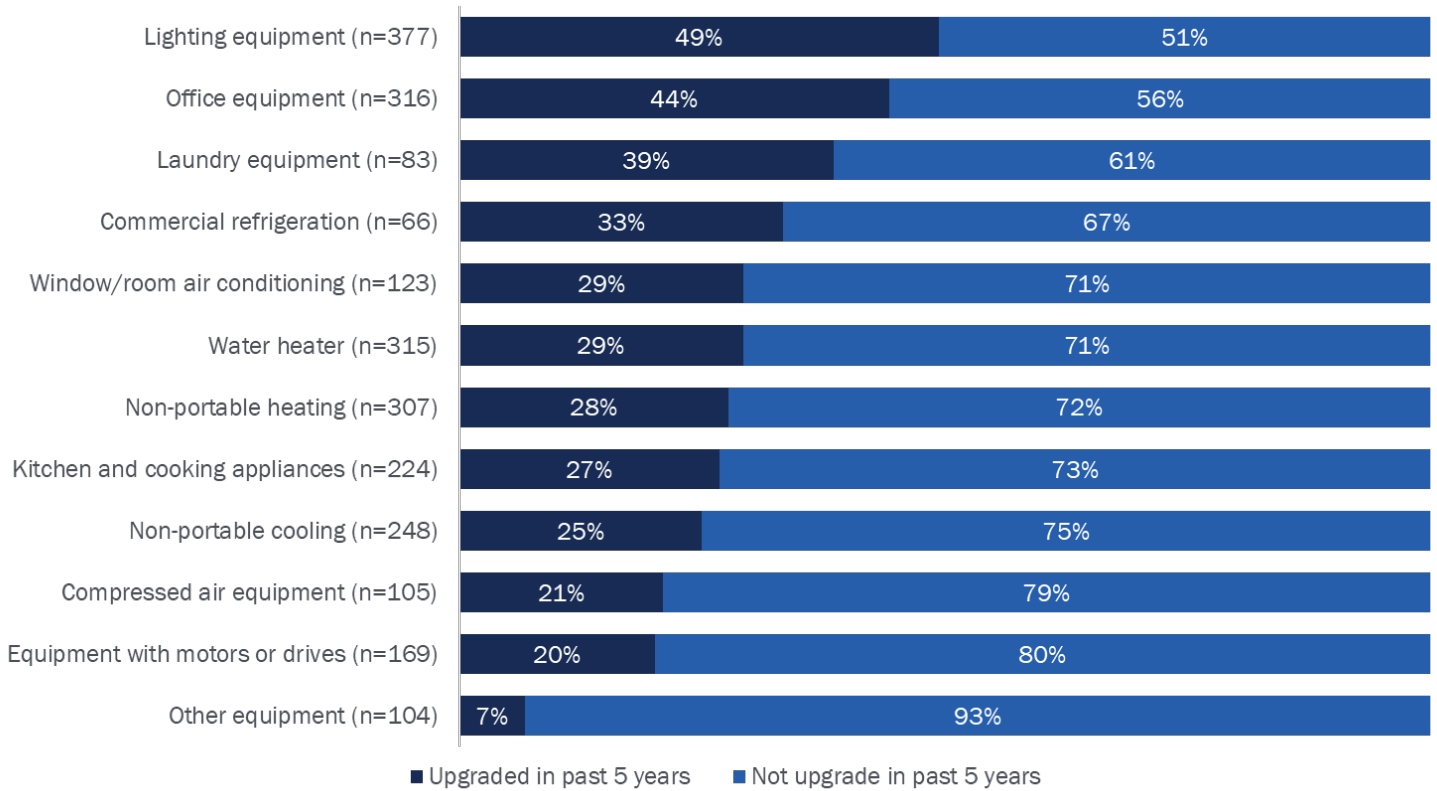
The equipment at surveyed organizations varied by business segment. As one may expect, there were significant differences in equipment by core segment. Surveyed organizations in the nonprofit/religious/education group were statistically most likely to report owning non-portable cooling equipment (78%), kitchen and cooking appliances (83%), and commercial refrigeration (22%). Those in the personal/trade services group were statistically most likely to report owning water heating equipment (94%), laundry equipment (42%), compressed air equipment (55%), and equipment with motors or drives (63%). Those in the professional services group were statistically most likely to report owning office equipment (91%).

ENERGY UPGRADE OPPORTUNITIES

The top types of equipment surveyed organizations recently replaced were lighting, office, and laundry equipment. As shown in Figure 5 above, nearly all respondents reported having lighting equipment; however, nearly half of respondents reported replacing lighting equipment within the past five years (Figure 6). Consequently, they may not be interested in replacing it again soon. The types of equipment respondents had not recently replaced (such as equipment with motors or drives, compressed air equipment, and non-portable cooling equipment) represent areas where respondents likely have greater need.

Surveyed organizations in DACs were more likely to have recently upgraded some types of equipment compared to respondents outside DACs. Specifically, those in DACs were statistically more likely than those outside DACs to report they replaced their non-portable cooling equipment (29% vs. 20%) and lighting equipment (54% vs. 45%). Given that respondents in DACs were not statistically more likely than respondents outside DACs to have previously participated in an AIC offering (discussed further in the Awareness of AIC Offerings and Previous Participation Section), it is unclear what is driving this difference.

Figure 6. Equipment Upgraded in the Past Five Years



Note: n-values vary as respondents were only asked about equipment they indicated owning.

Most surveyed organizations felt there were energy efficiency upgrade opportunities in their facility.

Three-quarters (74%) of respondents reported there were at least “a few” upgrades that could be made to their facility (Figure 7). A small proportion of respondents were unsure if their facility had upgrade opportunities, suggesting they may need further guidance and resources on available opportunities. Among the respondents who reported “very few or no” upgrades could be made, about two-thirds (64%) indicated it was because most or all equipment at their facility was already energy efficient.

Interestingly, respondents who indicated there were “very few or no” upgrades that could be made were not more likely than those who reported that at least “a few” upgrades could be made to have already purchased efficient energy equipment or appliances, installed new energy-efficient lighting or lighting controls, or made improvements to the building shell. This finding points to a lack of awareness of potential upgrades rather than a lack of upgrade opportunities.

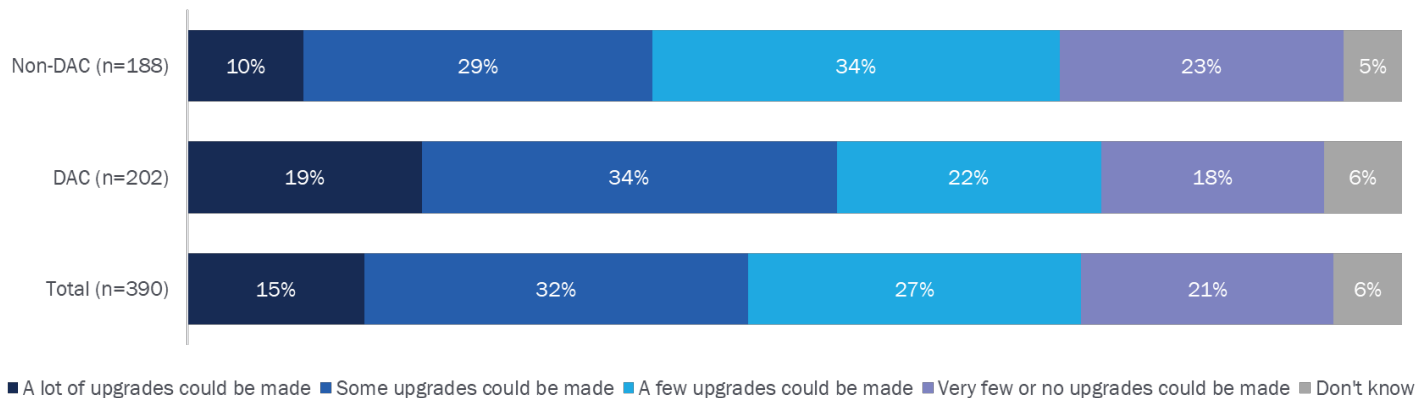
The number of upgrade opportunities for surveyed organizations varied by community and business segment. Surveyed organizations within DACs were statistically more likely to report there were “a lot” of upgrades that could be made compared to those outside DACs and statistically less likely to report there were “a few” upgrades that could be made (Figure 7). Additionally, responses varied statistically by core segment. Respondents in the personal/trade service segment group were most likely to report there were “very few or no” or “a few” upgrades that could be made (61%); those in the nonprofit/religious/education group were least likely (36%) to report there were “very few or no” or “a few” upgrades could be made.



PTLM PERSPECTIVE

Results regarding the number of upgrade opportunities in respondents’ facilities suggest there is ample opportunity for Small Business Initiative participation, particularly among those in DACs and in the public sector.

Figure 7. Perceived Number of Energy Efficiency Upgrades that Could Be Made by DAC Status (n=390)



Weatherization and replacing or upgrading major or minor equipment were the most common self-reported energy upgrades needed.¹⁴ Specific needs varied among those who said at least some upgrades were needed to their facility (Figure 8). Surveyed organizations most often mentioned a need to weatherize their facility (e.g., weather-stripping, caulking, air sealing), followed by a need to replace or upgrade a major type of equipment (non-portable space heating, cooling, water heating) or minor type of equipment (e.g., lighting, thermostats, power strips). Of the upgrade opportunities in Figure 8, respondents were most likely to have replaced or upgraded minor equipment already.



PTLM PERSPECTIVE

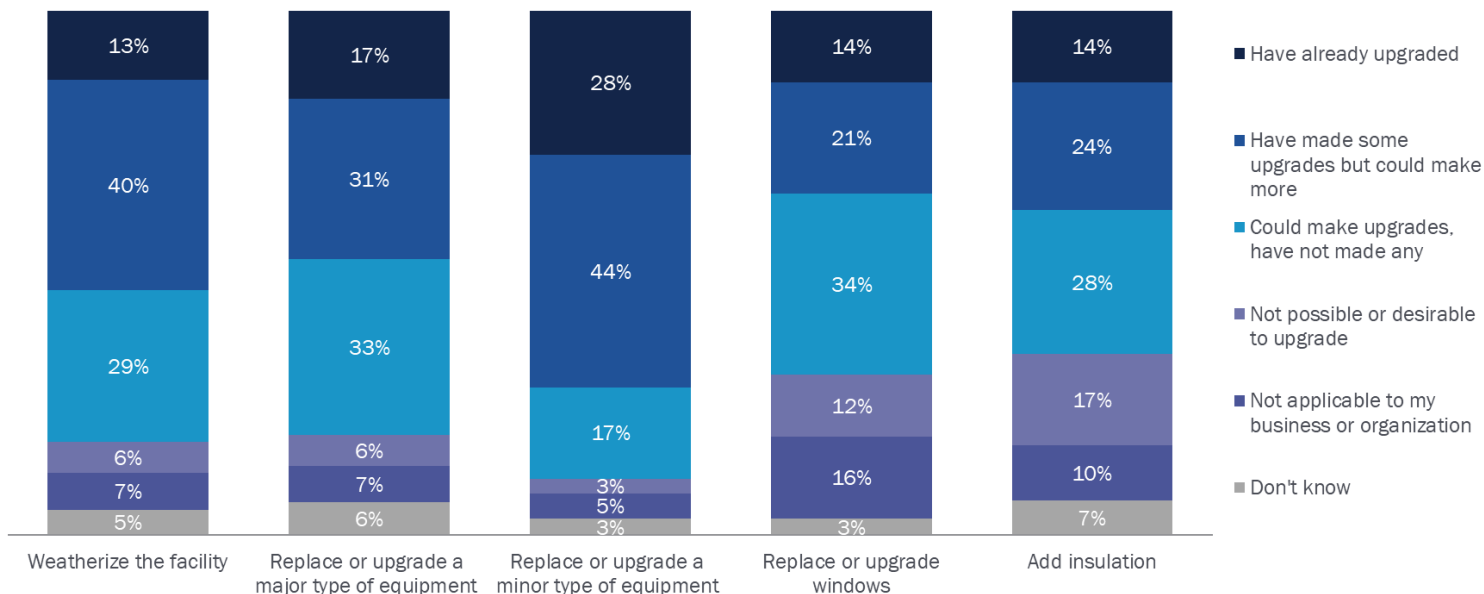
The types of upgrades respondents most often reported needing (weatherization and minor/major equipment upgrades) closely align with what the SBDI and SBEP channels offer (rapidly deployable measures and deeper retrofits). Additionally, differences between subgroups suggest those in DACs and the public sector are in greater need of the SBEP channel’s deeper retrofits. However, results indicate there is a need for such retrofits across all small business customers.

There were a few additional trends related to available upgrade opportunities by DAC status and core segment:

- Surveyed organizations within DACs were statistically more likely to report they could replace or upgrade a major type of equipment compared to those outside DACs (74% vs. 53%). Surveyed organizations outside DACs were statistically more likely to report that replacing a major type of equipment was “not possible or desirable” compared to those within DACs (11% vs. 1%).
- Surveyed organizations within DACs were statistically more likely to report needing window upgrades or replacements compared to those outside DACs (61% vs. 50%).
- Respondents in the nonprofit/religious/education segment group were statistically most likely to report they could add insulation to their facility (62%); those in the professional services group were statistically least likely (44%).
- Respondents in the nonprofit/religious/education segment group were statistically most likely to report they could replace or upgrade their windows (68%); those in the professional services group were statistically least likely (48%).

¹⁴ For the purposes of the survey, examples of major equipment included heating or cooling systems, water heaters, appliances, and refrigeration cases or systems. Examples of minor equipment included light bulbs, thermostats, power strips, and portable fans.

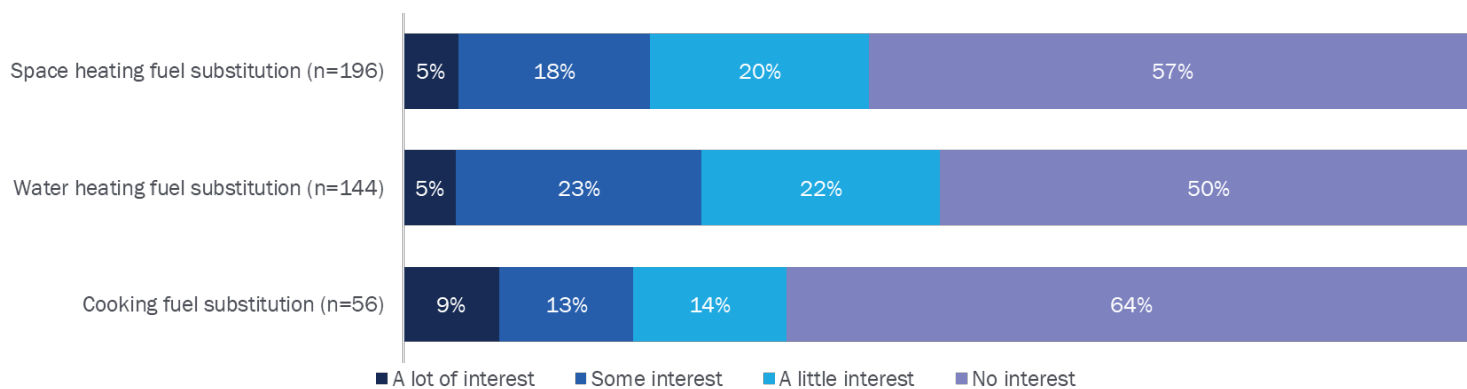
Figure 8. Energy Upgrade Opportunities (n=287)



Note: This question was only asked of respondents who indicated that there were at least some upgrades that could be made to their facility.

A large proportion of respondents with non-electric heating, water heating, or cooking were not interested in replacing it with an electric equivalent. Figure 9 presents information on the level of interest respondents with gas- or oil-fueled space heating, water heating, or cooking equipment reported having in replacing that equipment with an electric alternative. The fuel substitution scenario respondents were most open to was water heating, followed by space heating and cooking (Figure 9). In each scenario, more than half of respondents reported “no interest.” Respondents from organizations outside DACs were statistically more likely to report they had “no interest” in installing a heat pump water heater.

Figure 9. Interest in Fuel Substitution

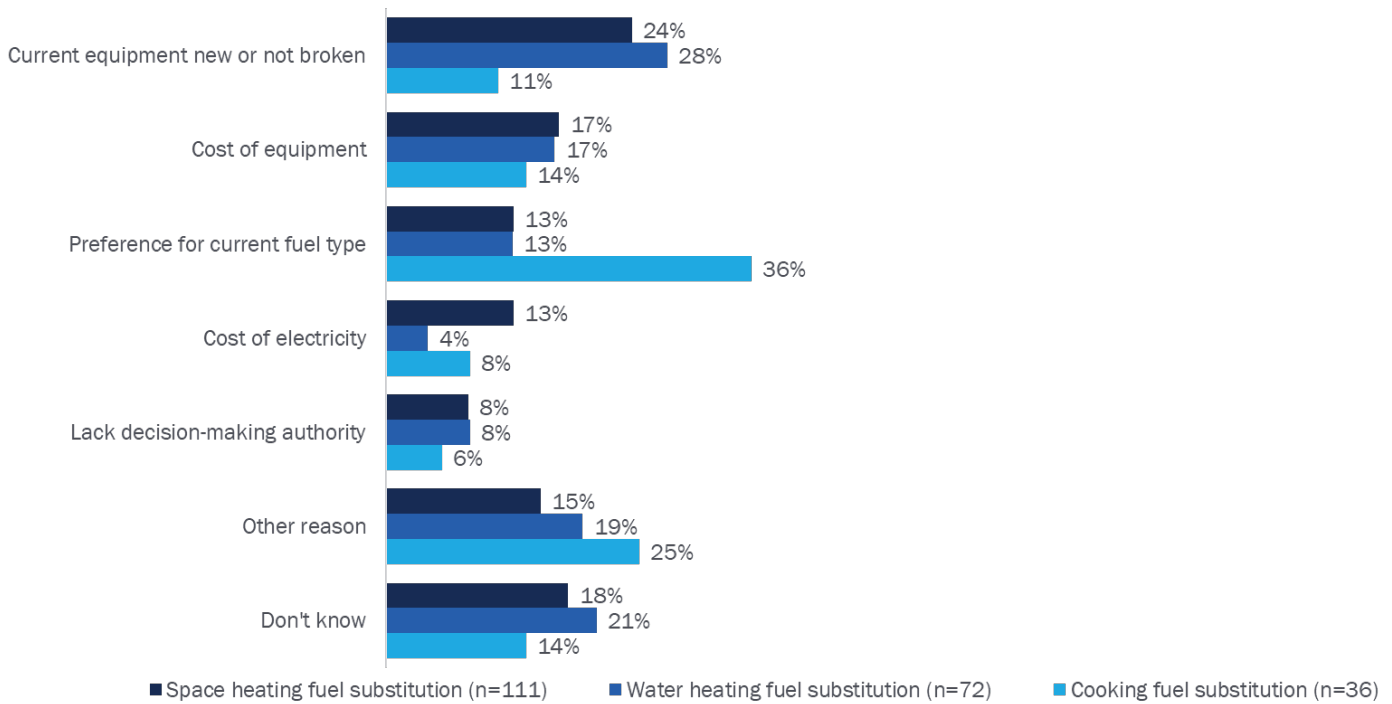


Note: n-values vary as only respondents with gas or oil-fueled space heating, water heating, or cooking equipment were asked about the relevant fuel substitution scenarios.

The top reasons respondents had no interest in replacing their gas- or oil-fueled space and water heating systems with the electric-fueled equivalents were a lack of need for new equipment and cost; the top reason for cooking equipment was a preference for their current fuel. Figure 10 depicts respondents’ reasoning behind not wanting to electrify their space heating, water heating, or cooking equipment. Hesitancy to switch to electric cooking equipment is unsurprising, given the common sentiment that gas equipment allows for a wider range of cooking techniques. There were notable

differences in why respondents were not interested in electrifying their space heating by subgroups. Respondents from surveyed organizations in DACs were statistically more likely than those outside DACs to mention that their current equipment was new or not broken (32% vs. 16%). Among the core segments, those in the nonprofit/religious/education segment were most likely to mention cost (38%) or their current equipment being new or not broken (33%) as reasons for disinterest in fuel substitution opportunities.

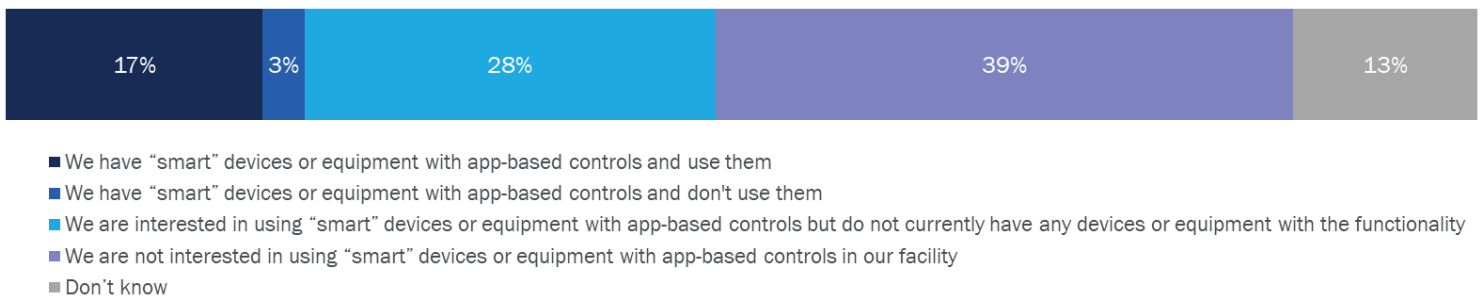
Figure 10. Reasons for Disinterest in Fuel Substitution



Note: n-values vary as respondents were only asked about gas- or oil-fueled equipment they had indicated they had “no interest” in electrifying.

Current ownership of “smart” devices or equipment was low, and interest in future ownership was split. One in five respondents reported having “smart” devices or equipment with app-based controls at their facility, with a small proportion indicating they did not use them. Of those who reported not owning “smart” devices or equipment, a little under half (42%) reported they were interested in using them in the future.

Figure 11. Ownership of Smart Devices (n=390)



ACTIONS TAKEN TO MANAGE ENERGY COSTS

Most surveyed organizations have taken action to address their energy costs directly, most commonly relying on no- or low-cost strategies.

Almost all (94%) surveyed organizations reported they took at least one of the direct actions in Figure 12 to reduce their energy use and the associated costs or otherwise address the health, comfort, and safety (HCS) needs of their employees and customers.¹⁵ The top strategies included low- or no-cost actions like creating energy-saving policies or adjusting space and water heating controls. When it came to making upgrades, lighting was the most common end-use that organizations upgraded, followed by purchasing efficient equipment or appliances and making building shell improvements. There were a few noticeable trends among the core segment and demographic groups we compared:

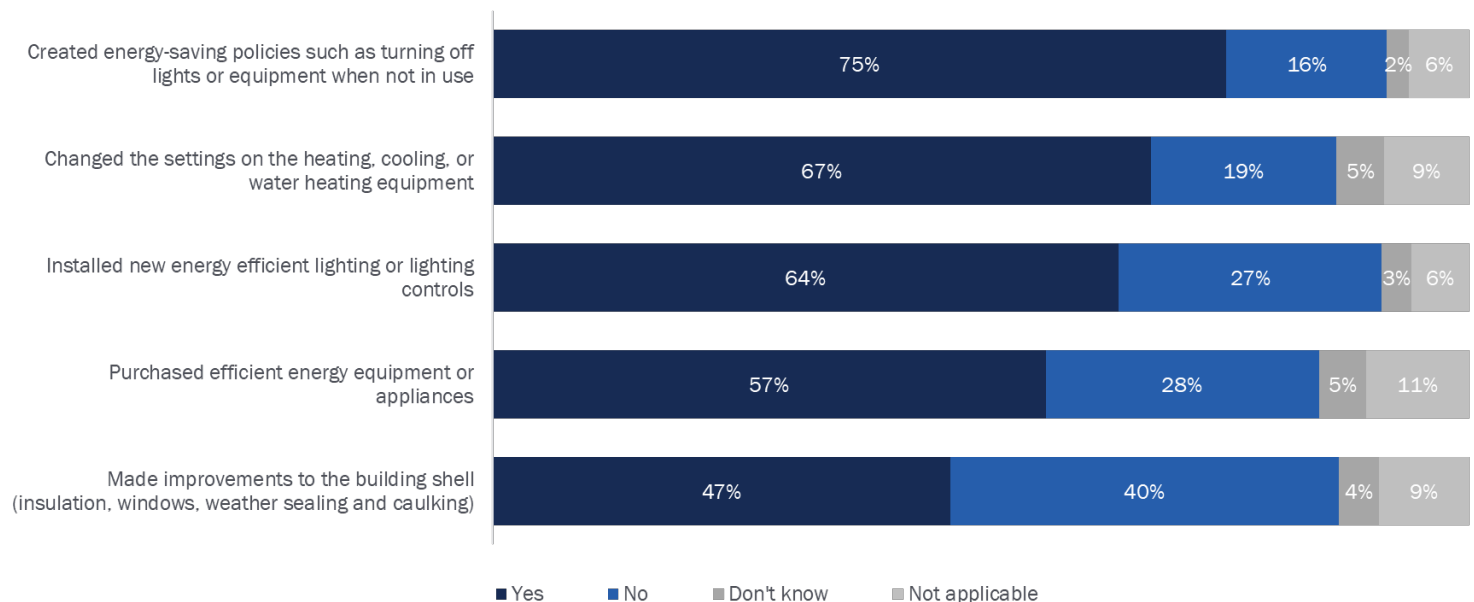


PTLM PERSPECTIVE

In alignment with the program theory that small business customers often lack the financial capital needed to prioritize investing in energy efficiency, surveyed organizations were more likely to use no- or low-cost strategies to address their energy costs than strategies involving a greater financial commitment.

- Respondents from organizations in DACs were more likely to report taking each of the direct actions listed in the survey compared to those outside DACs. They were also statistically more likely to report changing the settings on their HVAC or water heating equipment (71% vs. 63%).
- Those in the nonprofit/religious/education group were statistically most likely to report changing the settings on their HVAC or water heating equipment (86%); those in the personal/trade services group were statistically least likely (66%).

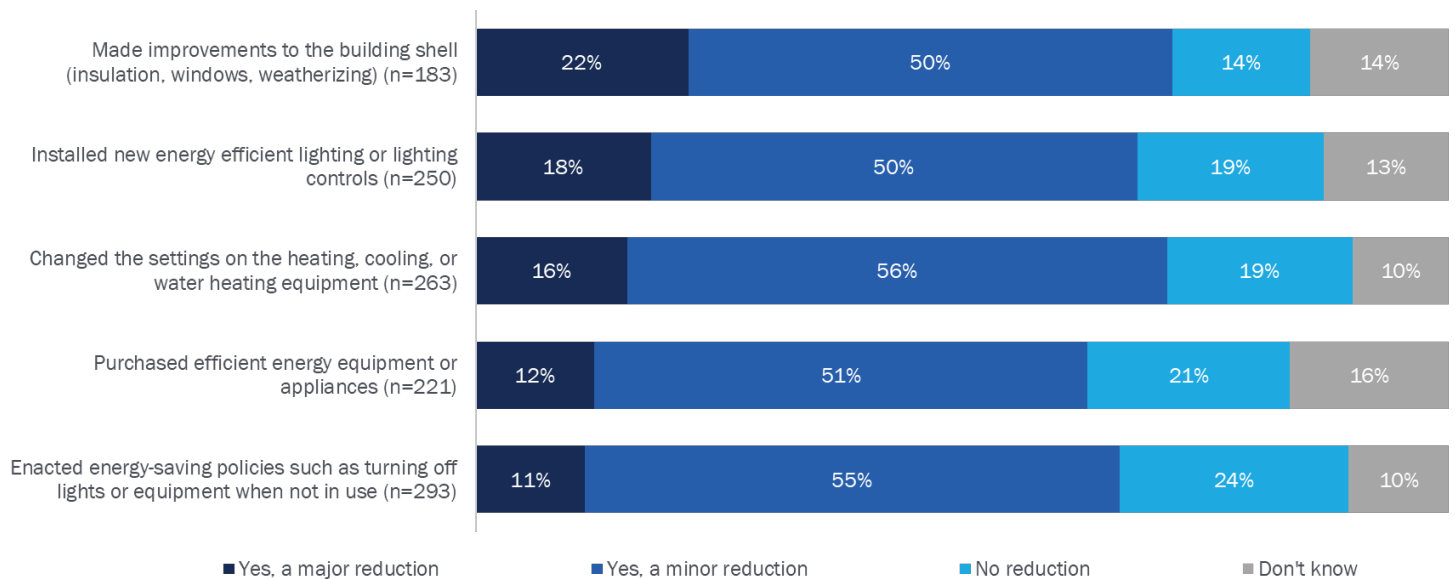
Figure 12. Actions Taken to Address Energy Costs Directly (n=390)



¹⁵ We chose to include HCS in this question because HCS (not energy savings) may be the primary motivator for organizations to take some energy-saving actions, like weatherization or HVAC upgrades.

Many respondents felt the actions taken by their organizations have been impactful in reducing energy costs but that there was still room for improvement. Among respondents who reported taking any actions to address energy costs or HCS directly, three-quarters (79%) reported seeing some reduction in energy usage because of their actions (Figure 13). The three actions that respondents were most likely to report led to an observable reduction in their energy were making improvements to the building shell (72%), changing the settings on HVAC or water heating equipment (71%), and installing new energy-efficient lighting or lighting controls (68%). Respondents from organizations in DACs were more likely to report seeing a reduction in energy usage from all their actions than those outside DACs. They were also statistically more likely to report a reduction from energy-saving policies (72% vs. 59%), installation of new energy-efficient lighting or lighting controls (73% vs. 62%), and purchase of energy-efficient equipment or appliances (70% vs. 55%).

Figure 13. If Direct Actions Taken Resulted in Reduction in Organization’s Energy Use or Costs



While most surveyed organizations reported taking some level of action to address their energy costs directly, some organizations also reported coping with energy costs indirectly, often with negative impacts on their business, their employees, and potentially their communities at large. Over half (56%) of surveyed organizations reported they took at least one of the indirect actions in Figure 14 to manage their energy costs. The most common indirect actions included increasing prices of goods and services, changing or streamlining operations, and postponing or canceling investments in other parts of the organization. There were a few noticeable trends among the groups we compared:

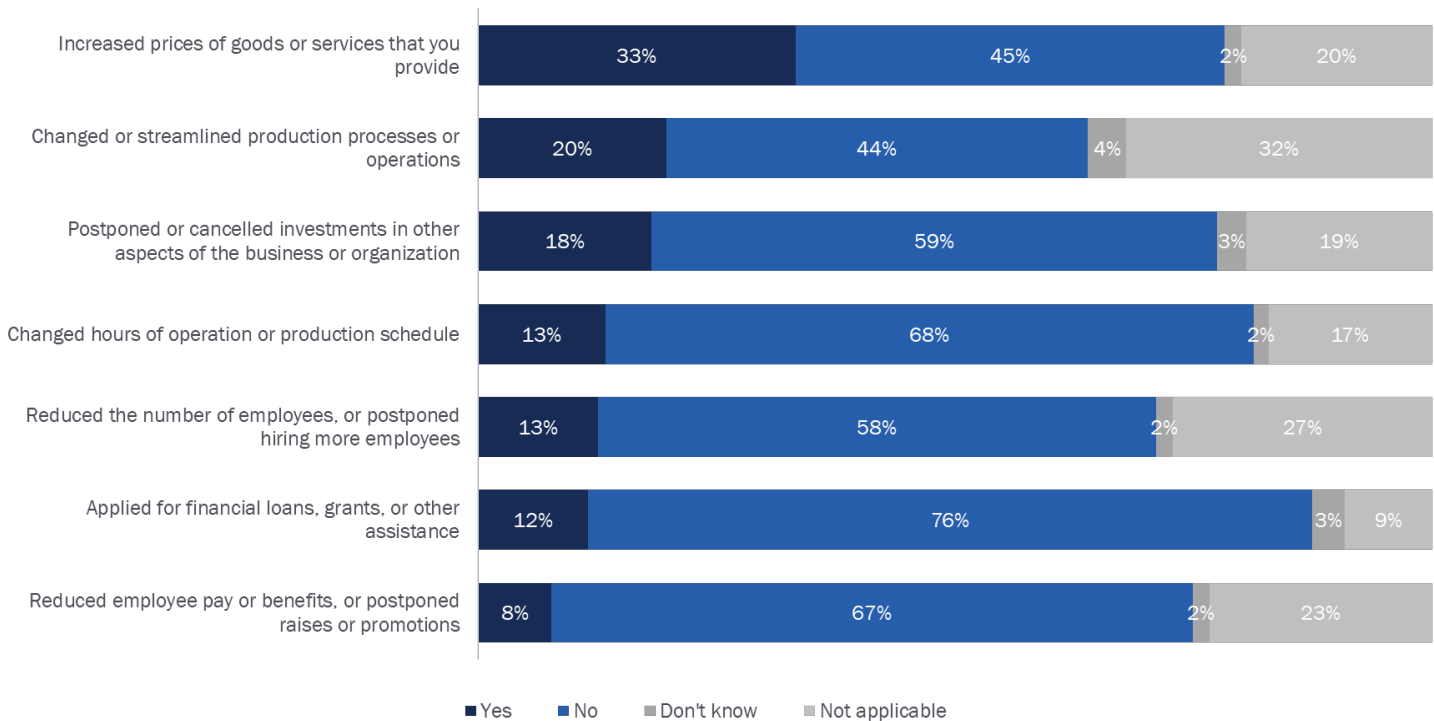
- Respondents from organizations in DACs were more likely to report taking all indirect actions compared to those outside DACs and were statistically more likely to report reducing their number of employees or postponing hiring more employees (15% vs. 10%) and changing or streamlining production processes or operations (24% vs. 15%)
- Among the core segments, those in the personal/trade services segment were statistically most likely to report increasing the prices of the goods or services they provide (57%).
- Those in the professional services group were statistically most likely to report reducing their number of employees or postponing hiring (19%); those in the nonprofit/religious/education group were statistically least likely (6%).
- Those in the nonprofit/religious/education group were statistically most likely to report applying for financial loans, grants, or other assistance (23%); those in the professional services group were statistically least likely (5%).



PTLM PERSPECTIVE

Survey results indicate that organizations in DACs are more likely than those outside DACs to take indirect actions that may negatively impact their business or employees to manage their energy costs. This suggests that energy costs disproportionately burden organizations in DACs and aligns with the program theory that these customers often lack the financial capital to invest in direct energy solutions.

Figure 14. Actions Taken to Address Energy Costs Indirectly (n=390)



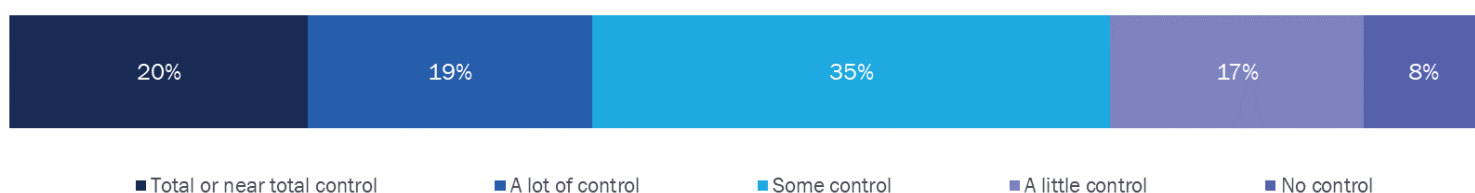
BARRIERS TO ENERGY-SAVING UPGRADES AND ACTIONS

This section summarizes surveyed organizations' interest in making changes to their facility or behaviors to reduce their energy usage and the barriers organizations face in making such changes.

CONTROL OVER ENERGY COSTS

Organizations generally feel they have some degree of control over their energy usage but often feel they do not have a high degree of control. One-fourth (25%) of surveyed organizations reported having “no” or “a little” control over how much energy their organization uses and their associated energy costs (Figure 15). This sense of control did not statistically vary by DAC status; however, it did by segment. Among the core segment groups, respondents in the nonprofit/religious/education segment group were most statistically likely to report having “total/near total” or “a lot” of control (45%) over their energy consumption, and those in the professional services group were statistically least likely (35%). This is likely partially attributable to those in the professional service group being most likely to report leasing their facility (42%) and those in the nonprofit/religious/education group being least likely (8%).

Figure 15. Organization’s Level of Control Over Amount of Energy Consumption (n=390)



The most common barriers to controlling energy costs that respondents identified were affordability, operational needs, a lack of qualified contractors, and a lack of knowledge (Figure 16).

- **Affordability:** The most commonly reported obstacle reported by respondents was upfront costs. About two-thirds (65%) of respondents agreed with the statement, “The upfront costs or capital investment required to replace or upgrade the facility or equipment can be unaffordable.” Respondents from organizations in DACs were statistically more likely to agree with the statement than those outside DACs (69% vs. 61%). Agreement also varied by core segment, with respondents from the nonprofit/religious/education segment group being statistically most likely to agree (77%) and those from the professional services group being statistically least likely (52%).
- **Operational Needs:** The next most common challenge was limitations related to the operation of their business. Nearly half (44%) of respondents agreed with the statement, “Having customers or employees in the facility can limit how or when you can use different types of equipment.” Likewise, given the operational needs of their facilities, about one-third (34%) of respondents agreed with the statement, “We’ve already done all we can to manage and control energy usage and make upgrades.”

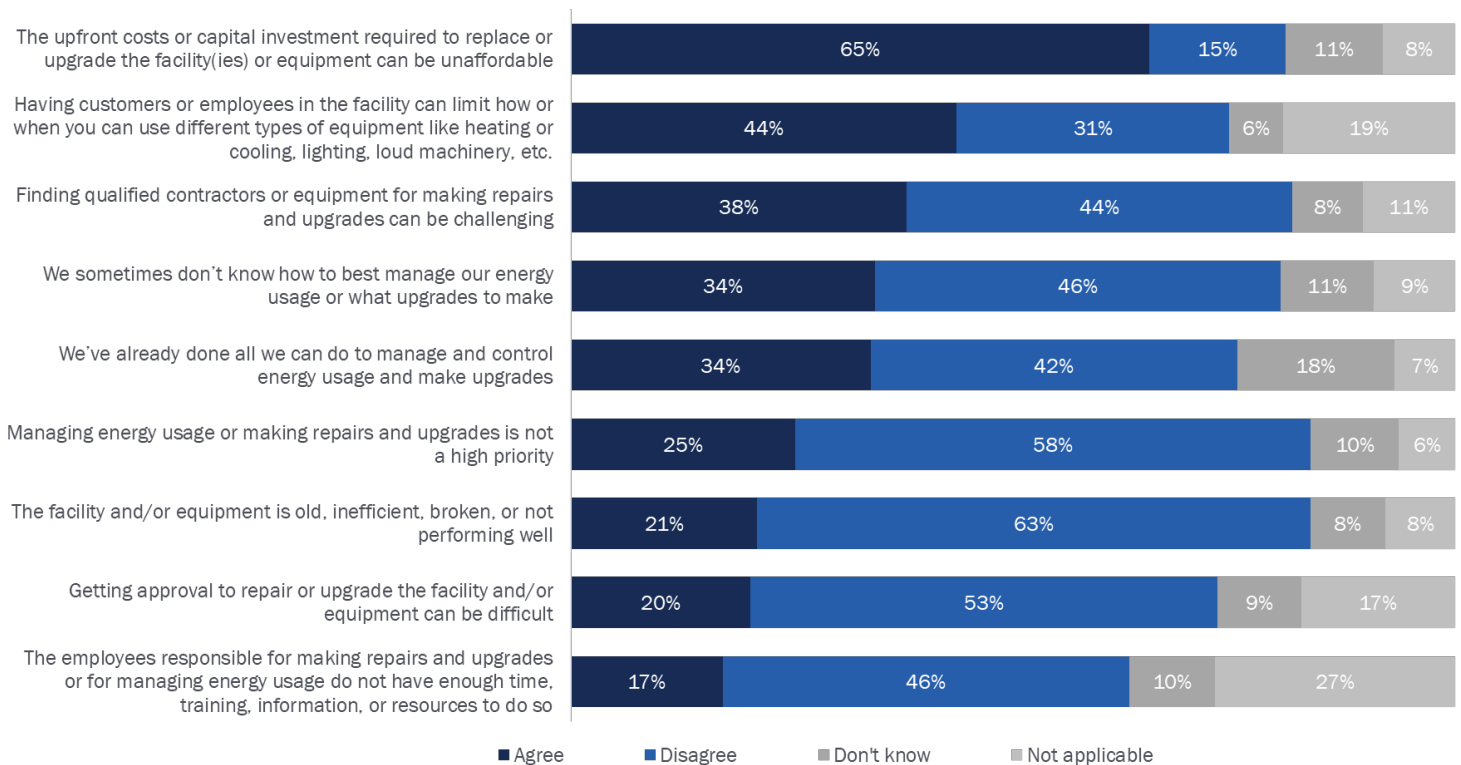
- Lack of Contractors:** About two-fifths (38%) of respondents agreed with the statement, “Finding qualified contractors or equipment for making repairs and upgrades can be challenging.” Respondents from organizations in DACs were more likely to agree with the statement compared to those outside DACs (42% vs. 34%); however, the difference was not statistically significant.
- Knowledge:** About one-third (34%) of respondents agreed with the statement, “We sometimes don’t know how to best manage our energy usage or what upgrades to make.” About one-fifth (17%) of respondents agreed with the statement, “The employees responsible for making repairs and upgrades or managing energy usage do not have enough time, training, information, or resources to do so.” Respondents from organizations within DACs were statistically more likely to agree with this statement compared to those outside DACs (21% vs. 13%).



PTLM PERSPECTIVE

The program theory posits that small business customers can feel like they do not have control over their energy costs due to a lack of knowledge about upgrade opportunities and the benefit of investing in more efficient systems. Survey results support that lack of knowledge does play a role in customers’ sense of control, but also reinforce the impact of affordability, operational barriers, and difficulties finding qualified contractors. Survey results also highlight how customers in DACs may experience different/more barriers to controlling their energy usage than those outside DACs, specifically related to affordability and knowledge.

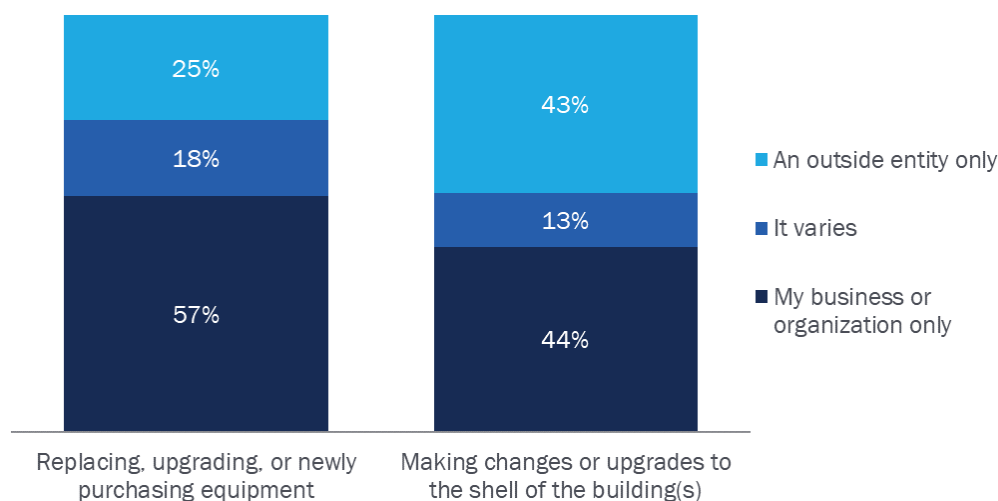
Figure 16. Agreement with Challenges for Controlling Energy Usage and Costs (n=390)



DECISION-MAKING POWER

Most organizations have a high degree of decision-making power related to energy upgrades; however, lack of decision-making power may disproportionately affect those leasing in DACs. As discussed in the Firmographics section, most surveyed organizations were independently owned and operated or owned the property where their organization was located; as such, we can infer most of these organizations are responsible for paying their energy bills and are fully responsible for making decisions related to upgrades (i.e., do not require outside approval). Among organizations that did not independently own and operate their organization or fully own the property where their organization was located, almost all (97%) reported they were responsible for paying their energy bills, and over half (57%) reported their organization was responsible for making decisions about equipment upgrades (Figure 17). Notably, among the same subset of respondents, a smaller proportion were responsible for decisions about building shell improvements. This is likely because many of these organizations occupy only part of a multi-unit building. Specifically, of respondents who indicated their organization was not solely responsible for decision-making regarding the building shell, 69% reported occupying part of the building where their organization was located. Respondents from organizations within DACs were statistically less likely to be responsible for decisions about the building shell compared to those outside DACs (33% vs. 54%); however, decision-making power for equipment upgrades did not statistically vary by DAC status.

Figure 17. Decision-Making About Equipment or Building Shell Upgrades (n=115)

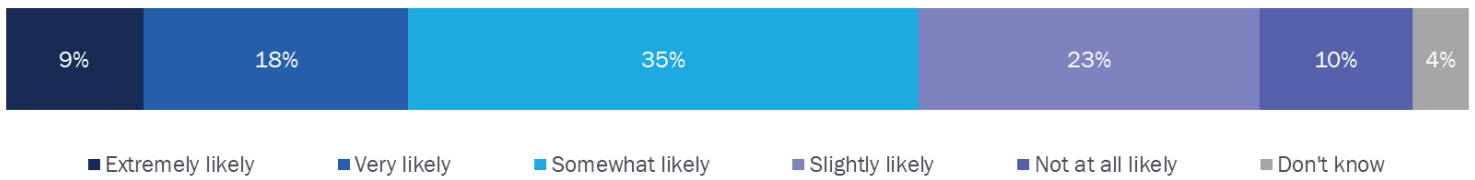


Note: This question was only asked of organizations that did not independently own and operate their organization or fully own the property where their organization was located.

ENERGY UPGRADES INTEREST AND BARRIERS

Most surveyed organizations were likely to make energy efficiency upgrades in the next two years. Over half (62%) of respondents reported they were at least “somewhat” likely to make energy efficiency upgrades in the next two years (Figure 18). Respondents from organizations outside DACs were more likely to be at least “somewhat” likely to make upgrades in the next two years compared to those in DACs and statistically more likely to report they were “extremely” likely to do so (13% vs. 7%).

Figure 18. Likelihood To Make Energy Efficiency Upgrades in Next Two Years (n=390)

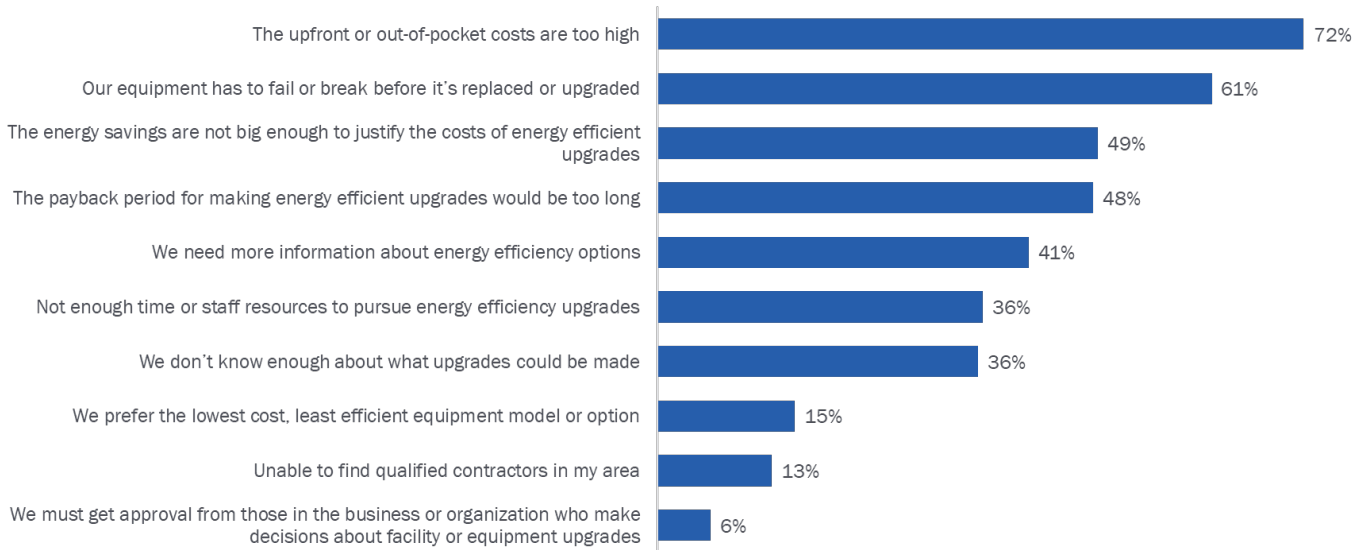


Respondents' common barriers to pursuing energy efficiency measures included affordability, early replacement, lack of knowledge, and lack of contractors. As with respondents' challenges controlling their energy usage, upfront costs were the most common barrier to making energy efficiency upgrades (Figure 19). Across the core segment groups, respondents from the nonprofit/religious/education group were statistically most likely to report upfront cost as a barrier (81%). Those in the personal/trade services group were statistically least likely (63%). The second most common barrier to energy efficiency investment was that respondents preferred to wait until their current equipment failed before replacing it. The next most commonly reported barriers were concerns about the magnitude of the resulting energy savings (49%) and payback periods (48%). Two in five respondents reported needing more information about energy efficiency options before upgrading, and about one-third reported they did not know enough about what upgrades could be made. One in ten respondents reported that the lack of contractors in their area was a barrier to pursuing upgrades. Respondents from organizations in DACs were more likely than those outside DACs to cite upfront costs, lack of knowledge, and lack of contractors as barriers. Still, none of these differences were statistically significant.

 PTLM PERSPECTIVE

The Small Business Initiative aims to make energy efficiency upgrades more accessible to small business customers by (1) removing financial barriers by providing low- or no-cost upgrades, (2) increasing access to technical support, (3) increasing customer awareness of efficient technology, and (4) developing a network of qualified contractors. Survey results confirm cost, lack of knowledge, and lack of contractors as major barriers to energy efficiency upgrades; however, results also highlight customers' hesitancy to replace or upgrade equipment before it fails.

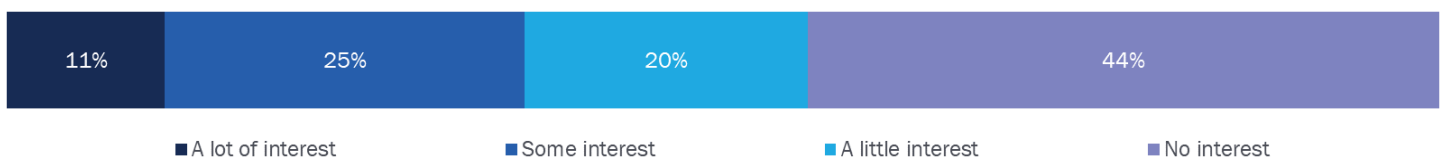
Figure 19. Barriers to Making Energy Efficiency Upgrades (n=197; Multiple Response)



Note: This question was only asked of respondents who indicated their organization was “somewhat,” “slightly,” or “not at all” likely to make energy efficiency upgrades in the next two years.

Over half of surveyed organizations (54%) had some interest in receiving a free energy assessment. Two in five respondents reported they had “no” interest in a free energy assessment (Figure 20). Of the respondents who indicated having no interest, 63% reported there were “very few or no” or “a few” upgrades that could be made to their facility, suggesting a driving factor of disinterest is a lack of awareness of available upgrade opportunities. Among the core segment groups, respondents in the nonprofit/religious/education segment group were statistically most likely to report having “a lot of” interest in receiving an assessment (14%). Those in the personal/trade services group were statistically most likely to report having “no” interest (52%).

Figure 20. Interest in Receiving a Free Energy Assessment (n=390)

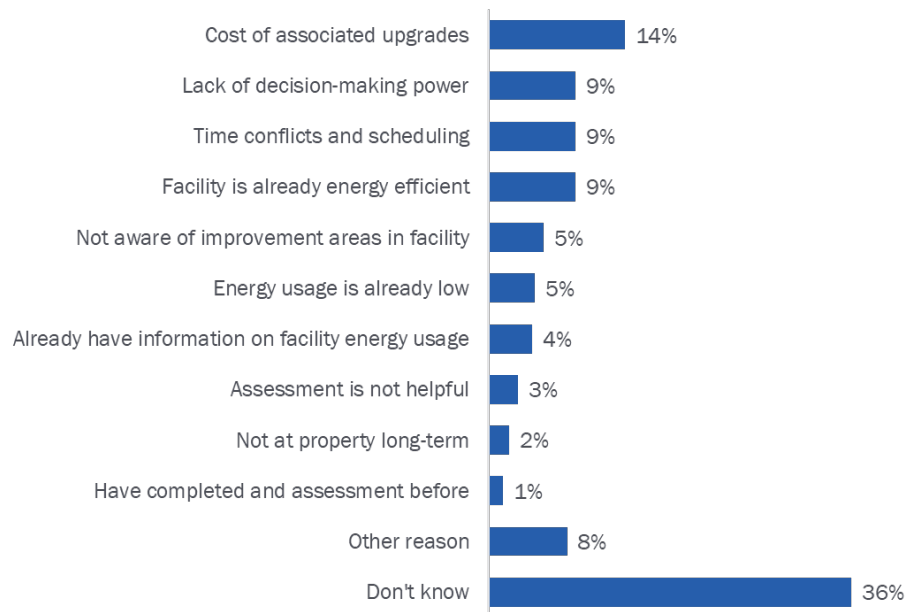


Many surveyed organizations did not or could not cite a reason as to why they were uninterested in receiving a free energy assessment. The reasons from those who did provide them varied highly. Among respondents who did not have “a lot” of interest in a free assessment, the top reasons for not being interested in the assessment included the costs associated with the recommended upgrades that come with an energy assessment, a lack of decision-making power, time conflicts, and facilities already being energy efficient (Figure 21). Notably, about one-third (36%) responded “don’t know” when asked why they were not more interested.¹⁶

¹⁶ This question was an open-ended response question (i.e., it did not have any prescriptive response options), which may have contributed to respondents not providing details on why they lacked interest in the assessment.

The Small Business Initiative is designed to cover all or nearly all project costs including installation; however, later results show that awareness of AIC offerings is low. As such, surveyed organizations were likely unfamiliar with the level of financial incentives available through the Initiative, hence why some cited cost as a barrier.

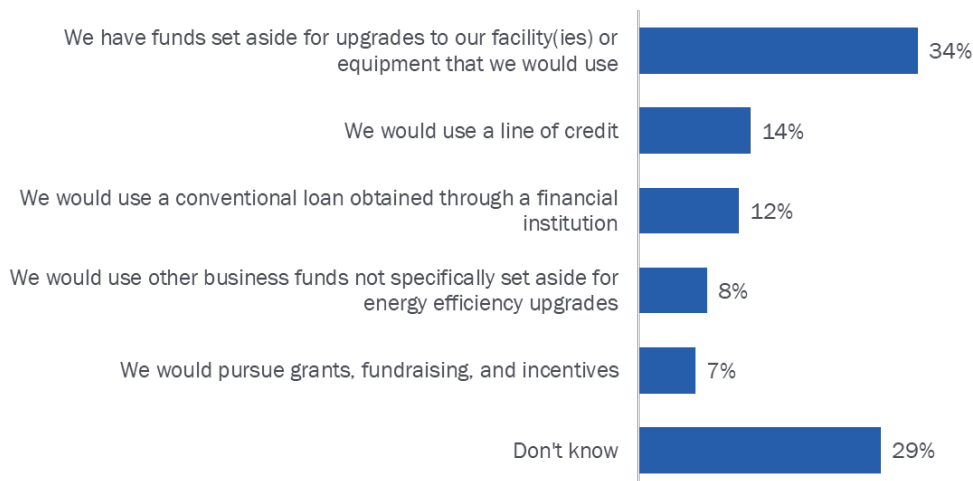
Figure 21. Reasons For Lack of Interest in Free Energy Assessment (n=347; Multiple Response)



Note: This question was only asked of respondents who expressed less than “a lot” interest in receiving a free energy assessment.

Most surveyed organizations do not have funds set aside for energy efficiency upgrades, particularly within DACs. Among respondents who indicated there were at least “a few” upgrades that could be made to their facility, about one-third (29%) indicated they did not know how they would cover the costs (Figure 22). Respondents from organizations within DACs were more likely to report they did not know how they would cover costs for upgrades compared to those outside DACs (32% vs. 26%) and statistically less likely to report they had funds set aside to upgrade their facility or equipment (28% vs. 41%). Although not original response options, a sizeable portion of respondents mentioned pulling from general business funds or pursuing grants, fundraising, and incentives as funding mechanisms for investing in energy efficiency.

Figure 22. Financial Resources Available to Pursue Energy Efficiency Upgrades (n=287; Multiple Response)



Note: This question was only asked of respondents who indicated there were at least “a few” energy upgrades that could be made at their facility.

Most surveyed organizations do not allocate a portion of their budget or revenue to reducing their energy usage, and those that set aside budget allocate only a small percentage to energy efficiency efforts. About half (49%) of respondents reported that they did not know what percentage of their annual operating budget or revenue went to energy-saving projects. We can infer that these organizations either do not have a budget dedicated to reducing energy usage or lack visibility into company financials. One-fifth of respondents (16%) preferred not to provide information on the amount of budget their organization dedicates to energy-saving projects. Of the respondents who provided a valid response,¹⁷ approximately 42% reported using no budget or revenue for energy upgrades, and 51% reported using less than 10%. On average, surveyed organizations that allocated funds toward energy efficiency dedicated about 7% of their budget or revenue toward projects intended to reduce energy consumption.

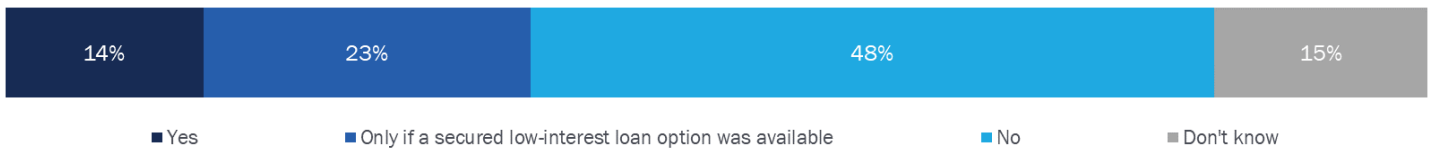
 PTLM PERSPECTIVE

Many surveyed organizations did not have funds set aside for energy efficiency upgrades, nor did they allocate a portion of their budget dedicated to reducing their energy usage. This supports the program theory that small businesses often lack the financial resources to prioritize and invest in saving energy.

Most surveyed organizations were not open to using financing to make energy efficiency upgrades. Of those who reported at least “a few” upgrades that could be made to their facility, about half reported they would not consider using financing to make upgrades, and a sizeable proportion of respondents were unsure if they would (Figure 23).

¹⁷ We elected to re-categorize outliers into the “don’t know” response option. We identified outliers as responses that fell more than three standard deviations away from the mean.

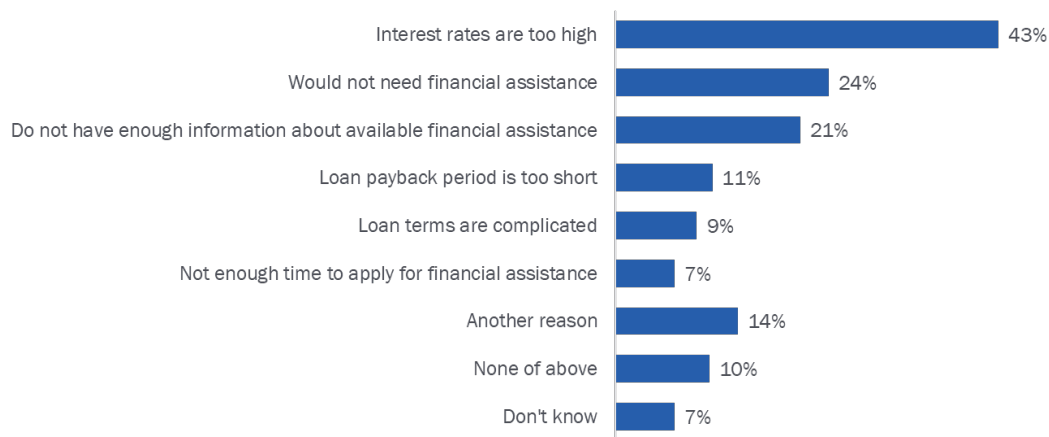
Figure 23. Willingness to Use Financing to Make Energy Efficiency Upgrades (n=287)



Note: This question was only asked of respondents who indicated there were at least “a few” energy upgrades that could be made at their facility.

Surveyed organizations were wary of using financial assistance for energy efficiency upgrades because of high interest rates and lack of knowledge on available assistance. Of respondents who indicated there were at least “a few” upgrades that could be made to their facility, the top reasons for not using financing to fund upgrades were interest rates being too high (43%), lack of need (24%), and not having enough information about available financial assistance (21%) (Figure 24). Respondents from organizations in DACs were statistically more likely to report that they did not have enough information about available financial assistance compared to those outside DACs (25% vs. 16%).

Figure 24. Reasons for Not Using Financial Assistance to Make Energy Efficiency Upgrades (n=287; Multiple Response)



Note: This question was only asked of respondents who indicated there were at least “a few” energy upgrades that could be made at their facility.

ENERGY-SAVING BEHAVIORS INTEREST AND BARRIERS

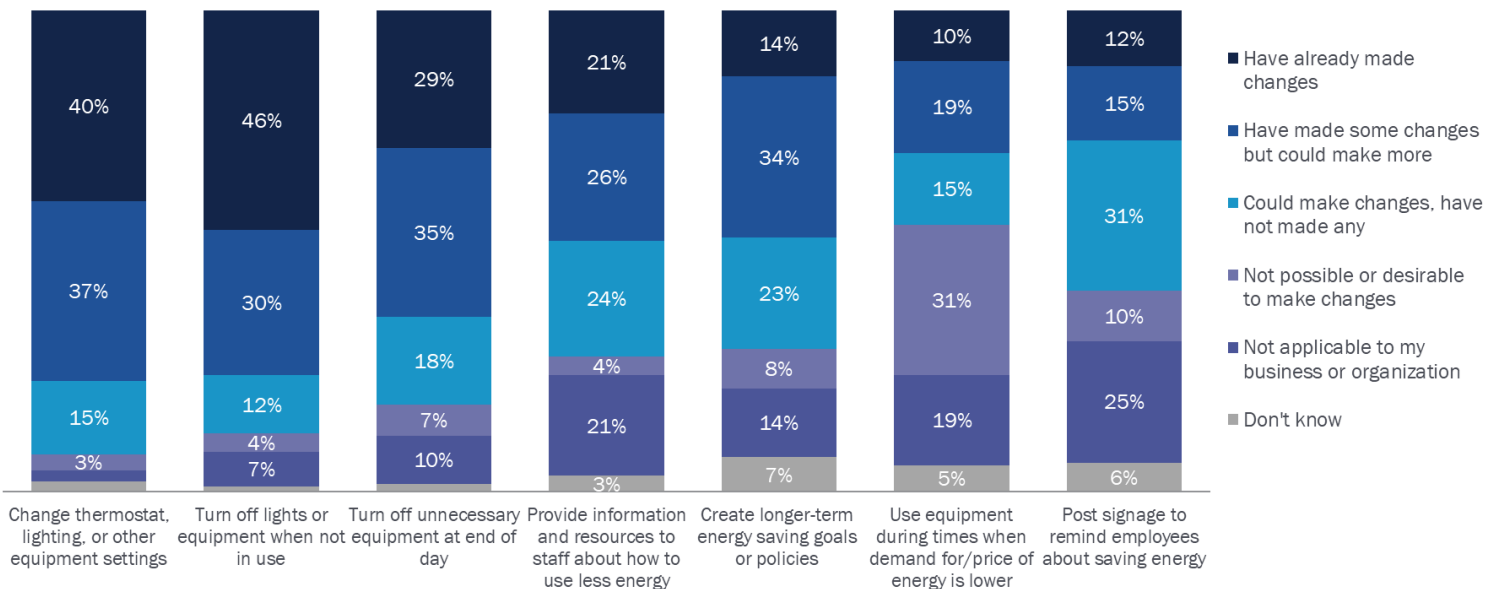
Most surveyed organizations felt, in terms of behaviors related to the use of equipment, that they were doing or were close to doing all they could to manage their energy usage. About half (46%) of surveyed organizations reported that their organization could take at least “a few” actions related to the use of equipment to manage their energy usage better; however, nearly as many (43%) said there were “very few to no” remaining actions they could take (Figure 25). Among surveyed organizations who reported that “very few or no” actions could be taken, a large majority (73%) indicated that their behavior and how they used their equipment already saved as much energy as possible. Interestingly, respondents who reported there were “very few or no” actions related to the use of equipment they could take were not more likely than those who indicated there were at least “a few” actions they could take to have previously created energy-saving policies or changed their HVAC or water heating setting to save energy. This suggests that respondents who felt there were limited actions they could take to change how they use equipment lack awareness of the actions they could take rather than having already taken such actions.

Figure 25. Perceived Number of Actions Related to the Use of Equipment that Could be Taken (n=390)



When asked about potential actions they could take related to equipment usage, surveyed organizations focused on turning off equipment when it is not in use and modifying equipment settings. Among respondents who reported at least “a few” actions could be taken to change how the equipment was used to reduce energy use, the most common actions respondents indicated they could take were direct modifications of equipment usage, such as changing equipment settings and turning off lighting and other equipment when not in use or at the end of the day (Figure 26). Some surveyed organizations felt they could take more information-based or policy-setting actions, such as creating longer-term energy savings goals, providing their staff with resources on reducing energy usage, or posting signage (i.e., flyers, bulletins, images) around the facility to remind staff about saving energy. Respondents were least likely to report they could change when they use equipment to align with when demand for or price of energy was lower. This is likely due to the operational needs of businesses allowing little flexibility in when energy is used.

Figure 26. Actions Organizations Could Take to Reduce Energy Usage (n=182)

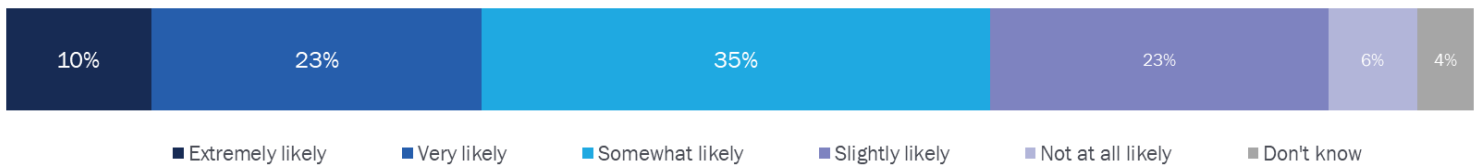


Note: This question was only asked of respondents who indicated there were at least “a few” actions their organization could take to reduce its energy use.

Labels for percentages less than 3% are not shown.

Most surveyed organizations were at least slightly likely to change how they use equipment in the future to save energy. Of respondents who reported that at least “a few” behavioral actions could be taken by their organization to reduce energy use, about one-third (33%) of respondents were “very” or “extremely” likely to modify how they use equipment to save energy. Over half (58%) of respondents were “somewhat” or “slightly” likely to do so. Among core segments, respondents in the nonprofit/religious/education segment group were statistically most likely to report they were “very” or “extremely” likely to change their usage (34%); those in the personal/trade services group were statistically least likely (19%).

Figure 27. Likelihood of Changing Use of Equipment to Save Energy (n=182)



Note: This question was only asked of respondents who indicated there were at least “a few” actions their organization could take to reduce its energy use.

Many surveyed organizations reported they were unable to change their equipment settings, usage, or schedule, particularly in certain business segments. The top reasons for being less likely to modify equipment usage to save energy included an inability to change equipment settings, usage, or schedule and a lack of information on what actions could be taken (Figure 28). Respondents in the nonprofit/religious/education segment group were statistically most likely to report they needed more information about what actions could be taken (57%); those in the personal/trade services group were statistically least likely (21%). Respondents in the professional services group were statistically most likely to report their facility could become too uncomfortable or unsafe (32%) if they modified equipment usage; those in the personal/trade services group were statistically least likely (5%).

Figure 28. Reasons For Not Modifying How Equipment Is Used to Reduce Energy Usage (n=116; Multiple Response)



Note: This question was only asked of respondents who indicated there were at least “a few” actions their organization could take to reduce its energy use and were less than “very” likely to modify equipment usage to save energy.

 PTLM PERSPECTIVE

The Small Business Initiative does not aim to directly incentivize customers to engage in energy-saving behavior changes; however, the Initiative aims to encourage energy-saving behaviors via free energy assessments and facility-specific recommendations. Survey responses indicate that, although many organizations feel they are already doing all they can to limit their costs, there is an opportunity for the Initiative to further educate customers on actions they can take to reduce their usage within the limits of their operational needs.

AIC PROGRAM PARTICIPATION

This section summarizes surveyed organizations’ familiarity with AIC’s energy efficiency offerings, interest in participating, barriers to participating, and outreach preferences.

AWARENESS OF AIC OFFERINGS AND PREVIOUS PARTICIPATION

The majority of surveyed organizations were aware of AIC’s energy efficiency offerings; however, familiarity was limited. Over half (55%) of respondents had some level of familiarity with at least one of AIC’s energy efficiency offerings; however, less than 10% were “extremely” or “very” familiar with them (Figure 29). Among respondents who reported being at least a little familiar with AIC’s energy efficiency offerings, over one-third (36%) indicated their organization participated in an AIC offering in the past. Assuming those who were not familiar have likely not participated, about one in five (20%) of all surveyed organizations participated previously. Among those who reported their organization had participated in or received incentives through an AIC energy efficiency offering, about half (52%) reported they had seen benefits, including reduced energy costs or increased comfort and safety, as a result of their participation.

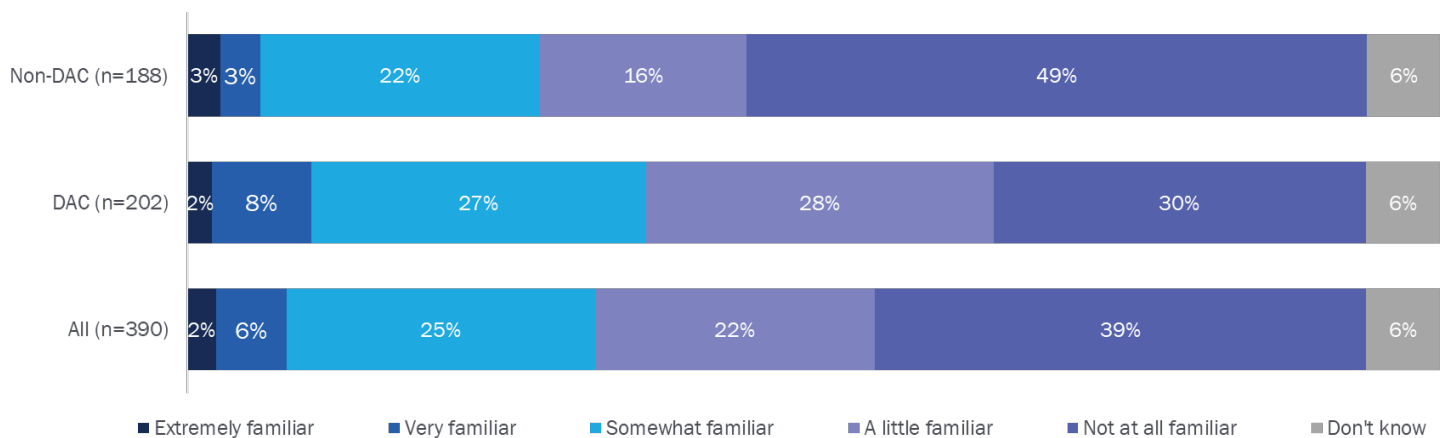


PTLM PERSPECTIVE

The Small Business Initiative aims to increase customer awareness of AIC’s energy efficiency offerings for small business customers. Survey results indicate there is ample room for growth in this area, as respondents had limited familiarity with AIC’s offerings overall. Differences in familiarity by DAC status suggests that efforts to increase awareness of AIC’s offerings have been more successful in DACs. Survey results also indicate that a sizeable portion of small businesses that participate in AIC’s offerings see noticeable benefits.

Familiarity with AIC’s energy efficiency offerings differs by community, with DACs exhibiting higher familiarity. As seen in Figure 29, respondents from organizations in DACs were statistically more likely to indicate they were familiar with AIC’s energy efficiency offerings compared to those outside DACs (64% vs. 45%).

Figure 29. Familiarity with AIC Energy Efficiency Offerings, by DAC-Status (n=390)



BARRIERS TO PARTICIPATION

In addition to limited awareness, lack of information was a primary barrier to participation in AIC's offerings. Among surveyed organizations that were at all familiar with AIC's offerings but never participated, the most common reasons cited for not participating were a lack of information on services, upgrade opportunities, and the participation process (Figure 30). Compared to respondents from organizations outside DACs, those within DACs were statically more likely to report a lack of interest in participating or lack of need to participate (20% vs. 8%) and statistically less likely to report preferring or needing to purchase a specific type of equipment or equipment from a specific vendor (2% vs. 12%).

PTLM PERSPECTIVE

Survey results indicate a lack of awareness of available energy efficiency offerings and the nature of said offerings are primary barriers to participation in AIC's offerings. These results support the program theory that there is limited awareness among small business customers about the existence of the Small Business Initiative, as well as what the participation process entails and the benefits of participating.

Figure 30. Reason for Not Participating in Any AIC Energy Efficiency Offerings (n=117; Multiple Response)



Note: This question was only asked of respondents who were at least "a little" familiar with AIC's energy efficiency offerings but had not participated in one in the past.

There is moderate interest in learning more about and potentially participating in AIC’s energy efficiency offerings. About half (53%) of surveyed organizations reported having “a lot” or “some” interest in participating (Figure 31). Interest did not statistically vary by DAC status; however, it varied by segment. Among the core segment groups, respondents in the nonprofit/religious/education segment group were statistically most likely to report having “a lot” or some” interest (60%), and those in the personal/trade services group were statistically least likely (39%) to express interest.



PTLM PERSPECTIVE

Survey results indicate public sector organizations, a segment that the SBEP channel specifically targets, have increased interest in learning about and participating in AIC’s offerings.

Figure 31. Level of Interest in Learning More About or Participating in AIC Energy Efficiency Offerings (n=262)



Note: Only respondents who (1) were not at all familiar with AIC’s offerings, (2) previously participated in an AIC offering, (3) were aware of the offerings but had not participated due to lack of information about the services they were eligible for, and/or (4) were aware of the offerings but unsure if they had participated previously were presented this question. Results exclude four respondents who indicated the question was not applicable as their business or organization was not eligible for participation in any programs.

Surveyed organizations’ lack of interest in AIC’s offerings often stemmed from a lack of awareness of potential upgrade opportunities. Of respondents who (1) never participated in an AIC energy efficiency offering due to a lack of interest or perceived lack of need and (2) who reported having “no” interest in participating in the future, one-third reported they were not interested in AIC’s offerings because their equipment was already efficient (Figure 32). Other responses cited barriers related to cost, time, and decision-making authority.



PTLM PERSPECTIVE

Survey results indicate that some small businesses lack interest in AIC’s offerings because they think their facilities are already efficient. This supports the program theory that small business customers may lack knowledge of the upgrade opportunities in their facilities.

Figure 32. Reason for Lack of Interest in AIC Energy Efficiency Offerings (n=124; Multiple Response)

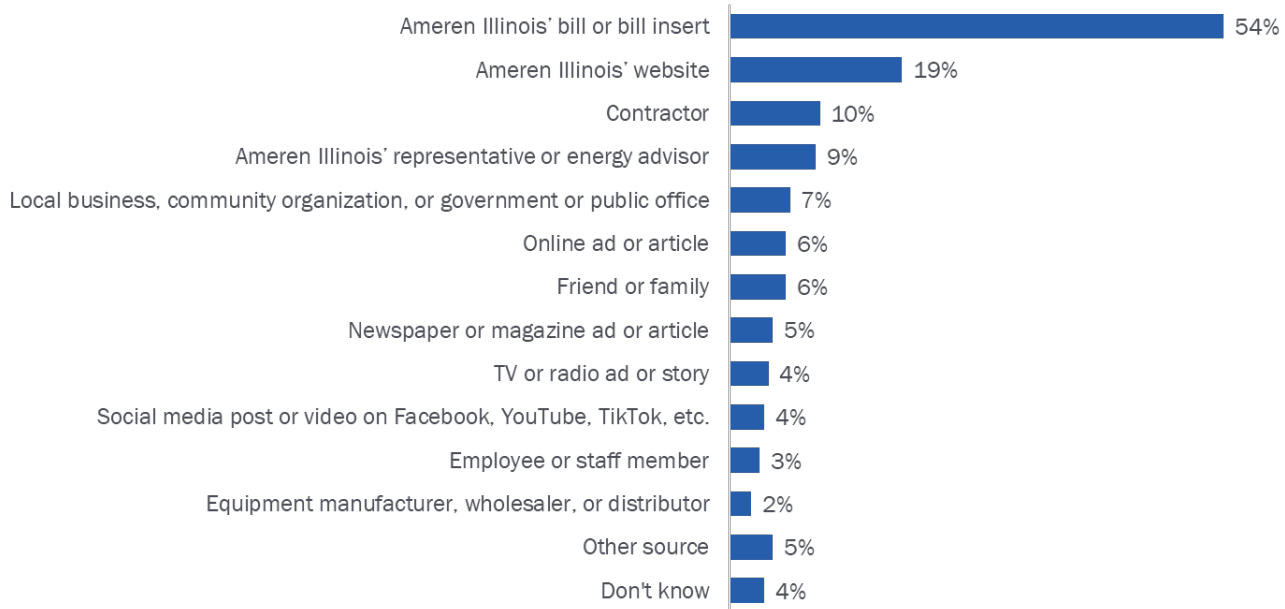


Note: This question was only asked of respondents who never participated in an AIC energy efficiency offering due to a lack of interest or need and those who reported having “no” interest in participating in the future.

REACHING CUSTOMERS

Surveyed organizations most often learn about AIC’s energy efficiency offerings through direct outreach from AIC. Of respondents who were at least “a little” familiar with AIC’s energy efficiency offerings, three-fourths learned about the offerings from an AIC source (bill insert, website, or representative). The most common ways respondents learned about the offerings were through their AIC bills (i.e., bill inserts), followed distantly by finding information on AIC’s website (Figure 33). Contractors and other third-party sources were considerably less common sources of information overall; however, respondents from organizations within DACs were statistically more likely to report hearing about AIC’s offerings from local businesses, community organizations, or a government or public office than those outside DACs.

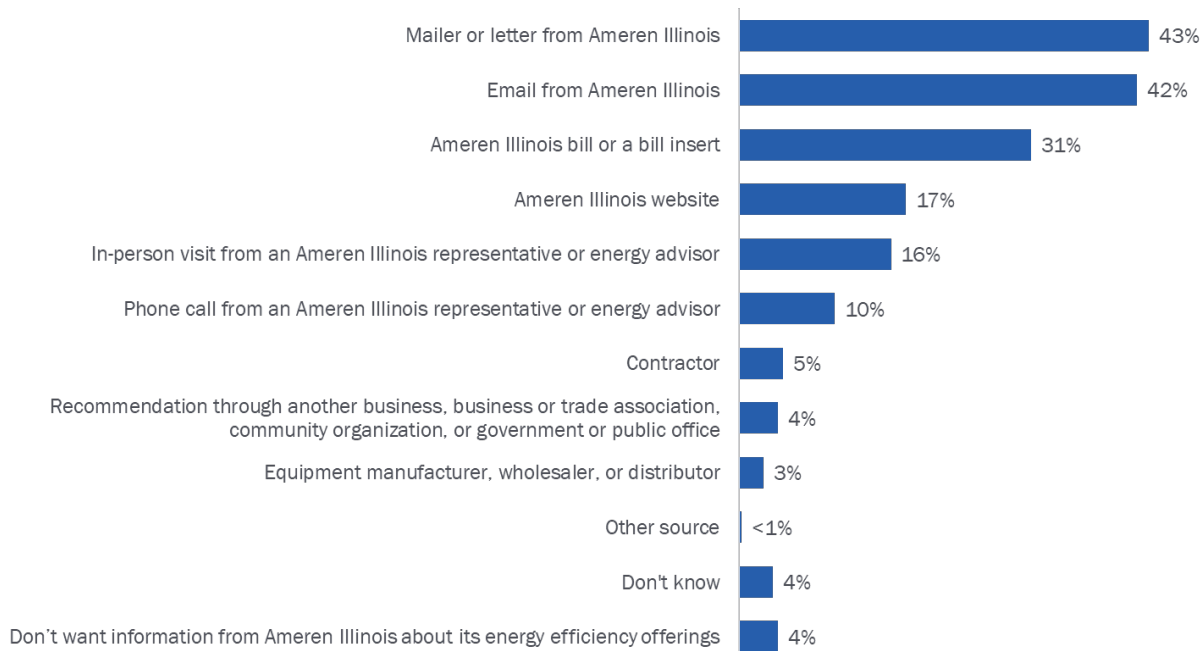
Figure 33. Past Sources of Awareness of AIC Offerings (n=214; Multiple Response)



Note: Only asked of respondents who indicated they were at least “a little” familiar with any of AIC’s energy efficiency offerings received this question.

Surveyed organizations had highly varied communication preferences. Surveyed organizations were mixed in terms of their preference for email versus paper-based communications (Figure 34). There was a slight preference for a separate mailed letter versus a bill insert among paper promotion options. Surveyed organizations tended not to prefer phone calls, in-person visits, or other third-party sources. Surveyed organizations within DACs were statistically more likely to prefer email (47% vs. 36%), bill inserts (35% vs. 26%), recommendations from a third party (6% vs. 2%), and information for equipment manufacturers, wholesalers, or distributors (4% vs. 1%) compared to those outside DACs.

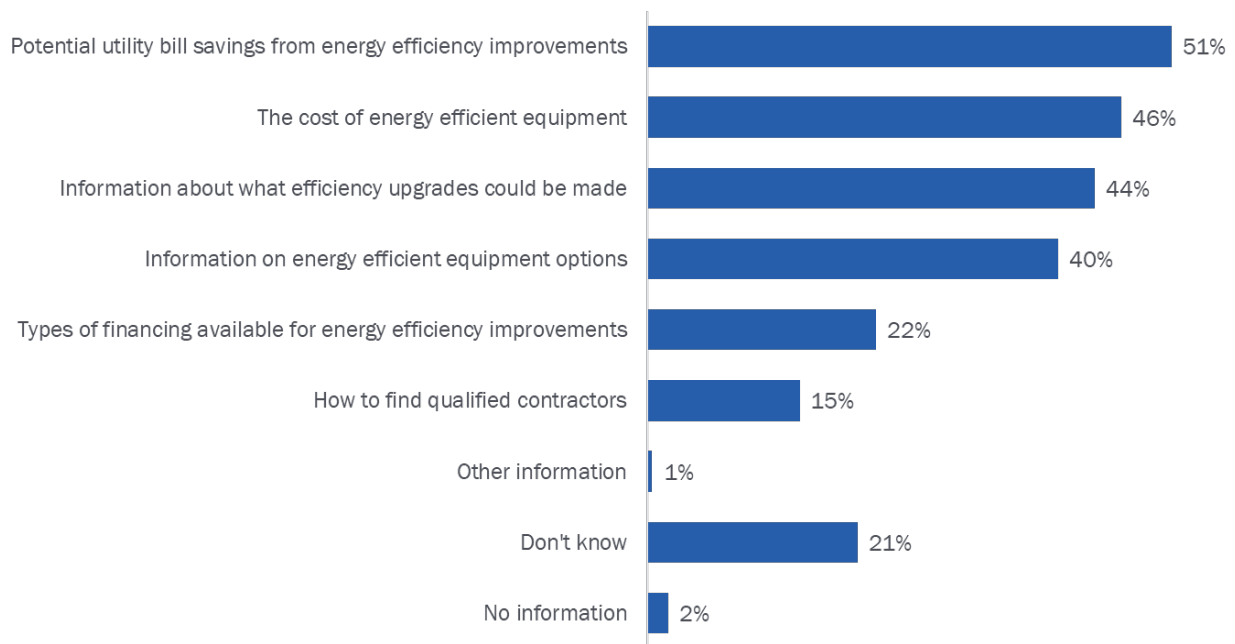
Figure 34. Preferred Source of AIC Offering Information (n=390; Multiple Response)



The program design indicated that most SBDI channel outreach occurs through contractors and that AIC supports contractor efforts by providing co-branded materials and conducting some direct outreach. Survey results indicate that most organizations learn about AIC’s offerings from an AIC bill insert and that their preferred outreach methods are mailers, emails, and bill inserts directly from AIC.

Surveyed organizations reported needing information on the cost and savings associated with energy efficiency, as well as information about the opportunities that exist in their facilities. The primary types of information respondents reported needing to make decisions about energy efficiency improvements included financial information (e.g., bill savings and equipment cost) and areas of opportunity (e.g., what upgrades could be made and equipment options; Figure 35).

Figure 35. Information Needed to Make Decisions on Energy Efficiency (n=390; Multiple Response)



Surveyed organizations in DACs reported needing more information than those outside DACs. Respondents from organizations within DACs were more likely to report needing all types of information listed in Figure 35 and were statistically more likely to indicate needing information on the cost of energy-efficient equipment (51% vs. 41%), energy-efficient equipment options (46% vs. 34%), and how to find qualified contractors (18% vs. 11%). The types and amount of information needed to make decisions also varied by business segment. Among the core segment groups, respondents in the nonprofit/religious/education group were statistically most likely to report needing information regarding equipment cost (55%), equipment options (50%), and finding contractors (22%).



PTLM PERSPECTIVE

According to the program theory, Initiative outreach aims to increase participation by increasing customer awareness of the Small Business Initiative and customer knowledge of and interest in energy efficiency upgrades. In line with this, survey results indicate organizations need information about the costs and savings associated with upgrades and the options available to them. Results suggest the need for information is greater in DACs and among public sector organizations.
