

EMPOWERED.

Diverse Business Development and
Customer Engagement in Energy Efficiency



EMPOWERING PEOPLE
ENRICHING
COMMUNITIES

ACKNOWLEDGEMENTS

We would like to thank the following individuals and organizations for their support of the enclosed report as well as their commitment to diversity and the development of equitable energy efficiency systems. The research conducted would not have been possible without their enthusiastic efforts and contributions.

Springfield, IL NAACP

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Diverse Business Survey Participants

Additional Walker-Miller Energy Services Team Members

Focus Group Participants

Utility Company Representatives

Energy and Utility Trade Organization Representatives

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ABOUT THE AUTHORS

This report was produced for Ameren Illinois Company (Ameren Illinois). It was written collaboratively by Walker-Miller Energy Services (Walker-Miller) and the Urban Energy Justice Lab at the University of Michigan School for Environment and Sustainability.



The Walker-Miller research team was led by Erika Dominick and Amber Anderson, with assistance from Charles Buysse. Walker-Miller is a Detroit, MI-based Black and woman-owned company dedicated to changing lives through energy efficiency. A core values driven company celebrating its 20th year in the energy industry and its 11th year as an Implementation Contractor (IC) for electric and gas energy efficiency programs, Walker-Miller's high performing team enters tens of thousands of homes performing an array of services that help families save energy and money. Walker-Miller helps utility companies achieve energy reduction goals, that at the same time, reduce the energy burdens on families, create local jobs, diversify the local energy workforce, and serve the needs of income constrained families with compassion. Walker-Miller is committed to bringing underrepresented communities into the clean energy economy, including Black people and people of color, women, individuals identifying as LGBTQ+, veterans, people living with disabilities, returning citizens, and others. In keeping with its mission to "Empower People and Enrich Communities", the Walker-Miller team works tirelessly to increase the diversity of energy efficiency program participants, the industry's workforce, and the suppliers of utility energy efficiency programs.

The Urban Energy Justice Lab research team was led by Dr. Tony Reames, and graduate students Sabrina Vivian and Larry Borum III. The Urban Energy Justice Lab launched in 2015 to conduct research at the intersection of energy and equity focusing on the production and persistence of spatial, racial, and socioeconomic disparities in accessibility and affordability of energy services, technology, and programs. The School for Environment and Sustainability's overarching objective is to transform higher-education and its impact through research, teaching, and engagement in society. It is focused on solving the climate crisis and creating a world that is economically robust, environmentally sound, sustainable and just, from the scale of watersheds and communities in Michigan, to the entire planet. "The mission of the University of Michigan is to serve the people of Michigan and the world through preeminence in creating, communicating, preserving and applying knowledge, art, and academic values, and in developing leaders and citizens who will challenge the present and enrich the future."¹

Walker-Miller and the Urban Energy Justice Lab are hereinafter collectively referred to as the "Research Team."

¹ University of Michigan, "Mission Statement," Office of the President, accessed November 25, 2020, <https://president.umich.edu/about/mission/>.

EXECUTIVE SUMMARY

In the face of a global climate crisis, countries around the world continue to transition to energy efficiency and sustainable energy solutions. Energy efficiency is recognized as one of the easiest and most cost-effective ways to combat climate change, clean the environment, and reduce energy costs for residential customers and businesses.² In the United States, state-level regulatory policy changes have driven energy utilities and other companies to adopt strategies that reduce their environmental footprints and create sustainable impacts. According to the 2020 U.S. Energy and Employment Report published by the National Association of State Energy Officials, energy efficiency is the second largest employer sector in the energy industry and the fastest growing segment of the energy industry³.

Ameren Illinois is a regulated electricity and gas delivery company based in Collinsville, IL with a service territory that spans 43,700 miles and serves more than 1,200 communities in Central and Southern Illinois.

Ameren Illinois has a long-standing, organization-wide commitment to Diversity, Equity, and Inclusion (DEI) that extends to the communities it serves. In compliance with the Illinois Future Energy Jobs Act (FEJA), Ameren Illinois is committed to generating energy savings for its customers through ratepayer-funded energy efficiency programs. Ameren Illinois partnered with Walker-Miller and the Urban Energy Justice Lab to explore strategies to increase the engagement of diverse suppliers and diverse customers – groups which have been historically underrepresented in utility-managed energy efficiency programs.

The importance of this partnership, and the strategies being pursued, have been brought into sharper focus by America's reignited racial justice movement and the disproportionate negative impact of the COVID-19 pandemic on Black communities and communities of color. As both legislative and corporate change is widely demanded, equity is nearly universally recognized as a critical business conversation. This report seeks to advance that conversation and set the stage for further action.

With utility managed energy efficiency programs being funded by ratepayers from all customer classes, equitable program provision requires utilities provide equal access to procurement opportunities for Diverse Business Enterprises (DBEs), and ensure all communities reap the benefits. This approach is consistent with FEJA's efforts to help correct historical underinvestment in energy efficiency programs in economically disadvantaged communities.

Further, with more than 50% of all Americans employed by small businesses, the success of many communities is inextricably linked to the success of their small businesses. These myriad businesses, many of which are also DBEs, have been hit particularly hard by COVID-19. The solutions investigated by this report will help provide a roadmap to spur DBE recovery both during and after the pandemic.

The Ameren Illinois energy efficiency portfolio includes energy efficiency programs targeted to specific ratepayer classes, such as the Home Energy Income Qualified (HEIQ) Program, the Small Business Direct Install Program (SBDI) and the Market Development Initiative (MDI). Much of the work of these programs is performed by local contractors, referred to as Program Allies, who apply utility-managed market incentives to decrease the costs of energy efficiency measures to customers.

² "Climate Change." Energy.gov, www.energy.gov/science-innovation/climate-change

³ 2020 U.S. Energy and Employment Report (USEER), www.usenergyjobs.org/.

The purpose of this research was to support Ameren Illinois' commitment to "Energy Efficiency for All" by identifying the best practices to: (1) engage a larger number of diverse businesses in the delivery of its energy efficiency programs; and (2) increase meaningful participation of diverse customers in those same programs.

There is high potential for energy efficiency programs to showcase the benefits of inclusive vision while driving the best and highest use of resources, supporting local economic development, facilitating the growth of a diverse workforce, and fueling the wellbeing of every community served. To this end, opportunities to increase diversity, equity, and inclusion in utility managed energy efficiency programs include:

- Provide equitable access for customers from all demographics to all offerings.
- Hire inclusive implementation teams to deliver services with a high level of cultural competence.
- Afford easy access to opportunities for DBEs to provide expertise, goods, and services in support of both the design and execution of programs.

Aligning energy efficiency programs around these three opportunities would both better orient the industry's current direction and create a path towards achieving energy efficiency for all.

In composing this report, the Research Team focused on both qualitative and quantitative research methods. At the onset of their work, a survey of diverse energy efficiency businesses was conducted to understand the unique challenges they face when attempting to participate in local utility energy efficiency programs.

The Research Team also gathered key expertise from Walker-Miller's significant experience in the engagement of diverse businesses. This process shed light on specific procurement policies and processes limiting or outright excluding diverse-owned business participation. Oft occurring reasons for exclusion include lack of access to networks organically connected to key opportunities for diverse entities, limited working capital, and the scarcity of intentional and innovative investments in the development of small businesses. The Research Team identified best practices for reducing barriers within the procurement process and recommends several interventions on behalf of diverse contractors, including:

- Incorporate Diverse Spending Goals into Energy Efficiency Contracts;
- Expedite Invoice Payments;
- Increase Access to Capital;
- Provide Customized Training, Mentoring, and Business Development for DBEs;
- Make this list Increase Visibility and Access to RFPs and other Opportunities;
- Adjust Contract Eligibility and Requirements to fit Scope of Work; and
- Increase Portfolio-Wide DBE Participation.

The Research Team also studied a number of diverse residential customers in an area targeted by Ameren Illinois to understand barriers to participation in local energy efficiency programs. The Research Team conducted a literature review, refined qualitative research methods, and facilitated two focus groups to gather wide ranging perspectives on knowledge of and experience with Ameren Illinois' portfolio of energy efficiency programs. During focus groups, most residential customers reported a high level of awareness of energy savings measures, both in terms of Do-It-Yourself projects and through Ameren Illinois energy efficiency programs. The team's research showed most participants adopt energy efficiency measures primarily to save money but also revealed high up-front cost of heating and cooling system retrofits and appliance upgrades as a barrier for many.

Best practices identified for increasing engagement and participation of diverse customers in Ameren Illinois' energy efficiency programs includes the following recommendations:

- Build trust, cultivate abiding relationships, and coordinate engagement efforts;
- Fill gaps in energy efficiency knowledge by educating customers;
- Investigate the connection between energy efficiency and health disparities; and
- Target customers by geography.



Future Energy Jobs Act

In the absence of federal-level clean energy and carbon emission reduction policies, states have established their own goals and standards. The Future Energy Jobs Act (FEJA) (SB 2814), passed by the Illinois General Assembly in December 2016, is an example of a state-powered policy.⁴ The FEJA focuses on supporting clean energy and carbon emission reduction measures that provide benefits and opportunities accessible to all community members. The primary measures of FEJA call for updating the Illinois' Energy Efficiency Portfolio Standards, Renewable Portfolio Standards and introduced Zero Emission Standards. Supporting programs, such as community solar and job training, were established as pathways to reach policy goals and equitably distribute the benefits of these programs.

In response to the FEJA, Ameren Illinois, one of Illinois' largest investor-owned utilities, must reach a 16% energy efficiency savings goal by 2030. Savings can be realized through a variety of methods, such as updating grid infrastructure and reducing customer energy waste. Ameren Illinois partnered with the Research Team to determine the most effective methods for advancing FEJA's required energy efficiency goals while serving the interests of its diverse customer base.

Research Objectives & Desired Outcomes

The enclosed report focuses on reducing customer energy waste through utility-offered energy efficiency programs.

The research seeks to:

- 1) Identify best practices for addressing challenges diverse-owned energy efficiency businesses face in providing products and services in support of Midwest utilities' energy efficiency programs; and
- 2) Understand how Midwest utilities can increase engagement in energy efficiency programs for those diverse customers who have traditionally been underrepresented.

⁴ Cutler and Chapman, LLC, "Illinois' Future Energy Jobs Act (P.A. 99-0906)," May 2017, accessed November 25, 2020, <https://www.chapman.com/insights-publications-illinois-Future-Energy-Jobs.html>.

Background & Approach

The primary elements of most utility administered energy efficiency programs are typically managed by energy efficiency experts referred to as Implementation Contractors (ICs), supported by the work of local businesses and nonprofits. Most often energy efficiency programs focus on upgrades to building envelopes, appliances and systems, and occupant behavior. Companies involved in the delivery of these programs represent industries that not only support building upgrades and the adoption of energy efficiency behaviors, but also customer outreach, engagement, and education. For the purposes of this research, an **energy efficiency business** is defined as a business that provides products or services in support of the delivery of energy efficiency programs. This definition applies to many different types of businesses, including energy auditors, insulation and weatherization contractors, heating and cooling companies, office supply vendors, lighting and window manufacturers, suppliers and distributors, as well as food and meeting service providers, IT companies, branding and promotional item providers, and many others.

The Research Team studied the interplay between Midwest utilities and the DBEs engaged in or trying to enter the energy efficiency industry to identify barriers and offer recommendations for significantly increasing DBE participation across all elements of energy efficiency program delivery.

The Research Team administered a survey to over 300 energy efficiency businesses led by diverse owners located in Illinois, Indiana, Michigan, Missouri, Ohio, and Wisconsin. These Midwest states were selected to attain a regional perspective relevant to Ameren Illinois. Survey participants were identified using publicly available information, such as city and state managed DBE registration databases, Minority Business Enterprise (MBE) Certification databases, and other sources. In addition, the Research Team drew upon Walker-Miller's decades of energy industry experience developing programs focused on diverse businesses. The Walker-Miller team offered valuable insights to the challenges and barriers diverse businesses face in the energy efficiency industry, and shared key observations with the Research Team.

The results of the survey and insights from Walker-Miller are presented in the Barriers to DBE Participation section.



Definition of Diverse Business Enterprise

For the purposes of most utility diversity programs, the term diverse business refers to 51% owned, operated and controlled by ethnic and racial minorities, veterans, and women. A woman-owned businesses is not classified as a minority owned business. First codified in the 1970's, statutes for diverse business contracting were established as a mechanism to help address systemic discrimination against ethnic minorities – particularly Black and Indigenous people – who have historically been severely impacted by systemic racial injustice including being denied equitable access to business and employment opportunities.

In ensuing years, additional mechanisms were created to support the growth of diverse business procurement and further address inequitable access to opportunities for other groups experiencing systemic biases. Among the diverse groups most widely recognized in utility DBE procurement programs are racial and ethnic Minorities (MBE), Women (WBE), Veterans (VBE), individuals who identify as Lesbian, Gay, Bisexual, or Transgender (LGBTBE), and individuals who live with Disabilities (DOBE).

A Minority Business Enterprise (MBE) is 51% owned, operated, and controlled by one or more people who identify as one of five racial or ethnic minority groups. These groups are Black or African American, Native American or Alaskan Native, Hispanic, Latino or Latinx, Native Hawaiian and other Pacific Islanders, and Asians. Native Americans, American Indians, Alaskan Natives, Native Hawaiians, and other Pacific Islanders may also be referred to as Indigenous Americans.⁵ The acronym BIPOC, which stands for Black, Indigenous and People of Color, is an inclusive term widely used to refer to this group.

Diverse Business Certifications

Utilities rely on third party entities to ensure businesses meet the DBE certification criteria. In Ameren Illinois' case, there are affiliations with the National Minority Supplier Development Council Inc. (NMSDC), the St. Louis Minority Business Council, the Chicago Minority Supplier Development Council (CMSDC), the Women's Business Enterprise National Council (WBENC), and the National Gay and Lesbian Chamber of Commerce (NGLCC). Ameren Illinois also uses more localized certifying agencies to verify diverse business status, including Metro Transit St. Louis, Missouri Department of Transportation (MODOT), Illinois Department of Transportation (IDOT), U.S. Small Business Administration and the City of St. Louis.

Certification in a particular category of diverse business does not preclude certification as another type of diverse business as any business can be certified in all categories for which they qualify.

With strong encouragement from utilities, large energy efficiency ICs increasingly seek to partners with or hire certified DBEs as subcontractors. The DBE certification enables the prime IC to apply the revenues paid to the DBE as diverse spend, a category for which there are often utility suggested or required amounts for each contract. Thus, third party DBE certification is extremely valuable in providing diverse businesses the opportunity to participate on large contracts.

However, the vast majority of DBEs are not third-party certified as there are often significant challenges to completing certification processes, especially for businesses who are applying for the first time. For many DBEs, the benefits of certification must be balanced against, in some cases, significant challenges. These challenges are explored later in this report.

⁵ As diverse groups continue to advance their preferences for how they are referenced, it is best practice to honor and update according to those preferences. In this document, some widely used group names are used interchangeably, for example Hispanic and Latinx, Black and African American.

Barriers to DBE Participation

Diverse Business Survey Findings

The Research Team surveyed DBEs to better understand the types of businesses, their experiences in the energy efficiency industry, and relationships with the energy efficiency programs of Midwest utilities. The COVID-19 pandemic began during the data collection period of this research and prompted the Research Team to add questions to elicit feedback on the effects of the pandemic.

The Research Team distributed surveys to over 300 businesses believed to be diverse and received responses from 61 survey participants. As respondents were not required to answer all survey questions, the response statistics reflect the total number of responses per question. In addition, survey responses from respondents who represent multiple diversity categories (e.g., woman-owned and minority-owned) are recorded in all qualifying categories. (See Appendix A for a full list of survey questions.)

Key Demographics

This report draws on responses to the Research Team’s demographics survey collected from DBEs across six states with the following breakdown geographically:



More than half of the responses (61%) came from businesses operating in a commercial space and 39% of respondents operate businesses from a home office.

The top four products and/or services provided by surveyed businesses include energy auditing (15%), consulting (15%), lighting (14%), and HVAC/R (12%) (Figure 2). Combined these categories represent 56% of respondents. Eleven different categories comprised the other 44%.

About 59% of respondents served commercial (34%) and industrial (25%) market sectors. Of the 41% of respondents serving residential market segments, 22% served multi-family and 19% served single-family sectors.

Almost half of the businesses surveyed (49%) have been operating for 10 years or less. Nearly 26% have been operating for 10 to 25 years, and 21% have been operating for 25 to 50 years. A few respondents (4%) have been in operation for over 50 years.

The majority of businesses (56%) surveyed employ fewer than five people. Just over a quarter (26%) employ 5 to 10 people, 18% employ more than 10 people, with one business employing more than 100 people. (Figure 3). Businesses surveyed represent a wide range of revenues⁶ that span from less than \$100,000 to over \$5 million. (See Appendix B for additional details.)

⁶Revenue cited in this report was reported in 2019.

Figure 1: Locations of diverse business survey participants.

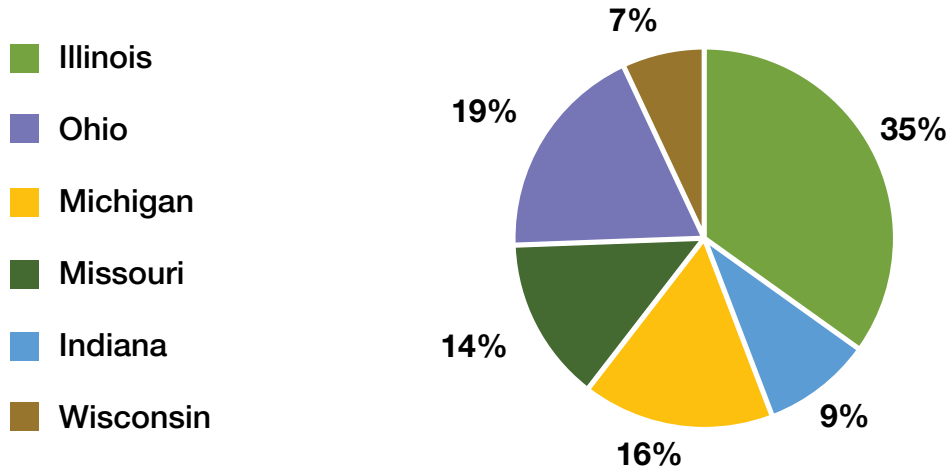


Figure 2: Products and services offered by diverse business survey participants.

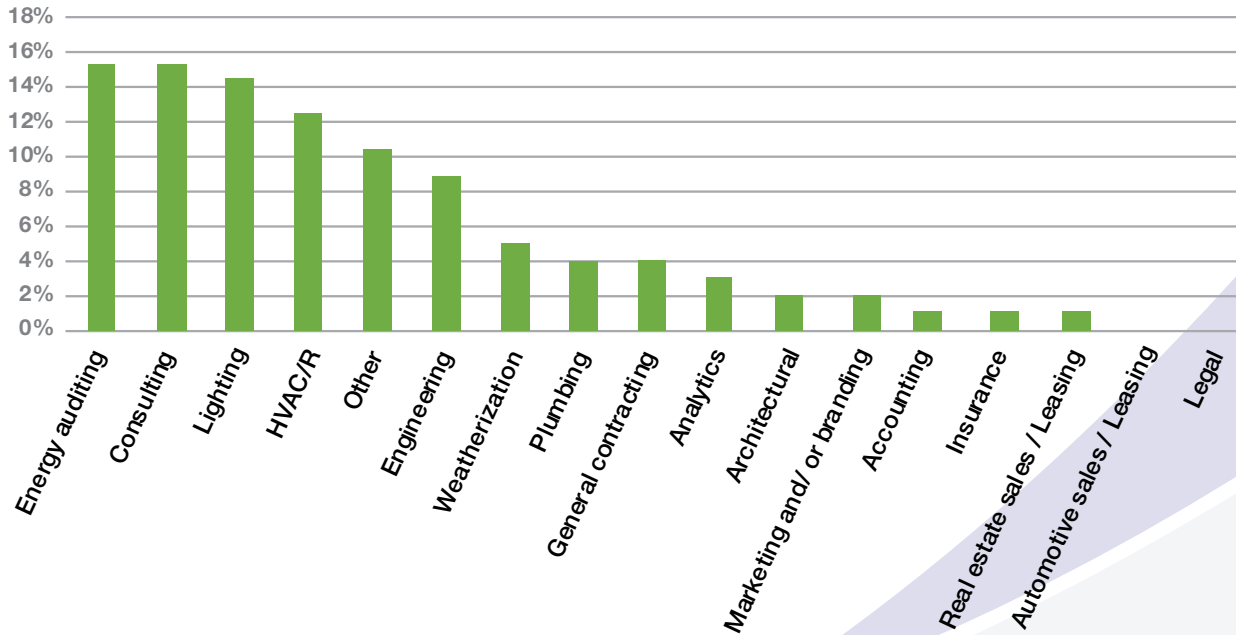
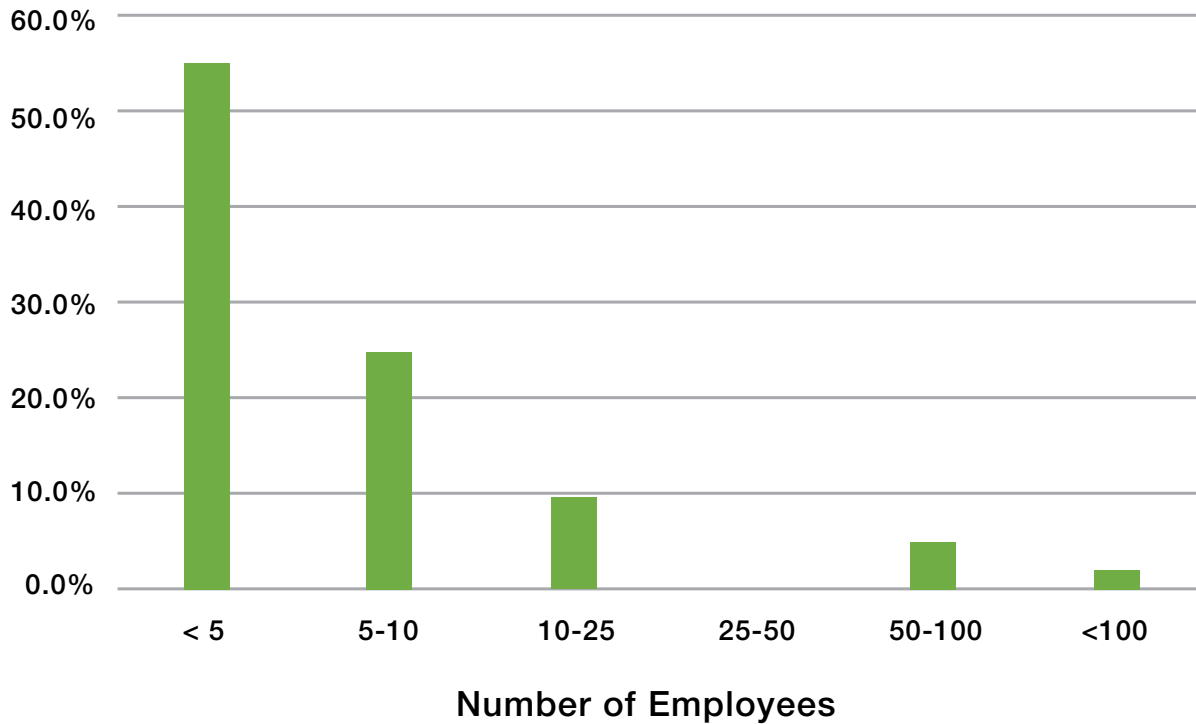


Figure 3: Number of individuals employed by diverse businesses.



Verifying DBE Status

Databases and public listings of diverse businesses were used to identify survey participants. Among the most widely accepted third-party DBE certification is the MBE certification, specifically for businesses owned by people who identify as ethnic minorities, particularly Black, Native American, Hispanic and Latinx⁷, and Asian. Other third-party entities certify DBEs as Woman (WBE), Veteran (VBE), Lesbian, Gay, Bisexual, Transgender (LGBTBE), and Disabled (DOBE).

While each business contacted had at least one piece of online information that suggested it was owned by a person who identified as diverse, 11% of those same businesses answered “no” when asked if they were diverse. As a result, they were ineligible to complete the survey.

Overall, 89% of the businesses contacted self-identified as diverse owned. Responses indicated these businesses are owned by an individual who identifies as a racial or ethnic minority (63%), woman (43%), veteran (27%), Lesbian, Gay, Bisexual, Transgender, or Queer (LGBTQ+) (12%), and/or individual with a disability (10%) (Figure 4). As many DBEs surveyed identify in multiple categories, the sum of these numbers is greater than 100%.

The breakdown of DBEs surveyed belonging to multiple categories is as follows. Thirty nine percent (39%) of surveyed businesses self-identified as more than one diverse category. Responses indicated that 29% identified with two categories, 6% identified with three categories, and 4% identified with all five categories (Figure 4a).

Of the 39% of DBEs reporting multiple categories, 37% identified as racial or ethnic minority and woman, 16% identified as racial or ethnic minority and veteran, 11% identified as individual with a disability and veteran, 11% identified as LGBTQ+ and racial or ethnic minority, 10% identified as all categories, 5% identified as individual with a disability and racial or ethnic minority and woman, 5% identified as racial or ethnic minority and veteran and woman, and 5% identified as LGBTQ+ and racial or ethnic minority and woman.

⁷ The term Latinx is a non-binary or gender-neutral alternative to Latina or Latino, used to refer to individuals of Latin American origin.

Certified DBEs

A majority of businesses that completed the survey (76%) indicated holding a third-party DBE certification that proves the business is 51% owned, operated, and controlled by a diverse individual (Figure 5). More than half of these respondents (56%) reported that a DBE certification helped increase revenues and led to energy efficiency projects with electric or gas utilities. (See Appendix B for additional figures.)

Figure 4: DBE Groups

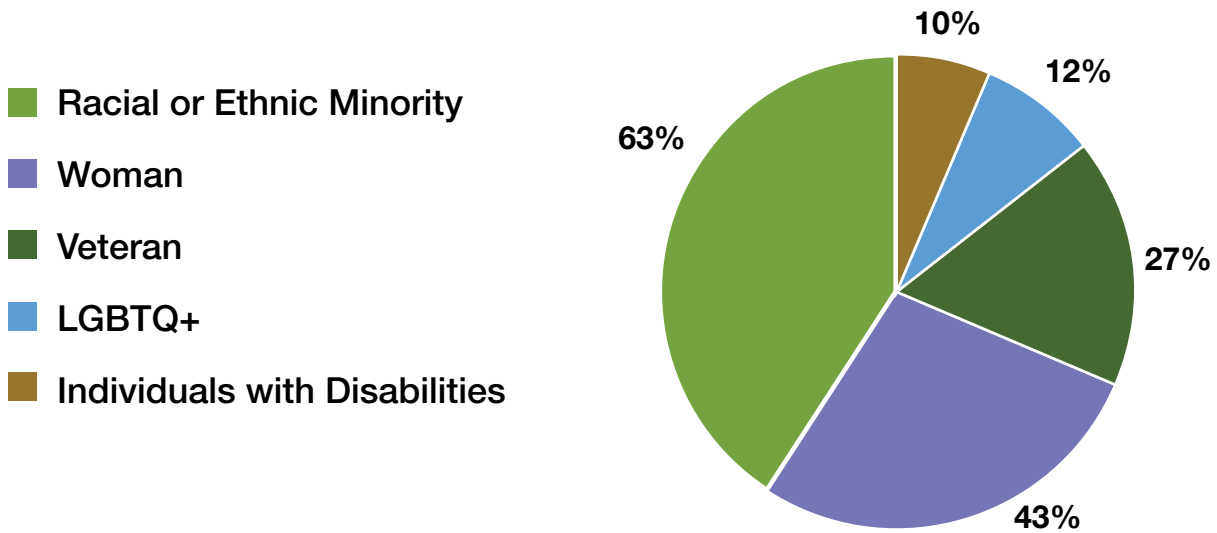


Figure 4a: Multiple DBE Groups

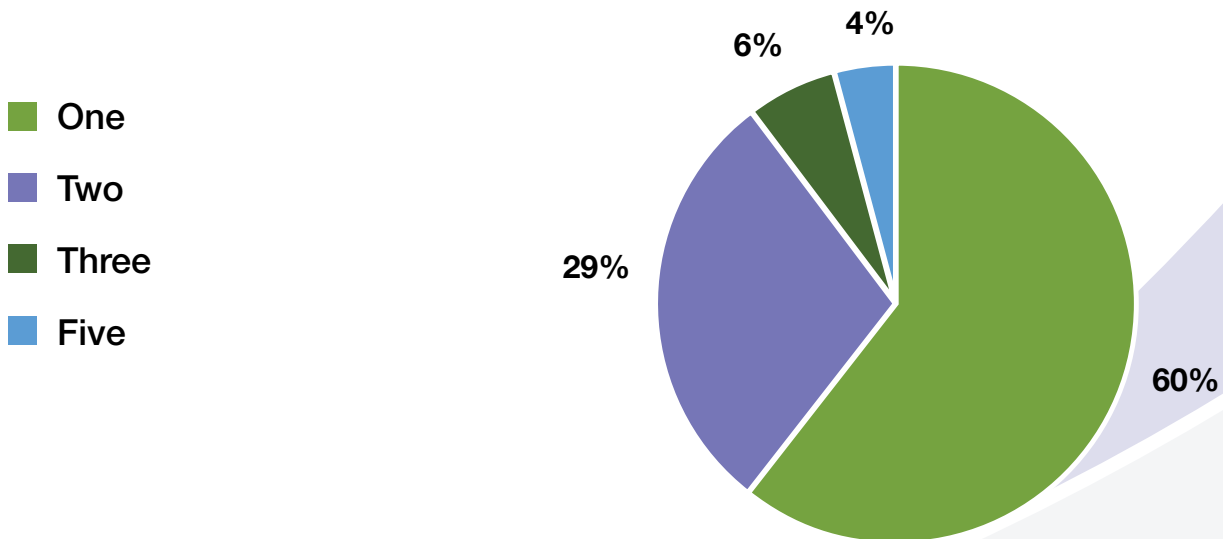
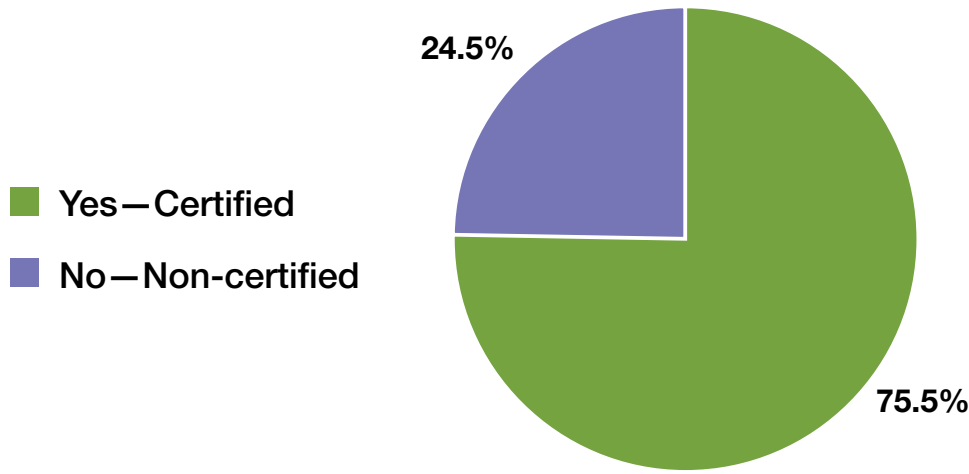


Figure 5: Businesses with DBE Certifications



Familiarity with and Participation in Energy Efficiency Programs

Survey respondents were asked whether they were familiar with energy efficiency programs offered by electric or gas utilities in their states.

Over three-quarters of respondents (77%) indicated that they were somewhat-to-very familiar with such programs. More than half of the respondents (58%) said their business had provided goods or services for one or more energy efficiency programs with an electric or gas utility within the past five years. Energy auditing (18%), HVAC (17%), and lighting (15%) were the top three products and/or services provided over the last five years (Figure 6). Most respondents (63%) said they generated less than \$250,000 in revenue from their most recent interaction with an energy efficiency program with an electric or gas utility. (Figure 7). (See Appendix B for additional figures.)



Figure 6: Goods/services provided in energy efficiency program over the last five years.

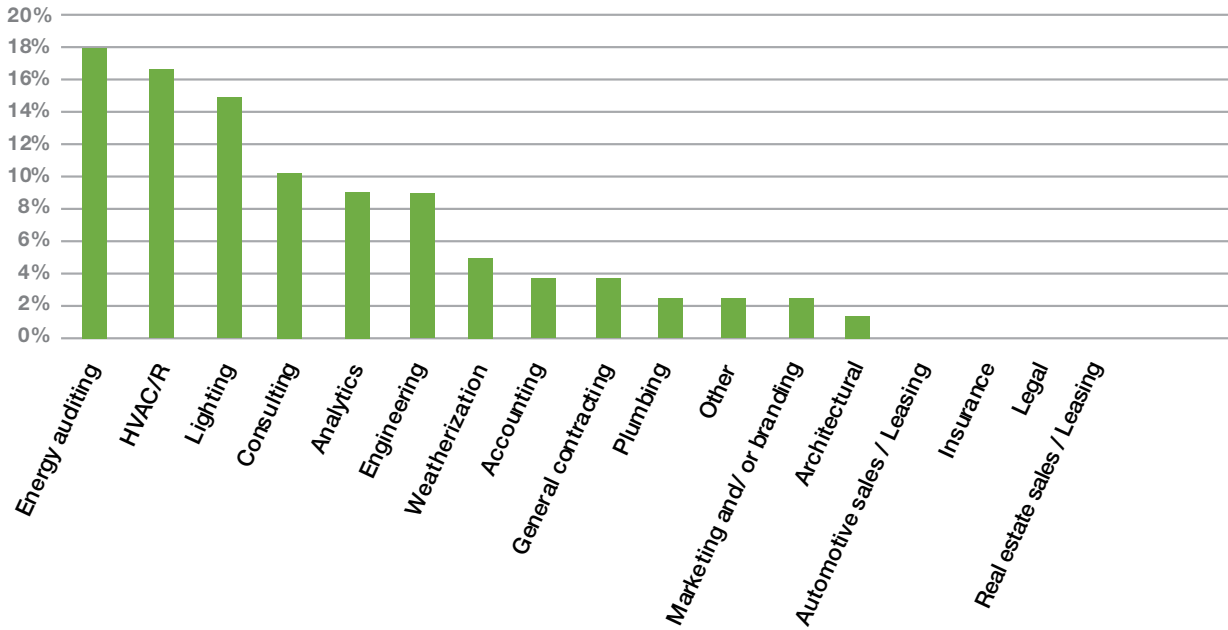
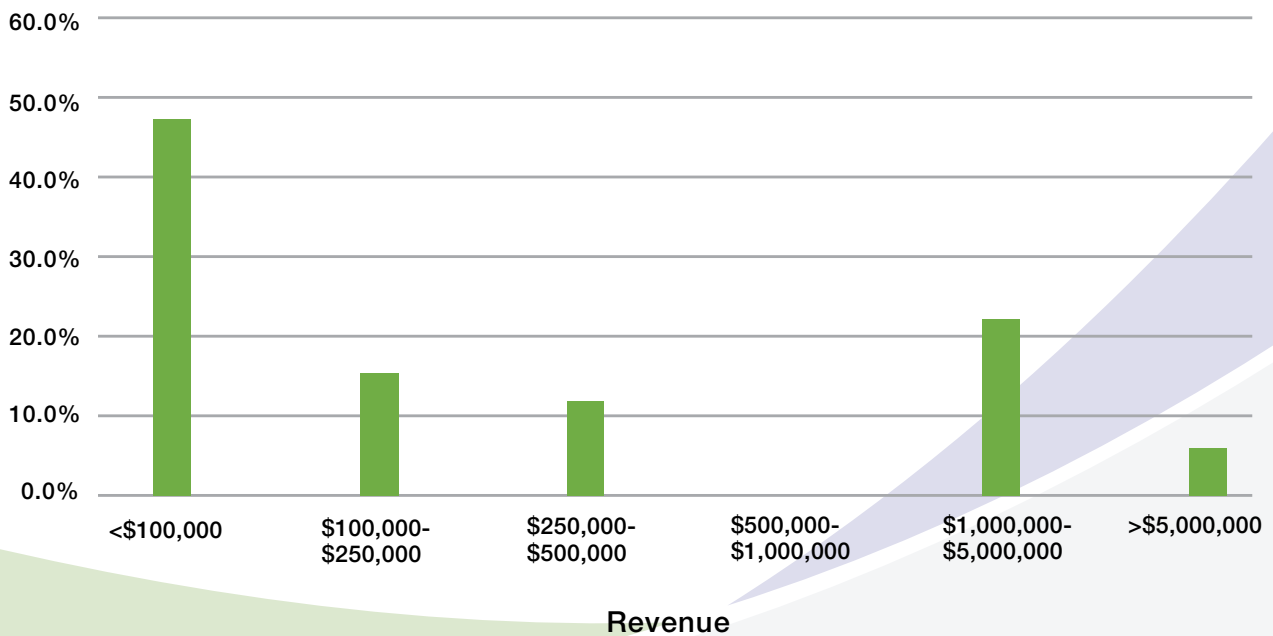


Figure 7: Revenue from single most recent energy efficiency program transaction



Barriers to Participation

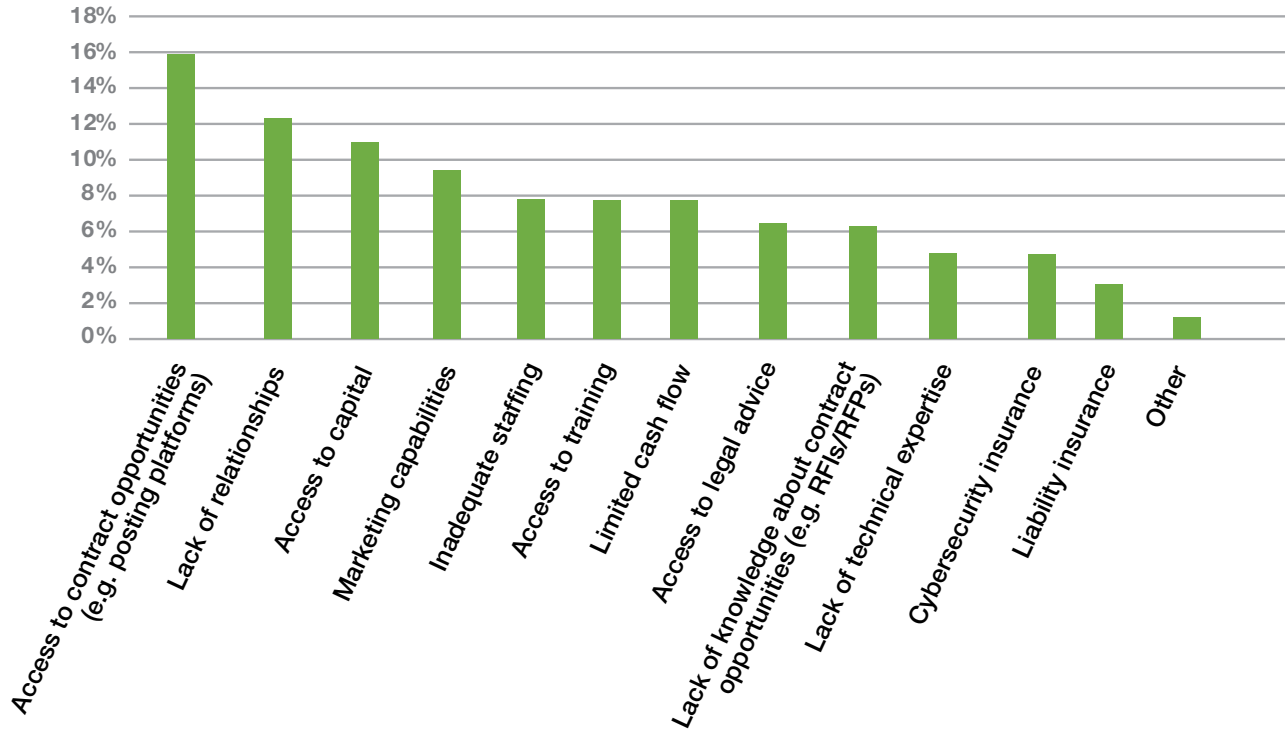
To assess barriers faced by DBEs seeking business with utilities, the Research Team asked respondents about their experiences working with an electric and/or gas utility.

A majority of the businesses (75%) had attempted to participate in energy efficiency programs with an electric and/or gas utility within the past five years. As previously stated, 58% of respondents provided goods or services in the last five years. Within this group which provided goods or services in the last five years, 42% of respondents experienced barriers and challenges that negatively impacted their ability to participate in energy efficiency programs with their local utility, and 58% of respondents indicated not having experienced any barriers or challenges.

The most common barriers were a lack of access to contract opportunities (e.g., Request for Proposal (RFP) and Request for Information (RFI) procurement platforms) (16%), a lack of relationships with utility decision-makers (13%), and limited access to capital (11%). There were two access related issues – lack of access to the procurement platform and a lack of knowledge about the contract. Combined, these access issues would be the biggest impediment to participation by far. Similarly, there were two insurance related barriers raised – cybersecurity insurance and liability insurance. Additional barriers are depicted in Figure 8. (See Appendix B for additional figures.)



Figure 8: Barriers to DBEs ability to participate in utility energy efficiency programs



When asked to describe a challenge experienced when attempting to participate in utility-run energy efficiency programs, some participants reported not knowing how or when RFPs and RFIs were issued. Others discussed the challenges that resulted from inconsistent market incentives and programs.

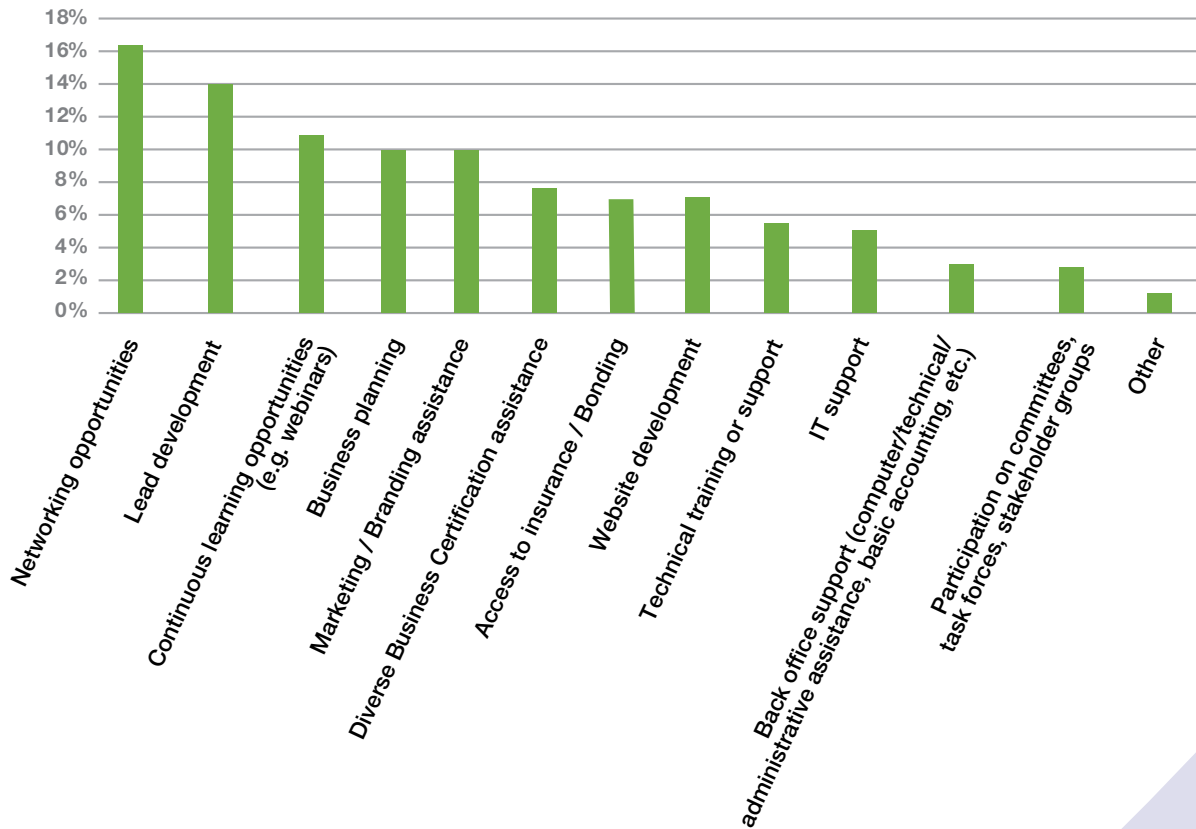
Respondents were also given the opportunity to comment on support received when attempting to participate. Participants indicated that support was provided in the form of seminars and meetings during which program updates were shared, and in general customer service actions. (See Appendix C for full list of short answer responses.)

Improving DBE Ability to Participate

Understanding ways to improve contractor and utility partnerships is necessary to increase diverse business participation in energy efficiency programs.

Survey responses indicated that networking opportunities (16.4%), lead development (14.8%), and continuous learning opportunities (e.g., webinars) (10.7%) were the top three services most useful to improving a business' ability to provide products and services to electric and gas utilities.

Figure 9: Services that improve diverse business' ability to participate in energy efficiency programs



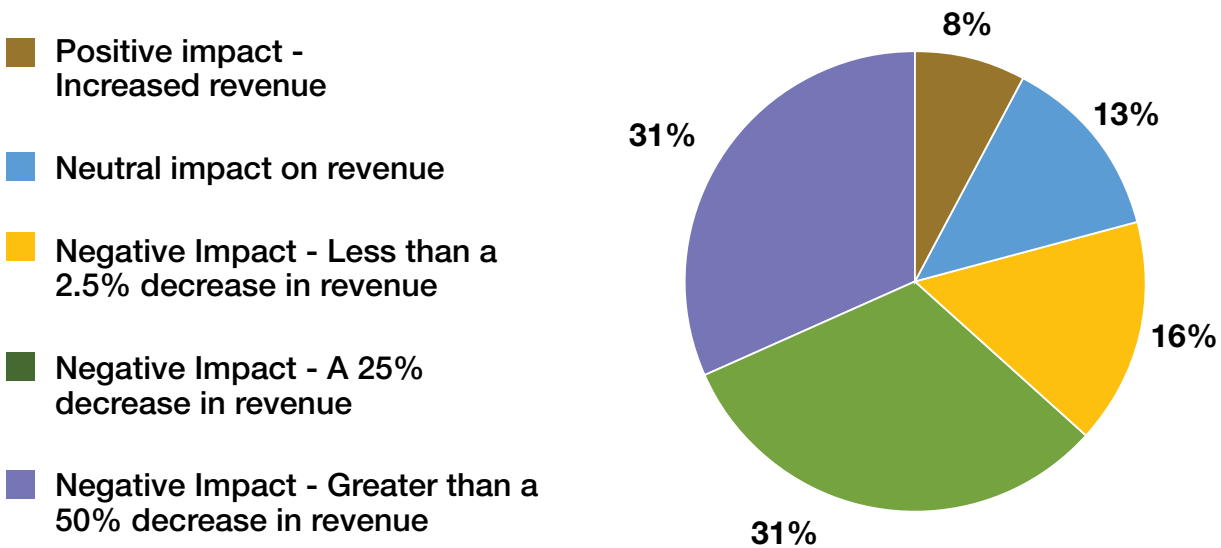
COVID-19 Pandemic Impacts

Research efforts began in January 2020, prior to the widespread outbreak of COVID-19 in the United States. As the COVID-19 pandemic began to devastate the economy, the Research Team incorporated questions specific to its impact on diverse energy efficiency businesses.⁸

Most respondents (79%) indicated that their revenue was negatively impacted by the COVID-19 pandemic (Figure 10).

Specifically, 16% of respondents indicated experiencing less than a 25% decrease in revenue, 31% indicated a 25% to 50% decrease in revenue, and 32% indicated a greater than 50% decrease in revenue. Only 13% of respondents indicated that COVID-19 had no negative impact on their revenues; 8% actually indicated increased revenues. These numbers are consistent with the Brookings Institute December 2020 report that indicated 75% of small business owners reported being negatively impacted by COVID-19.⁹ This same Brookings Institute research posited that long-term, structural racial disparities in business ownership coupled with the impacts of the COVID-19 pandemic would only make for an increasingly fraught path to recovery for DBEs.

Figure 10: Impact of COVID-19 pandemic on revenue generation



Respondents were also asked how the COVID-19 pandemic impacted their businesses beyond revenue generation. Some indicated the pandemic caused project delays, prohibited meeting with customers or visiting work sites, limited the number of employees available, and halted training. Responses also indicated the COVID-19 pandemic created family obligations that impeded normal work processes.

DBE Survey Conclusions

The survey results demonstrate that regardless of number of employees, size, business sectors, and or annual revenues, DBEs face unique challenges to participating in utility-managed energy efficiency programs. As such, there is a clear need for utilities to develop more innovative mechanisms to increase the participation of DBEs.

⁸ The survey was conducted from May 21, 2020 to June 19, 2020, before the November 2020 resurgence of COVID-19.

⁹ Pepinsky, T., Hill, P., Zhang, B., & Jochim, A. (2020, December 16). Economic recovery in American cities: Building Black businesses and wealth. Retrieved January 26, 2021, from <https://www.brookings.edu/events/economic-recovery-in-american-cities-building-black-businesses-and-wealth-2/>

Key Challenges Identified by Walker-Miller

Over the past several years, Walker-Miller has worked with utilities to explore ways to increase procurement opportunities for diverse businesses. Many procurement barriers are systemic – built into the corporate procurement culture and not unique to the energy efficiency industry. Based on Walker-Miller’s experience, the following are some key challenges facing DBEs.

DBE Spend is Not a Contract Requirement

Energy Efficiency Implementation Contractors (IC’s) are, by and large, technical companies that regularly navigate complex contractual requirements, balancing the need to meet energy savings, service levels, measure mixes, and customer satisfaction goals within strictly prescribed budgets and fixed time frames. In this highly competitive industry, IC’s push to meet every contractual detail and goal, constantly innovating technologies, systems, and processes to acquire new contracts, and position themselves to defend their incumbent positions indefinitely through as many RFP cycles as possible. Amidst these priorities, diverse spend can be forgotten entirely. Often the single biggest barrier to increased diverse vendor participation is utilities not having a stated goal for diverse vendor participation written into the contract.

To ensure diverse spend, clear language with diversity goals should be included in RFPs and other procurement documents, as well as in contracts. While many utilities include language that “encourages” diverse spend, utility energy efficiency programs increasingly include diverse spending percentages as a requirement or make diverse spending a significant scoring metric in their RFP evaluation criteria.

Many DBEs Lack Adequate Capital and Access to Credit

More than 90% of businesses in the United States are small businesses. Ethnically diverse businesses are typically smaller, undercapitalized entities and are less likely to secure financing from traditional banks. Any business must have enough money to procure supplies, equipment, and labor necessary to execute projects while also managing expenses as they wait to be paid by customers. Additionally, small businesses’ credit scores can prohibit them from accessing traditional lending sources. On average, minority small business owners hold a credit score around 707, some 15 points lower than the average small business owner across the United States. With near perfect credit being a requirement to access the most advantageous bank loans, minority small business owners are by and large at a competitive disadvantage.¹⁰ This lack of access to beneficial financial terms is compounded by complicated or non-existent processes for providing plausible explanations for poor or limited credit history.

Along with DBEs lack of access to beneficial credit terms, small and medium businesses with Black and Latinx ownership are especially vulnerable as they are frequently undercapitalized, with very little cash on hand. Approximately 94% of majority Black businesses and 89% of majority Latinx businesses only have, on average, a 14-day cash buffer, compared to 35% of majority white businesses.¹¹ Moreover, “data recorded in 2016 found that white business owners start their businesses with an average of \$106,720 in working capital compared to African-American-owned businesses, which are started with an average of just \$35,205.” Set against the backdrop of wealth levels for Latinx and Black Americans being reportedly 11 to 16 times lower¹² than for whites, these numbers carry added significance considering the most common reason minority-owned firms are rejected for small business loans is a lower net worth and/or lack of assets.¹³

¹⁰ Jared Weitz, “Why Minorities Have So Much Trouble Accessing Small Business Loans,” Forbes, January 22, 2018, accessed December 3, 2020, <https://www.forbes.com/sites/forbesfinancecouncil/2018/01/22/why-minorities-have-so-much-trouble-accessing-small-business-loans/?sh=1cda315555c4>.

¹¹ Carlos Grandet, Chris Wheat, and Diana Farrell. “Place Matters: Small Business Financial Health in Urban Communities,” JPMorgan Chase & Co, September 2019, Accessed November 30, 2020, <https://www.jpmorganchase.com/institute/research/small-business/place-matters-small-business-financial-health-in-urban-communities>.

¹² Kate Nocera. US Small Business Is Changing: 11 Things You Need to Know. 28 Nov. 2018, www.vox.com/ad/18116197/small-business-11-things-you-need-to-know.

¹³ Jared Weitz, “Why Minorities Have So Much Trouble Accessing Small Business Loans,” Forbes, January 22, 2018, accessed December 3, 2020, <https://www.forbes.com/sites/forbesfinancecouncil/2018/01/22/why-minorities-have-so-much-trouble-accessing-small-business-loan>.

Well before the tragic COVID-19 crisis, limited access to credit had a detrimental impact on the underlying health of minority-owned small businesses. Based on data from the 2018 Small Business Credit Survey, the Brookings Institution found that large banks approve around 60 percent of loans sought by white small-business owners, 50 percent of those sought by Hispanic or Latinx small-business owners, and just 29 percent of those sought by Black small-business owners¹⁴.

Additional grim metrics are found in a 2020 report by McKinsey & Company, “COVID-19’s Effect on Minority-owned Small Businesses in the United States.” This report found that Black small-business owners were significantly more likely to be asked to provide more information about their personal financials – including personal financial statements and personal W-2 forms – when applying for small-business loans than White small-business owners were, even when controlling for credit score and business characteristics¹⁵. Alongside the typical challenges diverse businesses experience, it will take up to five years for businesses across all sectors to recover from the COVID-19 pandemic, and even more for small businesses.¹⁶

While managing both relatively less capital reserves combined with less advantageous lines of credit, utility-set payment terms can be a non-starter for many DBEs. As a standard, some utilities pay vendors anywhere from 30 to 90 days after project completion and invoicing. DBEs unaccustomed to this type of delay in payment are often unable to bridge the period between project invoice submission and receipt of funds from the utility.

Expensive and Time-Consuming DBE Certification Processes

There is a great deal of value to being a certified DBE. However, there are many challenges involved in obtaining a DBE certification. Depending on the certifying body, the process can take as long as six months with hundreds of hours of effort. Additional barriers include certification application processing fees, lack of resources to complete the rigorous application process, and stringent requirements for providing proof the diverse business owner maintains 51% management and financial control of the business. To this last point, some required documents may not be readily available to diverse business owners, such as certified birth certificates, historical documents detailing original financing structures, and personal financial statements and tax records from all owners, even those with minimal ownership interest. Some certifications also include site visits and interviews verifying ownership and control. Applications are often delayed substantially or abandoned entirely as both certifying bodies and diverse businesses sometime lack the resources to continue the certification process within prescribed times. Frustrated by the initial effort, many diverse businesses simply do not reapply.

¹⁴ Sifan Liu and Joseph Parilla, “Businesses owned by women and minorities have grown. Will COVID-19 undo that?”, Brookings Institution, April 14, 2020, [brookings.edu](https://www.brookings.edu).

¹⁵ André Dua, Deepa Mahajan, Lucienne Oyer, and Sree Ramaswamy, “US small-business recovery after the COVID-19 crisis,” McKinsey and Company, July 2020, accessed November 30, 2020, <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/us-small-business-recovery-after-the-covid-19-crisis>.

¹⁶ Ibid

The Digital Divide

In the United States, diverse businesses are generally small and locally owned with limited budgets. In March of 2020, when the pandemic shut down the United States, the need to close the digital divide gained new urgency. Immediately, millions of businesses were disconnected from the economy. The lucky ones turned to online operations to survive. Nearly a year later, many businesses are still struggling to figure out how to function successfully in the new digital reality, with old computers, inadequate software, and unreliable internet access.

Even when basic access to internet service is not an issue, small and diverse businesses are less likely to have Customer Relationship Management (CRM) or Enterprise Resource Planning (ERP) systems, that larger organizations use to integrate and manage day-to-day business activities such as customer management, accounting, procurement, project management, risk management and compliance, and supply chain operations.

As such, small and diverse businesses are more likely to have limited to no access to innovative platforms and solutions in turn limiting their visibility to utilities and their ability to engage with sophisticated utilities.

Limited Investment in Formal Business Process, Systems, and Development

Traditionally undercapitalized, many small and diverse businesses cannot afford to make material investments in training or systems related to leadership, basic business development and management, or other business functions. Critical growth investment in foundational business elements such as skills building, contract negotiation, marketing, lead generation, project management, financial forecasting, customer service, and other areas of business management and operation are often foregone as all attention is firmly attached to day-to-day operations out of necessity. Even with a paucity of financial and time resources, refining foundational business principles is necessary for DBEs to grow.

Visibility and Access to Opportunities

Procurement focused databases are traditionally exclusively reserved for and designed to meet the needs of certified DBEs. As many diverse businesses are not certified DBEs, they must rely on internal marketing and outreach budgets and miss out on wide-reaching exposure from listings in industry and/or public-facing databases enjoyed by certified DBEs and majority-owned entities. These internal marketing and outreach budgets often do not have room to support the process for DBE certification. This leaves non-certified diverse business owners with an onerous choice: continue on as a non-certified DBE or divert resources from the marketing and outreach that actively supports their business to pursue DBE certification.

As addressed by challenges to follow, the potential benefits of attaining DBE certification are hard to balance against the reality of a monthly, or weekly, bottom line. Many of the opportunities in energy efficiency are advertised through closed electronic platforms. Unlike majority suppliers with long standing relationships, many small and diverse businesses are unfamiliar with platforms such as Power Advocate and Ariba that facilitate energy efficiency RFP and RFI responses. As a result, new and diverse suppliers have limited knowledge of and formal access to procurement opportunities as in many cases prospective bidders must be specifically invited to participate in the bid. Legacy contractors have relationships with utilities, industry associations, and regulatory entities that afford access to general information and best practices, often with the opportunity to influence program plans and pending changes. Many diverse businesses learn of RFPs and RFIs at the last minute, if at all, and simply lack the capacity to evaluate and respond to opportunities during the short window between the release of an RFP or RFI and the proposal submission date. Additionally, even if diverse businesses have been specifically invited to enroll in a utility's chosen supplier portal there can be a steep learning curve associated with both registering all required information in the portal and with the functions of the portal itself. In particular, the processes for navigating the platform, accessing information, and submitting proposals can be very daunting to newcomers. As a result, few diverse suppliers are successful in the formal bidding process.

Extraneous Contract Requirements

Many utility contract requirements are passed down from the prime contractor to all subcontractors, even when they are not applicable to a DBE's segment of the contract. These can include requirements impossible for small businesses to meet, such as a certain number of years in business, or bonding and insurance levels. Moreover, many small and diverse suppliers do not have the experience to understand and address all contract requirements without interpretation or assistance. Extraneous contract requirements can stall the process or render the businesses ineligible to participate.

One example of this is a branded clothing supplier required to have a \$5 million liability insurance policy even though they were seeking a contract for a few thousand dollars. To increase DBE participation, a prime contractor has to be willing to waive these types of requirements.



Best Practices: Increasing Diverse Business Participation

A **Best Practice** is defined as “a procedure shown by research and experience to produce optimal results and is established or proposed as a standard suitable for widespread adoption.”¹⁷ Organizations rely on or adopt best practices prior to implementing new initiatives or programs designed to ensure a desired outcome. Utilities are no different.

Understanding utility best practices of the target region is important to identifying applicable methods of increasing recruitment, engagement, and development of diverse businesses as contractors, vendors, and suppliers. Equally important is assessing best practices from beyond the target region to encourage innovative thinking. The following section includes best practices, preferred approaches, and successful programs that have increased diverse business participation in energy efficiency programs.

The Research Team conducted a series of one-on-one interviews with various Midwest utility energy efficiency and trade association representatives and initiated a review of public documents to identify the best practices most applicable and relevant to utility-managed energy efficiency programs (see Appendix D for interview scripts). These best practices fall within five main categories: Building Inclusive Cultures; Attracting and Recruiting; Increasing Development Opportunities; Program Design; and Barrier Identification and Removal.

“Supplier Diversity is a business strategy that ensures a diverse supplier base in the procurement of goods and services for any business or organization. It emphasizes the creation of a diverse supply chain that works to secure the inclusion of diverse groups in the procurement plans for government, not-for-profit, and private industry.”¹⁸



¹⁷ Merriam-Webster, “Best practice,” accessed October 28, 2020, <https://www.merriam-webster.com/dictionary/best%20practice>.

¹⁸ CVM, “What is supplier diversity and why is it important?” CVM Supplier Diversity Blog, last modified December 18, 2019, accessed October 20, 2020, <https://blog.cvm-solutions.com/what-is-supplier-diversity>.

Building an Inclusive Culture for Diverse Businesses

The Research Team identified formal Supplier Diversity Programs in each of the participating Midwest states. Duke Energy Corporation (Duke Energy), serving six states across the Midwest and South, believes in “ingraining an inclusive culture for diverse businesses by way of policy, practice and competitive prices of commodities and services.”¹⁹ Building an inclusive culture entails cultivating project teams with intention, by considering the teams’ desired outcomes and how each members’ experiences and talents shape the business’ success. The same consideration must be given to building supply chains. The top themes for building an inclusive culture for diverse business are included below.

1. Building Supply Chains with Diversity and Inclusion Values, to Reflect the Communities Served

A strong supplier diversity program builds a supply chain that aligns with a utility’s inclusive core values to reflect the communities it serves. The various utilities surveyed in all participating Midwest states share this ideology for building and maintaining diverse supply chains. Joe Dominguez, CEO of Commonwealth Edison Company (ComEd), in Illinois, shares that, “At ComEd, diversity and inclusion are core values for our employees and those we work with, including our supplier community. Creating opportunities for diverse suppliers to grow and excel is one of the most important roles we play as we continue building a supply chain that reflects all the communities we serve.”²¹ Supply chains built in alignment with company diversity and inclusion values benefit the community by impacting business growth, job creation, and an overall improved quality of life.

As stated in their 2019 Supplier Diversity Report²⁰, Ameren Illinois believes that diverse business utilization plays a significant role in contributing to the economic growth, job creation, and social well-being in its communities, the State of Illinois and the Midwest region. Further, Ameren Illinois recognizes the importance of inclusiveness as it relates to all aspects of procuring products and services and providing electric and gas service to its business and residential customers. In 2017, Ameren Illinois’ Market Development Initiative (MDI) was approved by the Illinois Commerce Commission (ICC) as part of its Energy Efficiency Plan Filing for the 2018-2021 Plan Year. MDI is an initiative designed to develop partnerships with community-based organizations to 1) increase the number of diverse and local businesses supplying products and services in support of its energy efficiency programs, 2) increase the number of diverse and (low to moderate) income-qualified participants receiving services from its energy efficiency programs who have not traditionally benefited from them, and 3) increase energy efficiency workforce development opportunities for diverse individuals.

¹⁹ Duke Energy, “2019 Sustainability Report: Ready for What’s Next,” April 2020, accessed June 17, 2020, <https://sustainabilityreport.duke-energy.com/downloads/2019-Duke-Energy-Sustainability-Report-Complete.pdf>.

²⁰ Commonwealth Edison Company, “ComEd Diverse Supplier Investment Reaches All-Time High,” April 18, 2019, accessed October 23, 2020, https://www.comed.com/News/Pages/NewsReleases/2019_04_18.aspx.

²¹ Ameren Illinois Company, “Annual Report on Business Diversity for the Illinois Commerce Commission” April 2020, accessed February 8, 2021, <https://ilsag.s3.amazonaws.com/2019-Ameren-IL-Supplier-Diversity-Report-to-ICC.pdf>.

2. Leveraging Existing Supplier Diversity Programs

Supplier diversity programs allow utilities to identify ways to include diverse suppliers. Most utilities understand and embrace supplier diversity programs because suppliers are an important component of their success, and thus commit to their continued development.²² Supplier diversity, and development programs in Ohio, Illinois, Indiana, Missouri, and Michigan aim to identify, develop, and promote the inclusion of qualified diverse suppliers to “add value and stability across the organization.”²³

At DTE Energy (DTE), a Detroit, MI-based utility, the diversity procurement team “developed a national reputation for success by going out into the community to meet diverse business owners where they are and provided resources and education to help them succeed.”²⁴ People’s Gas Company (People’s Gas) and North Shore Gas Company (North Shore Gas), in Chicago, understand the need “to partner with all-diverse suppliers in order to identify new business opportunities and expand their capabilities.”²⁵ In Wisconsin, Alliant Energy Corporation (Alliant Energy) in Wisconsin is paving the way with its internal diverse supplier program “aimed at increasing the utilization of minority-owned, women-owned, and service-disabled veteran-owned, LGBTQ+-owned and designated small businesses.”²⁶

Supplier diversity programs enable utilities to play an active role in strengthening and widening the playing field for qualified, diverse suppliers, bringing those that have been traditionally underutilized into the fold of opportunity.²⁷

3. Developing Mentoring Relationships to Strengthen Supply Chain Diversity

Increasing the participation and success of diverse suppliers requires an investment in mentorship, exemplified by several utilities. People’s Gas and North Shore Gas believe in the importance of continuously developing mentoring relationships and have done so since the inception of their formalized supplier diversity program.

Similarly, Duke Energy ensures “diverse suppliers know which doors to knock on and how to establish sustainable relationships within the company... [and] shows other utilities how to do the same.”²⁸ Duke Energy hosts business summits that bring together diverse suppliers and utilities and demonstrate the path to successful partnership. Duke Energy also held smaller forums in specific locations to open new doors for diverse-owned businesses by highlighting their products and/or services to potential customers within the local network of utilities. These forums resulted in a “better educated, diverse business community that has an understanding of the energy industry.”²⁹ Duke Energy has received recognition for its supplier diversity initiatives and encourages other utilities to adopt similar strategies to build sustainable diverse businesses in the energy industry nationwide. Through various methods, strong mentorship helps facilitate a greater understanding of goods and services procurement policies, processes, and practices for diverse-owned suppliers, enabling these businesses to be more successful in networking and securing new opportunities.

²² Nicor Gas, “Supplier Diversity Report 2018,” 2019, accessed June 19, 2020, <https://www.icc.illinois.gov/filings/mwvs/default.aspx>.

²³ Vectren Corporation, “Supplier Diversity,” Supplier Diversity, accessed October 23, 2020, <https://www.vectren.com/corporate/supplier-diversity>.

²⁴ Lisa Bolla, “DTE CPO receives national award for supplier diversity commitment,” Empowering Michigan, DTE Energy, May 24, 2019, accessed October 13, 2019, <https://empoweringmichigan.com/dte-cpo-receives-national-award-for-supplier-diversity-commitment/>.

²⁵ People’s Gas and North Shore Gas, “Supplier Diversity 2019 Annual Report,” 2019, accessed October 17, 2019, <https://www.peoplesgasdelivery.com/company/pdf/supplier-diversity-report.pdf>.

²⁶ Alliant Energy, “Supplier Diversity,” accessed December 1, 2020, <https://www.alliantenergy.com/PartneringwithAlliantEnergy/Suppliers/SupplierDiversity>.

²⁷ NiSource, “Renewing our Commitment: 2019 Global Reporting Initiative Table, Supplement to NiSource’s 2019 Integrated Annual Report,” 2019, accessed June 14, 2020, <https://www.nisource.com/docs/librariesprovider2/sustainability-archives/2019/2019-gri-table.pdf?sfvrsn=8>.

²⁸ Duke Energy, “Connected: 2014 Sustainability Report,” 2014, <https://sustainabilityreport.duke-energy.com/2014/pdfs/2014-duke-sustainability-report-complete.pdf>.

²⁹ Ibid.

Attracting and Recruiting Diverse Businesses

The most effective strategies for successfully attracting and recruiting diverse businesses vary by utility and service territory and require a combination of approaches. Identifying the most effective strategies for a given locale can help facilitate the best outcomes in building a diverse supply chain. Research indicates the following are best practices for attracting and recruiting diverse businesses in the Midwest region.

1. Outreach Methods

Effective outreach strategies are necessary to recruiting diverse businesses. Utilities in Michigan, Illinois, Missouri, Indiana, Wisconsin, and Ohio leverage outreach methods to recruit diverse businesses to participate in energy efficiency projects. Utilities connect with diverse suppliers through different forums designed to recruit, inform, educate, and eventually, procure from diverse businesses. ComEd's outreach includes using third-party companies to recruit new diverse businesses by hosting seminars and workshops during which ComEd expresses their needs within and beyond the utility energy efficiency program. ComEd's goal is to provide qualified diverse suppliers an opportunity to compete in the bidding process.³⁰ Similarly, Northern Indiana Public Service Company and Columbia Gas of Ohio pursue diverse supplier connection opportunities by hosting and participating in industry and diversity events across their service territories.³¹ Lastly, a DTE representative attributed its portfolio success to the number of diverse business engagement programs and initiatives the utility employs to “embrace [community outreach] and make it happen daily basis.”³²

2. Partnering with Diversity Experts

A key strategy for reaching diverse suppliers that reflect the communities within the utilities' service territories is for utilities to partner with local Diversity, Equity, and Inclusion (DEI) focused advocacy groups and organizations that specialize in recruiting. Utilities in Michigan, Ohio, Missouri, Indiana, Illinois, and Wisconsin collaborate with diversity-related advocacy groups to recruit diverse vendors. For example, Alliant Energy, in Wisconsin, pursues diverse recruitment goals by “forming a partnership with an expert in supplier diversity development.” Alliant partnered with the North Central Minority Supplier Development Council (NCMSDC) to establish the diversity program that is today embedded within its culture. Specifically, NCMSDC taught Alliant how to track diverse suppliers, what to require for certification, how to conduct outreach, and what resources were available to find diverse suppliers.³³ NCMSDC and other advocacy groups well-versed in DEI can support utilities in understanding the granular details necessary to building diverse supplier programs reflective of the utilities' target customer base.

³⁰ Sophia Markowska and Leah Scull, “Winning Contracts and Developing Skills,” Midwest Energy Efficiency Alliance, September 2018, accessed October 7, 2020, <https://www.mwalliance.org/sites/default/files/meea-research/supplier-diversity-sept2018.pdf?current=/taxonomy/term/11>.

³¹ NiSource, “Renewing our Commitment.”

³² Interview with John R. Boladian, Director of Energy Efficiency at DTE Energy, conducted September 15, 2020.

³³ Markowska, “Winning Contracts and Developing Skills.”

³⁴ Vectren Corporation, “Vectren 2016 Report,” Center Point Energy, 2016, accessed June 12, 2020, <https://www.centerpointenergy.com/en-us/Documents/Sustainability/sustainability-report-2016.pdf>.

³⁵ Commonwealth Edison Company, “Powering Transformation: Embracing Diversity Enables Possibilities,” April 15, 2019, accessed October 23, 2020, <https://www.icc.illinois.gov/filings/mwvs/default.aspx>

Increasing Development Opportunities for Diverse Businesses

Increasing opportunities for training and development is an important strategy for improving overall diverse supplier engagement. The potential positive impact of this strategy is realized when it opens doors for resource-sharing and other opportunities. Partnerships and mentorships can be leveraged to offer development opportunities to DBEs.

The top themes for fostering strong development opportunities in the Midwest are included below. The Research Team also identified several innovations for developing diverse businesses; included are those most applicable to Ameren Illinois.

1. Leveraging Partnerships

Most Midwest utilities believe that partnering with private organizations, public organizations, and advocacy groups to offer coaching and development opportunities to diverse suppliers benefits both the utility and the supplier.

Vectren Corporation (Vectren) which serves Ohio and Indiana circulates links and information from public, private, and advocacy organizations to their diverse business partners as a way of providing assistance and information.³⁴

ComEd uses a unique method to secure partnerships. A ComEd company representative serves as a Board Member for the Chicago Minority Supplier Development Council (CMSDC), a partnership that helps “to promote diversity-certified supplier inclusion best practices.”³⁵

ComEd aims to develop diverse suppliers in high-impact, FEJA-related spend categories. ComEd’s senior leadership is especially committed to providing development opportunities for new, certified DBEs in historically underrepresented communities, and prioritizes enhancing the development initiatives they offer.³⁶ In 2017, ComEd “spent \$30 million on area business associations to develop career training programs related to solar and energy efficiency. ComEd aims to establish a pool of trained installers, fund job training programs through community-based and diverse organizations and identify partnership opportunities that maximize societal benefits of workforce development.”³⁷

Dominion Energy Company in Ohio (Dominion Energy Ohio) develops its diverse businesses by sponsoring scholarships for small diverse business owners to attend an executive management program.³⁸

Peoples Gas and North Shore Gas partnered with Chicago United to create and implement the “Five Forward” program, in which five local MBEs are selected to participate for five years. As MBEs grow and enhance their position to compete for corporate contracts outside of Five Forward, the corporate community benefits from a more competitive pool of diverse businesses. This impactful partnership leverages participants’ existing skills and expertise and offers recommendations and guidance to position the suppliers for long-term success. “The companies continue to adhere to the Chicago United Five Forward Initiative process to strengthen their internal sourcing and enhance the relationships with MBE partners that have potential to build scale and become regionally and nationally competitive.”^{39, 40}

³⁶ Dominion Energy, “Building a Cleaner Future for our Customers and the World,” 2019 Sustainability and Corporate Responsibility Report, 2020, accessed November 25, 2020, https://sustainability.dominionenergy.com/assets/pdf/Dominion-Energy_SCR-Full-Report-FY2019.pdf.

³⁷ Markowska, “Winning Contracts and Developing Skills.”

³⁸ Ibid.

³⁹ People’s Gas and North Shore Gas, “Supplier Diversity 2019 Annual Report.”

⁴⁰ For more information on the Chicago United Five Forward 20/20 Initiative, see <https://www.chicago-united.org/page/FFvidresources>.

In 2020, Ameren Illinois partnered with the Minority Business Development Center in Peoria, IL to design the Minority Contractor Development Program to increase the participation of minority, women, and disadvantaged businesses owners on construction projects. The Minority Contractor Development Program focuses on developing DBEs in areas such as capital acquisition, bidding/estimating, bonding, and back-office support.

2. Internal Mentoring Programs

Utilities in all six states surveyed have internal mentoring programs that support the development of diverse businesses. This practice has significantly increased and maintained the number of diverse businesses with improved skills. Utilities design formal training programs to help diverse businesses become well-versed in supply chain management and utilize mentoring as a key tactic. Utilities facilitate participation by offering scholarships.

DTE offers “a mentorship program led by the supply chain to identify potential diverse businesses. Energy efficiency program teams that are aware of the unique needs that diverse businesses have may bring in resources to help coach. There are monthly and quarterly meetings to identify deficiency gaps and help close them.”⁴¹

In 2017, Ameren Missouri launched a Diverse Business Mentoring Program which included a cohort of emerging Ameren Missouri diverse businesses. Cohort members participate in a year-long curriculum with a variety of featured topics, including project management, bidding and estimating, and safety and quality management. Then, the cohort members routinely meet with Ameren Missouri mentors and key prime suppliers.⁴² This program builds groups of capable diverse businesses ready to fulfill project opportunities.

In some cases, internal mentoring efforts foster an environment in which utilities and businesses effortlessly connect over procurement opportunities. Oftentimes, mentoring programs ensure DBEs are better involved in bidding and sourcing opportunities, support DBEs who have inquired about opportunities listed on the supplier diversity website, and encourage active participation at networking and advocacy events. This is the case at People’s Gas and North Shore Gas, where the supplier diversity teams work to identify short- and medium-term areas for growth and opportunity. Based on these areas of development, the utilities regularly seek the procurement of goods and services for buyers, end users, and corporations, and regularly interviews diverse businesses for these opportunities.⁴³

⁴¹ Interview with John R. Boladian, Director of Energy Efficiency at DTE Energy, conducted September 15, 2020.

⁴² Ameren Missouri, “Powering the Quality of Life: A Guide for the Community,” February 2020, <https://www.ameren.com/-/media/missouri-site/files/community/community-guide-2020>.

⁴³ People’s Gas and North Shore Gas, “Supplier Diversity 2019 Annual Report.”



Innovation: “How to Do Biz” Workshop

Workforce development efforts have shifted alongside changes in the utility industry. These efforts now attempt to establish a communications infrastructure to connect utilities and diverse businesses, and work to fulfill requirements that would support the industry’s future growth. ComEd “...held a workforce development event in August 2017 to bring together administering job training programs with energy efficiency program implementers. Bringing these groups together ensures implementers can share the skills that they are looking for with their employees and contractors, while workforce training programs can identify potential companies for job placement.”⁴⁴

Innovation: Reverse Minority Supplier Vendor Fair

People’s Gas and North Shore Gas hosted Reverse Minority Supplier Vendor Fairs that swapped the typical roles of exhibitors and attendees. Instead of corporate and contractor representatives hosting exhibits, suppliers were exhibitors “empowered to sell and promote their businesses and own the networking opportunities” with the corporate and contractor representatives as the attendees. The event was very well received and renewed, strengthened, and created relationships while providing diverse suppliers direct access to decision-makers.⁴⁵

Innovation: Secure Financing Partnership – Community Banking Program

Exelon Corporation, the parent company of ComEd headquartered in Chicago, created a Community Banking Program to secure credit agreements with community and minority-owned banks located in its subsidiary companies’ service territories. In 2013, Exelon arranged \$123 million in credit lines with 31 community and minority owned banks in Illinois, Pennsylvania, Maryland, and New Jersey.⁴⁶

⁴⁴ Markowska, “Winning Contracts and Developing Skills.”

⁴⁵ People’s Gas and North Shore Gas, “Supplier Diversity 2019 Annual Report.”

⁴⁶ National Utilities Diversity Council, “Supplier Diversity Toolkit,” accessed October 22, 2020, <https://nudc.com/clientuploads/pdfs/bestpractices.pdf>.

Designing Programs with Diverse Businesses in Mind

Programs that are successful in increasing diversity in supply chains are those that place the needs of diverse businesses at the center of program design. In the last several years, utilities began to track diverse spend goals as a best practice to introduce a higher level of accountability for their diversity commitments. Utilities now track Tier 1, or prime contractor diverse spend, and Tier 2, subcontractor, diverse spend goals within energy efficiency programs. Tracking the growth over time of these numbers is an accurate measure of success, as well as an indicator of a contractor's commitment to diverse spend. Diverse spend within utility energy efficiency programs has increased in large part from focused efforts that identify local diverse businesses in targeted spend categories. The primary trends and methods for designing programs to best meet the needs of diverse businesses are included below.

1. Implementing Diverse Spend Goals

Utilities throughout Illinois, Michigan, Missouri, Indiana, and Ohio have established goals and resources to increase diverse spend in energy efficiency programs. According to our research, Wisconsin utilities do not currently appear to implement diverse spend goals. However, as this report was going to press in early 2021, the Wisconsin PSC announced in a press release that they will require privately held utilities with at least 15,000 customers to provide information about supplier diversity and procurement goals and actual spending for women-owned, minority-owned, veteran-owned, disability-owned, and LGBT+ businesses in the previous calendar year, and the utilities' plan for implementing and realizing their goals for the following year.

To increase diverse spend in support of the 2018 Exelon Diverse Business Empowerment Strategic Initiative Plan, ComEd created the Enterprise All-In Supplier Development Program as part of ComEd's Supplier Development Portfolio. The program is a strategic outreach and diverse business development process that selects "high potential" local/diverse business in targeted spend categories with traditionally little diverse business inclusion. The program specifically focuses on energy efficiency to increase the pipeline of diverse businesses in areas of growth.⁴⁷ "Illinois has attempted to rectify the historical lack of supplier diversity in utilities through the submission of annual reports on supplier diversity goals and the creation of annual policy sessions. The Illinois Commerce Commission (ICC) does this by closely analyzing utilities' procurement figures and their spending plans in annual reporting. This reporting and the ICC analysis creates a deeper understanding of how diverse spend can grow and encourages the processes that fuel this growth. Due in part to the ICC's and Illinois Utilities Business Diversity Council (IUBDC) efforts, utility spending with diverse businesses increased by more than \$1.4 billion from 2012-2016."⁴⁸

DTE implements its energy efficiency program with specific diverse contractor spend goals. The Energy Efficiency team works in partnership with their internal supply chain team. The energy efficiency contract spend goal is typically based on a percentage of the contract amount.⁴⁹

Other utilities have internal spend goals that must be met through their ICs. Many of these goals require a specific percentage of spend be allocated towards diverse businesses for a particular project; however, in many cases it is acceptable not to meet the goal as long as there is proof of a "good faith effort" shown and documented. This "good faith effort" exception creates leniency around diverse spend. Utilities must make diverse spending a priority, by providing training and education on the importance and impact of spending with diverse businesses and enforcing goals, making them non-negotiable. Goals should also be coupled with the establishment of initiatives and implementation of pilot programs to support locating and vetting diverse business and ensure successful recruitment.

⁴⁷ Exelon Corporation, "2018 Exelon Diverse Business Empowerment Annual Report," 2019, accessed July 12, 2020, <https://www.exeloncorp.com/company/Documents/Exelon-Diverse-Business-Empowerment-2018-Annual-Report.pdf>.

⁴⁸ National Utilities Diversity Council, "Supplier Diversity Toolkit."

⁴⁹ Interview with John R. Boladian, Director of Energy Efficiency at DTE Energy, conducted September 15, 2020.

2. Tracking and Reporting Diverse Spend

Utilities throughout the Midwest have implemented policies, metrics, and methods to track and report diverse spending. Policies emphasize the importance of recognizing the value of supplier diversity programs, and the need for prime contractors to understand and embrace them. Utility contracts require prime contractors to report supplier diversity metrics from the RFP stage through the contract end date. Diverse spend related to energy efficiency programs is tracked for analysis of historical trends and reporting to government utility commissions. To remain transparent, information on spend with diverse businesses is published through RFPs, annual utility reports, regulatory reports, websites, and applications designed to track diverse spending. Ameren Illinois, Indiana Michigan Power Company, Duke Energy in Ohio, and Dominion Energy Ohio all utilize PowerAdvocate as a web-based tool to monitor certified DBE spend tracking.

Nicor Gas, in Illinois, feels that an important component of its supplier diversity program is second-tier supplier diverse, or subcontracting, and they evaluate supplier diversity and spend in their RFP decision matrix. They also ask that primary contractors participate in the program and report on supplier diversity efforts.⁵⁰

“DTE reports and tracks its diverse spending related to energy efficiency programs in an annual report that publishes its diversity spending. Internal metrics on a monthly scorecard and supply chain tracking are used to evaluate the amount of diverse spend. Energy efficiency diverse spend is reported to the Michigan Public Service Commission in an annual report included in the regulatory filing and diverse spend information is also published on DTE’s website.”⁵¹

Both diversifying and tracking spend, even down to Tier 3 suppliers, is an essential strategy towards increasing efforts in both areas. First, tracking spend encourages contractors to consider every opportunity for DBE participation within a contract. Tracking spend to the Tier 3 level provides opportunities for DBEs to gain experience with smaller contracts and develop relationships with Tier 2 contractors that afford an opportunity for growth into larger, more substantial contracts.

In 2018, as part of its MDI program, Ameren Illinois partnered with Walker-Miller to identify, vet, and recommend candidates for contract opportunities across its energy efficiency portfolio and track the growth of Tier 3 DBE spend. Between 2018 and 2020, Ameren Illinois’ Tier 3 diverse energy efficiency spend increased by an eye-popping 895%.

⁵⁰ Nicor Gas, “Supplier Diversity Report 2018.”

⁵¹ Interview with John R. Boladian, Director of Energy Efficiency at DTE Energy, conducted September 15, 2020.

Identifying and Removing Barriers

Too often, diverse businesses experience barriers to participation in energy efficiency programs and projects. The Research Team found innovative strategies from outside the Midwest that utility companies employ to increase, develop, and sustain supplier diversity programs. The Research Team finds these innovations to be feasible and effective for use in the Midwest.

Key Strategy: Supply Chain Integration

While Midwest utilities are well-versed in the design and application of supply chain diversity principles, the Research Team did not find information to indicate diverse businesses have the expertise required to successfully navigate utility energy efficiency supply chains. This knowledge gap creates barriers to obtaining supply contracts and procurement opportunities. These barriers often discourage diverse businesses from seeking and securing contracts, impacting their ability to be competitive with other non-diverse businesses in the energy efficiency field. Worse still, even when qualified to participate, diverse businesses often fail to find on ramps that allow them to provide goods or services for energy efficiency programs.

Utilities and diverse businesses greatly benefit from the dedicated supply chain teams who focus specifically on identifying opportunities and removing barriers for energy efficiency businesses.

These teams can apply Lean Six Sigma (LSS) methodologies, such as root cause analysis, to identify barriers and improve processes. Listening to the voices of DBEs help ensure diverse end-user perspectives are included. Vectren found success in this approach to improving diverse supply chain utilization. Vectren “utilizes a supply chain team to maximize strategic sourcing practices for small, women, minority, veteran, and service-disabled veteran business enterprises” to carry out the goals intentionally and successfully they have related to diverse supplier spend and utilization.⁵²

⁵² Vectren Corporation, “Vectren 2016 Report.”

Innovative Initiatives

Southern California Gas Company, Central and Southern CA

Innovation: Supplier Showcase

Southern California Gas Company (SoCalGas) implemented programs through close partnerships with utility supply and procurement departments. These programs educate diverse businesses on elements of the procurement cycle while building business relationships with clients. Employing supply management, supplier diversity, and procurement agents within the same department increases the flow of information and program effectiveness by removing the departments from a stovepipe management configuration.

The removal of this up-down management control encourages seamless cross organizational communication. To further these efforts, SoCalGas organizes a regular supplier showcase in which the company presents suppliers early in the contracting process. Because supplier diversity, supply management, and procurement agents are in the same department, the communication facilitated by the supplier showcase is highly successful. The supplier diversity professionals work in tandem with procurement leaders to ensure sufficient timing is allotted for showcase coordination.

The team then conducts outreach together to elevate opportunities with the internal client. Afterwards, the supplier diversity team compiles a list of potential suppliers to recruit into the company's supply chain. "In the Supplier Showcases, [five to six] suppliers are invited, and an entire day is set aside to meet with internal clients for 30-35 minutes per supplier. Through this process, the suppliers can build relationships with the internal client, moving beyond a business card. These meetings take place early in the procurement process so there are more opportunities for interactions. Prior to instituting the Supplier Showcases, SoCalGas found that introducing diverse businesses too late in the procurement process was a barrier to participation. Diverse businesses are encouraged to attend outreach events, so the supplier diversity team is aware of them."⁵³

⁵³ National Utilities Diversity Council, "Supplier Diversity Toolkit."

Innovative Initiatives

Smaller Contractor Opportunity Realization Effort (SCORE)

“The SCORE program aims to expand the pool of smaller diverse businesses in the supplier base. SCORE combines boot camps and class sessions with on-the-job mentoring. Boot camps provide a one-day dive into subjects such as ‘Submitting a Winning Request for Proposal’ and ‘Talent Management’ to help small diverse businesses develop relationships within SoCalGas and resulted in \$20 million in contracts in 2013.”⁵⁴

Innovation: Supplier Payment Programs⁵⁵

SoCalGas recognizes that many of its diverse businesses experience cash flow and financial health concerns that create a sensitivity for on-time payments. To address this need, SoCalGas built and implemented numerous programs and practices to ensure contractors and suppliers receive prompt payments and resolve payment disputes in a timely manner. The following includes several of SoCalGas’ supplier payment programs, considerations, and best practice:

- **Supplier Quick Pay Program (SQPP):** For diverse firms with \$5 million or less in annual revenue and no more than 25 employees, SoCalGas offers electronic payments with modified payment terms to Net 15 with zero discounts. There are 62 enrollees in the program.
- **Accounts Payable:** Diverse businesses can contact an Accounts Payable representative directly, via email, for answers to questions on pending invoices.
- **Supplier Relationship Model:** Participants can work through the program independently to resolve issues such as payments, performance, and contracts.
- **Supplier Diversity Team:** When notified, advisors can resolve contract issues dealing with pay, performance, complaints and more.
- **Late Payment Resolution Team:** In 2018, a team with representatives from Procurement, Supplier Diversity and Accounts Payable was formed to determine the root cause of late payments, mitigate discrepancies, and address disputes.
- **Vendor Management System:** The system provides timely payments to suppliers. It also assists with compliance, time tracking, budgeting, and detailed descriptions of work performed.
- **Bank of America Visa Card:** This card offers prompt payment for smaller vendor purchases.
- **Invoice Processing Education:** Representatives from SoCalGas’ Accounts Payable department administer invoice processing education workshops to current and potential vendors to minimize late payments.
- **Southern California Edison Company, Central, Coastal and Southern CA.**

⁵⁴ National Utilities Diversity Council, “Supplier Diversity Toolkit.”

⁵⁵ Southern California Gas Company, “2018 Annual Report, 2019 Annual Plan,” 2018, accessed November 18, 2020, https://www.socalgas.com/1443742292537/2018_SCG_DBE-Report_2018.pdf.

Innovative Initiatives

Innovation: Diverse Supplier Mentoring Program

Southern California Edison Company (SCE) conducts an 18-month Program for seven to ten diverse businesses that includes a supplier leadership component, a bid process segment (including how to review a score sheet to perceive weaknesses in a bid), and a section on how to use power teams with operational unit mentors. Vendors selected for this program offer products and/or services related to SCE's future procurement needs.⁵⁶

National Grid USA Service Company, Inc., Northeast Region

Innovation: Master Series Program

The National Utilities Diversity Council (NUDC) builds capacity by partnering with educational institutions to create academic enrichment programs. This value-add strategy drives economic growth by engaging diverse suppliers and local universities. National Grid USA Service Company, Inc. (National Grid) developed the Master Series Program, an academic enrichment program at no cost to the diverse business. This program focuses on procurement, covering the basics such as responding to RFPs, leveraging social media, and other marketing strategies for business growth, sustainability, safety compliance, and managing/developing employees.⁵⁷

Innovation: Jurisdictional Supplier Diversity Summit

National Grid hosts the Jurisdictional Supplier Diversity Summit (Summit) to connect utilities, prime contractors, procurement teams, and business development agencies with targeted diverse businesses across the Northeast. Diverse businesses are invited to participate in educational opportunities to potentially give them a competitive edge for contract awards. Prior to the Summit, "each corporation reviews their capital investment plan as well as upcoming sourcing events to ensure the right suppliers are invited to the Summit that provide products and services for real opportunities that are visible in the near future. The focus of the event is to drive supply chain diversification from all angles (Tier 1 and Tier 2) as well as educate suppliers on sustainable initiatives to give their company a competitive edge."⁵⁸

⁵⁶ National Utilities Diversity Council, "Supplier Diversity Toolkit."

⁵⁷ Ibid.

⁵⁸ Ibid.

DIVERSE RESIDENTIAL CUSTOMERS AS ENERGY EFFICIENCY PROGRAM PARTICIPANTS

Background and Approach

Energy utilities know not all customers have identical needs or desires. These differences can present a challenge when trying to activate a diverse customer base to participate in utility-based programs, such as energy audits or weatherization updates. To successfully engage a diverse customer base, utilities must understand their customer base in great detail, identify customer groups and their unique barriers to program participation, and implement measures for removing those barriers.

According to the U.S. Census Bureau, Ameren Illinois' electric and gas service territory includes over 1.1 million families across 1,042 zip codes. The diverse customer groups that reside in these zip codes include customers of different races and ethnicities, veterans, older customers, individuals with disabilities, limited-English speaking households, LGBTQ+ communities, low-income households, and other demographics.

To better understand the unique needs of diverse customers, the Research Team (1) conducted a review of existing literature and industry best practices on diverse customer engagement; (2) refined qualitative research methods; and (3) conducted two customer focus groups.



Understanding the Diverse Residential Customer Base

Customer Segmentation Profiles

An essential part of recognizing and reaching a company's unique customer base is segmenting the company's target customers into appropriate categories to facilitate equity in service and engagement. Esource, a leading research, consulting, and data science firm in the utility industry, conducted a study in which several Midwest states were organized into subpopulations with unique characteristics.⁵⁹ The subpopulations included American Classics, Urban Modern Mix, Park Bench Seniors and Back Country Folks. The Urban Modern Mix group consisted of adults and single parents (55 years of age and younger) who live in urban areas with a medium income of \$35,000, in a mixture of rented and owned homes, and mostly did not have children.⁶⁰ In addition to the examples provided by Esource, the Research Team explored additional factors in customer segmentation, including technology use, highest level of college education attained, primary methods of communications, etc.

Segmentation that captures variances in geography, lifestyle, life stage, and socioeconomic demographics will facilitate a better specialized approach to implementing energy efficiency programs in energy sectors. Customer segmentation by customer characteristics has been integral to Ameren Illinois' understanding of diverse customer needs and outreach preferences.

Ameren Illinois Diverse Residential Customer Distribution

The Research Team conducted an extensive review of the target diverse customers within Ameren Illinois' service territory, segmenting customers to facilitate an effective assessment of customer engagement in energy efficiency programs. The Research Team considered the following demographic indicators: geographic location, race or ethnicity identification, age, disability status, homeownership status, English-speaking capability, socioeconomic status, and veteran status.

A key demographic Ameren Illinois serves includes income constrained households, many of whom face difficult decisions in managing expenses. Energy efficiency programs provide an opportunity for low-income households to reduce their utility bills by offering free or low-cost energy conservation measures. Program participation can be limited for these target constituents by a number of barriers, including the lack of awareness of existing programs and distrust of program providers. A scarcity of trust often contributes to customer apprehension to share financial information necessary for program registration.

The Research Team used U.S. Census Data to explore the distribution of diverse populations across Ameren Illinois' service territory to identify zip codes with relatively high proportions of target demographics. Some zip codes have high proportions of multiple demographic categories. The Research Team identified these zip codes as most likely to include diverse demographics of interest for Ameren Illinois' energy efficiency programming (Figure 11). (See Appendix E for maps illustrating the geographic distribution of target diverse populations, and Appendix F for a list of the top 25 zip codes with the highest proportion of each target demographic.)

⁵⁹ The states included in Esource research were Illinois, Michigan, Ohio, Wisconsin, and Indiana.

⁶⁰ Esource website, <https://www.esource.com>.

Figure 11: Target communities for diverse customer engagement

County	City	Zip Code	Non-white	Black/African American	American Indian/Alaska Native	Asian	Native Hawaiian/Pacific Islander	Other Race	Hispanic/Latino	Individuals with Disabilities	65 years or older	Renter-occupied Households	Limited English Speaking Households	Poverty	Veterans
Alexander	Cairo	62914	●	●	●		●								
Bond	Pierron	62273									●			●	
Bureau	Depue	61322						●	●				●		
Calhoun	Hamburg	62045								●					●
Calhoun	Michael	62065												●	●
Calhoun	Mozier	62070												●	●
Cass	Beardstown	62618					●	●	●				●		
Cass	Bluff Springs	62622								●		●		●	
Champaign	Urbana	61801				●						●	●		
Champaign	Champaign	61820				●						●	●		
Champaign	Savoy	61874				●							●		
Christian	Rosamond	62083				●									●
Clinton	New Memphis	62266								●				●	
Douglas	Arcola	61910							●				●		
Douglas	Arthur	61911									●		●		
Douglas	Murdock	61941								●		●			
Franklin	Orient	62874								●	●				
Iroquois	Claytonville	60926						●						●	
Iroquois	Onarga	60955						●	●				●		
Iroquois	Thawville	60968			●			●	●						
Jackson	Carbondale	62901										●	●		
Jackson	Ava	62907			●	●									
Jersey	Dow	62022			●										●
Kane	Montgomery	60538						●	●						
Kankakee	Pembroke Twp.	60958	●	●											
La Salle	La Salle	61301						●	●						
La Salle	Leonore	61332						●						●	
Lee	Compton	61318						●	●						
Macon	Decatur	62523	●	●						●		●			
Madison	Madison	62060	●	●											
Madison	Venice	62090	●	●								●			
McLean	Bloomington	61704				●							●		
McLean	Cropsey	61731												●	●
Mercer	Preemption	61276						●	●						●

Figure 11: Target communities for diverse customer engagement (cont.)

County	City	Zip Code	Non-white	Black/African American	American Indian/Alaska Native	Asian	Native Hawaiian/Pacific Islander	Other Race	Hispanic/Latino	Individuals with Disabilities	65 years or older	Renter-occupied Households	Limited English Speaking Households	Poverty	Veterans
Mercer	Preemption	61276						●	●						●
Peoria	Dunlap	61525				●								●	
Peoria	Edwards	61528				●								●	
Peoria	Rome	61562							●	●				●	
Peoria	Peoria	61602				●				●		●			
Peoria	Peoria	61603	●	●											
Peoria	Peoria	61605	●	●								●			
Peoria	Peoria	61625				●						●			
Piatt	La Place	61936												●	●
Pulaski	Mound City	62963	●	●						●					
Pulaski	Mounds	62964	●	●											●
Pulaski	Pulaski	62976	●	●											
Rock Island	Barstow	61236					●	●	●						
Rock Island	Carbon Cliff	61239										●	●		
Rock Island	East Moline	61244											●		
Saint Clair	Lovejoy	62059	●	●								●			
Saint Clair	East Saint Louis	62201	●	●				●	●		●	●	●		
Saint Clair	East Saint Louis	62203	●	●											
Saint Clair	East Saint Louis	62204	●	●								●			
Saint Clair	East Saint Louis	62205	●	●											
Saint Clair	East Saint Louis	62206	●	●								●			
Saint Clair	East Saint Louis	62207										●			
Saint Clair	Scott Air Force Base	62225										●			●
Saline	Muddy	62965							●						●
Sangamon	Springfield	62701				●	●			●		●			
Union	Alto Pass	62905				●		●	●				●		
Vermilion	Armstrong	61812					●	●						●	
Wabash	Keensburg	62852			●										●
Warren	Little York	61453			●	●									
Warren	Monmouth	61462						●					●		
Will	Plainfield	60586						●	●						
Williamson	Colp	62921	●	●							●				

Focus Group Findings

In August 2020, the Research Team hosted two 90-minute focus groups to understand diverse customers' general energy knowledge, prior energy efficiency actions, energy efficiency interests and motivations, and awareness of utility energy efficiency programs. The focus groups engaged participants who live in and around the Springfield and Taylorville communities and are served by Ameren Illinois. These communities were selected to gather diverse perspectives across age, race or ethnicity, and owner/renter status, as well as for their recognition as Ameren Illinois Voltage Optimization and Market Development Initiative targeted communities.

The focus groups were held virtually due to the COVID-19 pandemic and were facilitated by an independent moderator while the Research Team observed. (A script of the focus groups can be found in Appendix G.)

Local Demographics

Figure 12: Demographics of Springfield and Taylorville, IL

City	Population	Nonwhite population	Population 65 or older	Veteran population	Population with disability under 65	Language other than English spoken at home	Persons in poverty	Owner-occupied housing
Springfield	116,459	27%	17%	8%	11%	6%	20%	62%
Taylorville	10,964	4%	21%	11%	10%	2%	17%	65%

The participants who reside in the Ameren Illinois electric and/or gas service territory offer a window into how individuals of various demographics contextualize issues. However, qualitative research presents certain limitations. While insights gleaned from the focus groups can be applied to a broader scale, some views expressed may vary from the overall sentiment of these demographics.

Figure 13: Focus Groups at a Glance

City	Date	Time	# of participants	Demographics
Springfield, IL (gas customers only)	8.17.2020	6:00pm (CST)	7	<ul style="list-style-type: none"> 6 Women 1 Man 7 Black/African American 1 Young adult 2 Middle-aged 4 Seniors 3 Homeowners 4 Renters 3 Retired 4 Employed
Taylorville, IL (electric and gas customers)	8.26.2020	12:30pm (CST)	5	<ul style="list-style-type: none"> 4 Women 1 Man 4 White 1 Other Race/Ethnicity 2 Middle-aged 3 Seniors 2 Homeowners 3 Renters 3 Retired 2 Employed

General Energy Knowledge

Focus group participants expressed a wide range of general knowledge about efficient energy use in their homes. Across the focus groups, participants agreed that appliances, such as air-conditioners, furnaces, refrigerators, and stoves, consumed the most energy. Some participants mentioned operating air purifiers for substantial periods of the day. One participant spoke to the energy needs of powering a medical device for 24-hours a day.

The COVID-19 pandemic necessitated social-distancing practices and “Stay at Home” orders restricting non-essential movement outside the home to limit spread.⁶¹ These practices led to a common perception that energy usage during the day did not vary by time of day. Most participants felt they used a lot more energy than when they were physically at work/school, and during all parts of the day. When asked about the time-of-day participants felt they consumed the most energy, responses coalesced around traditional peak use times, such as early morning (6-8 a.m.), mid-day, and evening (5-11p.m.).

Most focus group participants associated increased energy consumption with outdoor temperatures and the need for thermal comfort. The majority of focus group participants had a thermostat set between 70- and 73-degrees Fahrenheit. Senior participants who were home all day believed they used a considerable amount of energy during the heat of the day in the summer, due to the need for air conditioning. Others expressed the concern that their furnaces consume large amounts of energy during the winter.

Focus group participants were then asked to complete a word-association activity. They shared a word or phrase in response to hearing “energy efficiency.” Most participants mentioned saving money; the next most common set of responses focused on energy efficient measures such as storm windows, light bulbs, and smart thermostats.



⁶¹ State of Illinois, “Stay at Home FAQ,” State of Illinois’ COVID-19 Response, accessed November 25, 2020, <https://coronavirus.illinois.gov/s/stay-at-home-faqs>

Prior Energy Efficiency Actions

Many participants undertook Do-It-Yourself (DIY) energy efficiency actions prior to participating in a focus group. Reported DIY solutions ranged from low-tech actions, such as installing plastic or heavy drapes over drafty windows, to more advanced and costly actions, such as replacing incandescent bulbs with LEDs. Some participants installed door sweeps and took other measures to seal open spaces in doorways.

Other focus group participants talked about turning off or unplugging unused lights, televisions, and appliances around the house. Most participants said they knew these practices were energy efficient. However, some participants said that due to “Stay at Home” orders their families were currently home and continuously using electrical devices and there were fewer opportunities to unplug devices. Another focus group participant spoke to minimizing excess water use when washing dishes or brushing teeth, drawing a connection between water- and energy-savings.

Few focus group participants went beyond DIY actions unless they had participated in government-funded energy efficiency programs, such as the U. S. Department of Energy Weatherization Assistance Program. Participants were asked to share the barriers to installing deeper energy efficiency measures. Responses centered on unaffordable upfront costs and limited incomes. Participants said many measures were “out of the question on a fixed income.” Participants who had recently replaced or planned to replace major appliances with more energy efficient ones did so because of the age of the appliance or because the appliance was no longer operational.

Another challenge to deeper energy efficiency actions was the split-incentive. This dilemma occurs because building owners and property managers have little incentive to pay for energy efficient retrofits when renters are paying the costs of wasted energy, not the building owner or property manager. Some members of the focus group who were renters had building owners or property managers who would pay for some energy efficiency items they requested, but not substantial improvements, like new appliances. Focus group participants universally acknowledged the long-term positive returns of investing in energy efficiency. However, for most focus group participants, upfront costs were a barrier in the absence of financial assistance.

Access to digestible and credible information was another barrier to energy efficiency participation. Focus group participants discussed the difficulty of finding the right energy efficiency products because information in product advertising was found, at times, to be confusing and misleading. Some participants mentioned purchasing newer energy efficient products, like LED light bulbs. However, participants were under the impression that LED light bulbs do not last as long as incandescent light bulbs despite LEDs having a lifespan many times that of incandescent bulbs.⁶²

Another challenge to energy efficiency participation is getting older residents to install new technology. One focus group participant gave her parents a smart thermostat as a gift but was still waiting for them to install it, even after sharing the thermostat’s potential benefits. Participants in both focus groups acknowledged older populations’ aversion to newer technologies or their inability to install and use newer technology.

⁶² Green America, “CFLs vs. LEDs: The Better Bulbs,” accessed November 24, 2020, <https://greenamerica.org/green-living/cfls-vs-leds-better-bulbs>.

Energy Efficiency Motivations and Interests

The major motivation and interest in energy efficiency centered primarily on monetary savings. Other factors included helping the environment, increasing home values, and increasing thermal comfort.

A lack of confidence and trust in the utilities or government organizations administering energy efficiency programs is a key barrier to participation. To implement more energy efficiency actions, participants expressed a need for more government grants and assistance, as well as promotion of energy efficiency practices and programs by reputable people and organizations. Focus group participants said they place trust in familiar entities, such as well-known contractors, Community Action Agencies (CAAs), and other community-based organizations (CBOs).

Numerous focus group participants elevated the need for improved partnerships and collaborations between trusted agencies and programs. A potential collaboration brainstormed during the session included utilities partnering with the Veterans Administration on home improvements and upfront energy efficiency upgrade costs.

One male respondent highlighted the technical and adaptive barriers to program participation and noted gender-based social stigma against expressing the need for assistance. Others spoke to difficulties completing program paperwork.

Focus group participants recommended providing more information specific to energy efficiency would be an effective way to better engage more customers. Younger focus group participants suggested sending equipment with benefits, tools, and instructions to make the installation process easier. In this regard, access to easy-to-understand information about energy ratings, such as ENERGY STAR, would help customers feel more comfortable and knowledgeable when shopping for new technologies or appliances. For example, participants shared their confusion around lightbulb wattage, lumens, and energy savings, as well as “weatherization” interventions. Some focus group participants expressed favoring higher wattage, such as 60W to 100W incandescent bulbs, for their increased brightness, which reduced their interest in low-wattage LED bulbs.



Utility Energy Efficiency Program Knowledge

Most focus group participants reported being unaware of energy efficiency programs implemented by their local utility. Some participants in Springfield mentioned seeing and being impressed by Ameren Illinois' commercials. Participants in Taylorville knew only of the energy efficiency program offered by the local CAA staff and credited the CAA administrator as their primary source of energy efficiency knowledge. The few focus group participants who were aware of utility energy efficiency efforts remembered receiving a box with a surge protector and lightbulbs. Lightbulbs were consistently the primary energy efficiency effort associated with local utilities.

The most commonly referenced and well-known utility program was Budget Billing. Focus group participants suggested sharing energy efficiency information during the payment plan enrollment process as an additional option for saving money. In Springfield, participants mentioned seeing Ameren Illinois commercials and having positive sentiments about the company; this was in stark contrast to the local electricity provider.

Focus group participants acknowledged that there is an abundance of energy efficiency information available on the web and from other sources. Participants made it clear their limited energy efficiency actions was not for a lack of interest or need, but rather the difficulty of sifting through such an overwhelming amount of information, much of which they found confusing. For instance, focus group participants were confused by potential rebates for energy efficiency purchases.

Best Practices: Engaging Diverse Residential Customers

The Utility Energy Efficiency Scorecard, produced by the American Council for an Energy-Efficient Economy (ACEEE), includes a ranked list of utilities based on their low-income energy efficiency programs.⁶³ Those ranked highest offered more than one program and included measures beyond simple direct install, such as addressing the larger building envelope. For 2018, Ameren Illinois was one of nine utilities that tied for the highest ranking. Differences between Ameren Illinois and the other utilities include the annual amount of energy and monetary savings, as well as annual spending on energy efficiency programs. Ameren Illinois generated more than 31,000 MWh and spent more than \$15 million.

⁶³ Grace Relf, Emma Cooper, Rachel Gold, and Corri Waters, "The 2020 Utility Energy Efficiency Scorecard," Research Report, American Council for an Energy-Efficient Economy, February 20, 2020, <https://www.aceee.org/research-report/u2004>.

Engaging Low-income Households

According to the ACEEE report, low-income households spend three times more of their income on energy costs than non-low-income households. Home weatherization upgrades can reduce the energy burden of low-income households by about 25%, yet too few low-income households conduct or have access to such upgrades. Energy burden is the ratio between a family's annual household income and annual energy bills. In fact, only 17% of households that completed energy efficiency improvements in the last two years were low-income, according to federal data. This percentage is out of line with the statistics showing about 30% of the U.S. population is comprised of low-income individuals.

Utility ratepayer-funded energy efficiency programs for low-income customers have similar elements and design. Households that meet a set income threshold, most commonly up to the 200% Federal Poverty Level (FPL), qualify for a free home energy assessment as well as the installation of conservation measures, such as LED light bulbs, pipe insulation wrap, and weather stripping. Some of these programs are offered in partnership with local CAAs or state energy assistance programs (e.g., the Low-Income Home Energy Assistance Program (LIHEAP)). This style of program delivery is becoming the industry standard. Few utilities take additional measures to reduce energy burdens for the low-income customer segment. Ameren Illinois has expanded its program eligibility to include households between 200 and 350% FPL.



Engaging Veteran Customers

The veteran customer segment includes, by definition, anyone who served in the active military, naval or air service. Some energy efficiency programs specifically target the needs of veterans. Through the Department of Veteran Affairs, veterans can access Energy Efficiency Mortgages, which offer reduced-rate loans for purchasing or refinancing an energy efficient home, such as one that is ENERGY STAR certified. Low-rate loans can also be leveraged for energy efficiency upgrades to an existing home, such as upgrading water heaters, ceiling, attic and floor insulation, heat pumps and solar heating and cooling systems.⁶⁴

Engaging LGBTQ+ Customers

According to the Williams Institute of UCLA, there were 326,000 LGBTQ+ workers (ages 16 and older) in Illinois in 2020.⁶⁵ The New York State Low-Income Forum on Energy released a report on the intersection between the LGBTQ+ community and utilities and offered suggestions to fortify these relationships.

Suggestions involved adjusting customer service and documentation processes to create a level of identification flexibility, such as the option to use a preferred name instead of a legal name. Potential legislation involving several institutions would allow customers to use their preferred name on documents (e.g., MasterCard allows cardmembers to use preferred names). Additionally, utility companies might consider making questions regarding sexual orientation and gender identity optional during the intake process, an important shift in collecting key demographic information. Finally, utilities must ensure that recommendations made to local resources offer culturally competent, non-heteronormative, and gender-sensitive options, including safe spaces.

Engaging Limited English-Speaking Customers

Households without a consistently available resident fluent in English present a unique challenge to participating in utility-based energy efficiency programs. If educational materials are only distributed in English, limited-English speaking households' access to programs is reduced or blocked entirely. It is important for utilities to gather key information about the languages spoken by the communities they serve and to translate educational materials and conduct outreach accordingly.

⁶⁴ Veterans Association, "Chapter 7: Loans Requiring Special Underwriting, Guaranty and Other Considerations," VA Pamphlet 26-7 Revised, <https://www.benefits.va.gov/WARMS/docs/admin26/handbook/Chapter1endersHanbookChapter7.pdf>.

⁶⁵ Kerith J. Conron, Shoshana K. Goldberg, "LGBT People in the US Not Protected by State Non-Discrimination Statutes," UCLA Williams Institute, April 2020, <https://williamsinstitute.law.ucla.edu/wp-content/uploads/Kerds/LGBT-ND-Protections-Update-Apr-2020.pdf>.

Engaging Older Customers

The Research Team defined senior populations as individuals 65 years of age or older. Older populations experience a disproportionate energy burden 36% higher than that of the average median household, which energy efficiency programming would help offset.

Most senior citizens consume more traditional forms of media than younger people. Seniors are more likely to view network television and news, as well as have paid cable services. Senior citizen media consumption may vary across geographical areas in that there are distinct regional differences in available media, especially with local television, newspaper, and other media outlets. Seniors are more likely to frequently check mail than younger customer demographics. Word-of-mouth communications are also an effective channel for reaching senior citizens. Outreach strategies for older customers should account for seniors' general apprehension to strangers. On-the-ground efforts should include door knockers or mailing large information packets that are crafted to meet the needs of older demographics and demonstrate the effectiveness of energy efficiency measures. Seniors appreciate the opportunity to share good news and pass benefits to friends and relatives, making referral incentives attractive.

To encourage community participation in energy efficiency, the City of Chicago implemented a neighborhood outreach program in partnership with nonprofit community organizations.⁶⁶ Coined the “Chicago Neighborhood Energy Challenge,” the partnership developed a competition to engage occupants in seven residential communities to reduce energy consumption through training and community workshops. The program used specific messaging tailored to senior citizens and families with children. The winners were awarded a monetary prize and were recognized at a ceremony for their energy efficiency achievements. A key outcome of the competition was that all seven participating residential properties reduced their water consumption, and six of seven reduced their electricity consumption.



⁶⁶ Mayor's Press Office, “Mayor Emanuel Announces Results of Energy Efficiency Pilot Competition,” Office of the Mayor, July 17, 2014, accessed December 3, 2020, https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2014/jul/mayor-emanuel-announces-results-of-energy-efficiency-pilot-compe.html.

Engaging Customers with Disabilities

Ameren Illinois serves individuals with a wide range of disabilities, including hearing, vision, cognitive, ambulatory, self-care, or independent living difficulties. In 2015, the U.S. The Department of Housing and Urban Development (HUD) authored a report investigating HUD programs focused on the needs of individuals with disabilities. Individuals with disabilities under the age of 65 who live in rented homes are more likely to have very low incomes, spend more than 50% of their income on rent, live in overcrowded situations, and have worst-case housing needs.⁶⁷ Additionally, the population of individuals with disabilities is expected to increase as the baby boomer generation ages. Therefore, it is imperative that utilities develop strategies tailored to the needs of customers with disabilities.

In 2019, Ameren Illinois partnered with Google and several community-based organizations to implement an accessibility pilot. This pilot was designed to help Ameren Illinois learn how to better serve customers with disabilities with the ultimate goal of improving their quality of life. Community-based organizations identified families throughout the Ameren Illinois service territory to participate and helped educate participants on the Google smart home devices. Ameren Illinois Program Allies installed energy efficiency measures and upgrades and Ameren Illinois Portfolio Managers were trained to perform post installation support. This accessibility pilot provided a custom set of measures to 11 families, including one Google Nest Smart Thermostat, one Google Home Mini, up to four Smart Plugs, Connected Lighting for up to ten fixtures, Decorative Lighting (up to six), and two Motion-Sensing Night Lights. This partnership helped meet Ameren Illinois' Market Development Initiative's goal of increasing the number of diverse participants receiving services from Ameren Illinois' energy efficiency programs who have not traditionally benefitted from them. Google's aim in participating centered on identifying barriers to and pathways to reduce tech inequity among economically disadvantaged populations. Each family was offered an opportunity to provide feedback on their experience participating in the pilot, as well as their experience with the upgrades post-installation. In this post-experience feedback, 91% of participants were satisfied with the equipment installed, training provided, and their participation in the Pilot. All 91% of the pilot participants reported feel their homes are more accessible, feel more independent, and feel safer navigating their homes in their post-participation remarks.



⁶⁷ Casey J. Dawkins, Ph.D., and Mark Miller, "A Picture of Disability and Designated Housing," U.S. Department of Housing and Urban Development Office of Policy Development and Research, March 6, 2015, https://www.huduser.gov/portal/sites/default/files/pdf/mdrt_disability_designated_housing.pdf.

Engaging Customers Who Identify as Racial or Ethnic Minorities

The racial and ethnic demographics of this report are historically statistical racial or ethnic minorities, including Black people, also commonly referred to as African Americans; Native American and Native Alaskan; Native Hawaiian and other Pacific Islanders, also referred to as Indigenous; Hispanic, also referred to as Latinx; and Asian.

According to ACEEE data – compared to white, non-Hispanic households – and Black households spend 43% more of their income on energy costs, Latinx households spend 20% more, and Native American households spend 45% more. Additional research shows that, after accounting for income, household size, and other factors such as location, Black households pay \$273 more yearly on energy costs than white households when renting a home and \$408 more yearly if they own homes. Energy efficient retrofits could help lessen these cost disparities.⁶⁸

U.S. Energy Information Administration's 2015 Residential Energy Consumption Survey shows that Black respondents reported living in more drafty homes (+13%), owning less Energy Star® Appliances (-7%), and using fewer energy efficiency rebates (-3%).⁶⁹ Furthermore, research conducted in other Midwest states (Missouri and Michigan) demonstrates geographic disparities in the distribution of energy efficient housing. These discrepancies suggest targeting neighborhoods with cumulative vulnerabilities, such as older homes, lower income families, and higher racial segregation of Black and Latinx households, for energy efficiency programs to create the highest impact.^{70, 71}

Our findings suggest that utilities should more intentionally explore and address the correlations between race and ethnicity, energy vulnerabilities such as energy burdens, arrearages, shut offs or disconnections, and program participation. Demographic data for such analysis can be collected from the U.S. Census, utilities, or purchased from customer intelligence companies.

⁶⁸ Maximilian Auffhammer, "Consuming Energy while Black," Energy Institute Blog, Energy Institute at Haas, June 22, 2020, <https://energyathaas.wordpress.com/2020/06/22/consuming-energy-while-black/>.

⁶⁹ U.S. Energy Information Administration, "Housing characteristics tables," 2015 RECS Survey Data, <https://www.eia.gov/consumption/residential/data/2015/>.

⁷⁰ Tony Gerard Reames, "Targeting energy justice: Exploring spatial, racial/ethnic and socioeconomic disparities in urban residential heating energy efficiency," Energy Policy 97 (2016): 549-558, doi:10.1016/j.enpol.2016.07.048.

⁷¹ Dominic J. Bednar, Tony Gerard Reames, and Gregory A Keoleian, "The intersection of energy and justice: Modeling the spatial, racial/ethnic and socioeconomic patterns of urban residential heating consumption and efficiency in Detroit, Michigan," Energy and Buildings 143 (2017): 25-34, doi: 10.1016/j.enbuild.2017.03.028.

Recommendations to Increase Diverse Businesses as Program Providers

The Research Team conducted extensive research and analysis of utility-supplier relationships to understand the barriers and challenges that diverse businesses experience in the energy efficiency industry. Through the dissemination of a survey and a review of industry best practices, the Research Team identified several methods through which utilities can better engage diverse businesses in delivering energy efficiency programs. These methods focus on removing barriers and ranged from modifying utilities' behaviors and policies to implementing new programs and practices. Ameren Illinois may consider adopting the following recommendations to grow business development, strengthen relationships with diverse suppliers, and increase overall program participation. Recommendations fall under the following categories:

- Incorporate Diverse Spending Goals into Energy Efficiency Contracts;
- Expedite Invoice Payments;
- Increase Access to Capital;
- Provide Customized Training, Mentoring, and Business Development for DBEs;
- Increase Visibility and Access to RFPs and other Opportunities;
- Adjust Contract Eligibility and Requirements to fit Scope of Work; and
- Increase Portfolio-Wide DBE Participation

Incorporate diverse spending goals into energy efficiency contracts

Recommendation: Create a contract requirement for prime IC's and partners to procure products and services from DBEs

Desired Outcome: Substantial and measurable increases in contracts with DBEs

Strategy: Write Explicit DBE spend goals into energy efficiency program RFP's, RFI's and contracts. Integrate consequences, such as additional incentives for meeting goals and holdbacks, or disincentives for not meeting these goals.

Expedite Invoice Payments

Recommendation: Diverse Supplier Quick Pay Program⁷²

Desired Outcome: Fast payments under favorable terms with swift dispute resolution

Strategy: To remove the barrier of slow payments and facilitate cash flow, pay invoices for eligible businesses upon receipt of invoice, instead of the standard terms, which can be from net 30 to net 90 days. Establish eligibility criteria, such as diverse business status verification, annual revenue, location, number of employees. Add a tracking mechanism to help ensure Ameren Illinois' DBE partners have a positive payment experience.

⁷² The Diverse Supplier Quick Pay Program is modeled after the SoCalGas Supplier Quick Pay Program.

Increase Access to Capital

Recommendation: Create Innovative Banking and Financial Partnerships

Desired Outcome: Substantial and measurable increases in contracts with DBEs

Strategy: Forge innovative financing partnerships with local and national organizations to support low-cost financing solutions and actively promote and provide support for existing market solutions.

The federal response to the COVID-19 crisis coupled with the business community's recent commitments to help address historical racial disparities in business lending have led to an unprecedented amount of affordable capital available to small and diverse businesses. These vehicles include the Federal Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL), as well as targeted initiatives through traditional banks, community development financial institutions (CDFIs), grants and loans through foundations, and local business servicing organizations.

Despite these efforts, many small and mid-sized businesses who have been hit hard by the COVID-19 crisis do not qualify for existing programs. Utilities can help position DBEs to receive much needed capital.

Ameren Illinois could look to emulate their On-Bill Financing Program, currently available for individual residential customers to fund energy efficiency retrofits, for DBEs and other organizations located in its service territory. As with the current On-Bill Financing Program, Ameren Illinois could establish agreements between a lending institution and DBEs meeting program criteria to facilitate low-interest loans. This type of partnership would help secure necessary financing for new service providers to participate in energy efficiency programs.

Provide customized training, mentoring and business development for DBEs

Recommendation: Identify and mentor select DBEs with high potential for growth

Desired Outcome: Significant and rapid revenue growth for certified and non-certified DBEs

Strategy: Make a full two-year commitment to provide up to 100 hours per year of customized training, coaching, and hands-on mentoring to help select DBEs develop relationships, acquire skills, and receive resources to drive significant and rapid revenue growth.

Ameren Corporation, the parent company of Ameren Illinois, periodically conducts matchmaking events to develop relationships with diverse businesses. Select DBEs with capable leaders, a viable business model, in-demand energy efficiency products or service, and the capacity to scale will receive hands on, coaching, mentoring, and access to opportunities. This process will include a review of potential barriers and mitigation strategies put in place to ensure access at the time when opportunities to participate in company offerings become available. These DBEs will ultimately have access to every portfolio procurement opportunity for which they are qualified. Despite these efforts, many small and mid-sized businesses who have been hit hard by the COVID-19 crisis do not qualify for existing programs. Utilities can help position DBEs to receive much needed capital.

Increase Visibility and Access to RFP's and Other Opportunities

Recommendation: Provide access to RFP's and Other Procurement Opportunities

Desired Outcome: Connect diverse suppliers to procurement opportunities early in the contracting process and facilitate introductions to Ameren Illinois decision-makers, mentors, and coaches

Strategy: Create a team to manage effective and timely communications to DBEs to ensure successful outreach and proper, accurate information flow. Plan regularly scheduled events during which DBEs can present their products and services to internal clients selected by Ameren Illinois while allotting adequate time for DBEs to meet with the internal clients in attendance.⁷³

Adjust Contract Eligibility and Requirements to Fit Scope of Work

Recommendation: Remove unnecessarily restrictive contract eligibility requirements

Desired Outcome: Reasonable contract eligibility and performance requirements

Strategy: Procurement and sourcing teams should review and adjust eligibility requirements in accordance with the specific requirements of a given scope of work across different categories of projects (e.g., construction, marketing, legal, information technology, consultant, etc.). For example, construction contracts rightly require a higher level of liability insurance and other safety requirements than non-construction contracts. Ensuring the level of liability insurance and safety requirements necessary for construction projects are not applied to non-construction contracts, such as branded clothing, will increase the number of opportunities for diverse businesses to secure bids.

⁷³ The Supplier Showcase was modeled after the Supplier Showcase implemented by SoCalGas.

Increase Portfolio-Wide DBE Participation

Recommendation: Train All Implementation Contractors to Embrace Diversity, Equity, and Inclusion as an Imperative

Desired Outcome: Drive sustainable DBE revenue growth by helping all ICs achieve necessary cultural competence, recruit, and hire diverse teams, and establish meaningful relationships with DBEs and diverse communities

Strategy: Retain a subject matter expert to help all companies participating in an energy efficiency program portfolio understand the business case for equity and the necessity to meet inclusive hiring and procurement goals. This subject matter expert would operationalize portfolio-wide strategies to help diverse businesses scale up their work with Ameren Illinois. The consultant will also identify local businesses that can provide goods or services to Ameren Illinois' energy efficiency portfolio and severely underrepresented communities. The aim of these strategies being to create positive community-wide impacts by driving job creation, community stabilization, and economic development.

Recommendation: Diverse Business Advocacy Group Partnership Initiative

Desired Outcome: To facilitate greater market participation by underrepresented businesses

Strategy: Form sustainable partnerships with public and private advocacy groups focused on diverse populations within Ameren Illinois' territory and leverage their resources on behalf of local diverse businesses. These groups have communication platforms and access to resources and spaces that would help unify diverse businesses, create a sense of community, and foster an environment of shared growth.

Through considerate outreach to advocacy groups, shared values and priorities can be established and beneficial pathways for partnership discovered. Planning for collaborations of this type should be careful to keep in mind the severe resource constraints many advocacy groups who serve diverse populations operate under. Potential advocacy groups to involve in these efforts include, but are not limited to, the Illinois Black Chamber of Commerce, Springfield Urban League, Illinois NAACP, Minority Business Development Center, Hispanic Chamber of Commerce, LGBT Chamber of Commerce, National Minority Supplier Development Council, and Illinois Small Business Development Center.

Partnerships between corporations and local advocacy groups can help address critical issues, such as digital inequity for businesses. One such program is the Verizon wireless multi-year commitment to bring financial assistance, technology, and training to one million small businesses by 2030 to help them succeed in the digital economy.

Recommendation: Diverse Program Ally Incubator

Desired Outcome: Substantially increase the number of DBE Program Allies who generate increasing revenues as well as understand and serve the needs of diverse communities

Strategy: Develop a Diverse Program Ally Incubator

Across utility programs, there is a dearth of diverse contractors who participate substantially as service providers – also known as Program Allies. As diverse contractors are more likely to operate in and serve diverse communities their exclusion from directly participating in utility programs can hurt the level of trust the community holds for these programs. In striving to meet people where they are, increased diverse contractor participation should be prized. The guiding principle of meeting people where they are and issue of community trust are further addressed in the next section.

A Diverse Program Ally Incubator will identify, address, and remove barriers faced by DBEs to help them build successful businesses in energy efficiency and become service providers to utility programs. The incubator program will:

- Educate DBEs on the details of the energy efficiency portfolio(s);
- Help DBEs identify and complete energy efficiency projects;
- Provide needed back-office support, such as HR, marketing and accounting;
- Assist DBEs in identifying and applying for DBE certifications; and
- Aid DBEs in applying for business or project financing.



Recommendations to Increase Diverse Residential Customers as Program Participants

Based on the diverse customer Focus Groups as well as anecdotal information, the Research Team determined that the biggest barrier to accomplishing deep retrofits is the cost. Unfortunately, over a period of time, unaddressed infrastructure problems become more expensive to remediate, as the problems become cumulative. For this reason, time is of the essence in energy efficiency programs.

Trust has emerged as a major issue in inspiring diverse customers to participate in energy efficiency programs, this is true for basic programs such as the installation of direct install measures, and even more important for more substantial programs that decrease the upfront costs of deep retrofits, such as On-Bill Financing. Ameren Illinois and its partners continue to refine the On-Bill Financing program to increase participation, recently decreasing both the credit score requirement and interest rates. As utilities continue to lean into the important issue of affordability, it is the necessary to collect and analyze more data to better understand why some interventions are not effective and make timely adjustments.

The Research Team has identified several interventions to address barriers and engage diverse residential customers. “Meeting people where they are,” an engagement concept that involves understanding a person’s values, styles, needs, and emotions. This concept recognizes the value of meaningful and sustainable relationships in familiar settings to develop trust and is essential to successful customer engagement. Recommendations identified fall into four categories:

- Build trust, cultivate abiding relationships, and coordinate engagement efforts;
- Fill gaps in energy efficiency knowledge by educating customers;
- Investigate the connection between energy efficiency and health disparities; and
- Target customers by geography.



Build Trust, Cultivate Abiding Relationships, and Coordinate Engagement Efforts

Building Trust is an essential element of every recommendation in this report, for without it success in low response communities will continue to be difficult and expensive.

Abiding relationships are that which are dependable and endure over time. Historically, utilities have had complicated relationships with many low engagement communities, particular Black communities, communities of color, and income constrained communities. For many, the very presence of a utility truck causes the fear of a shutoff. These complicated relationships have fed decades of mistrust that cannot be undone with an ad for free lightbulbs.

Utility energy efficiency programs must dig deep to create engagement and support mechanisms that demonstrate deep commitments to the success of diverse communities through consistently affirmative behaviors that respect all people and their cultures. Just as they learned not to trust utilities, these communities can learn to trust. Two indisputably effective tactics are 1) to hire workforces that reflect the diversity of the communities served and 2) cultivate long term relationships with trusted community partners.

Recommendation: Increase the Number of Diverse Employees in Energy Efficiency

Desired Outcome: Equitable Outreach and Service to Diverse Communities and the Growth of DBEs

Strategy: In the energy industry, growth of energy efficiency jobs continue to outpace the growth of all other jobs. Unfortunately, according to the 2020 U.S. Energy and Employment Report (USEER)⁷⁴ the energy industry on the whole needs to improve equitable inclusion of diverse groups, including Black people and women. Black people make up only about 8% of the energy efficiency industry, while they represent about 12% of employed Americans, and 14% of the United States population. Hispanic workers represent 15% of the energy efficiency sector workforce and 18% of the national workforce. American Indian or Alaska Native and Asians represent the same percentage of the energy efficiency industry as in other workforce sectors, 1% and 6% respectively.

Women are woefully underrepresented, making up about 25% of the industry, 47% of the workforce and slightly over 50% of the U.S. population. Data was not captured for returning citizens, people identifying as LGBTQ+, or people living with disabilities.

Also included in the USEER, 91% of employers reported that it was somewhat difficult or very difficult to hire new employees. Lack of experience, training, or technical skills were again cited as the top reasons for hiring difficulty. The need for technical training and certifications was also frequently cited, underscoring the need for expanded investments in workforce training and closer coordination between employers and the workforce training system.

Among the most valuable industry credentials for residential energy efficiency practitioners are Building Performance Institute (BPI) Certifications. In Illinois, there are not enough certified BPI professionals to meet the growing energy industry demand. Offering BPI training for diverse individuals as well as contractors would provide an effective on ramp into the rapidly growing energy industry while helping ease the difficulty employers have in recruiting and hiring an energy efficiency workforce.

⁷⁴ 2020 U.S. Energy and Employment Report (USEER), www.usenergyjobs.org/.

Recommendation: Engage Trusted Community Partners

Desired Outcome: Increase adoption of energy efficiency practices by diverse customers

Strategy: To further engage diverse customers, Ameren Illinois should continue to drive the goal of “Energy Efficiency for All” by strengthening relationships with existing partners while also forming new partnerships with organizations representing diverse customer groups such as LGBTQ+, Veterans, and individuals with disabilities. Ameren Illinois should increase efforts to help implementation contractors hire employees from diverse groups and empower them to develop programming to reach back into communities like their own, creating specialized ambassador programs.

Exemplifying this approach, PosiGen, with locations in Louisiana, Maryland, New York, and Virginia, engages trusted partners in three ways. First, the company hires from within the communities they serve. Second, the company receives referrals from local establishments. For example, PosiGen donates to local churches for converted referrals generated by their congregations; in fact, about two-thirds of the company’s customers come from referrals. Third, the referral system serves as a grassroots marketing effort conducted through local partners.

Another example of intentional practice driving hiring from diverse communities is ComEd’s Energy Force Ambassador Program, which trains adults with developmental disabilities to serve as ambassadors for ComEd’s Energy Efficiency Program. Net Impact’s Energy Ambassador Program in collaboration with PG&E is another example of community driven practice as they conducting small business energy assessments combined with an outreach and job skills training program. Each instance of the Energy Ambassador Program takes place over 12-weeks, during which ambassadors are trained and paid to conduct quick energy assessments for PG&E small business customers in the San Francisco Bay Area. Once trained, Ambassadors educate business owners on resources, incentives, and offerings available for managing energy usage and lowering energy costs. Ameren Illinois should incorporate best practices from these ambassador programs to develop a program to better target diverse residential customers.



Recommendation: Deploy Strategies that Foster Cross-Sector Outreach

Desired Outcome: Build abiding relationships across sectors (e.g., utility, non-profit, government, private contractors) for the holistic support of diverse customers – Increase energy efficiency opportunities and decrease utility bills for income qualified customers while improving customer experiences

Strategy: Collaborate with Community Partners to develop universal client intake and home assessment tools for energy efficiency and other assistance programs.

This type of collaboration could benefit from the launch of a pilot project to coordinate with traditional and nontraditional community partners to develop a streamlined home repair and energy efficiency effort that specifically targets households in diverse communities.

Combined outreach efforts across sectors and coordinate utility energy efficiency program offerings with existing government programs, such as water conservation, minor home repair, and food security programs hold the potential to bolster all program delivery as well as enhance relationships between the community and the utility. This approach will increase diverse customer participation in energy efficiency programs and facilitate a holistic approach to mitigating barriers. In addition, this action, or a similar pilot, will connect utility efforts to local advocacy, governmental climate, and environmental efforts for wider reach and greater impact.

One example of this type of action is the ongoing Detroit Efficient Housing Work Group (DEHWG) pilot program that fosters collaboration between home repair and weatherization program providers. The DEHWG includes government, utility, nonprofit, energy services, community action agency, and university partners including organizations such as the City of Detroit, Wayne Metropolitan Community Action Agency, DTE Energy, EcoWorks, Clearcorps, the Detroit Land Bank Authority, Detroit Water and Sewerage Department, Walker-Miller Energy Services, and the Urban Energy Justice Lab. The goal of the DEHWG is to test process improvements that reduce program deferrals, increase the number of homes receiving repair and weatherization funds, and increase the number of services received by each home. The DEHWG created two, integrated home repair assessment tools:

- 1) **Universal Client Intake Tool:** A client-facing web form that captures household information needed to assess eligibility across all weatherization and housing stability programs offered by Partners; and
- 2) **Home Assessment Tool:** A home condition assessment tool used to capture information about the physical condition of a client's house and assess eligibility across all weatherization and housing stability programs offered by Partners.

Following the development of the universal intake and home assessment tools, the DEHWG partners hosted a triage meeting to develop a coordinated, strategic plan for the households selected to participate in merged program efforts based on the services they need and are eligible to receive.

Recommendation: Coordinate Plans with Multiple Service Offerings**Desired Outcome: Decrease energy bills and the financial energy burdens for payment troubled customers. Address potential root causes of late utility bill payments and accounts in arrears****Strategy:** Pilot an initiative that coordinates a combination of payment plans, energy efficiency services, and self-sufficiency services for low-income customers who struggle paying utility bills.

Ameren Illinois' Home Energy Income Qualified (HEIQ) Program staff could work with the Ameren Illinois' bill payment assistance staff to enroll customers whose accounts are frequently in arrears in options such as a Shut Off Protection Plan and a Self-Sufficiency Plan. These two plans could be operated by Ameren Illinois in partnership with CAAs or social service agencies. The Research Team suggests targeting at least 500 customers annually. DTE Energy is currently piloting a similar program.⁷⁵



⁷⁵ DTE Energy's Low Income Self-Sufficiency Plan (LSP)

<https://newlook.dteenergy.com/wps/wcm/connect/dte-web/home/billing-and-payments/common/energy-assistance/low-income-self-sufficiency-plan>

Recommendation: Develop an Alliance of Property Managers who Support Energy Efficiency**Desired Outcome: Increase participation of rental property owner and managers to drive energy efficiency upgrades and improve landlord-tenant relationships****Strategy:** Build a coalition of property owners and managers to promote energy savings opportunities to property owners and managers.

The relationships between property managers and tenants complicates the equitable execution of energy efficiency programs. A split-incentive barrier occurs when property managers – who are traditionally the energy efficiency improvement decision-makers – decide against making energy efficiency investments as they do not recognize direct benefit from these types of expenditures. With 86% of heating, cooling and electricity costs typically paid by tenants, lowering utility bills is often not a priority for property managers.

However, if property managers learn about the benefits of energy efficiency upgrades from their peers, they are more likely to understand and embrace the complete benefits of these investments. Many energy efficiency upgrades help address safety issues, increase property values, and improve health and comfort – all of which contribute to tenant satisfaction and retention. In short, energy efficiency investments can help stabilize occupancy rates and provide fiscal stability for landlords.

Ameren Illinois can leverage the experience and influence of property owners and managers who have successfully implemented energy efficiency upgrades. Education materials could include social media marketing videos of property managers and tenants talking about the benefits of energy efficiency. Sharing energy efficiency upgrade costs and returns on investments between tenants and landlords can help overcome the split-incentive barrier and encourage participation. Tenants with long-standing relationships with their landlords are more likely to receive energy efficiency improvements to the property. The Research Team also recommends partnering with community groups to help train renters to form compelling business cases with which to lobby their landlords for energy efficiency investments.



Fill gaps in energy efficiency knowledge through customer education

Delivering energy efficiency educational services in the spaces where diverse customers live, work, and play represents the best opportunity to meet customers where they are, physically and emotionally. Leveraging trusted, community partners is a key component of this strategy. The Ameren Illinois Energy Efficiency Program's Market Development Initiative (MDI) is comprised of partnerships with trusted CBOs and integrates energy efficiency in organic locations. As these programs mature, Ameren Illinois' reputation as a trusted local partner increases in kind. Helped in large part by improved trust and reputation, Ameren Illinois has improved its ability to increase the adoption of energy efficient behaviors and strategies in targeted communities.

Recommendation: Increase Reach and Impact of Energy Efficiency Education

Desired Outcome: Close knowledge gaps for diverse customers

Strategy: Increase creative opportunities for energy education in familiar locations.

Ameren Illinois has a wealth of information on its website and social media platforms (i.e., YouTube, Facebook, Twitter). However, focus group participants appeared unaware of these videos as they recommended greater promotion of new and existing videos to diverse customers to improve education efforts. Great opportunities still exist for Ameren Illinois to increase visibility of energy efficiency programs for diverse customers.

Ameren Illinois, along with all utilities, should leverage both in-person educational programming when it can be conducted safely and continue to expand virtual platforms as alternatives in the meantime.

For families with internet access, the Research Team recommends using innovative methods to drive more viewership of media on the Ameren Illinois website. In addition, viewers should be invited directly to participate in energy efficiency programs through embedded links and prompts during and after video-play. Tying energy efficiency activity inspired by the videos to concrete next steps would help improve the effectiveness of these resources.

The Research Team did not have access to viewing statistics on Ameren Illinois' YouTube Channel but, if available, demographic information should be examined and used to both refine and better target messaging for diverse audiences. Given the prevalence of online meetings and increased virtual engagements across all households, live online education programming presents another opportunity to address existing knowledge gaps and increase Ameren Illinois' online impressions.

Recommendation: Improve Equitable Access to Online Services**Desired Outcome: Increased access to and participation from diverse populations in energy efficiency programs****Strategy:** Explore partnerships and connections to initiatives focused on digital equity

Much like the digital divide for businesses, the spring 2020 COVID-19 shutdown and the move to virtual education in the United States exposed the inequity of the residential digital divide, which exists in both urban and rural communities. This digital divide leaves many low-income students at risk of being left behind educationally as their families struggle to acquire much needed public assistance, such as access to food, COVID-19 testing and vaccinations, and other critical services without the benefit of electronic access. As cities and school districts nationwide work to resolve this issue, there are potential partnership opportunities to increase equitable access between utilities and internet service providers.

In Michigan, Comcast, a large national internet service provider, has established Lift Zones designed to help students who are unable to connect to distance learning at home. In many areas served by Comcast, the company provides WiFi hotspots in community safe spaces to help students get online, participate in distance learning, and do their homework. These sites are also available to serve adults and can connect them to critical services, such as education, job searches, healthcare information and public assistance.

Energy Efficiency programs reach millions of families annually in person and through printed collateral. By forming partnerships with local internet service providers, Ameren Illinois and other utilities can deliver information to help create pathways for low-income customers to obtain access to internet service support.

Recommendation: Improve Access for Customers with Disabilities**Desired Outcome: Equitable access for customers with disabilities****Strategy:** Assess and adapt programs to best reach customers with disabilities.

People living with disabilities often have additional barriers to receiving equitable energy efficiency services, including race and ethnicity, high unemployment, poverty, and the digital divide. As a result, they have some of the lowest participation rates of any residential customers.

Ameren Illinois should continue to expand its partnerships with private companies like Google as well as schools, nonprofits, and organizations that serve people living with disabilities.

Investigate the Connection between Energy Efficiency and Health Disparities

Many of the circumstances contributing to higher residential energy costs also drive poor health outcomes for income qualified families. For instance, old leaky pipes are expensive to replace, and contribute to excessive moisture, the waste of hot and cold water, and higher energy and water bills. Inadequate ventilation systems and air and water ingress contribute not only to high energy bills, but also to mold. Mold, lead, and asbestos are health and safety hazards frequently found in the homes of low-income and diverse clients. These conditions can lead to poor indoor air quality, and exacerbate the effects of asthma, particularly in children. Over time, these exposures can lead to respiratory disease, cardiovascular disease, or even cancer. Additionally, a customer's inability to pay to have these issues remediated can also prevent their full participation in available energy efficiency programs.

According to the United States Department of Housing and Urban Development (HUD), Office of Policy Development and Research, maintaining good indoor air quality is critical for the health and comfort of a home's occupants. Most air quality problems in homes originate from indoor sources of gases or particles that cause health problems at high concentrations. Inadequate ventilation, elevated temperatures, and high humidity levels can also increase the concentration of indoor air pollutants.⁷⁶

The CDC's recommendations for addressing ventilation levels in response to the COVID-19 pandemic further crystalize the overlap between energy efficiency and health.

Consistent with the Building Performance Institute (BPI) policy, BPI Certified building professionals shall "Do no harm to occupants, workers, or houses" as they assess health and safety hazards and anticipate the possible interacting effects of recommended retrofit measures. As a result, these contractors are often forced to defer or "walk away" from residential weatherization opportunities due to environmental issues, such as asbestos, mold and lead, or structural issues, such as poor roof conditions or knob and tube wiring.⁷⁷

For example, as of 2008, the National Electrical Code specifically requires that knob and tube wiring not be covered by insulation, particularly within walls, ceilings, and attics. As a result, knob and tube wiring, found in many older homes, prompts an automatic deferral for insulation measures.

Wayne Metro Community Action Agency manages Michigan's Weatherization Assistance Program. Wayne county, which includes Detroit, has a 75% deferral rate, as compared to a 25% average deferral rate for the rest of the state. Recently, Wayne County has received access to additional health and safety funding, which allows a homeowner to initiate smaller scale remediation projects, particularly regarding asbestos. This enables the weatherization projects to proceed after environmental and health and safety issues have been addressed.

⁷⁶ "PATH: Indoor Air Quality: HUD USER." PATH | Indoor Air Quality | HUD USER, HUD, www.huduser.gov/portal/consumer/indoor_air.html#indoor_air2.

⁷⁷ "ANSI-BPI-1100-T-2014 Home Energy Auditing Standard." BPI.org, Building Performance , 22 Dec. 2014, www.bpi.org/sites/default/files/ANSI-BPI-1100-T-2014%20Home%20Energy%20Auditing%20Standard.pdf.

Recommendation: Collaborate with Health-Focused Programs**Desired Outcome: Increase participation in energy efficiency and health programs to jointly mitigate related barriers for low-income households****Strategies:** Energy efficiency and health program collaborations should leverage partnerships with Community Based Organizations (CBOs), and public entities.

The Vermont Energy Investment Corporation (VEIC) defined program elements and methodology to support an Energy-Plus-Health approach.⁷⁸ The major elements of this approach include energy efficiency cost-sharing, reimbursements for low-income energy efficiency strategies, and energy bill assistance in partnership with Community Action Agencies (CAAs). One of the case studies examined by VEIC is the Connecticut Home Energy Solutions - Income Eligible Program which collaborated with hospitals, local health departments, and the Connecticut Department of Public Health to resolve health and safety problems, such as lead abatement. The Research Team recommends Ameren Illinois and CBOs collectively advocate to the Illinois Commerce Commission to adjust cost-effectiveness rules governing program delivery to allow health and safety components to be added to programs for low-income households.

The Research Team further recommends partnering with healthcare organizations to identify health conditions associated with poor housing quality (e.g., asthma patients, hypothermia, hyperthermia, etc.) to better target and extend the reach of program marketing. With shared learning and best practices between healthcare organizations and energy efficiency programs, healthcare professionals could add energy-related intake questions to patient screenings. These energy related questions could be based on the U.S. Department of Health and Human Services Home Energy Insecurity Scale⁷⁹ which rates interviewees from “thriving” to “in crisis.” With scoring on the Home Energy Insecurity scale as a reference point, healthcare professionals can then make appropriate referrals to local utility programs and social service organizations. Healthcare organizations can also make energy efficiency materials available to patients.



⁷⁸ Vermont Energy Investment Corporation, “Energy-Plus-Health Playbook: Section 6: Energy-Plus-Health Program Case Studies,” <https://www.veic.org/Media/Default/documents/resources/manuals/energy-plus-health-playbook-section6.pdf>.

⁷⁹ Roger Colton, “Measuring the Outcomes of Low-Income Energy Assistance Programs Through a Home Energy Insecurity Scale,” U.S. Department of Health and Human Services, July 2003, https://www.acf.hhs.gov/sites/default/files/ocs/measuring_outcome_0.pdf.

Target Customers by Geography

By recognizing the broader social context (social relations and social practices) within which households utilize energy and make decisions, community-based energy projects can be instrumental in supporting equity and justice.

Community-based, spatially targeted energy efficiency efforts leverage both the assets and challenges of place to effectively deliver programs that meet the target population's distinct needs. This approach is especially critical in underserved and disadvantaged communities lacking access to and information about energy efficiency programs. In these communities, social barriers must be addressed carefully to mitigate the existing disparity in awareness and access. Social barriers can include competing social and economic priorities set against a backdrop of pervasive distrust and fear. These factors impacting participation and program success in urban locales hold true for rural communities as well.

Recommendation: Conduct a Data Mapping and Correlation Pilot

Desired Outcome: To resolve gaps in program participation in communities with overlapping diverse demographics and economic challenges

Strategy: The Research Team recommends conducting a data mapping and correlation pilot that results in a systematic, strategic, and geographic approach to energy efficiency implementation targeting socio-economically and demographically diverse, payment-troubled communities.

First, the Research Team recommends leveraging demographic analyses – such as that conducted for this report by the Research Team or work by the Illinois Power Agency⁸⁰ – to establish target communities for residential energy efficiency services with participation baselines and goals. These steps require follow up to track progress towards those increased participation goals.

Second, the Research Team recommends conducting additional analysis to identify areas with high arrearages, shut offs, LIHEAP utilization, and other data demonstrating energy vulnerability. This analysis would help identify communities of concentrated disadvantage and further facilitate delivery of market specific solutions to low-income households.

Real-time tracking and periodic reporting of energy efficiency participation at the zip code +4 level will help visualize progress, increase transparency, and allow implementers to systematically troubleshoot areas with gaps in participation.

⁸⁰ Illinois Solar for All Environmental Justice Communities <https://www.illinoisfa.com/environmental-justice-communities/>

Conclusion

This report was commissioned as part of Ameren Illinois Company's continuing commitment to include DBEs and diverse customers in utility-managed energy efficiency programs. Innovative interventions will ensure the utility industry adapts to increasing social, economic, and environmental demands.

The findings of this report highlight the need for greater investment in both energy efficient products and practices and improved engagement of historically marginalized communities. In their exhaustive review of barriers to participation in utility-managed energy efficiency programs, the Research Team found DBEs are often excluded from traditional procurement processes, and struggle to be competitive when they do receive opportunities to participate. The reasons for exclusion include the lack of access to key opportunities and networks, limited working capital, and the lack of small business investment in technical and professional development.

Like DBEs, diverse residential customers experience various constraints to participating in utility energy efficiency programs depending on social and economic factors, such as race and ethnicity. Most residential customers reported a high level of awareness of energy savings measures. However, high up-front costs of high-impact measures are prohibitive for many. A lack of trust in the utilities who deliver the programs to diverse communities is a compounding factor.

The Research Team is convinced improving DBE participation, recruiting a more diverse workforce, and engaging trusted partners in energy efficiency programs would help inform innovative solutions, drive increased participation of diverse families and produce a wide range of benefits for underserved communities. As these interdependencies are explored and better understood, the goal of "Energy Efficiency for All" will ultimately be achieved.



APPENDIX

Appendix A: Diverse Business Survey: Questionnaire

Appendix B: Diverse Business Survey: Additional Figures

Appendix C: Diverse Business Survey: Short Answer Responses

Appendix D: Diverse Businesses: Best Practices Interview Questions

Appendix E: Ameren Illinois Diverse Customer Distribution: Geographic Distribution of Target Demographics

Appendix F: Ameren Illinois Diverse Customer Distribution: Top 25 Zip Codes Including Target Demographics

Appendix G: Diverse Customer Engagement: Focus Group Script

Appendix A

Diverse Business Survey: Questionnaire

Introduction

Welcome to the 2020 Midwest Energy Efficiency Business Development Survey for Diverse Businesses!

The purpose of this survey is to better understand the barriers and challenges experienced by diverse businesses attempting to participate in utility organized energy efficiency programs.

Your participation in this survey is voluntary, and your answers will be held in strict confidentiality to be used only for the purposes of this research. The results will be reported in aggregate form only and cannot be identified individually.

The survey will take approximately 15 minutes to complete. At the end of the survey you can enter a sweepstakes to win a \$50 e-gift card! If you have any questions, please contact Erika Dominick

- Yes, I will take the survey**
- No thank you**
- No thank you, but I'd like to enter the sweepstakes**

Incentive

Would you like to enter the sweepstakes to win a \$50 e-gift card?

- Yes**
- No**

Please provide an email address for entering the sweepstakes.

Certifications

For purposes of this survey, a diverse business is one that is at least 51% owned, operated, and controlled by one or more of the following:

Woman

Racial/ethnic minority

- **Black/African American**
- **Asian-Pacific American**
- **Hispanic American**
- **Native American**

Veteran

Disabled

LGBTQ+

Based on the definition above, is your business diverse?

- Yes No

Which diverse category applies to your business? Please select all that apply.

- Disabled
 LGBTQ+
 Racial / Ethnic Minority
 Veteran
 Woman

Does your business have a diverse certification? (e.g. MBE, WBE, VBE, LGBTQ+, Disabled)

- Yes No

Program Experience & Business Development

The following questions will be used to gauge your business' experience with electric and/or gas utilities and their energy efficiency programs.

On a scale from 1 to 5, how familiar are you with energy efficiency programs offered by electric and/or gas utilities in your state? (1= not familiar, 5 = very familiar)

Has your company provided any goods or services for any energy efficiency programs with an electric and/or gas utility within the past 5 years?

- Yes No

Please list energy efficiency program(s) you participated in and the utility company(s) you worked with. Separate your responses, using a comma.

Do you feel diverse business certification has been beneficial in helping you increase revenues by completing projects in the energy efficiency industry with electric and/or gas utilities?

- Yes No NA

In your opinion, how has being a diverse business impacted your ability to participate in energy efficiency programs with electric and/or gas utilities?

- Somewhat Negatively Somewhat Positively

Which category best describes the revenue generated from your most recent participation in energy efficiency programs with an electric and/or gas utility?

- < \$100,000
 \$100,000 - \$250,000
 \$250,000 - \$500,000
 \$500,000 - \$1,000,000
 \$1,000,000 - \$5,000,000
 > \$5,000,000

Which products and/or services did you provide in your most recent energy efficiency project(s) with an electric and/or gas utility? Please select all that apply.

- | | |
|--|---|
| <input type="radio"/> Accounting | <input type="radio"/> HVAC |
| <input type="radio"/> Analytics | <input type="radio"/> Insurance Legal |
| <input type="radio"/> Architectural | <input type="radio"/> Lighting |
| <input type="radio"/> Automotive sales / Leasing | <input type="radio"/> Marketing and / or Branding |
| <input type="radio"/> Consulting | <input type="radio"/> Plumbing |
| <input type="radio"/> Energy auditing | <input type="radio"/> Real estate sales / Leasing |
| <input type="radio"/> Engineering | <input type="radio"/> Weatherization |
| <input type="radio"/> General contracting | <input type="radio"/> Other |

Have you attempted to participate in any energy efficiency programs with an electric and/or gas utility within the past 5 years?

- Yes No

Have you experienced barriers or challenges that have negatively impacted your ability to participate in any energy efficiency programs with electric and/or gas utilities?

- Yes No

Which of the following challenges have impacted your ability to complete energy efficiency projects for electric/gas utilities?

Please select all that apply.

- Access to capital
- Access to contract opportunities (e.g. posting platforms)
- Access to legal advice
- Access to training
- Cybersecurity insurance
- Inadequate staffing
- Lack of knowledge about contract opportunities (e.g. RFQs/RFPs)
- Lack of relationships
- Lack of technical expertise
- Liability insurance
- Limited cash flow Marketing capabilities
- Other

Please briefly describe a challenge you experienced when attempting to participate in any energy efficiency programs with electric and/or gas utilities.

Please briefly describe any support you received or positive experiences when attempting to participate in any energy efficiency program with electric and/or gas utilities.

Which, if any, of the below services would be useful to improve your ability to partner with electric and/or gas utilities? Please select all that apply.

- Back office support (computer/technical/administrative assistance, basic accounting, etc.)**
- Business planning**
- Continuous learning opportunities (e.g. webinars)**
- Diverse Business Certification assistance**
- Access to insurance / Bonding**
- IT support**
- Lead development**
- Marketing / Branding assistance**
- Networking opportunities**
- Participation on committees, task forces, stakeholder groups**
- Technical training or support**
- Website development**
- Other**

Demographics

Where is your business physically located? Please select all that apply.

- Illinois
- Indiana
- Michigan
- Missouri
- Ohio
- Wisconsin

Please provide the zip code for your primary business location.

Select the space from which you operate your business.

- Residential / Home Office
- Non-residential / Commercial Space

Please identify the electric and gas utility service provider of your primary business location.

Electric:

Gas:

Which products and/or services does your business offer? Please select all that apply.

- | | |
|---|---|
| <input type="radio"/> Accounting | <input type="radio"/> Insurance |
| <input type="radio"/> Analytics | <input type="radio"/> Legal |
| <input type="radio"/> Architectural | <input type="radio"/> Lighting |
| <input type="radio"/> Automotive sales / Leasing | <input type="radio"/> Marketing and branding |
| <input type="radio"/> Consulting | <input type="radio"/> Plumbing |
| <input type="radio"/> Energy auditing Engineering | <input type="radio"/> Real estate sales / Leasing |
| <input type="radio"/> General contracting | <input type="radio"/> Weatherization |
| <input type="radio"/> HVAC/R | <input type="radio"/> Other |

Which market segment(s) does your business serve? Please select all that apply.

- Residential Single Family Residential Multifamily Commercial Industrial

How many years has your current business been in operation?

- < 5
 5 - 10
 10 - 25
 25 - 50
 > 50

How many people does your business employ?

- < 5
 5 - 10
 10 - 25
 25 - 50
 50 - 100
 > 100

Which category best describes your business' revenue in 2019?

- < \$100,000
 \$100,000 - \$250,000
 \$250,000 - \$500,000
 \$500,000 - \$1,000,000
 \$1,000,000 - \$5,000,000
 > \$5,000,000

Coronavirus Impact

How has your business' revenue been impacted as a result of the COVID-19 crisis?

- Positive impact - Increased revenue**
- No impact - Neutral revenue**
- Negative impact - Less than a 25% decrease in revenue**
- Negative impact - A 25-50% decrease in revenue**
- Negative impact - Greater than a 50% decrease in revenue**

Has the COVID-19 crisis impacted your business in other ways, please explain.

Appendix B

Diverse Business Survey: Additional Figures

Key Demographics

Figure 1: Spaces from which diverse businesses operate

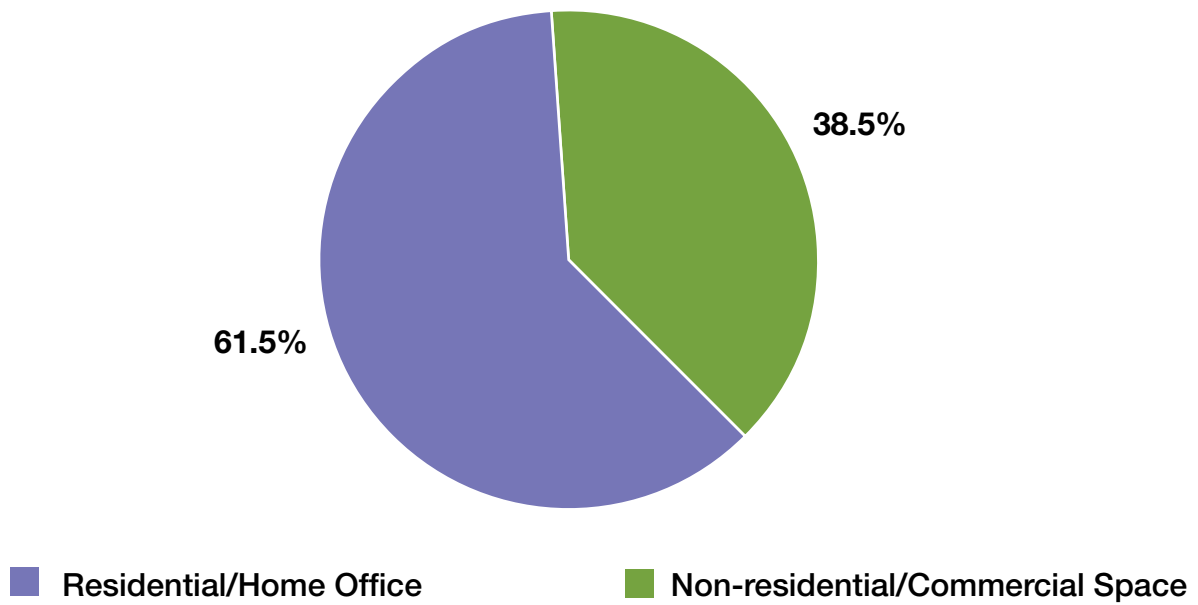


Figure 2: Market segments served by diverse businesses

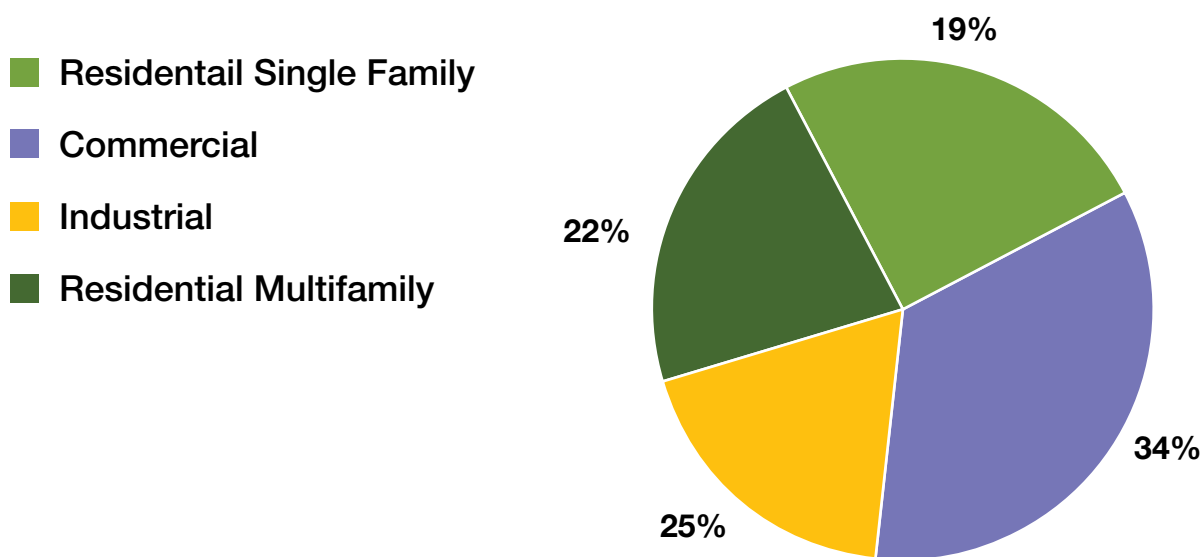


Figure 3: Age of diverse businesses

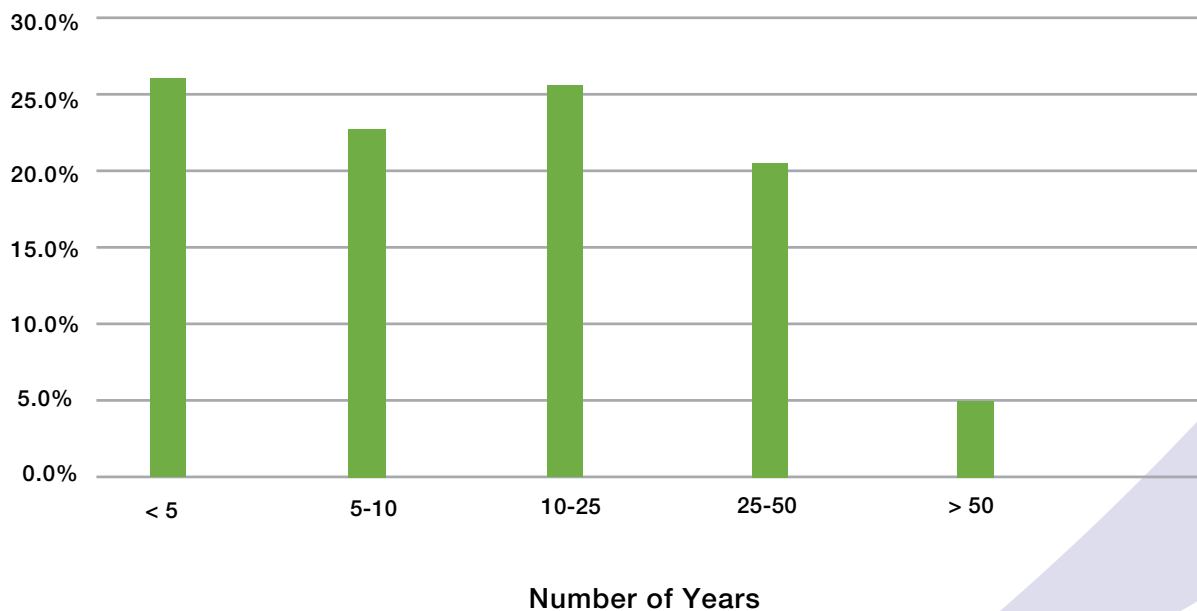
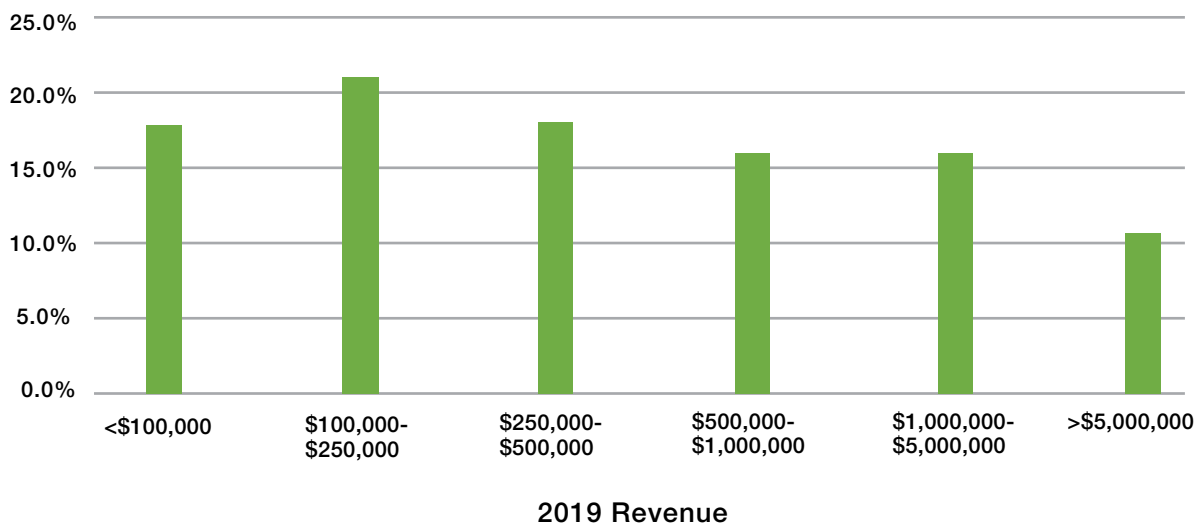


Figure 4: Approximate annual revenue of diverse businesses



Certifications

Figure 5: Businesses that self-identify as diverse-owned

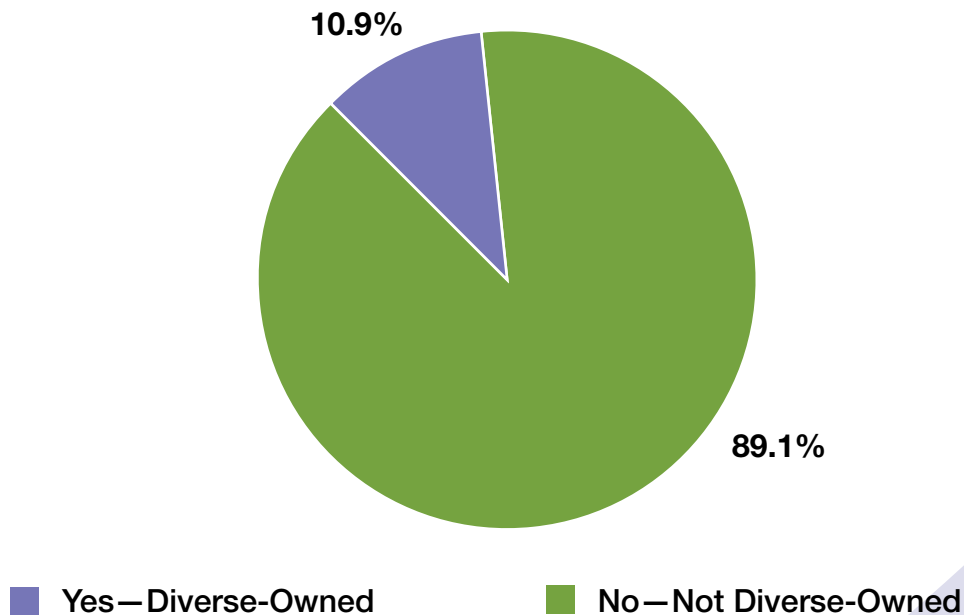
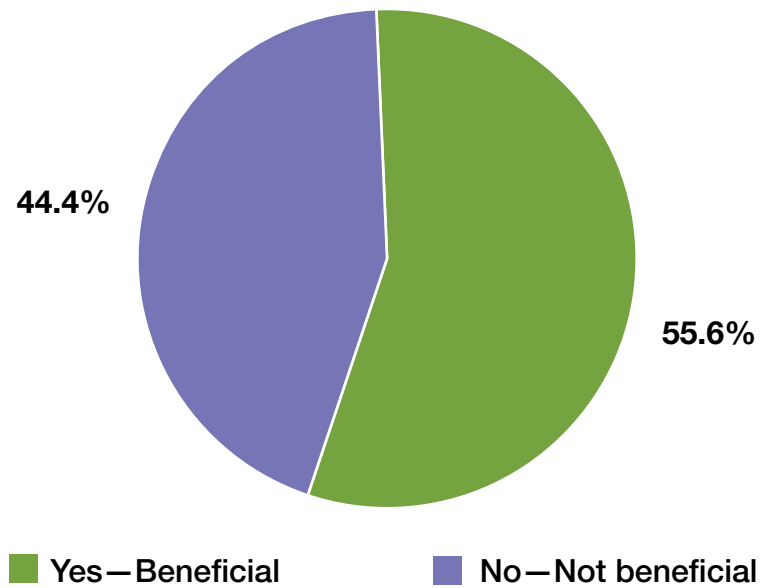


Figure 6: Businesses that believe a DBE certification is beneficial in increasing revenues



Familiarity with and Participation in Energy Efficiency Programs

Figure 7: Familiarity with energy efficiency programs offered by in-state utilities

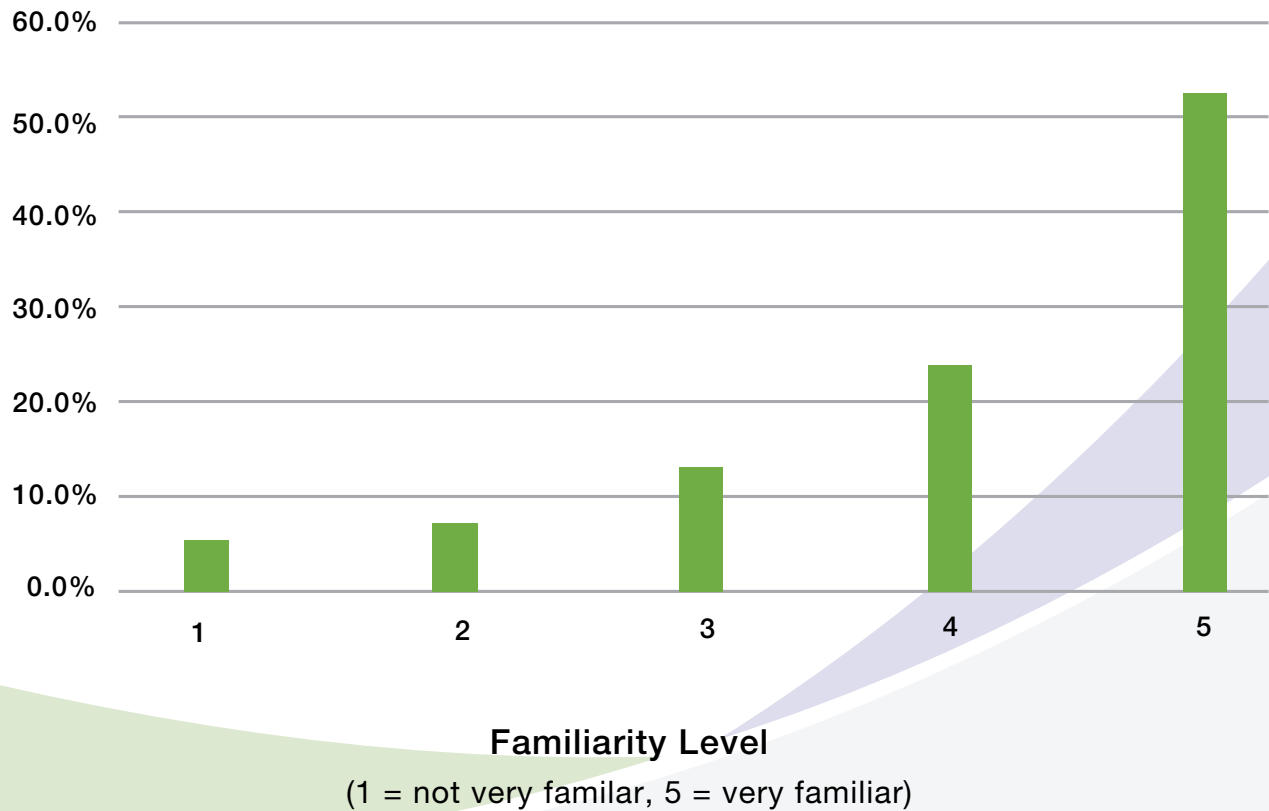
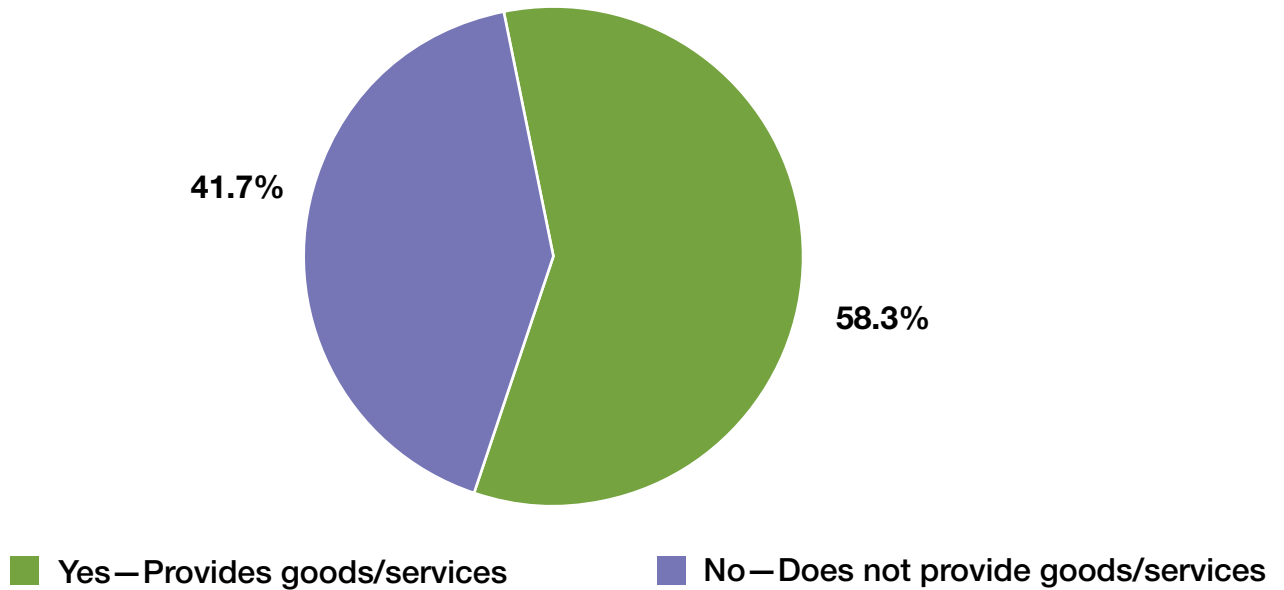


Figure 8: Diverse business' provision of goods or services to local energy efficiency programs



Business Owner Reported Barriers to Participation

Figure 9: Percent of diverse businesses that attempted to participate in energy efficiency programs in the last five years

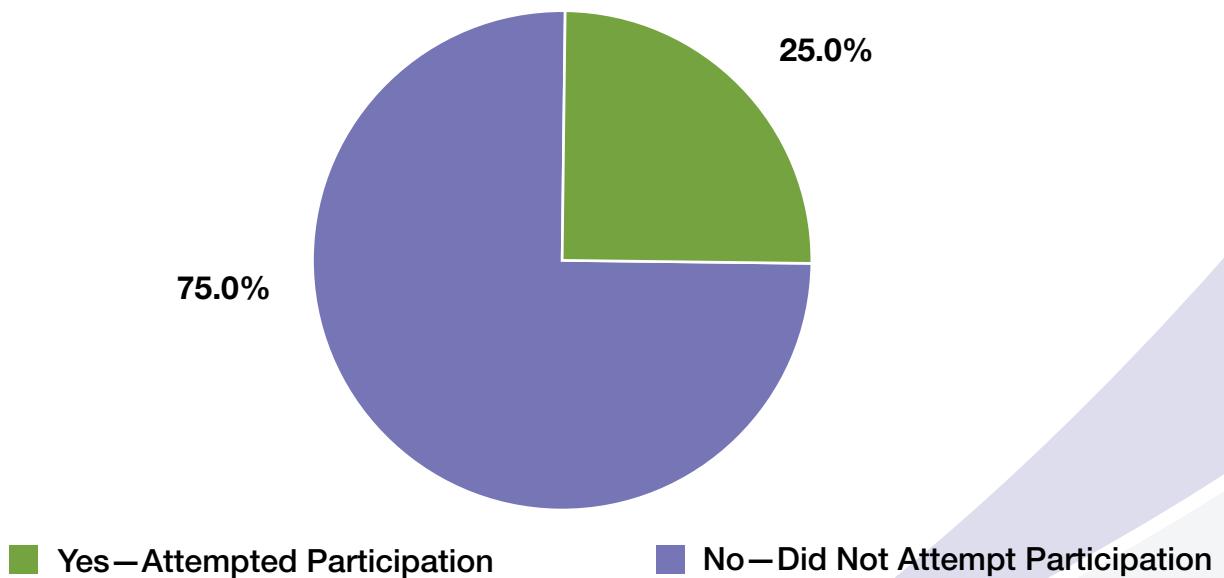
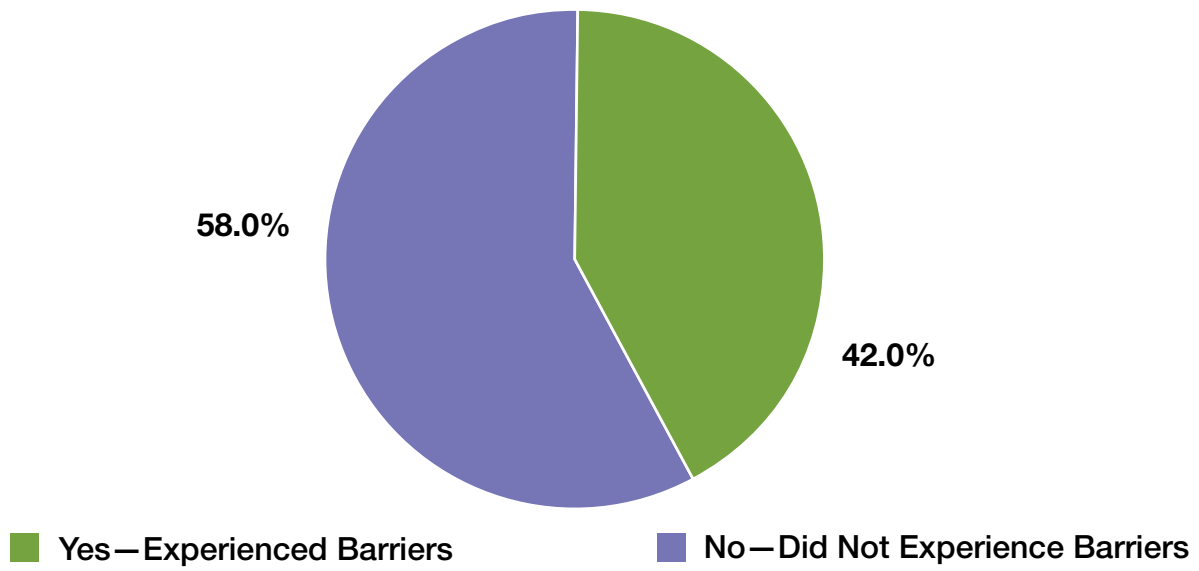


Figure 10: Percent of diverse businesses experiencing barriers that negatively impacted ability to participate in energy efficiency programs



Appendix C

Diverse Business Survey: Short Answer Responses

Q28 Please list energy efficiency program(s) you participated in and the utility company(s) you worked with. Separate your responses using a comma.

- HEIQ, HEP, Smart Savers , Small Business Direct Install for Ameren and New Homes for Nicor
- ComEd, NiCor
- Ameren BizSavers, Missouri and Illinois
- Ameren in Missouri and Illinois
- Ameren IL Incom qualified
- ComEd programs
- AC, Lighting
- Ameren, ComEd, Focus on Energy
- instant incentive,ameren
- DTE, BEC, IQ, L&A, ARP LGE/KU- WeCare IQ, Georgia Power, IQ, Entergy, IQ, Ameren IL ARI
- Ameren Illinois HEPIQ, Ameren HVAC program
- Rebate programs for clients
- Ameren ally
- POS at big box retail, POS at electrical distributors in C&I channel, and prescriptive rebates in the C&I channel al lin the category of lighting.
- ipl, duke, vectren, nipsco, psi (cinergy), noble remc, johnson co remc, impc
- Xcel Energy Minnesota Process Efficiency, ComEd Strategic Energy Management Program, ComEd Industrial Study Program
- Gas efficiency program with DTE
- Energy Auditor Dominion Gas via Cleveland Housing Partners, Energy Auditor/Inspector HWAP program Via Cleveland Housing Partners, Energy Auditor First Energy, Energy Auditor AEP, Energy Auditor Inspector Columbia Gas via Ground Level Solutions, All Independent Contractor my company Green Planet Conservation LLC
- Ameren
- Ameren Rebate Program
- Nipsco
- KCPL & IPL Commercial Rebate Programs for Energy Efficiency Improvements,
- Ameren
- DTE
- Duke Ohio
- ComEd FEJA Contractors Trainings, NABCEP Pv Installer, NABCEP PV Associate Trained (Certificate Pending)
- Did not participate
- On a personal level, energy efficiency audits with DTE and Consumers Energy. On a business level, none.
- Nicor Gas Income Qualified Program
- I purchase renewable energy credits, and my renewable energy provider sends me certificates for e.g. programable thermostats and LED bulbs, both of which I have purchased.

- Nicor Gas Income Qualified Program
- ipl, duke, vectren, nipsco, psi (cinergy), noble remc, johnson co remc, impc
- Xcel Energy Minnesota Process Efficiency, ComEd Strategic Energy Management Program, ComEd Industrial Study Program
- Gas efficiency program with DTE
- Energy Auditor Dominion Gas via Cleveland Housing Partners, Energy Auditor/Inspector HWAP program Via Cleveland Housing Partners, Energy Auditor First Energy, Energy Auditor AEP, Energy Auditor Inspector Columbia Gas via Ground Level Solutions, All Independent Contractor my company Green Planet Conservation LLC
- Ameren
- Ameren Rebate Program
- Nipsco
- KCPL & IPL Commercial Rebate Programs for Energy Efficiency Improvements,
- Ameren
- DTE
- Duke Ohio
- ComEd FEJA Contractors Trainings, NABCEP Pv Installer, NABCEP PV Associate Trained (Certificate Pending)
- Did not participate
- On a personal level, energy efficiency audits with DTE and Consumers Energy. On a business level, none.
- Nicor Gas Income Qualified Program
- I purchase renewable energy credits, and my renewable energy provider sends me certificates for e.g. programable thermostats and LED bulbs, both of which I have purchased.
- Nicor Gas Income Qualified Program

Q9 Please briefly describe a challenge you experienced when attempting to participate in any energy efficiency programs with electric and/or gas utilities.

- Cost to customer for High efficiency equipment
- Our organization has been advocating against the practices of our utility company as a monopoly working against creating a viable strategy for energy democracy and affordable energy
- Changing program. Different incentives. Consistency not always there.
- We are a small professional services company offering engineering and data analytics expertise. Even though we can do the work, our size is typically a barrier for being selected.
- Programs knowingly see that I have a diverse business, so they look the other way or give me limited business because I'm diverse
- One of the biggest challenges is knowing how and when to apply for RFQ and RFPs when bids are opened. Competitive wage, lack of capacity and demand for smaller business to carry heavy insurances.
- I did in the response above.

Q10. Please briefly describe any support you received or positive experiences when attempting to participate in any energy efficiency program with electric and/or gas utilities.

- Ameren incentives for led upgrades
- The income qualified programs tremendous as people were getting Almost free
- N/A
- No support in State but legal energy advocates like NRDC have joined our local efforts
- Generally support is good.
- We have made no effort to work with utilities EE programs within the last 5 years.
- Na
- n/a
- I was not even aware of this opportunity/program.
- The support given to us is an opportunity to deliver program services on a pilot program and see the results achieved. This helps build relationships and prove capabilities.
- Quarterly meetings and updates to new programs. DTE has been very helpful.
- None
- Diversity supplier officers are helpful in making connections and helping navigate the opportunities that are available.
- My local Rep from Ameren always answers my calls and my questions and even assisted in technical support.
- 2010-14.. The program became more Industrial.
- Ameren has great seminars to attend and there are other allies within the program that offer to help with questions or assist with projects.
- member of the DTE mentorship program
- Very good response, not much follow up with the programs to engage after to build a network relationship .
- I can only speak to the residential programs DTE & Consumers offer. I have no experience with energy efficiency programs for our business.
- I was for a time a Certified B Corp, which is what galvanized me to start purchasing renewable energy credits. It gave me points on my B Corp certification

Q11_12_TEXT. Which, if any, of the below services would be useful to improve your ability to partner with electric and/or gas utilities? Please select all that apply. - Other - Text

- Exterior lighting incentives, additional incentives during Covid affected period

Q15_1. Please identify the electric and gas utility service provider of your primary business location. - Electric:

- Ameren
- ComEd
- Ameren
- Ameren Illinois
- SEIEC
- ComEd
- Comed
- Ameren
- We Energies
- ameren
- DTE Energy
- DTE
- Ameren
- DTE
- Duke
- ameren
- first energy
- ipl
- Eergy
- Duke Energy
- DTE
- Illuminating Company First Energy, Cleveland Public Power
- Cleveland Illuminating Company
- Ameren
- Ameren
- Aep
- Tri City Co Op
- ComEd
- DP&L
- DTE, Consumers Energy
- Duk
- ComEd
- DP&L
- DTE
- IPL
- ComEd but we buy from a company whose name I cannot remember
- ComEd

Q15_2. Please identify the electric and gas utility service

provider of your primary business location. - Gas:

- NiCor
- Spire
- n/a
- Propane
- Nicor Gas
- Nicor
- Ameren
- We Energies
- ameren
- DTE Energy
- DTE
- Ameren
- Consumers
- Duke
- ameren
- dominio
- citizens gas
- N/A
- Duke Energy
- DTE
- Dominion Gas, Columbia Gas
- Dominion
- Spire
- Ameren
- Nipsco
- Ameren
- Peoples Gas
- Vectren
- DTE, Consumers Energy
- Duke
- Vectren
- DTE
- Citizens
- Peoples
- Peoples Gas

Q16_12_TEXT. Which products and/or services does your business offer? Please select all that apply. - Other - Text

- Electrical
- Kitting
- Signage/Service Repair of lighting
- PACE Administration
- Painting
- Radon Testing and Mitigation, mold testing, IAQ
- Landscaping
- Abatement, Asbestos, Lead & Mold, Disinfectant Cleaning for COVID
- Environmental and sustainability services
- Construction subcontractor – specialties

Q30. Has the COVID-19 crisis impacted your business in other ways, please explain.

- site access is often denied or limited impacting accurate bidding and performance of work, projects are haunted, slowed, postponed or cancelled due to fear of income, projects are being re evaluated as future use of spaces is at risk or at least in jeopardy of change, labor is slowed by numerous safety practices now employed but not previously bid,
- Employees need to stay home with kids some if not all week. Not able to enter some residents homes
- We are now shipping kits directly to customers' homes instead of to the agencies where they used to pick them up.
- Development has stop and /or been delayed
- most customers are working from home
- We have been unable to continue training for energy efficiency work
- Projects delayed several months
- The inability to have our sales force travel to visit our customers
- I will have to shut my business down. We can't work without insurance and we can't get insurance again without a loan/grant from government. I was denied SBA loan due to an error and my reconsideration is taking very long. We were having issues recently and right before COVID19 but when this pandemic happened, it destroyed my business.
- All employees work remotely and no travel to customer sites is possible at this time in-state and out-of-state.
- No business
- Made it difficult to enter homes and businesses to perform routine repairs
- Employees have had to work limited schedules due to family obligations.
- We increased with disinfectant cleaning but lost revenue on construction projects.
- Has haunted all project permits and delayed timelines.
- A majority of our work was on school lighting efficiency retrofits. These have come to a complete halt since COVID, and we currently see no projects in the future.
- Many of our projects have been delayed and/or canceled. In addition, our payment terms have changed to a longer amount of time to receive payment.
- I received PPP assistance. That was great.

Appendix D

Diverse Businesses: Best Practices Interview Questions

Intro for Calls with Trade Orgs and Utilities

Walker-Miller Energy Services (Walker-Miller) is a client-focused company, with energy efficiency as our core business. We operate with a commitment to excellence, diversity, inclusion, and equity. We utilize our extensive experience and knowledge of the energy industry to help our clients and partners with energy waste reduction program design and implementation.

The survey was developed to help us identify best practices of regulated and investor-owned utilities in Illinois, Indiana, Michigan, Missouri, Ohio, and Wisconsin (“Midwest Utilities”) and how, in support of their respective ratepayer-funded energy efficiency programs, they:

- Build an inclusive culture
- Attract and recruit diverse businesses
- Aid in the development of diverse businesses
- Address diverse businesses’ barriers/constraints

Responses to this survey will aid in helping Walker-Miller better understand the Midwest Utilities’ best practices with respect to engaging diverse businesses for their respective energy efficiency programs. Results of this survey may be used to inform the Midwest Utilities regarding current trends, practices, and programs, as well as areas of expansion, improvement or development.

Walker-Miller greatly appreciates your honest and transparent feedback to better understand the needs of diverse businesses.

Responses will only be used only for purposes of this research. The results will be reported in aggregate and your organization will not be identified unless your express permission is given.

Do you give permission for your organization to be identified in this research? Yes or No

Name of Organization: _____

Name of Individual: _____

Title of Individual: _____

Phone Number of Individual: _____

Email Address of Individual: _____

Date of Survey: _____

Script for {insert utility name}: _____

Date of Survey: _____

I. Preparation for the Call

A. Visit utility's website

1. Find utility's official statement on supplier diversity
2. Download any documents or reports related to supplier diversity in energy efficiency (EE), or in general
3. Download utility's latest annual Supplier Diversity Report, or any diversity report delivered to the state regulatory body (Commerce Commission or Public Service Commission)
4. Download utility's segment of the annual EE report to the state regulatory body (Commerce Commission or Public Service Commission)

B. Find a phone number for the EE Department

1. If unable to reach someone in the EE Department, ask for the person who manages the supplier diversity department or team, or someone who performs supplier diversity/diverse business engagement functions for Columbus Southern Power's EE program.

II. The Call

A. Introduce yourself: "Hi, my name is _____. I'm with Walker-Miller Energy Services, and we are conducting research to identify {insert utility company name} best practices for recruiting and engaging diverse businesses to participate in its EE program. We are seeking responses to a 15-question survey. Is there someone I can speak with?"

1. If yes, read "Intro to Calls with Trade Orgs & Utilities" once the appropriate person is on the phone, then proceed to Section III to begin survey.
2. If no, "May I have the name and contact information for the person responsible for supplier diversity for Columbus Southern Power's EE program?"
 - a. Reach out to the correct person.

III. The Questions

A. If you don't have a name, phone number and email address, begin with "May I have your name, and email (or whatever contact info you are missing)?"

B. Does {insert utility name} believe having a program or department dedicated to the recruitment and development of diverse businesses helps to engage diverse businesses? If yes, please explain. If no, skip to Question C.

Script for {insert utility name}

Date of Survey: _____

C. Does {insert utility name} track or report its diverse spend related to EE programs? If yes, answer Questions D and E. If no, skip to Question F.

D. How is the spend tracked?

E. To whom is the diverse EE spend reported?

- Utility Supplier Diversity Program _____
- Regulatory Body (Public Service or Commerce Commission) _____
- Other: _____

F. Does {insert utility name} have a diverse contractor spend goal specifically for EE programs? If yes, please explain and answer Question G. If no, skip to Question H.

G. Which of the following best describes the spend goal?

- A percentage of the EE contract dollars \$
- A fixed dollar amount for the EE department \$
- Other

H. Which of the following describes the most effective best practices that {insert utility name} utilizes to recruit diverse businesses to participate in its EE programs?

- Strong leadership from the top of the organization

Script for {insert utility name}

Date of Survey: _____

- Formal outreach events for diverse EE suppliers _____
- Mentorship/ Development of selected EE suppliers _____
- Other (please describe) _____

I. Which of the following most accurately describes best practices {insert utility name} has implemented to aide in EE diverse supplier development?

- Formal Mentorship/Development Programs _____
- Development Workshops _____
- Certification Trainings _____
- Diverse Certification Assistance _____
- Other (please describe) _____

J. Does {insert utility name} solicit feedback from its diverse suppliers regarding their experiences working with Columbus Southern Power? If yes, answer Question K. If no, skip to Question L.

K. Can you share what {insert utility name} has learned from the feedback? If yes, please explain. If not, skip to Question L.

L. Which of the following best describes what {insert utility name} has done (or plans to do) with the feedback?

- Implement(ed) or develop(ed) pilot program
- General program development
- Diverse supplier development offerings, etc.

Script for {insert utility name}

Date of Survey: _____

- Other (please describe) _____

M. What are the most successful diverse business engagement programs/initiatives {insert utility name} has currently?

IV. Closing

- “Thank you for your time. If you would like to contact me for any reason, again my name is _____, and my email address is...”
- Follow up with an email to thank them for their time (again) and provide your contact information.

V. Alternative to Phone Interview

If you are unable to contact anyone, please document your efforts to find the right person. Please search terms on {utility name} website and find as many answers as possible. Also, use an online search engine to search for the following terms:

- Annual {utility name} Supplier Diversity Report
- {Utility name} Energy Efficiency Diverse Supplier Report
- {Utility name} Diverse Supplier Report Card or Score Card
- {Utility name} Energy Efficiency Diversity and Inclusion

For questions at any time, please contact Erika Dominick (314-853-6669 or dominick@wmenergy.com) or Amber Anderson (618-567-1225 or anderson@wmenergy.com).

Script for the {insert name}

Trade Organization

Date of Survey: _____

Page 2 of 4

- 2. A percentage of the EE contract dollars \$
- 3. A fixed dollar amount for the EE department \$
- 4. Other

F. Has {insert name} identified any utility best practices effective in recruiting diverse businesses to participate in utility EE programs in Illinois/Indiana/Michigan/Missouri/Ohio/Wisconsin? If yes, which of the following best describes the best practices?

- Strong leadership from the top of the organization
- Formal outreach events for diverse EE suppliers
- Mentorship/Development of selected EE suppliers
- Other (please describe)

G. Has {insert name} identified any best practices for building an inclusive culture implemented by utilities in Illinois/Indiana/Michigan/Missouri/Ohio/Wisconsin? If yes, please explain.

H. Has {insert name} identified any best practices implemented by utilities in Illinois/Indiana/Michigan/Missouri/Ohio/Wisconsin that aid in the successful design of programs specifically dedicated towards diverse supplier development? If yes, which of the below best describes the best practices?

- Formal Mentorship/Development Programs _____
- Development Workshops _____
- Certification Trainings _____
- Diverse Certification Assistance _____

Script for the {insert name}

Trade Organization

Date of Survey: _____

Page 3 of 4

- Other _____

I. Based on its research, does {insert name} believe that having a program or department dedicated to the recruitment and development of diverse suppliers helps to engage diverse businesses in energy efficiency? If yes, please explain. If no, skip to Question J.

J. Has {insert name} reported any of its findings regarding diverse suppliers in energy efficiency to any utilities in Illinois/Indiana/Michigan/Missouri/Ohio/Wisconsin or their respective regulatory bodies? If yes, please explain. If no, answer Question K.

K. Is {insert name} aware of how (if at all) utilities in Illinois/Indiana/Michigan/Missouri/Ohio/Wisconsin have used the findings shared by {insert name}? If yes, which of the below best describes the use of {insert name}'s findings:

- Implemented, developed pilot program
- General program development
- Supplier development offerings
- Other _____

L. Does {insert name} solicit feedback from diverse suppliers regarding their experiences with the utilities in Illinois/Indiana/Michigan/Missouri/Ohio/Wisconsin? If yes, please explain.

Script for the {insert name}

Trade Organization

Date of Survey: _____

Page 4 of 4

M. Is there anything additional you'd like to share about the research {insert name} has conducted related to energy efficiency programs of the utilities in Illinois/Indiana/Michigan/Missouri/Ohio/Wisconsin and how they engage and/or develop diverse businesses?

IV. Closing

A. "Thank you for your time. If you would like to contact me for any reason, again my name is ..., and my email address is..."

B. Follow up with an email to thank them for their time (again) and provide your contact information.

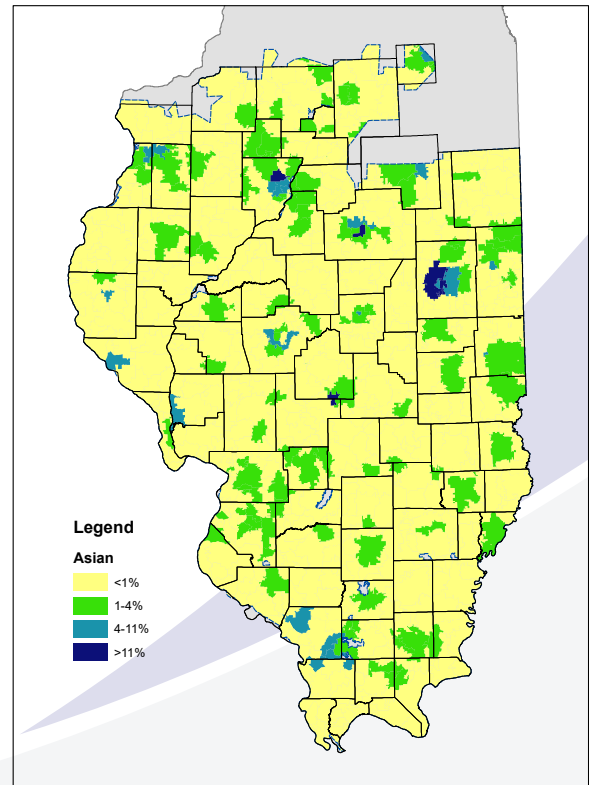
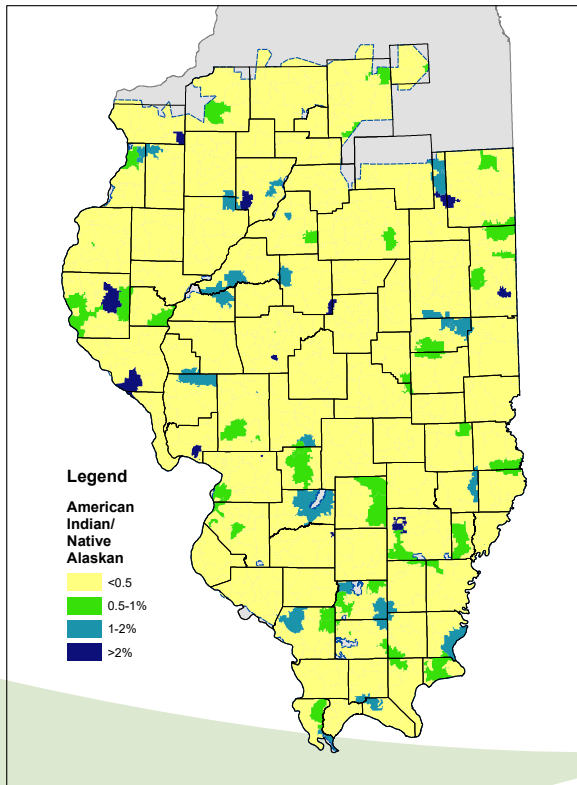
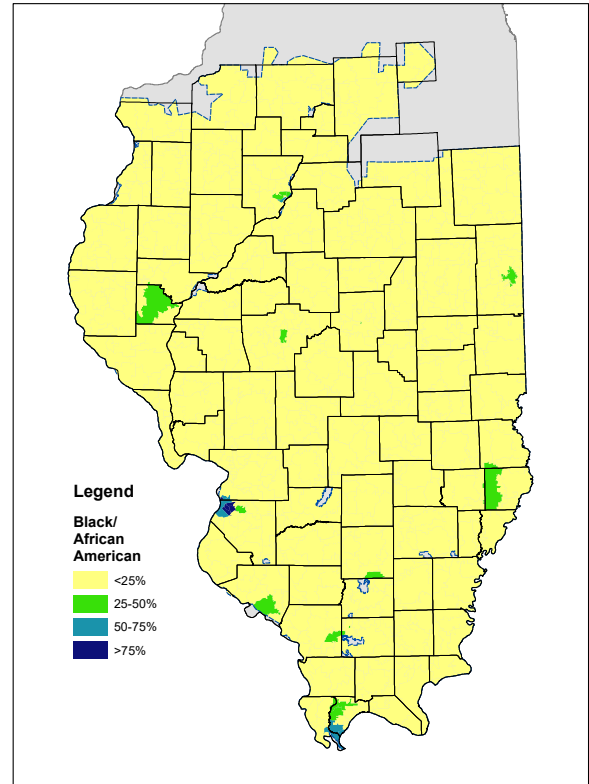
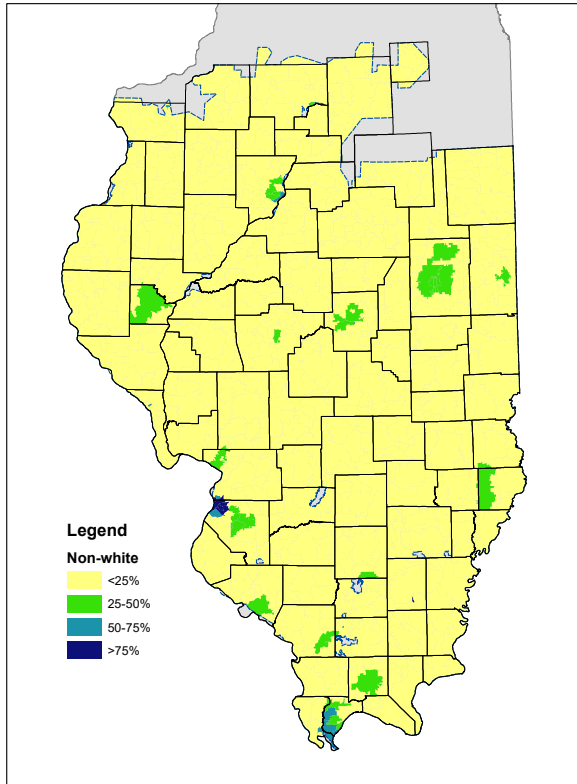
V. Alternative to Phone Interview

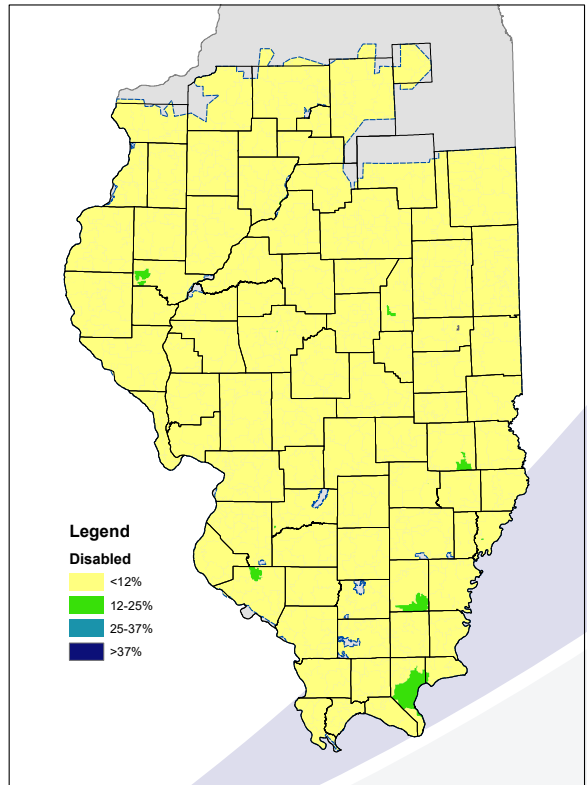
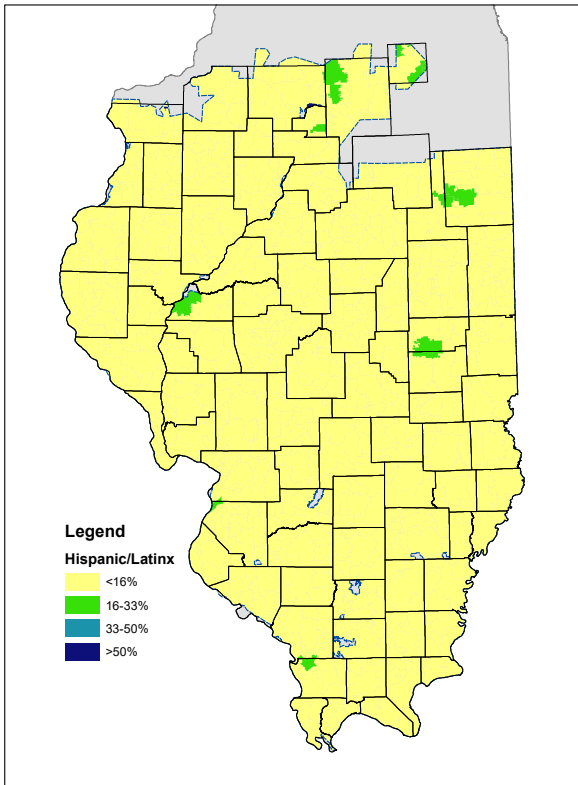
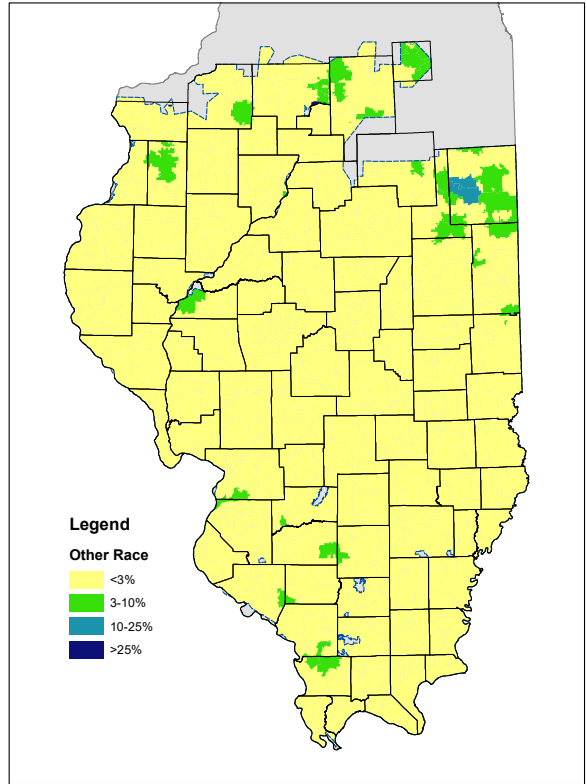
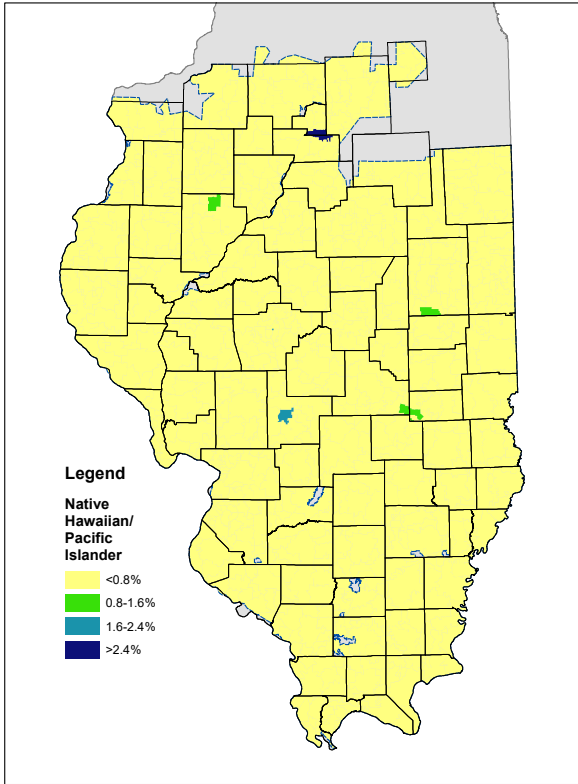
A. If you are unable to contact anyone, please document your efforts to find the right person. Please search terms on the Trade Organization's website and find as many answers as possible. Reports generated as a result of trade organizations' research typically can be found on their websites.

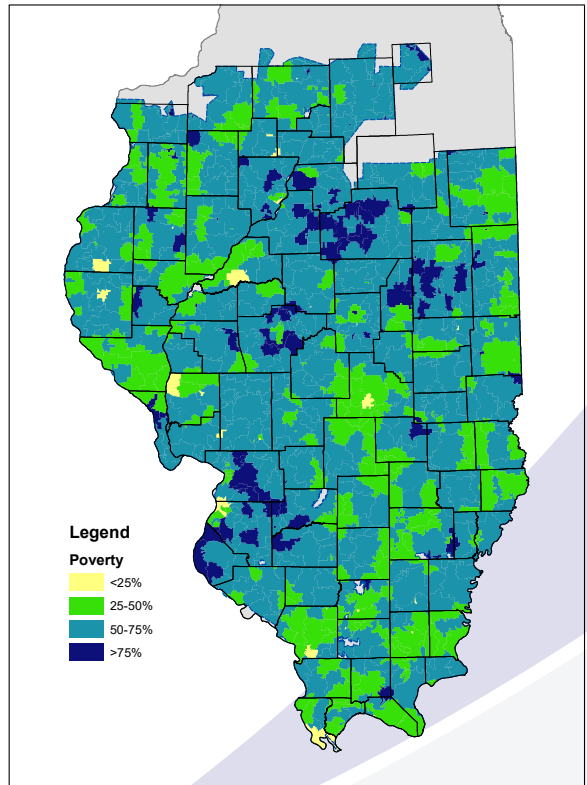
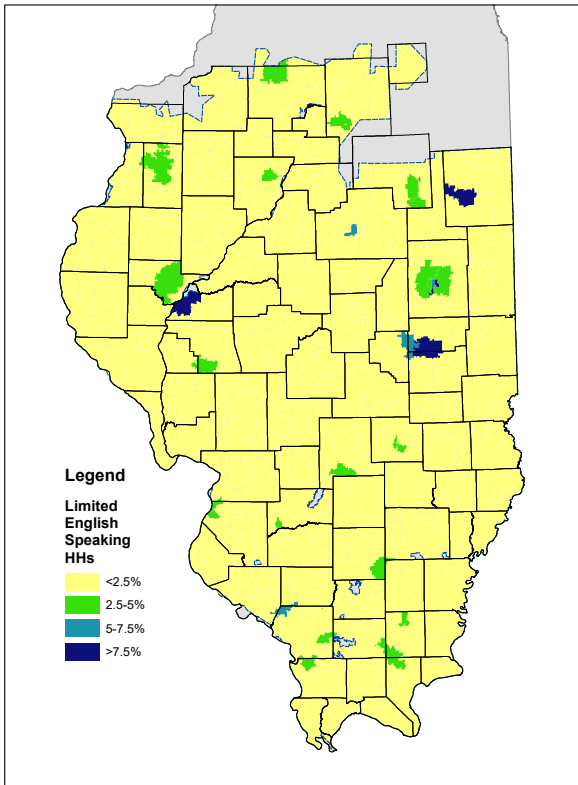
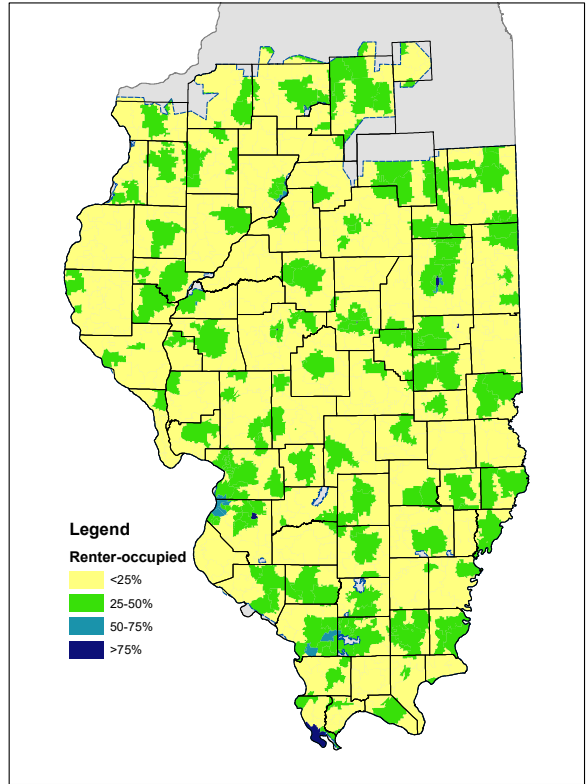
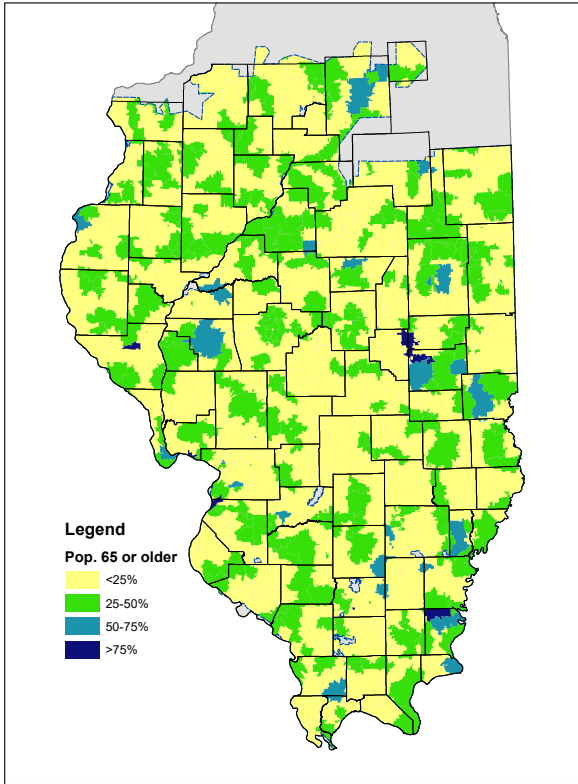
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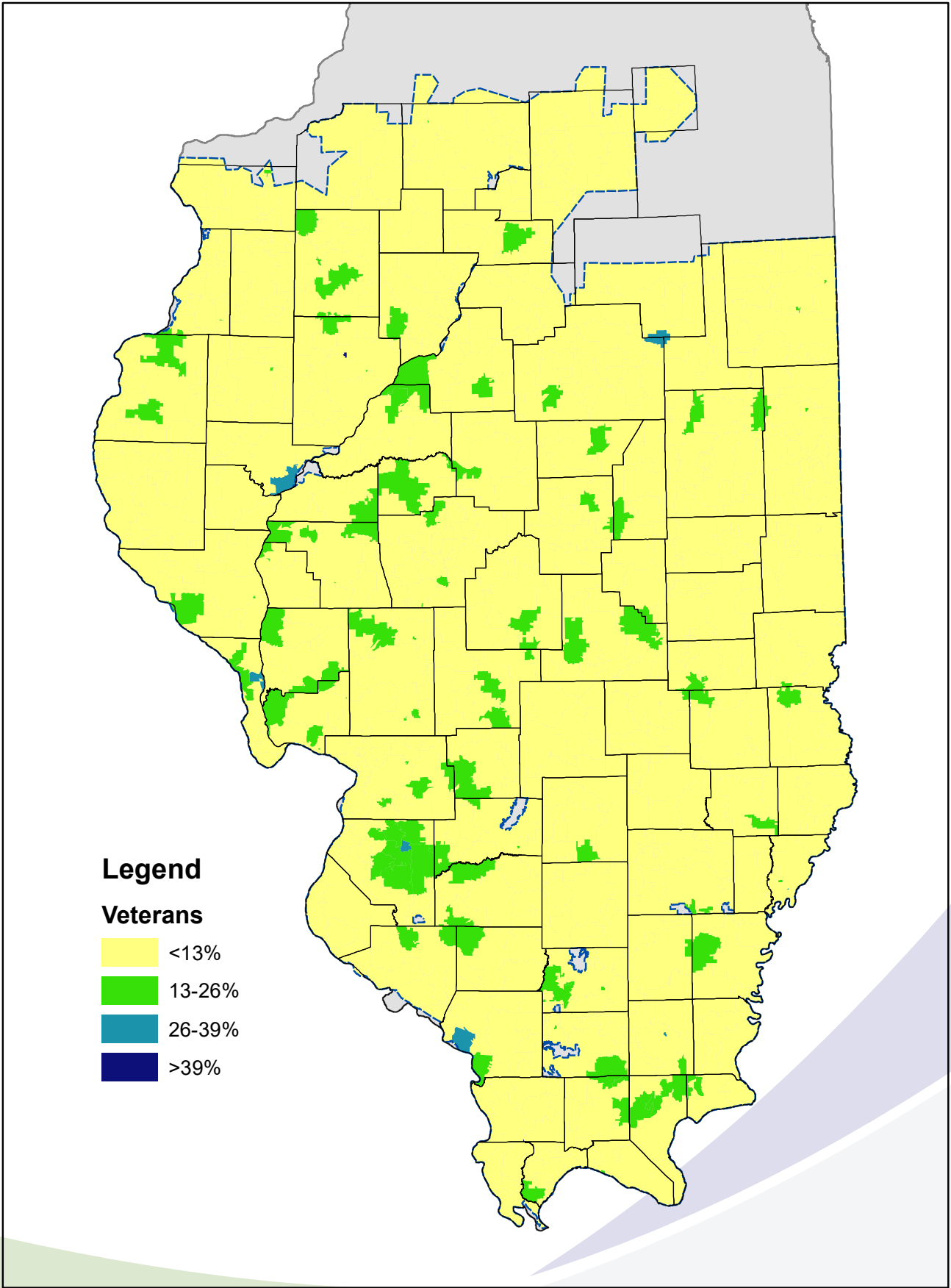
Appendix E

Ameren Illinois Diverse Customer Distribution: Geographic Distribution of Target Demographics









Appendix F

Ameren Illinois Diverse Customer Distribution: Top 25 Zip Codes Including Target Demographics

Rank	Non-white	Black/African American	American Indian/Alaska Native	Asian	Native Hawaiian/Pacific Islander	Other Race	Hispanic/Latino	Individuals with Disabilities	65 years or older	Renter-occupied Households	Limited English Speaking Households	Poverty	Veterans
1	62829	62059	62320	61801	61336	61276	61322	61941	62874	62962	61239	62622	61433
2	62059	62207	61883	61822	62701	61322	61276	61562	62871	61625	62618	62266	62961
3	62204	62205	61569	61874	62015	60955	60538	61602	62201	62523	61801	62519	62225
4	62205	62204	62536	61525	61863	61318	62618	62344	62028	62225	61874	61435	62965
5	62207	62090	62058	61820	62462	60938	60955	61855	61911	62701	61322	60557	62852
6	62090	62203	62850	61704	61432	62201	60545	62475	61931	61941	60955	61332	62950
7	62203	60958	62543	62083	62046	60538	62201	62266	62357	61602	61910	61562	61731
8	60958	62201	62848	61528	62914	62905	61342	62817	62013	61820	62916	62070	62065
9	62201	62914	60968	62535	61344	60968	61910	62217	62442	62201	61820	61468	62639
10	62914	62206	62022	61949	61236	61332	61236	62701	60551	61801	61244	60926	62045
11	62206	62964	61466	61615	61812	61236	61562	62811	62245	62090	61911	62065	61276
12	61605	62060	62366	62701	62427	62272	60968	62879	62806	62901	61704	61451	61772
13	61276	61605	62908	62903	62665	61603	60586	62938	62979	61605	62201	61812	62054
14	62964	62963	61453	62907	62675	61362	61318	62481	62018	61239	62473	61374	62083
15	62060	62921	62907	61625	62618	61462	61335	60512	61777	62059	62987	61731	62265
16	62976	62976	61956	61614	62803	61812	61301	62523	62851	62207	62215	62711	61471
17	62523	62523	62984	61453	62282	60586	60431	62992	62860	62204	61462	62273	62258
18	62070	61603	62852	62325	62365	61443	60447	62963	61912	61606	62901	61528	62625
19	61603	62703	62082	61802	61920	60926	62905	62622	62273	62622	62905	61936	62413
20	62921	62846	62672	62915	62946	62618	60544	62874	61350	62206	61775	62218	62070
21	62963	62992	62655	61602	61310	61325	61244	62336	60929	61874	61821	61274	61936
22	62703	62208	62914	62905	62568	62920	62965	62045	62921	62975	62681	62601	62022
23	61801	62466	62671	62356	62546	60922	60543	62419	62810	62060	61741	61525	62985
24	62701	61239	62890	62027	61801	61301	61362	62841	61346	61603	61822	62809	62964
25	62208	61832	60946	61821	61953	60942	60942	62830	62887	62933	61370	62897	62269

Appendix G

Diverse Customer Engagement: Focus Group Script

Diverse Customer Engagement for Energy Efficiency Focus Group Guideline

Springfield | Taylorville

(90 minutes)

I. Introduction (10 minutes)

Objective: To create a comfortable environment, gain trust and familiarize participants with the format.

Outcome: More participation, information and a deeper understanding of the issues.

Moderator: Thank you for taking the time to meet with us today. My name is _____. I am a researcher at the University of Michigan studying energy efficiency. We are here today to discuss household energy consumption. The feedback you provide today will be used by our client to improve their future programming to help households save energy.

Before we begin, let's go over a few "ground rules."

- Cell phones off
- We want to hear everyone's opinion
- Please speak one at a time
- We take your confidentiality seriously (responses made by participants should be kept confidential by all participants, AKA Vegas rules!)
- While the session is being recorded, it will only be viewed by our team, and will be after our final analysis
- Your name will never be used in our reporting
- There are no right or wrong answers. Every person's experiences and opinions are important. Speak up whether you agree or disagree. We want to hear a wide range of opinions.

Do you have any questions before we begin?

Now, let's go around for introductions. Please state your first name and (insert TBD icebreaker)

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Do you have any questions before we begin?

Now, let's go around for introductions. Please state your first name and (insert TBD icebreaker, perhaps a couple polls)

II. General Energy Knowledge (20 minutes)

Objective: Establish baseline understanding of energy use and efficiency.

Outcome: Understanding of terminology that resonates with participants.

1. How would you describe your home energy use? Household size, devices in your home that you think use the most energy, time of day that you think you use the electricity or natural gas in your home, etc.
2. What do you think of when you hear the term “energy efficiency”, what word or phrase comes to mind?

[GO AROUND & DISCUSS]

3. If (energy efficiency) responses are slow ask, what about energy waste reduction (Pause) or energy savings (Pause), or Energy conservation?

[GO AROUND & DISCUSS]

III. Prior Energy Efficiency Actions (20 minutes)

Objective: Explore what energy efficiency improvements households have made.

Outcome: Understanding of most prevalent improvements made, whether utility programs or not.

Moderator: For the rest of the focus group we will use the term energy efficiency.

Now, I'd like to find out the energy efficiency actions that you or someone you know have taken at home.

1. What are some DIY projects that you or someone you know have done recently that you feel helped decrease your energy use?
 - a. Example: Planting trees in your backyard, etc.
2. Have you taken any other steps (not DIY) to lower the energy usage of your home? [if necessary, PROBE examples: lighting, heating, cooling, water heating]
 - What kind of steps have you taken?
 - What were the results?
 - Do you plan to do more? Like what?
3. Have you run into any roadblocks or things that did not work out as planned in trying to be more energy efficient? What issues have you ran into during any improvement/application process? (sub prompt)
 - What were they? Why was that a problem?
 - Probe: Renters
4. What are some DIY projects that someone you know has done recently that you feel helped decrease your energy use?
5. What about your friends and family? What do you think would help them make faster progress toward using energy more efficiently?

IV. Energy Efficiency Interest and Motivations (20 minutes)

Objective: Explore influencers and resources for educating homeowners.

Outcome: Understanding of resources and messages to inform/educate homeowners on making smart decisions with regard to their homes.

1. Why do you feel you or people you know make energy efficiency improvements to their home? (PROBE: for emotional factors/motivations: increased comfort, lower utility bills, preserve natural resources, reduce fossil fuel use, climate change, legacy)
 - What about you personally – which reason is most important to you?

[GO AROUND & DISCUSS]

2. What would it take to get you to undertake any or additional energy efficiency improvements in your home? (PROBE: influencers: information about potential cost savings, financing options, a friend's or neighbor's testimonial) (We are trying to understand what would be most effective in motivating people to undertake energy improvements. We would like to know your opinion: for you, what could prompt you to undertake energy improvements?)
3. How many of you currently seek out information about home energy efficiency?
 - For those who said yes, where did you go for this information? (PROBE: Government websites, Internet searching, product manufacturers, real estate agents, utility, etc.)
 - For those who said no, why have you not sought out information about home energy efficiency?

V. Utility Energy Efficiency Program Knowledge (20 minutes)

Objective: Establish baseline understanding of utility programs.

Outcome: Understanding of which programs are most familiar and beneficial to households as well as potential program opportunities

Ok, we've been talking about your energy efficiency actions. Now I'd like to talk a bit about how you feel about the role your local utility is playing in these efforts.

1. What is your local utility doing about energy efficiency in your community that you may have heard about?
2. Give me the names of programs or organizations you've heard about that support energy efficiency.
3. What utility programs have you participated in?
 - How did you find out about them?
 - What were the benefits? What did you like about it?
 - What did you feel was less beneficial? Why?
 - If you haven't heard of nor participated in any programs, why do you think that is and what could help change it?

4. In general, how can your local utility provide more help to you and your community

- To increase energy efficiency in your homes?
- What do you think they could do differently? Why?
- What else?

Conclusion

This concludes our time together. I would like to thank each of you for your time and engagement in this focus group.

End --

walker•miller
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EMPOWERING PEOPLE
ENRICHING
COMMUNITIES

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