

Undertaking 13: Daymark to advise if there are best practices for improving access for hard-to-reach customers that are not included on Exhibit 7, slide 66.

Response:

I. INTRODUCTION

Daymark Exhibit 7, slide 66, includes the following list of best practices for improving access for hard-to-reach customers, based on report pp. 48-49 and 57:

- Making sure that over the full loan term on-bill financing costs are not more than the expected savings (bill-neutral) or even below (bill-positive)
- Increasing the pool of funds that can be used to offset program costs to achieve a bill-positive outcome for customers
- Offer on-bill financing and C-PACE (Commercial Property Assessed Clean Energy) alternatives that allow the cost obligation (and savings) to remain with the property and rental unit meter even after the owner sells the property and renters move
- Efficiency Manitoba appears to be one of the first plans to include a “De-Cluttering” or site prep service that should be especially helpful to increase participation by senior citizens and be popular with delivery partners

As detailed in our Report, the first three best practices were drawn from a 2019 ACEEE study which focused on reaching low-income communities.¹ The fourth is our observation.

In the course of the recent PUB hearings on the Efficiency Manitoba Plan, Daymark was asked to provide additional information about other best practices in improving access for hard-to-reach customers. There is no single, accepted list of “best practices” for serving “hard to reach” customers, particularly since the category includes rural, low-income, and indigenous customers and there are some differences in the needs of these groups. However, this document expands on the discussion of best practices in our report by highlighting a number of recommendations and approaches that featured in the following additional publications we reviewed, which include studies that address

¹ Drehobl, Ariel, and Kate Tanabe. *Extending the Benefits of Nonresidential Energy Efficiency to Low-Income Communities*. ACEEE Report U1910 (November 2019): <https://aceee.org/research-report/u1910>

programs for low-income customers, rural customers, and First Nations and Métis customers.

Actions relative to some of the recommended practices are already embedded in the Efficiency Manitoba Plan (which, for example, is structured around program bundling and partnerships); other actions could be considered as potential additions or enhancements. In the discussion that follows, we reference the following studies:

- *Making a Difference: Strategies for Successful Low-income energy efficiency programs.* This 2017 ACEEE report by Annie Gillieo and others (Gillieo et al.) conducted interviews and reviewed performance data for previously-identified successful United States energy efficiency programs for low-income customers. Although many of the programs served urban customers, the study did include programs in rural areas as well;²
- *Reaching Rural Communities with Energy Efficiency Programs,* a 2018 ACEEE study by Mary Shoemaker and others (Shoemaker et al.) based on a survey of program implementers in 22 US states;³
- “Bridging the rural efficiency gap: expanding access to energy efficiency upgrades in remote and high energy cost communities,” a 2019 article by Suzanne MacDonald and others (MacDonald et al.) reporting the results of research focused on programs in Alaska, Maine, New Hampshire, and Vermont;⁴
- *Indigenous Conservation Programming: A New Approach,* a 2018 report by IESO (IESO report) on the comments they received from First Nations and Métis customers on their energy efficiency programming.⁵

² Gillieo, Annie, Seth Nowak, and Ariel Drehobl. *Making a Difference: Strategies for Successful Low-income Energy Efficiency Programs.* ACEEE Report U1713 (October 2017): <https://www.aceee.org/sites/default/files/publications/researchreports/u1713.pdf>

³ Shoemaker, Mary, Annie Gillieo, and Jill Ferguson. *Reaching Rural Communities with Energy Efficiency Programs.* ACEEE Report U1807 (September 2018): <https://aceee.org/research-report/u1807>

⁴ MacDonald, Suzanne, Brooks Winner, Lisa Smith, Juliette Juillerat, and Sam Belknap. “Bridging the Rural Efficiency Gap: Expanding Access to Energy Efficiency Upgrades in Remote and High Energy Cost Communities.” *Energy Efficiency* (14 June 2019): <https://link.springer.com/article/10.1007/s12053-019-09798-8>

⁵ Indigenous Conservation Programming: A New Approach Report on energy Conservation for First Nations and Métis in Ontario” March 2018. IESO: <http://www.ieso.ca/-/media/Files/IESO/Document-Library/indigenous-relations/Indigenous-Conservation-Programming-A-New-Approach-March2018.pdf?la=en>

There were some differences in the recommendations of the different studies, depending on whether the focus was more on low-income, rural, or indigenous customers, but there were many areas of overlap, just as there are many customers who fall into more than one of these categories.

In order to construct a recommended set of best practices for hard-to-reach customers, we reviewed the key challenges identified and measures recommended in the four studies, giving extra weight to approaches recommended frequently. In what follows, we have summarized what we found into a set of seven “best practices.” For each, we summarize the research basis and briefly discuss the extent to which this practice is already reflected in Efficiency Manitoba’s plans. The seven best practices identified are the following:

1. Policymakers and regulators should establish special incentives, targets, and/or requirements for program administrators to ensure that hard-to-reach customers are not neglected.
2. Programs should partner with community organizations and local community members.
3. Programs should ensure that marketing and communications are tailored to customers.
4. Programs must address challenges of contractor and worker availability.
5. Programs should be easy for customers to access.
6. Program affordability and availability of financing are essential.
7. For customers living in multi-unit housing, programs should consider “split incentives.”

In our last section, we list some examples of specific steps taken by program administrators in other jurisdictions to implement these practices.

II. BEST PRACTICES FOR SERVING HARD-TO-REACH CUSTOMERS

1. Policymakers and regulators should establish special incentives, targets, and/or requirements for program administrators to ensure that hard-to-reach customers are not neglected

Research basis

The sources we reviewed took note of the fact that the customers they focused on (whether low-income, rural, or indigenous) may be harder to engage in energy efficiency programs than the average utility customer and that, in order to ensure that these customers are not neglected, in setting up programs, regulators and others may need to set special incentives, targets, and/or requirements for program administrators to ensure that these customers are reached.

- Studies suggested that, for large efficiency programs (such as Efficiency Manitoba), with a wide mandate, in order to ensure that hard-to-reach customers are served, including requirements for some amount of program funds to be dedicated to these customers and/or establishing minimum performance (savings accomplishment) and participation targets for these communities may be helpful.⁶
- Two studies emphasized that energy efficiency measures may need to be partnered with measures to address overall disrepair/health and safety issues. For example, energy efficiency improvements may be impossible until existing asbestos is remediated.⁷
- Two studies noted that it may be necessary to relax cost-effectiveness standards for programs serving these categories of customers.⁸
- For First Nations customers, some IESO respondents suggested that there might be a benefit in providing dedicated funding for each individual First Nations

⁶ IESO, 9; Shoemaker et al., 26; MacDonald et al. mention VT's use of a "geographic equity indicator," 12.

⁷ Gilleo et al., 15-16.

⁸ Shoemaker et al. identify that this has been done by the CPUC (27);

community, an approach that is described as potentially “more equitable,” and as avoiding setting up a competition among communities.⁹ Additional research and analysis would be necessary to fully consider the potential benefits or disadvantages of such an arrangement; however, it is a comment that should be tracked for consideration, possibly in the first program evaluation.

Relationship to Efficiency Manitoba Plan

- Dedicated funding targets for hard-to-reach customers are established in Regulation 119/2019, section 11c. Our review of the Efficiency Manitoba Plan found that spending requirements were met. Efficiency Manitoba’s discussion of its plans to serve Hard-to-Reach customers leads to a detailed discussion of separate offerings for Income-Qualified and Indigenous customers in Appendix A, which includes several references to the importance of reaching rural customers.¹⁰ However, the definition of Hard-to-Reach customers that comes early in the report in Section 1. Overview, where the need to serve Hard-to-Reach customers is first introduced, does not explicitly include rural customers.
- With respect to cost effectiveness, a relaxed standard already seems to be applied in the Efficiency Manitoba Plan. As discussed in our Report, the sectors with the lowest savings compared to budget are not surprisingly the two hard-to-reach customer segments: Income Qualified and Indigenous people. Combined, they use 6% of the budget for about 1.5% of the savings. Not surprisingly, not every measure, or even bundle, designated for these groups in the Plan passed cost-effectiveness tests. As this best practice suggests, however, it may be appropriate to relax cost-effectiveness standards in evaluating program offerings for hard-to-reach customers.
- Efficiency Manitoba provided a list of organizations with whom they desire to partner to achieve the goals of their Hard-to-Reach initiatives. This “non-exhaustive list,” which appears on pdf pages 214-215 of the filing, is comprised of more than thirty-five trade and professional associations, non-profits, and other organizations. Efficiency Manitoba proposes that it will offer “customized training, workshops and other capacity-building events in alignment with

⁹ IESO, 9.

¹⁰ See, e.g., pdf page 48, Table 2.1 TABLE 2.1 EFFICIENCY MANITOBA’S STRATEGIC GOALS, which specifically identifies serving rural communities as an overall strategic goal; later in Appendix A, however, Efficiency Manitoba emphasizes the need to collaborate with other organizations to ensure this goal is met.

association goals and objectives.”¹¹ A specific example of Efficiency Manitoba partnering its energy efficiency programs with services that will directly support these Hard-to-Reach community members is the decluttering program Efficiency Manitoba has added to its new furnace program for low-income customers. There is the potential for this service to help with more customers interested in other energy efficiency program measures.

2. Programs should partner with community organizations and local community members

Research basis

All four reports emphasize the value of partnerships with community organizations and local community members, as a way of establishing trust, spreading knowledge about programs, and understanding important local constraints, for example, seasonal farming or hunting demands or weather-related transportation constraints.¹²

- Partners should be “familiar with the needs of community members.”¹³ Potential partners suggested including local governments, nonprofits, chambers of commerce, community organizations, food banks, health organizations, and social networks.¹⁴
- For First Nations and Metis communities, there is a recommendation for a Joint Advisory Committee.¹⁵
- Shared coordination staff may help to expand the capacity of often overburdened existing community staff.¹⁶
- The First Nations/Metis comments suggested potential benefits associated with deliberately promoting “knowledge transfer” among indigenous

¹¹ EM 3-Year Plan, pdf p. 214.

¹² Shoemaker et al., 27, IESO, 9.

¹³ Shoemaker et al., 36.

¹⁴ See Gilleo et al., 16; Macdonald et al., 12; Shoemaker et al., 36;

¹⁵ IESO, 13.

¹⁶ IESO, 9, MacDonald et al. 13.

communities.¹⁷ One specific recommendation was establishing an online portal for information sharing.¹⁸

Relationship to Efficiency Manitoba Plan

- With respect to programs for indigenous customers, as we note in our Report (p. 59), throughout the responses to IRs and within the Plan document itself Efficiency Manitoba has made it clear that its intentions are to be highly engaged with the First Nations organizations and with an extensive list of potential partners. Specific proposals include establishing a volunteer working group with First Nations and Metis representation to discuss and address needs best suited to their needs.¹⁹ In addition, Efficiency Manitoba proposes working to connect with the “Manitoba Indigenous Housing Capacity Enhancement and Mobilization Initiative that currently exists, which has representation from all 63 First Nations.”
- For low-income customers, Efficiency Manitoba proposes combining individual and community outreach. Community outreach plans include partnering with community organizations (Neighborhood Renewal Corporations) and which will recruit community energy advocates who will be funded by Efficiency Manitoba.²⁰

3. Programs should ensure that marketing and communications are tailored to customers

Research basis

The studies identified marketing and communications as challenging areas for all types of programs.

- Especially for rural customers, studies noted that access to broadband or even the Internet cannot be taken for granted. Studies recommended that

¹⁷ IESO, 10.

¹⁸ IESO, 13.

¹⁹ MKO/EFFICIENCY MANITOBA 1-12 a) and MKO/EM 1-32.

²⁰ EM 3 Year Plan, Appendix A, Section A-5, p. 11 of 13.

printed materials, postings in local stores, snail mail, newsletters, and word of mouth could be utilized as additional means of communication.²¹

- For indigenous customers, the IESO report indicated that in Ontario, programs intended for all customers did not always make clear that First Nations customers and on-reserve buildings were eligible to participate. Respondents suggested that such programs should make this eligibility clear. In addition, respondents recommended that programs should develop “targeted promotions” for existing programs to First Nations and Métis people, which could be facilitated by incorporating community branding.

Relationship to Efficiency Manitoba Plan

- Efficiency Manitoba’s communications plans for communicating with all customers (including indigenous, low-income, and rural customers) include approaches that do not rely on the internet, including in-person outreach, phone calls, trade shows, workshops, in-store events, mailers, etc²².
- For indigenous customers, Efficiency Manitoba’s plans includes developing tailored materials, working with First Nations and the Manitoba Metis Federation (MMF), and distributing materials through band offices and housing manager (or other routes as determined working with the First Nations) and in collaboration with the MMF.²³
- Efficiency Manitoba states in its report and responses to IRs that all its programs are open to indigenous customers who meet relevant criteria (so, for example, low-income indigenous customers are eligible to all programs for low-income customers). Given the structure of the programs, with some programs explicitly focused on indigenous and Metis customers, it may be important to focus on ensuring that, in addition to awareness of dedicated programs for

²¹ Identified in both Shoemaker et al and MacDonald et al.

²² 3 Year Plan, Appendix A, Section A7.

²³ 3 Year Plan, Appendix A, Section A6.

First Nations and Metis customers, these customers are aware of and know they are eligible for all other Efficiency Manitoba programs.²⁴

4. Programs must address challenges of contractor and worker availability.

Research basis

Especially for rural customers,²⁵ local workers and/or contractors with the required skills and training may not be readily available, the studies noted. Contractors and workers from outside the community may be expensive to hire, due to travel costs. In addition, customers may be reluctant to use unknown contractors. Both the MacDonald et al. report on serving rural customers and the IESO report on comments from indigenous and Métis customers note that these customers may rely on word of mouth recommendations for engaging with contractors or programs and may be wary of inviting programs and workers without established local reputations into their homes.²⁶

The associated recommendations on this issue focus on a combination of making projects more attractive to non-local workers and contractors, enhancing the skills and availability of local workers and contractors (an approach that contributes to local economic development), and building connections and/or resources to assist community members in identifying reliable contractors.

- Some programs “work with a selected pool of contractors to ensure that each firm gets enough business,” and/or engage contractors in promotional activities to help increase demand, helping to make it worthwhile for contractors to take on projects in remote areas.²⁷

²⁴ See MKO/EM 1-1-a-h.

²⁵ Identified in both Shoemaker et al and MacDonald et al., and in IESO report.

²⁶ See IESO, 10.

²⁷ Shoemaker et al, 34.

- The IESO study suggests including indigenous people in program delivery, taking steps to connect contractors with the community in ways that build trust,²⁸ and developing a directory that lists qualified vendors.
- The study of programs in Maine, NH, VT, and AK focuses on a dual approach, recommending the hiring and training of local workers and also programs to consolidate work in remote areas into a focused week, for example, where contractors can do a large amount of work in one place (this approach was piloted in Maine island communities). They also suggest providing travel and lodging support for workers and contractors.

Relationship to Efficiency Manitoba Plan

- In its plans for work with First Nations, Efficiency Manitoba emphasizes its plans to work with AMC to utilize the indigenous population in supplier, vendor and consultant roles.
- In its discussion of rural customers, Efficiency Manitoba notes the importance of a strong contractor network and says that “Efforts will ... be made to grow the contractor network in rural areas.” (Appendix A, Section A-5) A detailed plan for this is not included; however, Efficiency Manitoba says that it plans to “work with the third-party service provider and local representatives to target rural communities in a phased approach throughout Manitoba,” with respect to both home energy check-ups (app a section a4) and the Small Business Program. This could indicate an intention to find ways to consolidate projects in local communities to make them more appealing for contractors.

5. Programs should be easy for customers to access.

Research basis

- Bundling of efficiency measures is recommended (Shoemaker et al). This might include cross-sector collaborations, addressing small businesses, and homeowners, and community volunteers together.²⁹

²⁸ IESO, 11.

²⁹ MacDonald et al., 15.

- Respondents in the IESO study recommended having a “one stop shop” for applying to programs and a clear program administrator point of contact.³⁰ This approach does require significant up-front planning and coordination.
- Knowledge transfer is important. For example, vendors and installers need to be sure to show homeowners how equipment works.³¹
- Engagement with energy efficiency programming may be more appealing to customers if it is combined with other programs—electricity and gas measures, for example, but other potential partner programs might include water conservation and/or renewable energy measures.³²

Relationship to Efficiency Manitoba Plan

Efficiency Manitoba’s bundled plan clearly follows the recommendation for program bundling. For rural customers, it might be possible to expand the bundling approach to include some of the cross-sector bundling suggested by Shoemaker. Efficiency Manitoba’s plan also includes a number of other approaches intended to ease program access for some hard to reach customers:

- For low income customers, Efficiency Manitoba is using “geo targeting” to identify neighborhoods in which residents can qualify for low income programs directly, bypassing the income qualification test.³³
- Efficiency Manitoba plans to provide a dedicated energy advocate to help customers with the application process for low-income programs.
- Efficiency Manitoba proposes other steps to simplify program access in some indigenous communities, including “bulk application processes.”
- Efficiency Manitoba proposes establishing 2-3 First Nations Community Advocates. However, the number of organizations representing First Nations is in the dozens and that may be a stretch for truly being impactful to help assure accessibility to meaningful Indigenous program designs.

³⁰ IESO, 9.

³¹ IESO, 12.

³² Shoemaker et al., 35.

³³ See our report, p. 48, and 3-Year Plan, Section A5, p. 9 of 13.

6. Program affordability and availability of financing are essential.

Research basis

Financial issues were identified as important by all studies. As MacDonald et al. point out, rural customers often have lower incomes, while at the same time carrying higher energy costs, ironically leaving them with less money available to pay for energy efficiency upgrades which might be especially valuable to them. To add to the challenge, as MacDonald et al. point out, some customers may have trouble accessing credit and/or may not want to take on debt.³⁴

- Community resources may also be an issue. With respect to programs for indigenous and Métis customers, the IESO report identified lack of community funding for energy staff to manage local programs and lack of information about funding sources as potential obstacles.
- MacDonald et al. suggest that “flexible program design” can be helpful if it allows customers to manage their costs by selecting only some measures, potentially starting with the cheapest. However, this practice can be in tension with approaches that lower contracting costs by doing as much as possible in one visit.
- Some programs provide services to help customers access financial resources, for example, assistance in completing reimbursement forms or applying for energy efficiency improvement funding.³⁵ The IESO input from First Nations and Métis customers suggested the importance of providing more information about how to access funding.³⁶
- As previously states in our report, leveraging additional funding sources and on-bill repayment and additional low-interest loan products are suggested to assist in financing energy efficiency improvements.³⁷

Relationship to Efficiency Manitoba Plan

The Efficiency Manitoba Plan continues Manitoba Hydro’s free measures for low-income customers, including free insulation and LED light fixtures. In addition, low

³⁴ MacDonald et al., 11.

³⁵ Shoemaker et al, 34.

³⁶ IESO, 12.

³⁷ Gilileo et al, 15, and MacDonald, find page.

on-bill financing for high-efficiency gas furnaces continues to be available for these customers. High-efficiency furnaces can be paid for with a charge of \$9.50 per month over five years.³⁸ As discussed in our Report, new Efficiency Manitoba programs include free front-loading washing machines and \$3,000 rebates towards high efficiency natural gas boilers, available in Years 2 and 3 of the Plan.

- Measures specifically for First Nations customers, according to Efficiency Manitoba, are intended to have costs that are “minimal;” covered either fully through Efficiency Manitoba or through cost sharing; however, it is not explicitly stated in the Plan what costs customers may face.
- Geothermal installation programs for indigenous populations rely on new financing model, the Community Driven Outcomes Model, to provide full up-front funding for to be repaid over time by utility credits.³⁹

7. For customers living in multi-unit housing, programs should consider “split incentives.”

Research basis

Although this issue was not discussed in the reports that were focused on rural and indigenous customers, Gilleo et al., which focused on low-income customers, noted that, for those living in multi-unit housing and/or rental housing, “split incentives” could create obstacles to investment in energy efficiency. We refer to this problem in general terms in our Report’s discussion on page 48. As the problem is summarized in Gallieo et al., if tenants pay energy costs, landlords may not have much incentive to invest in energy efficiency (however, as the Efficiency Manitoba Plan notes, it is possible that landlords may see benefits if tenants move less often as a result of improved energy efficiency)⁴⁰. Conversely, if landlords pay energy costs, tenants may have no incentive to conserve energy.⁴¹ In multi-family housing,

³⁸³⁸ Daymark Report, p. 47, referencing MH 2018 DSM Report, Affordable Energy Program, p. 5, and 3-Year Plan, Section A5, p. 7 of 13.

³⁹ PUB/EM 1-6.

⁴⁰ 3 Year Plan, Appendix A, Section A-5.

⁴¹ Gilleo et al., 2.

this problem can be made even harder to address when there is no capability of tracking energy use for individual tenants.⁴²

Addressing the split incentive may involve a combination of measures. Codes and standards can be particularly helpful in this area. In the absence of codes and standards, working to ensure that programs are available to the parties most likely to benefit from them (often, the person who pays the utility bills) is important.

Relationship to current Efficiency Manitoba Plan

- Efficiency Manitoba's low-income programs are available to renters, and Efficiency Manitoba notes the potential benefits to landlords if fewer tenants move as a result of such improvements.

III. SPECIFIC PROGRAM IMPLEMENTATION EXAMPLES OF BEST PRACTICES IN ACTION

Examples of specific initiatives targeted at some of the challenges above are described in the reports we reviewed. We highlight a few below:

- To help address the challenges of accessing contractors in geographically remote areas, Efficiency VT employs a "rotating geographic focus" on a few towns at a time, so they can offer hands-on services like in-person home energy visits.⁴³
- In Maine, program communications are enhanced by in-store signage and instant rebate coupons for efficient light bulbs.⁴⁴
- In Maine, communities organize "Weatherization weeks" focused on "completing as many energy efficiency upgrades as possible over the course

⁴² Evidence for the impact of this problem in Canada is reviewed in Maruejois, Lucie, and Denise young, "split Incentives and energy Efficiency in Canadian Multi-Family Dwellings" *Energy Policy* 39.6 (June 2011): 3655-3668. Behind paywall at <https://www.sciencedirect.com/science/article/pii/S0301421511002692>

⁴³ Shoemaker et al, 26.

⁴⁴ Shoemaker et al, 33.

of one week” in a given community, to make it more efficient for contractors to work in remote areas, such as island communities.⁴⁵

- Efficiency VT is piloting a DIY weatherization program.⁴⁶
- In Alaska, communities can request a “Booth in a Bucket” kit that provides basic education and communications materials to support community outreach. The kit provides a set of materials designed to fit in a five-gallon bucket (easily delivered, even to communities reachable only by small plane), that include activities that demonstrate basic energy efficiency concepts like how insulation works and instructions on how to organize a community energy fair.⁴⁷
- In Minnesota, the energy efficiency program administrator partnered with a local university to do intensive outreach to local businesses.⁴⁸
- In California, “program implementers formed a Rural hard to Reach (RHTR) working group to address issues common to those working in rural areas.”⁴⁹ One thing this group has done has been to encourage and support more contractor training in rural areas (since the need to travel for training was a barrier for contractors).
- In Minnesota, the CenterPoint program has arranged access to federal funding (in addition to ratepayer support for energy efficiency measures) that enables it to take on stand-alone health and safety repairs, when these are needed before efficiency work can be done.⁵⁰
- In Michigan, DTE Energy has formed a partnership with the Alliance for Deaf Services to help promote and implement programs for deaf customers.⁵¹

⁴⁵ MacDonald et al., 14/19.

⁴⁶ MacDonald et al, 14/19.

⁴⁷ MacDonald et al, 16/19.

⁴⁸ Shoemaker et al., 16.

⁴⁹ Shoemaker et al., 21.

⁵⁰ Gilliam et al., 31.

⁵¹ Gilliam et al., 35.