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# Small Business Program Process Evaluation

Rhode Island Energy

**Developed For**

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# Executive Summary

## Background and Study Objectives

As part of its 2022 Annual Plan, Rhode Island Energy (RI Energy) identified the Small Business Program (Small Business Program, the program) as a program that would benefit from evaluation support. RI Energy requested that Cadeo Group (the research team) conduct a process evaluation to assess program activities and identify opportunities for program enhancement. RI Energy Program staff informed the overall objectives of this project, which included:

- Assessing how the program operates from customer outreach to installation to final payment through on-bill repayment (OBR).
- Assessing the strengths and weaknesses of the program's delivery.
- Gaining insight into the current and future challenges facing the Small Business Program and the opportunities for overcoming these challenges. These challenges include adapting the program to withstand the decline in low-cost savings from lighting change outs.
- Generating recommendations to improve the overall effectiveness of the Small Business Program.
- Generating recommendations to better engage underserved small businesses, including woman- and minority-owned businesses.

This project was informed by several research activities, including surveys with 106 participating businesses and 139 businesses that had not participated in the 2019-2021 period. The team conducted two focus groups with nonparticipants recruited from those that opted in during the survey and augmented by referrals from RISE. The team also interviewed program staff and program-affiliated contractors and conducted a jurisdictional scan to better understand if or how small business programs are shifting away from a reliance on lighting in other regions.

## Conclusions and Recommendations

**Conclusion #1. The RI Energy Small Business Program operates effectively and has many features that can support the program as it adapts.**

The program is implemented consistent with many established best practices for small commercial program design. The program offers substantial incentives and attractive financing that reduce barriers associated with project costs and a wide range of measures are eligible. The program provides streamlined access and dedicated project managers. Survey responses indicate the program is successfully reaching very small businesses, those consuming less than

50,000 kWh a year. Nonparticipating survey responses and focus group discussions indicate a high level of awareness of RISE, with several noting they had participated in RISE commercial or residential efficiency programs in the past. Responses indicate the long-standing role of RISE in delivering efficiency to Rhode Island has helped increase awareness and trust amongst regional small businesses.

While the program offers a variety of measures, reported energy savings are still primarily associated with lighting upgrades, which may not be a sustainable option for the program as LED products continue to gain market share independent of program intervention. This issue is not unique to RI Energy. The team's jurisdictional scan and associated literature review found that comparable programs across the country are struggling to move small business offerings away from lighting and toward deeper, more expensive measures, like heating, ventilation, and air-conditioning (HVAC) equipment and water heating equipment. This industry-wide trend has resulted in fewer small business turnkey programs, a pivot toward and/or greater emphasis on financing, as well as more focused program delivery that is designed to reach specific communities (tribal, rural, or non-English speaking areas, for example).

**Recommendation #1a.** Promote the on-bill financing path to encourage wider adoption and overcome first cost barriers. The low interest rate and easy terms will be attractive as other forms of financing remain expensive. Financing measure packages could encourage installation of more expensive but longer-lived equipment.

**Recommendation #1b.** Use financing to expand access to measures that offer energy savings and other benefits (for example, by including on-site generation from renewable energy, resiliency through storage, enhanced security, or better comfort from window upgrades).

**Conclusion #2. RISE staff and RISE-affiliated contractors are successfully delivering the program, but customer directed projects need more attention.**

Most participants (70% or more depending on the program year) opt for the turnkey path. These customers expressed a high level of satisfaction with their program experience and rarely noted any specific challenges going through the program process. However, a minority of participants prefer to choose their own contractor and participate through a Customer Directed Option (CDO). Survey results indicate that participants choosing the CDO pathway experienced more challenges, which likely reflects the relative lack of program experience among market contractors compared to their peers working directly with RISE. Survey results indicate that these contractors struggled more with program paperwork and timing issues. The research team recognizes that it is inherently more challenging for RI Energy to track the experience of participants that opted not to use the RISE turnkey program delivery approach.

**Recommendation #2.** Increase tracking and follow up for CDO projects to ensure the project is on track. RISE is not directly responsible for the installation and associated submittals so this would likely require an automated notification if project timelines exceeded specific thresholds.

CDO participants and their contractors might need extra attention if projects lag or if program processes are not followed.

**Conclusion #3. Increased labor costs are affecting the program's ability to retain skilled labor.**

Contractors reported that the small margins associated with program projects discourage them from expanding their program-associated work. Tight margins can also reduce their willingness to pursue projects with complicated measures and/or where the business owner requires substantial support. As the program shifts away from straightforward lighting change outs to mechanical, refrigeration, or shell improvements this could become a barrier.

**Recommendation #3.** Review the labor rates and reimbursement schedule to ensure it reflects recent cost increases.

**Conclusion #4. Main Street canvassing approaches can be effective for reducing the cost of serving very small businesses and may help the program engage underserved small businesses (including minority- and women-owned businesses).**

Contractor interviews and the jurisdictional scan indicated that Main Street canvassing is an effective strategy for recruiting and ultimately delivering services to multiple small businesses in a specific area, saving time with travel and logistics. Focus group attendees communicated some ambivalence about door-to-door outreach, which they noted can be disruptive. Other utilities have launched augmented Main Street approaches that use electronic communication, social media, and local chambers of commerce to reach businesses in specific areas. This effort provides multiple strategies for engagement and can be paired with specific community-based organizations to facilitate recruitment of underserved communities. Main Street approaches could also help the program develop and leverage relationships with state and local organizations that already have connections to specific communities.

**Recommendation #4.** Deploy strategies that expand the effectiveness of Main Street outreach efforts. These include advanced notification to community-based or other civic organizations, promoting the schedule several months before the program arrives, and providing specific mailers to qualified businesses with links and call center support in different languages. If deployed, RIE should monitor progress and assess the effectiveness of this overall approach at engaging underserved communities and/or encouraging more comprehensive retrofits.

**Conclusion #5. There are opportunities to customize marketing materials for small businesses and further support program contractors in outreach.**

Focus group discussions revealed an openness to a range of outreach strategies, from mass market billboards to information customized to different types of businesses. Participants in these discussions reported looking at the program website for pictures and packages that seemed relevant for their business and asked for access to experts they could trust.

In addition, the transition from National Grid to Rhode Island Energy required the revision and updating of program branding and other collateral. Contractors specifically requested badging, uniforms or other overt signals of legitimacy to help their outreach. They also recommended translating program contracting and enrollment documents, noting that the contracts and scope documents are in English, even when there are outreach and marketing materials in other languages.

One suggestion that appealed to contractors and focus group participants included the development of a “technology menu” that would help customers quickly home in on the measures that are most appropriate for their business and identify incentive and financing packages. This approach could be digital or available as a handout and emphasize opportunities to save money and improve thermal comfort through HVAC and weatherization upgrades. This approach could also support the more targeted measure packages focus group participants requested by including special equipment (motors in a garage, laundry or heating elements in a spa, or cooking equipment for restaurants).

**Recommendation #5.** Expand marketing and collateral tools to support a range of communications and promotion of measure packages.



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# This Study

## Background

As part of its 2022 Annual Plan, Rhode Island Energy (RI Energy) identified the Small Business Program as a program that would benefit from evaluation support. RI Energy requested that Cadeo Group (the research team, the team) conduct a process evaluation to assess program activities and identify opportunities for program enhancement.

## Study Objectives

The process evaluation for the Small Business Program focused on the following objectives:

- 1 |** Assess how the program operates from customer outreach to installation to final payment through on-bill repayment (OBR).
- 2 |** Assess the strengths and weaknesses of the program's delivery.
- 3 |** Gain insight into the current and future challenges facing the Small Business Program and the opportunities for overcoming these challenges. Key challenges include adapting the program to withstand the decline in low-cost savings from lighting change outs.
- 4 |** Generate recommendations to improve the overall effectiveness of the Small Business Program.
- 5 |** Generate recommendations to better engage underserved small businesses, including woman- and minority-owned business enterprises (WMBE).

## Methodology and Data Sources

This project included several distinct data collection and analysis tasks, including interviews with program staff and contractors, analysis of program participation data, participant and nonparticipant surveys, nonparticipant focus groups, and a literature review/jurisdictional scan.

### Program Staff and Contractor Interviews

To obtain background information and a robust understanding of the program's current activities, Cadeo interviewed three former or current program staff, including contacts at RI Energy and RISE Engineering. Interviews occurred in October 2022 and focused on understanding:

- Key program stakeholder roles
- Program design and implementation
- Program successes
- Potential program improvements

The team also interviewed seven program-affiliated contractors that work directly with the Small Business Program to deliver services at qualified participant sites. These interviews included RISE-affiliated contractors who perform site audits and install program-subsidized measures and market-based contractors hired directly by participants to complete their program-qualified projects. To support these interviews, we developed a guide that included blocks of questions appropriate for both RISE-affiliated and market-based contractors, reflecting the additional role of RISE-affiliated contractors in outreach and energy audits.

RISE provided the team with contact information for nine program contractors, four RISE-affiliated contractors and five independent market-based contractors. Ultimately, we completed interviews with four RISE-affiliated contractors and three market-based contractors.

## Program Participation Data Analysis

Cadeo received small business population data from RI Energy and estimated the count of small businesses in each zip code. Cadeo also received a list of small businesses that participated in the program 2019-2022. This list included addresses with zip codes. The team geocoded both lists using a zip code tabulated areas shapefile from Rhode Island GIS, an open-source GIS database.<sup>1</sup> To estimate the participation rate by zip code, we divided the count of participants by the full population (# of participants + # of nonparticipants) per zip code.

## Participant Survey

Cadeo developed a participant survey instrument designed to assess the following three research objectives:

- 1 | Document sources of program awareness.
- 2 | Assess participant experience and satisfaction with the program.
- 3 | Identify any challenges with the program participation process.

Cadeo deployed the survey via Qualtrics® between December 1, 2022, and January 6, 2023, to the small businesses that participated in the program between 2019 and 2021 and whose email contact was available (1,032, 79% of participants). We received 106 completed surveys (a response rate of 10%).

## Nonparticipant Survey

Cadeo developed a nonparticipant survey instrument designed to be self-administered online in 10 to 15 minutes. It contained three main sections, designed to assess:

- 1 | Nonparticipants' level of program awareness.

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<sup>1</sup> Rhode Island GIS, *Zip Code Tabulated Areas*, May 2021. <https://www.rigis.org/datasets/edc::zip-code-tabulation-areas/explore?location=41.401603%2C-71.549072%2C10.32>

- 2 |** The level of interest in accessing the services offered by the Small Business Program, including specific measures.
- 3 |** The likelihood for a nonparticipant to participate in the Small Business Program and what barriers to participation exist.

RI Energy provided a program-qualified nonparticipant customer account list. In this list, we identified over 26,000 unique business sites, 5,440 of which (21%) included email contact information. Using this as a sample frame, we distributed the online survey via Qualtrics® to randomly selected nonparticipants in batches offering \$50 incentive. 139 of the nonparticipating small businesses completed the survey (4% response rate<sup>2</sup>).

## Nonparticipant Focus Groups

Cadeo reached out to nonparticipants of the Small Business Program to conduct focus groups. The team developed the population frame using respondents that had opted in via the nonparticipant survey. The focus group objectives included investigating the experience of women- and minority-owned businesses (WMBE), so we augmented the WMBE opt ins with a WMBE-focused contact list of 42 records provided by RISE.

We conducted two focus groups: one on March 7 and a second on March 9. Both groups contained a mix of WMBE and non-WMBE attendees. Given the heterogeneity of the small business population broadly, the experiences of WMBE focus group participants were not distinguishable from those of the larger group. (Table 1-1).

**Table 1-1: Focus Group Disposition**

Participant Type	March 7	March 9
WMBE affiliation	3	2
Non-WMBE affiliation	4	3
<b>Total</b>	<b>7</b>	<b>5</b>

The focus groups' goal was to better understand nonparticipating businesses barriers to participation. In particular, the discussion aimed to understand:

- Why businesses do not take part in utility-provided programs.
- Interest in financing or incentives to offset upgrade costs.
- Equipment, operational, and other concerns.
- Best ways to reach and engage with small businesses.

<sup>2</sup> After subtracting failed emails, bounce-back, additional duplicates, the invitation reached 3,496 business customers.

## Literature Review/Jurisdictional Scan

To inform an overarching research question about how other small business programs have approached the transition away from lighting-focused programs, Cadeo identified 10 jurisdictions with programs targeting similar small business populations operating in the United States or Canada (shown in Table 1-2). We reviewed program descriptions for all 10, reviewed evaluations if available (for four of them) and conducted interviews with program representatives from three programs.

The literature review component involved searching publicly available information to obtain a program overview. We sought information on location, eligibility requirements, measures provided, and financing options. Whenever possible, we reviewed prior evaluations to understand the extent to which each program appeared to be shifting away from lighting-focused savings.

The team also reached out to a subset of program contacts for interviews. These interviews primarily focused on confirming programmatic understanding from the literature review, understanding if programs have successfully shifted away from heavy reliance on lighting measures, and learning effective strategies for engaging with underserved small businesses.

**Table 1-2: Jurisdictional Scan Sources**

Program Sponsor	Location	Level of Detail Obtained		
		Review Program Description	Review Evaluation	Program Staff Interview
Commonwealth Edison	Illinois	✓	✓	
Consolidated Edison	New York	✓	✓	
DTE Energy	Michigan	✓		✓
Energy Trust of Oregon	Oregon	✓		✓
Eversource	Connecticut	✓		✓
Focus on Energy	Wisconsin	✓		
Georgia Power	Georgia	✓	✓	
Northern Indiana Public Service Company (NIPSCO)	Indiana	✓	✓	

Pacific Gas & Electric	California	✓
Tennessee Valley Authority	Tennessee	✓

# Program Status

## Current Program

The RI Energy Small Business Program is a small commercial retrofit program available to business customers who consume less than one million kilowatt hours (kWh) per year. Nonprofit organizations are eligible to participate and can access slightly higher incentives. To avoid duplicating efforts with other, more targeted programs, K-12 schools, and national and regional grocery stores are ineligible.

The program subsidizes the installation of efficient equipment, covering up to 70% of project costs (applicable to both electric and gas savings). Nonprofits can offset up to 80% of projects costs. The program will consider any cost-effective measure, including custom and prescriptive solutions. LEDs and other lighting measures are the most frequently installed measures, followed by thermostats and hot water saving measures. Other measures include cooler/refrigeration controls; heating, ventilation, and air-conditioning (HVAC) equipment; and mechanical controls.

The program also offers financing through on-bill repayment (OBR), where the remaining total of the installation costs can be financed at 0% interest on the customer's utility bill. OBR financing is available for as many as 60 months (five years).

## Participation Pathways

There are two participation pathways for the program: a "turnkey" offering and a customer-direction option (CDO). RISE handles all participation details for the turnkey offering, including a free on-site energy assessment and a customized report detailing recommended energy efficient improvements. If the customer chooses to move forward with a project, RISE also handles installation of selection measures with affiliated contractors. These contractors are RISE staff or subcontractors, allowing RISE to have full ownership of the project. If an issue were to arise post-installation, RISE is the main contact.

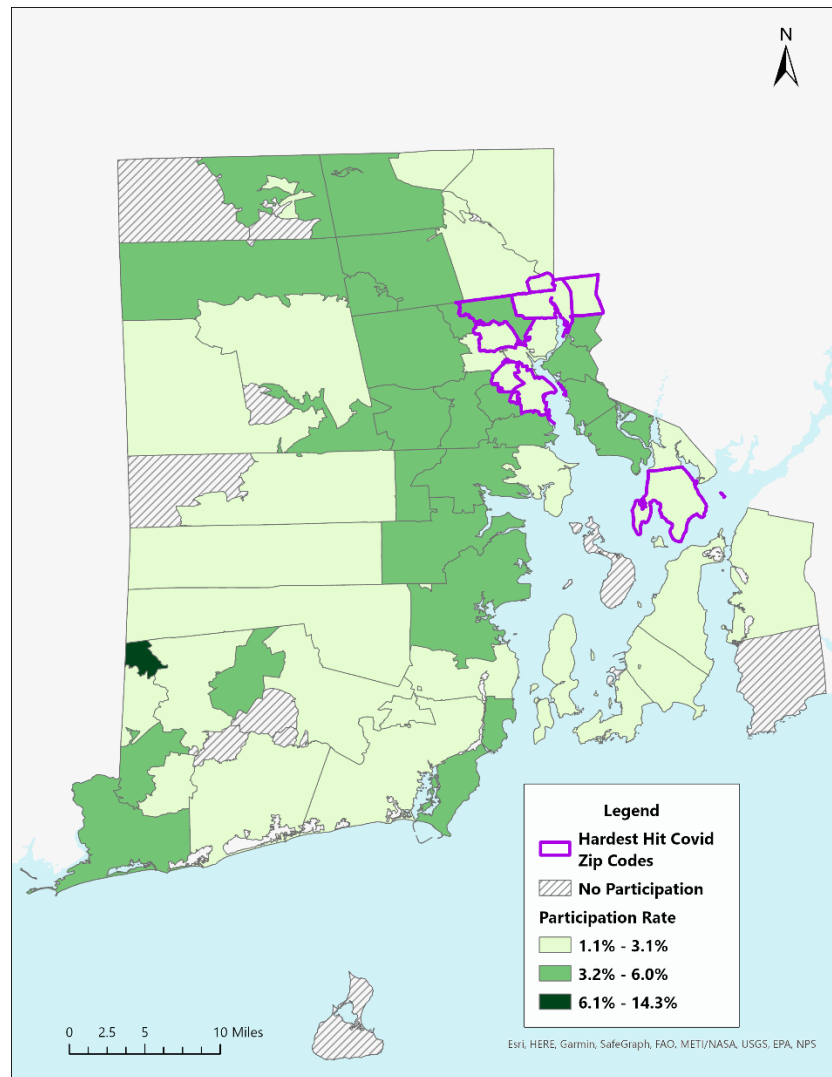
Both RISE and third-party market contractors are involved in the CDO option. The contractor typically notifies RISE of a potential project. RISE then sends an auditor to ensure that the project specifications are accurate and eligible for program participation. Once approved, the contractor executes the work. After completion, RISE sends the auditor again to ensure installed measures are accurate and implemented.

## Participation by Zip Code

In its 2022 Efficiency Program Plan, RI Energy identified a set of zip codes known to be hard-hit by the COVID-19 pandemic. To better understand the reach of the program and the extent to which hard-hit COVID zip codes had been served, the team mapped population and participant data (Figure 2-1) overlaying the hard-hit COVID zip code boundaries.

Figure 2-1 displays the small business participation rates at the zip code level in Rhode Island. The areas with parallel line shading are zip codes with no participation in the program. The green areas show the rates of small business participation at the zip code level, ranging from 1.1% to 14.3%. The areas outlined in bright purple are the hardest hit COVID zip codes in Rhode Island. These participation rates reflect only the population that participated 2019-2021, the hard-hit COVID zip codes appear to be served at a similar rate to the rest of the state.

**Figure 2-1: Rhode Island Small Business Participation Rates by Zip Code**



The eight hard hit COVID zip codes were identified by the Rhode Island Department of Health and documented as a priority in the 2022 Efficiency Program Plan, which noted that these zip codes contain more customers who may be more comfortable discussing services in languages

other than English. The plan was prepared during the second year of the pandemic and likely reflected a desire to prioritize resources for hard-hit communities.<sup>3</sup>

## Insights from Staff and Contractors

Interviews with staff and participating contractors focused primarily on understanding how the program was delivered to the market, the successes of the Small Business Program and opportunities to improve or expand the program going forward.

### Strengths of the Small Business Program

Interviewed staff and contractors identified several major strengths of the program including:

- **Awareness and familiarity with RISE.** RISE has operated in Rhode Island for over 30 years as a consistent provider of energy efficiency services. According to participating contractors, this long-standing position has resulted in widespread customer awareness of RISE as an implementer and confidence in their services. Several contractors reported they had worked with the Small Business Program for a decade or more.
- **Project cost subsidies.** Staff and contractors view the financial subsidy as a crucial aspect of the program's success in recruiting customers. Respondents noted that the incentive levels were among *"the best in the country, and Rhode Island specifically has one utility—so everyone gets the same incentive."* This simplifies the delivery experience for both contractors and customers. Two of the seven contractors interviewed wanted to see the incentive amount increase.
- **Financing option.** Contractors report that the 0% financing component of the Small Business Program enables small businesses to participate in the program without making an immediate investment. Contractors spoke highly of the financing option, with one contractor noting that "0% financing makes everything a slam dunk."
- **Turnkey service.** Program staff and contractors described the value of offering turnkey implementation for customers, noting that it simplifies the entire process for the program *and* the customer. By facilitating each step of the process from eligibility screening through final installation and quality check, customers can easily track their progress. One contractor noted that *"the turnkey service is great. Customers appreciate they have one point of contact from the initial audit request to the end."*

*"Having direct access to an incentive that is carried through the program... is very impactful. Then to package that with the financing options, it becomes very competitive."*

### Areas for Improvement

Respondents also described several areas where the program could be improved, including:

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<sup>3</sup> The Plan referenced this article as the source of hard-hit zip code information. <https://covid.ri.gov/press-releases/governor-mckee-ridoh-announce-additional-vaccination-appointments-expanded-efforts>



- **Updating program marketing.** The need for program collateral and marketing tools that help communicate legitimacy emerged as a primary concern for contractors, who described the importance of arriving at a business with marketing collateral and credible identification (like a badge or uniform). Marketing collateral also helps contractors communicate the type of equipment or solutions available through the program. The wide range of customers included in the heterogeneous “small business” population means that the most appropriate solutions can vary by business type, existing conditions, and business priorities. Contractors described the potential value of a “technology menu” that would help customers understand the measures available for businesses like theirs—a list organized by equipment type and business type.
- **Increasing Language Options.** Contractors indicated that translated collateral and contracting materials lend legitimacy and could increase uptake among communities that do not speak English. One contractor described the need to overcome lack of trust and saw these materials as one way to do that. Another contractor expressed a need for language assistance in contracting the work, noting, *“We don’t do a lot of the actual work in other languages. Even just a [contract] template would be great.”* Experience with program collateral varied—those affiliated with RISE were aware that RISE has Spanish translated outreach materials, but other contractors emphasized that engaging native speakers in program outreach would help build trust and clarify the program opportunity.
- **Updating Labor Cost Assumptions.** Several respondents noted that labor costs had steadily risen in recent years, but the program budget for these costs had not increased respectively. As a result, program contacts reported struggling to attract skilled contractors. The competitive market for contractors has encouraged some program contractors to move toward more lucrative jobs outside of the program. Another contractor described *“the labor and installer payment structure forcing us to work in a low-scale, skinny margin type of environment.”* With limited pay for program jobs, respondents noted feeling occasionally limited in their ability to complete jobs according to optimal standards.
- **Continuing Focus on Community Engagement.** Contractors noted that community engagement efforts over the past few years have successfully brought in more small businesses. One of the most effective tactics for reaching very small businesses is a Main Street Initiative approach. Contractors described this as a *“blitz/door-to-door engagement in disadvantaged communities”* where contractors can complete an audit and turn it around within a week or so for *“pretty small jobs.”* This approach allows contractors to schedule jobs in the same area for the same day, increasing efficiency of their work and reducing the cost associated with serving each customer. As one contractor explained, it can be hard to get labor for very small business projects because it’s just not worth the time. Contractors report that Main Street recruitment and project scheduling allows the Small Business Program to engage underreached populations.

### Ideas for Expanded Measures

We also sought to understand contractor ideas for additional measures the program could offer, particularly to reduce reliance on savings from lighting measures. Contractors reported that the program as it exists now offers nearly all potential measures, even if they are not commonly selected. Nevertheless, contractors identified several types of measures that could be included or promoted more aggressively. We categorized these measures into three main groups: HVAC, controls, and other measures, as shown in Table 2-1.

**Table 2-1: Expanded Measures: Contractor Suggestions**

HVAC	Rooftop Unit (RTU) replacement	Opportunity for customers to replace their equipment and electrify. Relatively expensive measure.
	Heat pumps	Encourage heat pump installations by augmenting incentives with funding from other, nonutility funding. Would need to overcome customer concerns about electricity costs.
Controls	HVAC controls	Provide more insight into use and remote HVAC management. Enable demand response or management to avoid peak demand periods.
	Lighting controls	Provide more refined management of lighting loads, including luminaire level. Improve safety, look, and energy management. May require higher incentives or more feature promotion to increase adoption.
Other Measures	Electric vehicle charging	Not currently categorized as an energy savings measure.
	Window replacement	Not typically cost effective on energy savings alone. Consider packaging with other deep retrofit measures to encourage customers.
	Water saving measures	The program currently installs pre-rinse spray valves and pipe wrap. Promote efficient water heating.

## Jurisdictional Scan Findings

To understand the extent to which other jurisdictions have successfully shifted their programs away from a dependence on lighting savings, we conducted a simplified jurisdictional review. We began by searching for similar programs operating in the U.S. or Canada. We identified ten programs with descriptive information available sufficient to confirm they were likely similar.

This scanning process itself revealed a few interesting findings. We found numerous jurisdictions did not have standard-offer small business retrofit programs available, and that some of the programs referenced in conference proceedings and previous best practice studies were no longer running. Through this literature review we also reviewed several reports and papers that discussed best practices for reaching small businesses in general and encouraging them to embrace decarbonization overall. This review indicates that the RI Energy program is operating consistently with many established best practices,<sup>4,5</sup> including:

- Offering financing to overcome first cost barriers and encourage comprehensive projects.
- Offering a wide set of eligible measures
- Providing streamlined installation and lighting measures
- Providing dedicated project process management
- Beginning with a free audit or energy assessment
- Providing a simple turn-key program

The literature also revealed an increasing acknowledgement that programs will likely need to expand their efforts to reach the “vast and diverse” population of small businesses. This expansion will require an increased reliance on financing, measure bundling, and tools for packaging funding from multiple sources into a project. It is also likely to require more coordinated outreach that links utility and government funding with partnerships built with community organizations and chambers of commerce. Sources suggest that local case studies showcasing successful projects and collateral translated to reach non-native English speakers are tools that make such partnerships more effective.

Grimes et. al. indicate that programs targeting small businesses need to address the diversity of project and business types in their approach to auditing and measure packages. Specifically, the authors note that analysis tools informing project scopes are often “too complex or too simplified,” an interesting dilemma for program planners. According to this paper “simplified tools that show potential cost-effectiveness of energy efficient technology packages are often not specific enough” for individual projects. The spreadsheets and other tools used to identify

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<sup>4</sup> Nowak, Seth. Big Opportunities for Small Business: Successful Practices of Utility Small Commercial Energy Efficiency Programs. ACEEE Report Number U1607. November 2016.

<sup>5</sup> Grimes, K, R. Langer, D. Raggio, C. Blazek. Opportunities to Decarbonize Small Commercial Buildings Leveraging Energy Efficiency. In the Proceedings of ACEEE Summer Study in Buildings. Pacific Grove, California 2022.

recommendations are helpful for identifying opportunity, but often fall short of guiding specific upgrade decisions.

As part of the jurisdictional scan, we searched for recent evaluations for each of the ten identified programs, ultimately reviewing four evaluation reports. We also completed interviews with contacts from an additional three organizations. This process means that different levels of detail are available for the programs reviewed. We provide a summary of findings from this task below.

### Program Variation

In reviewing the basic information of the ten scanned programs, we found a range of eligibility requirements, incentive levels, and qualified measures. As the shift away from large-scale lighting retrofit programs has accelerated, there is less evidence of a “standard” small business offering. Reflecting the diversity in operating constraints and concerns, each of the programs we reviewed had different strategies for defining qualified accounts (Table 2-2).

**Table 2-2: Small Business Program Eligibility Requirements Across Jurisdictions**

Program Sponsor	Eligibility Requirements
Commonwealth Edison	Nonresidential ComEd customers with an electrical peak demand under 200 kW for private businesses and under 400 kW for public facilities.
Consolidated Edison	Available to commercial customers with average peak demand <300kW.
DTE	Available to small business electric customers in the DTE service area with an approximate annual total in energy bills up to \$60,000.
Energy Trust	Direct install is available to businesses with 20 or fewer employees, or space 20,000 square feet or less or community service providers (including places of worship). Lighting measures are installed at no cost.
Eversource (CT)	Specific eligibility thresholds not provided.
Focus on Energy	Wisconsin Focus on Energy has integrated incentives into prescriptive and customer standard offer programs, with solutions tailored to different types of business. Specific eligibility thresholds are not provided.
Georgia Power	Available to Georgia Power commercial customers with a 12-month peak demand of 120 kW or less.

NIPSCO	Determined by rate schedule, but participants cannot have had a billing demand of 200 kW or greater in any month during the previous 12 months.
PG&E	At least two years of continuous PG&E service and have a good PG&E payment history over the past 12 months. In addition, a project's estimated energy savings must be sufficient to repay the loan during the payment term, which can be as long as 60 months.
TVA	Local Power Companies identify candidate small businesses in buildings at least 10 years old, less than 20,000 square feet, with no major renovations in prior two years. National accounts excluded. (Participation limited, expect to engage up to 60 small businesses in 2023.)

We also found a mix of implementation strategies, including programs that offered directly installed measures at no or very low cost and others primarily offering access to prescriptive and custom incentives without turnkey solutions customized for small businesses. Some direct install strategies are limited to DIY (do-it-yourself) energy savings kits (containing LED bulbs, faucet aerators or power strips), provided along with free facility assessments and custom project plans. This occurs in ComEd territory and in Michigan, where DTE provides a free assessment paired with free installation of low-cost measures and a site-specific plan to complete recommended upgrades. In Connecticut, Eversource provides a Main Streets Program that coordinates with local towns and chambers of commerce to connect businesses with energy saving upgrades. Main Streets also starts with a free assessment and results in a customized list of recommended measures.

In California, PG&E operates with two paths. The Energy Watch program provides small businesses in specific counties access to direct installation of LED lighting measures and anti-sweat controls for freezers and coolers, while a larger small business effort moved entirely to a financing model.

### Measure Variation

While specific measure offerings differ, lighting and lighting controls remain the most common measure across jurisdictions (Table 2-3).

**Table 2-3: Measure Distribution**

Program Sponsor	Measures Offered					
	Lighting	Refrigeration	Thermo-stats	Insulation	HVAC	Compressed Air
Commonwealth Edison	✓	✓		✓	✓	✓

Program Sponsor	Measures Offered					
	Lighting	Refrigeration	Thermo-stats	Insulation	HVAC	Compressed Air
Consolidated Edison	✓	✓			✓	
DTE Energy	✓	✓			Limited	
Energy Trust of Oregon	✓				✓	
Eversource	✓	Customized post assessment could include recommendations for all non-lighting measures				
Focus on Energy	✓	✓				
Georgia Power	✓					
NIPSCO	✓	✓	✓	✓	Gas	
PG&E*	✓	✓	Non lighting and refrigeration measures are eligible for financing			
TVA**	✓	✓		✓	✓	

\*Energy Watch Financing in California provides direct install lighting measures and anti-sweat controls for freezers and coolers. The broader financing program covers a range of measures including food service equipment, water heaters and other upgrades.

\*\*TVA also supports upgrades to cooking and food service equipment

### Transition from Lighting

We were able to obtain estimates of savings attributable to lighting upgrades for six<sup>6</sup> of the ten programs reviewed. All of these programs indicated that at least 70% of their savings were associated with lighting, even for programs with long lists of eligible measures and a custom path for complex sites. Evaluations indicate a slow uptake of non-lighting measures. At NIPSCO, 0.7% of program kWh savings accrued from non-lighting measures in 2021. At ComEd, 88% of ComEd's installed measures in 2021 were from lighting measures (accounting for 92% of verified net savings).

<sup>6</sup> We obtained results from published evaluations and from program staff interviews. The six sponsors referred to here include ComEd, ConEd, Energy Trust of Oregon, DTE Energy, Georgia Power and Eversource CT.

Energy Trust of Oregon recently adjusted its small business effort to focus on areas where there is still opportunity to obtain energy savings from lighting—rural communities and other communities underserved in previous program years. In 2022, they completed 600 qualified lighting projects with 30 non-lighting measures. This updated effort is engaging local stakeholders and economic districts to support outreach, including Main Street sweeps. In planning for expanding beyond lighting at low cost for small commercial businesses Energy Trust staff report considering:

- Co-funding with federal grants or other external funds to extend the impact of incentives.
- Research focused on small businesses to understand the following: What equipment do they use? When do they decide to replace equipment? How do they decide what equipment to buy?
- Research on measure packages: what equipment can be packaged together attractively for specific types of small businesses?
- Obtaining exceptions to cost effectiveness requirements to encourage heat pumps and other non-lighting upgrades in small businesses.

Contacts at DTE observed that while programs around the country are struggling with cost effectiveness in their small business programs, many sponsors work hard to continue to offer these programs to maintain engagement with these customers. *"There is no silver bullet,"* according to one contact, *"we are working to understand where these savings might come from."* DTE is exploring expanded targets (for example, including greenhouse gas outcomes) and preparing for the direct install component of the program to shrink. DTE is looking for strategies that will provide effective engagement, deliver expanded measures (including controls, refrigeration, or HVAC) and be attractive to the contractor workforce needed to deliver services.

## Main Street Model

Eversource's program uses a structured Main Street Initiative that combines local jurisdictional relationships and marketing planning. There is a Main Street Schedule on the website, which lists when they will target a specific area. Prior to this, Eversource sends direct mailers that include a QR code and information on the program offering and how to sign up. Eversource also works with local chambers of commerce or economic development organizations to reach non-English speaking communities. They cobrand outreach materials with these organizations to increase legitimacy. Finally, six weeks after leaving an area, Eversource sends another direct mailer to let businesses know that they can still sign up.

# Participant Experience

## Key Takeaways

- 1 |** Almost half of the participant respondents heard about the program through direct program outreach (RISE and RI Energy).
- 2 |** Contractors had a small influence on customer decisions to move forward.
- 3 |** Satisfaction with the program's processes and offerings, as well as overall program satisfaction, are high. Participants were less satisfied with the energy savings realized, a perennial challenge for efficiency programs given the number of variables affecting energy bills.
- 4 |** Participants that worked with non-program-affiliated contractors rated several process-related items and the overall program satisfaction significantly lower than those that used program-affiliated contractors. Participants that chose their own contractor were more likely to report they had experienced a challenge than those that used a program-affiliated contractor.
- 5 |** Reflecting their overall satisfaction with the program and measures installed participants indicated the program should promote the program to other businesses like theirs.

## Survey Results

The sections below provide detailed results for the participant survey.

### Sources of Program Information

The survey began with questions about awareness and sources of information. Participants most commonly heard about the program through direct communication from RISE, which was also the most influential factor in their decision to move forward (Table 3-1). Those who reported hearing about the program through direct communication, either from RISE or RI Energy (n=53), reported that this occurred via email (27 or 51% of those receiving direct communication) or phone (13 or 25%). While the jurisdictional scan and contractor feedback indicated that Main Street outreach is a successful strategy for reaching small businesses, only 5 (or 9% of those reporting direct communication) reported learning of the program via door-to-door outreach. Social media and traditional media (news, magazine, and advertising) did not emerge as important information or influence sources for many participants.



**Table 3-1: Sources of Program Awareness and Influence (N=106)**

Channel	Source of Awareness (multiple responses allowed)	Most Influential (single response)
Direct communication from RISE	37%	34%
Participation in another program	26%	23%
Word of mouth	25%	19%
Direct communication from utility	15%	12%
A contractor	8%	8%
Social media	3%	2%
News, magazine, ad	0%	0%
Other	1%	1%
Don't know	--	2%

A subsequent question explored the best way to inform participants about new program opportunities. Participants indicated that direct communication from RISE program staff (72% of responses) and RI Energy (47% of responses) were the best ways. These responses were followed somewhat distantly by traditional media (news, magazine) and word of mouth (both at 8%) and social media at 7%.

## Motivation

We sought to understand the primary reasons participants decided to participate in the Small Business Program. The survey asked respondents to rate a series of reasons on a 1-to-5 scale where "1" meant "very untrue" for their business and "5" meant "very true." Upgrading old or inefficient equipment and reducing energy costs were the most frequently cited motivations for program participation (Figure 3-1). Forty-eight percent of respondents indicated interest in accessing OBR financing was "somewhat" or "very" true for their business. About a third of the participant respondents (35%) reported they had used the program's OBR plan.

The survey asked participants if there were any other reasons underlying their participation, 49 respondents offered additional reasons, several of which overlapped with the primary categories offered by the survey. The most common response centered on saving energy and money (27 of

49) and obtaining upgrades to their space or equipment (11 of 49). Representative responses included:

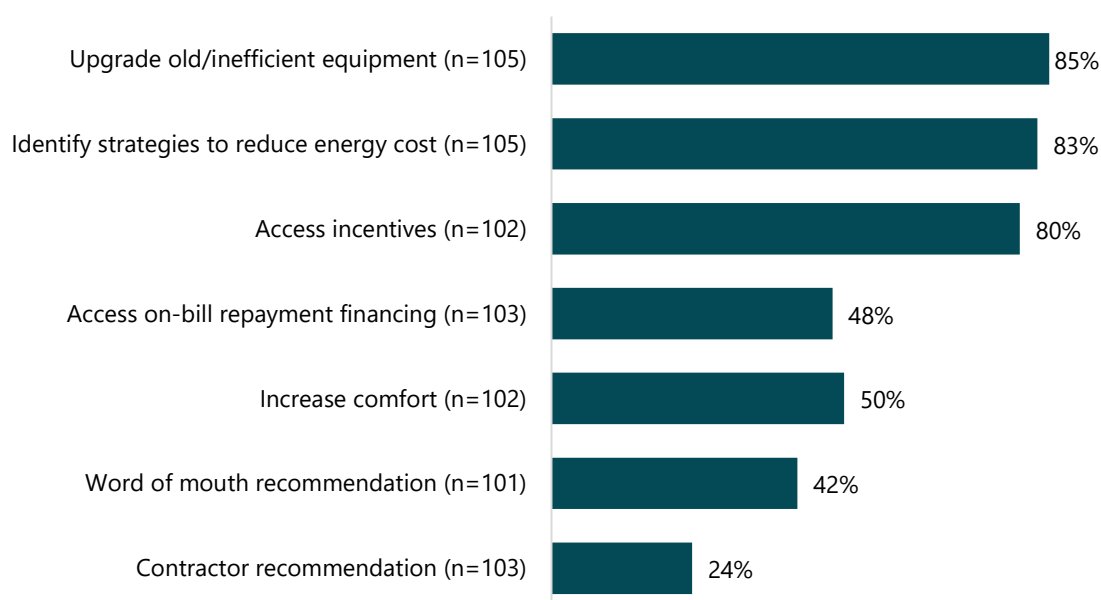
*"We wanted to reduce our electric bill and provide more pleasant light for computers."*

*"The program was easy to implement, affordable, and provided instant and on-going savings."*

*"A great way to upgrade old inefficient lighting and save money on my monthly electrical bill."*

*"Our tenants wanted upgrade lighting and reduced electric costs."*

**Figure 3-1: Primary Motivation to Participate (portion reporting "4" or "5")**



## Contractor Interactions

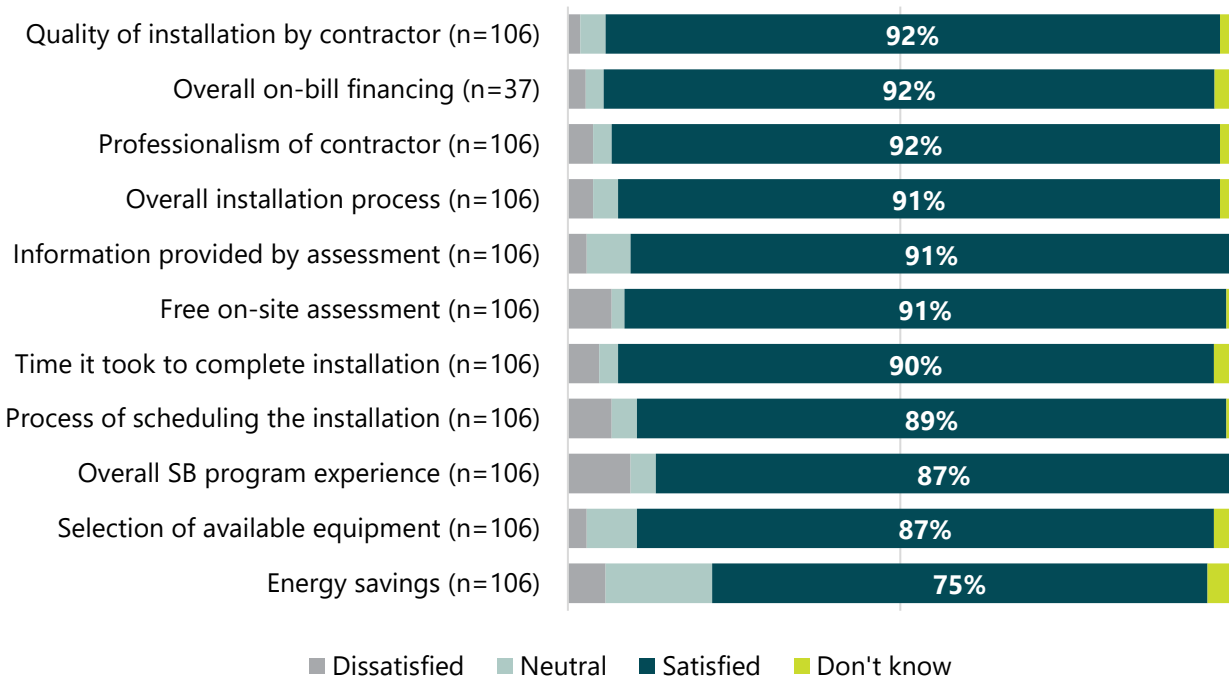
The survey contained a module of questions that explored participant experiences with their contractors. While most of the participant respondents selected a program-affiliated contractor (86%), a small portion (10%) reported they had selected their own (non-program-affiliated) contractor.

Participants that installed LED lighting measures only (52% of survey respondents), were asked if their contractors recommended other equipment. Fourteen (25% of LED only respondents) reported their contractors had recommended other equipment, including lighting controls (5), weatherization (4), HVAC (3), thermostats (2), and refrigeration equipment (2). Those offering a reason for opting not to install the non-LED equipment primarily mentioned issues with cost and timing of installation.

## Program Satisfaction

The survey explored overall participant satisfaction, as well as satisfaction with a range of program services. Participants reported a high level of satisfaction with their program experience, with 87% rating the program a “4” or “5” on a five-point scale, where “1” means very dissatisfied and “5” means very satisfied.

**Figure 3-2: Participant Satisfaction with Program Elements and Overall**



Satisfaction with specific program components and contractors’ performance all earned satisfaction scores of approximately 90% or higher, indicating that their overall experience with the program went well. The lowest rated element was energy savings resulting from the program, a perennial challenge for efficiency programs because of the number of variables that can affect energy bills.

Analysis revealed that overall satisfaction and process-related satisfaction ratings among the 10% of respondents (11), those that worked with non-program-affiliated contractors, were consistently lower than those that worked with program-affiliated contractors. Participants using the CDO option rated their satisfaction with their experience significantly lower on free on-site assessment, professionalism of the contractor, time it took for the contractor to complete the installation, scheduling, and overall experience with the program.

## Challenges and Program Improvement

About 10% of the participant respondents said they experienced a challenge at some point during their participation. Participants that chose their own contractor (the CDO participants) were more likely to report they had experienced a challenge (3 of 11, or 27%) than those that used a program-affiliated contractor (8 of 88, or 9%). This could reflect a lower familiarity among the market-based contractors with program processes and requirements. Among those reporting a challenge, the most common were delays in project completion (n=3), equipment failure (n=2), and communication issues with program staff and contractor (n=2).

When asked what would help the program improve the experience of businesses like theirs, 42 participants offered thoughts or suggestions. Participants most commonly (12 of 42, 29% of those offering suggestions) indicated the program should offer more measures, including heating and cooling equipment. Representative comments included:

- *"Offer more cost saving equipment besides lights and thermostats. Heating and cooling, water heaters, bathroom sensors, and hand dryers."*
- *"Provide more information on HVAC equipment."*
- *"Given how important windows are to energy conservation, I think it would be beneficial to have a windows financing program."*
- *"Provide more incentive dollars for mini-splits, air conditioning, heat pumps."*

Participants also encouraged the program to expand communication and promote the program to businesses like theirs (10 of 42). In general, these comments included both positive "get the word out" type comments as well as appeals for better communication. Representative comments include:

- *"Just getting the word out that these programs are available? And legit! It almost seems like a scam at first, so I feel some people may shy away."*
- *"Give information about the products that were used so if we need replacements we know where to get them."*
- *"Ensure the customer understands all the benefits of the program upfront and provide support to customers that do not understand the program and its benefits."*

## Participant Information and Firmographics

The distribution of measures installed at participant sites reflects the program's focus on lighting, with most participants receiving LED and custom lighting.

**Table 3-2: Measures Installed**

Measures Installed	Respondent Count	Percent (N=106)
LED	92	87%
Custom Lighting	30	28%

**Participant Experience**

Sensors and control	12	11%
Thermostat	9	8%
Custom parts	4	4%
Other equipment	3	3%

The survey included a sample of respondents from each of the three program years 2019-2021. More recent participants were more likely to respond, which is expected given the decline in engagement expected with distance from installation and the disruptive effects of COVID-19.

**Table 3-3: Respondent Distribution by Program Year**

Year Participated	Respondent Count	Percent (N=106)	Program Participation Count	Program Participation by Year
2019	24	23%	727	38%
2020	34	32%	593	31%
2021	48	45%	588	31%
<b>Total</b>	<b>106</b>	<b>100%</b>	<b>1,908</b>	<b>100%</b>

Survey firmographics indicate the survey reached respondents from a variety of business types and that approximately 19% of participant businesses were located in the hard-hit COVID zip codes.<sup>7</sup>

**Table 3-4: Respondent Firmographics**

Domain		Respondent Count	Percent (N=106)
<b>County</b>	Providence	65	61%
	Washington	15	14%
	Kent	13	12%
	Newport	7	7%
	Bristol	6	6%
<b>Business Type</b>	Office including health services	27	25%
	Industrial	15	14%
	Educational and religious	14	13%
	Retail, warehouse, other small spaces	11	10%

<sup>7</sup> The eight specific zip codes identified as “hard-hit” included 02860, 02861, 02863, 02904, 02905, 02907, 02908, and 02909.

**Participant Experience**

	Accommodation and food	7	7%
	Other	32	30%
<b>Number of employees at this location</b>	Less than 10	58	55%
	10 or more	41	39%
	Don't know	7	7%
<b>Minority, women, veteran-owned business</b>	Yes, at least one	24	23%
	No	71	67%
	Don't know or refusal	11	10%
<b>Annual kWh</b>	Small-medium (<50,000)	105	99%
	Large (<=50,000)	1	1%

# Nonparticipant Perspectives

This section is informed by two data collection activities: a survey of nonparticipating Rhode Island small businesses and two follow-up virtual focus groups.

## Key Takeaways

- 1 |** Survey results and focus group discussions revealed a high level of awareness of RISE and associated energy efficiency programs. In more in-depth conversations with focus group attendees, several were previous participants.<sup>8</sup>
- 2 |** Awareness is somewhat lower among WMBEs and those who lease their space.
- 3 |** There is a strong interest in program offerings, with focus group attendees coaching each other on who to call and what to consider installing.
- 4 |** “Small Business” encompasses a substantial variety of business types, with accompanying variation in building and equipment characteristics, which makes it challenging to recommend measures appropriate for all. However, many are interested in improving the thermal performance of their space.
- 5 |** Focus group attendees reported that email outreach is effective, but also described receiving regular calls and emails from solar vendors, credit card processors, and others. These business contacts look for personalized information or communication directly from Rhode Island Energy to ensure the offer is legitimate.

## Findings

The nonparticipant survey focused on understanding overall awareness of and interest in participating in a program like RI Energy’s Small Business Program and identifying the best strategies for reaching these customers. Focus group discussions followed up on some of the survey results, asking more directly about the attractiveness of program components, the top concerns of business owners, and how they decide to pursue building energy upgrades.

### Interest and Intention

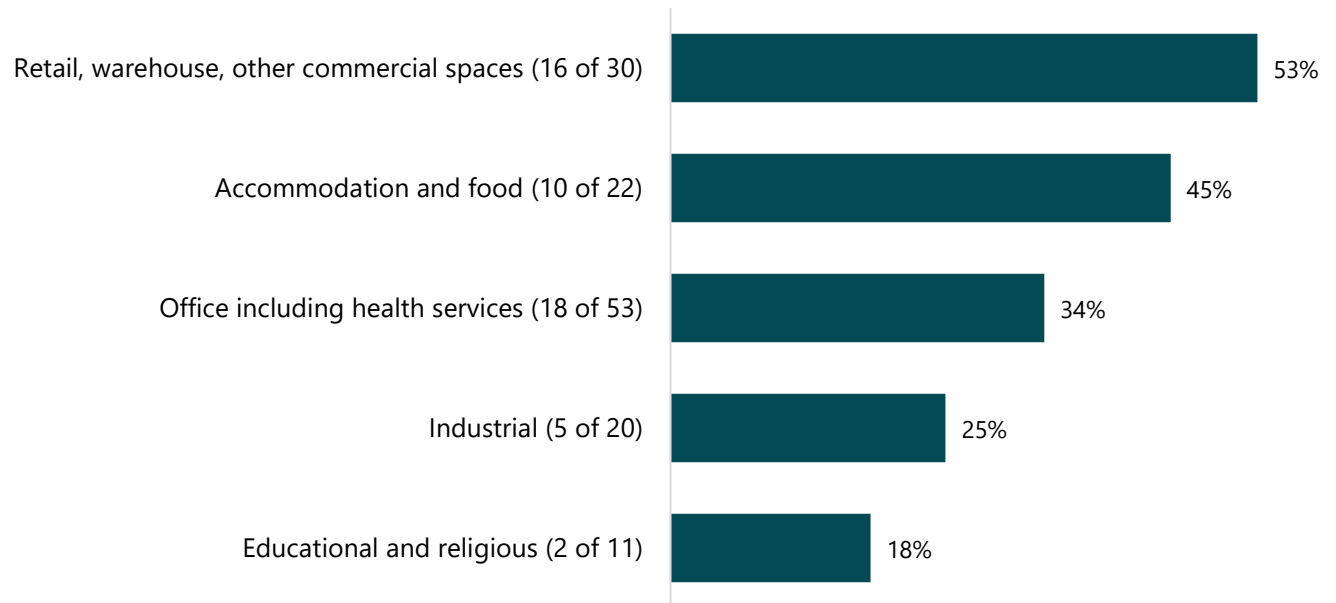
Thirty-seven percent of the surveyed nonparticipants (51 of 136) indicated they intended to replace equipment in the next two years (see Figure 4-1). Woman or minority-owned businesses were somewhat more likely to want equipment upgrades (42%); however, this difference is not statistically significant. Respondents from retail, warehouse, and other commercial spaces, and

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<sup>8</sup> This effort likely captured a few prior participants because the study was limited to participants in the 2019-2021 program years. Businesses that participated before 2019 could have received a survey invitation. For the focus groups specifically, the team sought to increase the representation of WMBE contacts and conducted additional outreach to RISE-provided WMBE businesses. This could have resulted in inadvertent inclusion of participating businesses.

accommodation and food were significantly more likely to indicate an interest in upgrading equipment in the next two years.

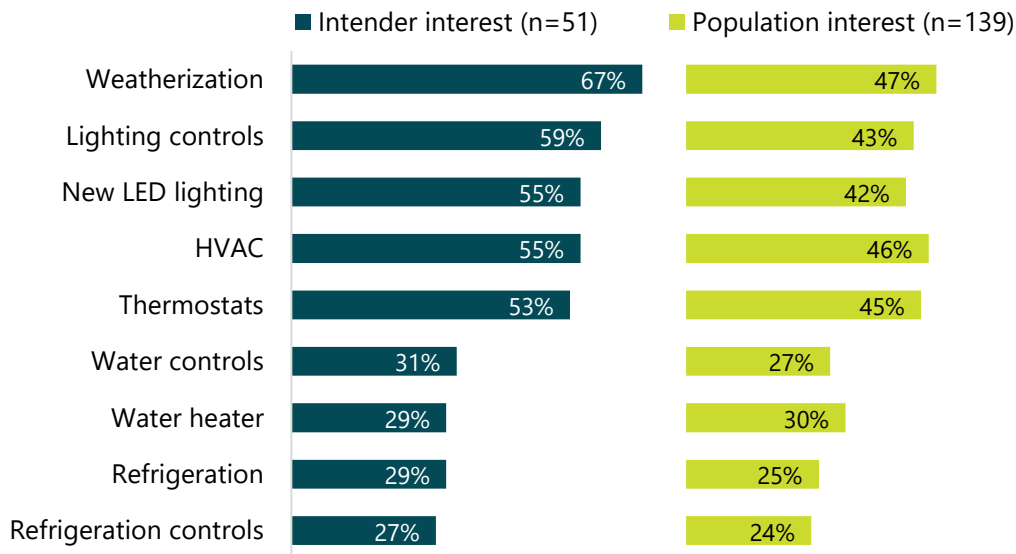
**Figure 4-1: Reported Upgrade Intention by Business Type (n=51)**



After providing a brief explanation of RI Energy’s program and the services it provides, the survey asked respondents about their interest in the measures offered through the program. The intenders offered higher levels of interest in all measures (Figure 4-2). Weatherization emerged as the most popular measure across those with intentions to make upgrades and all respondents. Interest in HVAC and thermostat measures was higher among all respondents than lighting measures. When asked about any other equipment they wanted to upgrade or add to their space, “intenders” mentioned solar panels (3), windows and doors (2), refrigeration (2), and a “heat pump-based cooling system” (1).



Figure 4-2: Intender vs. Full Nonparticipant Population: Measure Interest



The focus group discussions identified a high level of interest in heating and cooling, including specific equipment as well as insulation, shell improvements (windows and doors), and smart thermostats. Focus group attendees described their concern about higher energy costs and acknowledged that heating and cooling costs reflected weather, which is largely outside of their control.

## Program Awareness and Benefits

The survey provided a brief description of the program and then asked respondents how familiar they were with the program (an “aided” awareness question). We found aided awareness

*I had worked with RISE in my home and had a really good experience and ended up saving a ton of money on electric and gas. So we brought them into the [commercial] building so they replaced all the lighting in our space, all the common areas and outside the building.”*

**- Focus Group Attendee**

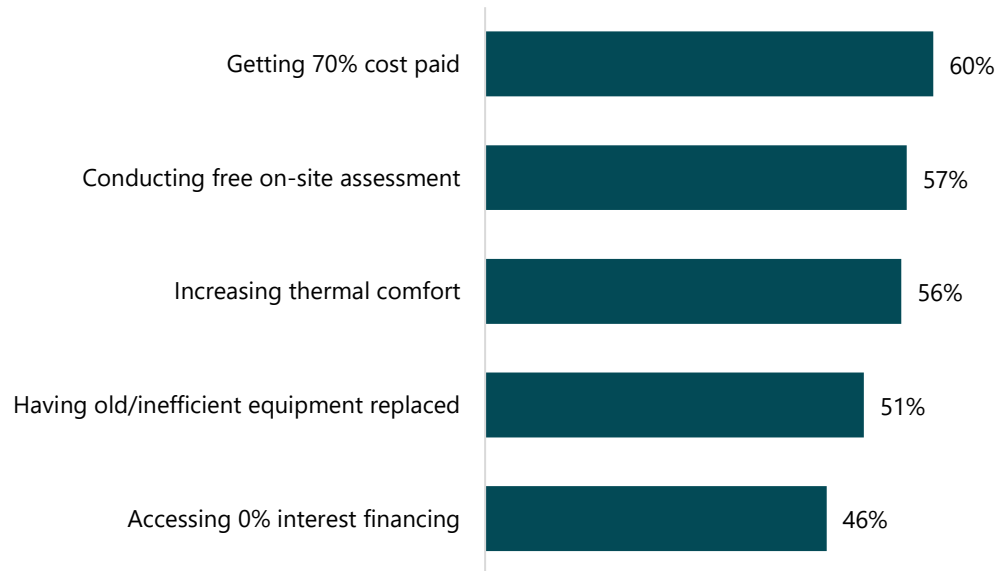
to be quite high, with 66% of respondents indicating they were “somewhat,” “moderately,” or “extremely” aware. Respondents from MWMBEs reported slightly lower levels of awareness (58% aware), as did those who leased their property (60%)

In focus group discussions, participants reported being familiar with RISE, with many of them having already participated in a RISE program at home, at a different business location, or in a program year that predated this research.

The survey also provided a list of specific program benefits and asked survey respondents to rate their interest in each using a 1-to-5 scale where “1” is not at all interested and “5” is very interested.

Respondents reported moderate interest in all the program benefits, with access to project subsidies and a free on-site assessment rating highest (Figure 4-3).

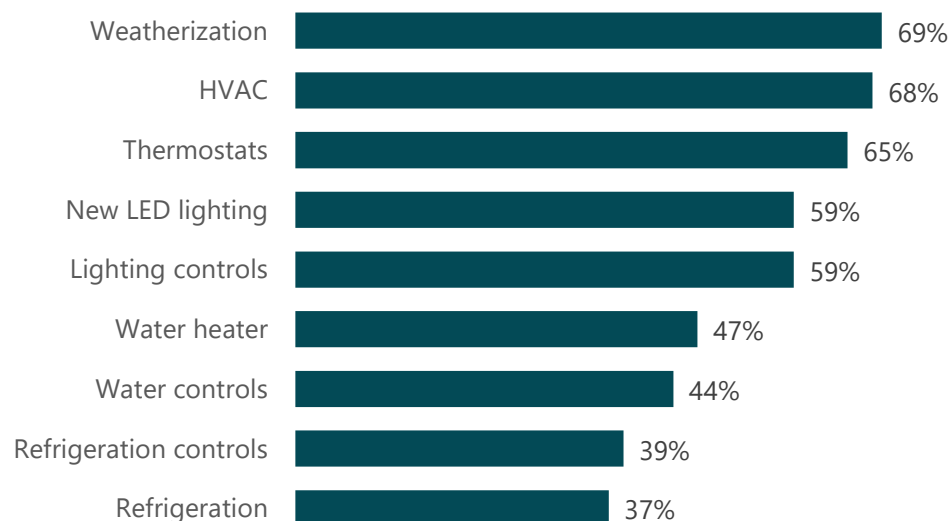
**Figure 4-3. Nonparticipant Interest in Various Program Benefits (N=139)**



After receiving information about the program, we asked respondents to re-rate their interest in the same set of program-eligible measures. The rated interest in each measure was unchanged after receiving information about program benefits. Forty-two percent of respondents indicated they would be likely to participate in the Small Business Program in the next 12 months, with those in leased space significantly less likely to indicate this intention ( $\chi^2 p=0.044$ ).

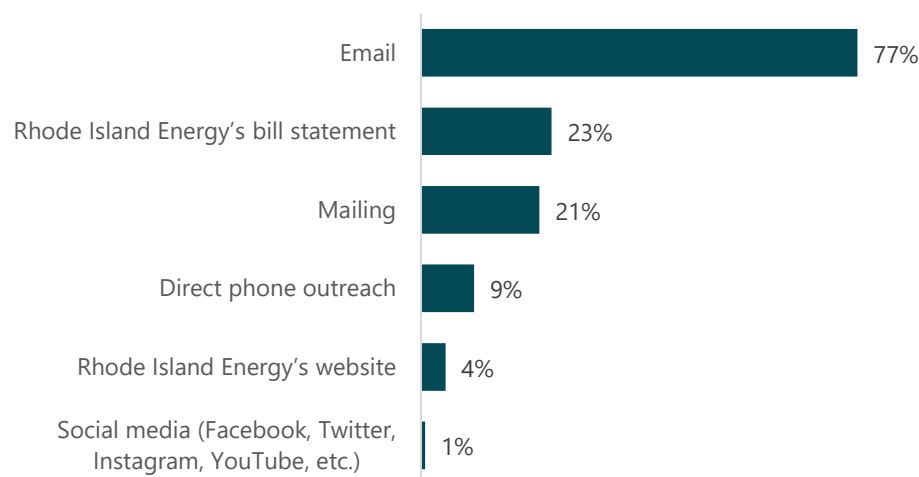
We then analyzed the measure interest of only those that indicated they were likely to participate in the next 12 months. These “likely participants” expressed relatively high interest in all the measures listed, with weatherization and HVAC earning the highest interest (at 69% and 68% respectively) (Figure 4-4).

**Figure 4-4: Measure Interest Among “Likely” Participants (N=59)**



Nonparticipant survey respondents indicated that email was the best method of contacting them with information on programs (77%) followed by information in RI Energy bill statement (Figure 4-5).

**Figure 4-5: Best Contact Method for Providing Program Information (N=139)**



Focus group participants expanded on the topic of outreach, noting that while they were all interested in obtaining program benefits, reaching businesses like theirs would likely require a multipronged effort. Most attendees agreed that email was an effective outreach method but also noted that they receive regular calls and emails from solar vendors, credit card processors, and others. According to one business owner, *“If the information is included in the bill, if it’s somewhat personalized to our situation, it gives me confidence that it actually is Rhode Island Energy, and it’s a legitimate program.”*

Focus group discussions also resulted in ideas for how RI Energy could make it easier for businesses to find information. Focus group participants brainstormed together, thinking about how they hear about programs and opportunities. This discussion resulted in several suggestions:

- Billboards
- Direct mail
- Email
- Door-to-door
- A physical or virtual “clearinghouse” where they could search for solutions and get recommendations from experts.

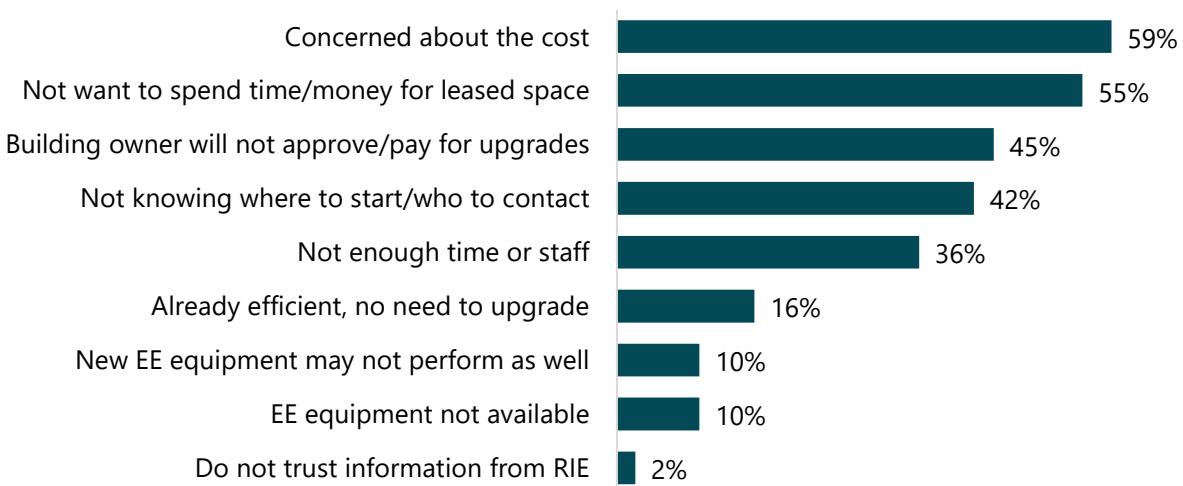
*The “storefront” doesn’t have to be a physical location—you could go online and research it. But it goes through the program or the utility rather than Google. If you Google it, everybody has a different idea, depending on who is sponsoring it. It’s not [necessarily] accurate.*

Ultimately, group participants acknowledged that there is no “one size fits all” when it comes to small businesses. What works for one type of business will not necessarily work for another. One group participant noted that when she visited the website it seemed like the information was geared toward bigger businesses than hers, that she did not see the type of equipment she needed. This led to a discussion of customized information.

## Participation Barriers

The survey sought to understand the barriers to participating. Focus group participants also discussed barriers. Survey respondents indicated that their primary concern centered on potential costs, even after being provided information on the program subsidy. Owners and those that leased their space reported equal concerns about cost. (Figure 4-6).

**Figure 4-6. Barriers to Taking Action (n=92, multiple responses allowed)**



We asked contacts about other reasons they might not participate in a program like RI Energy’s Small Business Program. These open-ended comments confirmed an overall concern about costs, and constraints associated with leased space. Representative comments included:

- *"Funding is always an issue, and keeping our debt to profit ratio at a certain level is required."*
- *"The landlord would need to agree on upgrades."*
- *"We rented our building until recently when we purchased it in March 2022. I didn't want to spend money on improvements like that on a rental. Now we are ready."*
- *"I don't know anyone else who participated in this program."*

In focus group discussions, business owners confirmed monitoring income and expenses – seeking to balance both while also ensuring that employees and customers are comfortable. While the program offsets cost, several attendees were wary of the disruption associated with the work and the need to manage the project internally. These non-financial costs can also create barriers to projects.

## Firmographics

The 139 survey respondents represented a variety of business characteristics (Table 4-1). Most respondents represented for-profit organizations (88%). Approximately 16% of nonparticipant business locations were in hard-hit COVID zip codes.<sup>9</sup>

**Table 4-1. Respondent Firmographics**

Aspect		Count	Percent (N=139)
Ownership	Lease space	65	47%
	Owned	74	53%
County	Providence	78	56%
	Washington	18	13%
	Kent	20	14%
	Newport	19	14%
	Bristol	4	3%
	Other	10	7%
Business Type	Office including health services	53	38%
	Industrial	20	14%
	Educational and religious	11	8%
	Retail, warehouse, other small spaces	30	22%
	Accommodation and food	22	16%
	Other	3	2%
	Less than 10	89	66%

<sup>9</sup> The eight specific zip codes identified as "hard-hit" included 02860, 02861, 02863, 02904, 02905, 02907, 02908, and 02909.

Small Business Program Process Evaluation  
**Nonparticipant Perspectives**

<b>Employees at this location</b>	10 or more	46	34%
<b>Minority-owned business</b>	Yes, at least one	45	32%
	No	94	68%
<b>Annual kWh</b>	Small-medium (<50,000)	106	76%
	Large (<=50,000)	33	24%

## Conclusions and Recommendations

### **Conclusion #1. The RI Energy Small Business Program operates effectively and has many features that can support the program as it adapts.**

RIE implements this program consistent with many established best practices for small commercial program design. The program offers substantial incentives and attractive financing that reduce barriers associated with project costs and a wide range of measures are eligible. The program provides streamlined access and dedicated project managers. Survey responses indicate the program is successfully reaching very small businesses, those consuming less than 50,000 kWh a year. Nonparticipating survey responses and focus group discussions indicate a high level of awareness of RISE, with several noting they had participated in RISE commercial or residential efficiency programs in the past. Responses indicate the long-standing role of RISE in delivering efficiency to Rhode Island has helped increase awareness and trust amongst regional small businesses.

While the program offers a variety of measures, reported energy savings are still primarily associated with lighting upgrades, which may not be a sustainable option for the program as LED products continue to gain market share independent of program intervention. This issue is not unique to RI Energy. The team's jurisdictional scan and associated literature review found that many comparable programs across the country are struggling to move small business offerings away from lighting and toward deeper, more expensive measures, like heating, ventilation, and air-conditioning (HVAC) equipment and water heating equipment. This industry-wide trend has resulted in fewer small business turnkey programs, a pivot toward and/or greater emphasis on financing, as well as more focused program delivery designed to reach specific communities (tribal, rural, or non-English speaking areas, for example).

Recommendation #1. Promote the on-bill financing path to encourage wider adoption and overcome first cost barriers. The low interest rate and easy terms will likely be attractive as other forms of financing remain expensive. Financing measure packages could encourage installation of more expensive but longer-lived equipment.

**Recommendation #1.** Use financing to expand access to measures that offer energy savings and other benefits (for example, by including on-site generation from renewable energy, resiliency through storage, enhanced security, or better comfort from window upgrades).

### **Conclusion #2. RISE staff and RISE-affiliated contractors are successfully delivering the program, but customer-directed projects need more attention.**

Most participants (70% or more depending on the program year) opt for the turnkey path. These customers expressed a high level of satisfaction with their program experience and rarely noted any specific challenges going through the program process. However, a minority of participants prefer to choose their own contractor and participate through a Customer Directed Option (CDO). Survey results indicate that participants choosing the CDO pathway experienced

more challenges, which likely reflects the relative lack of program experience among market contractors compared to their peers working directly with RISE. Survey results indicate that these contractors struggled more with program paperwork and timing issues. The research team recognizes that it is inherently more challenging for RI Energy to track the experience of participants that opted not to use the RISE turnkey program delivery approach.

**Recommendation #2.** Increase tracking and follow up for CDO projects to ensure the project is on track. RISE is not directly responsible for the installation and associated submittals so this would likely require an automated notification if project timelines exceeded specific thresholds. CDO participants and their contractors might need extra attention if projects lag or if program processes are not followed.

**Conclusion #3. Increased labor costs are affecting the program's ability to retain skilled labor.**

Contractors reported that the small margins associated with program projects discourage them from expanding their program-associated work. Tight margins can also reduce their willingness to pursue projects with complicated measures and/or where the business owner requires substantial support. As the program shifts away from relatively straightforward lighting change outs to mechanical, refrigeration, or shell improvements this could become a barrier.

**Recommendation #3.** Review the labor rates and reimbursement schedule to ensure it reflects recent cost increases.

**Conclusion #4. Main street canvassing approaches can be effective for reducing the cost of serving very small businesses.**

Contractor interviews and the jurisdictional scan indicated that Main Street canvassing is an effective strategy for recruiting and ultimately delivering services to multiple small businesses in a specific area, saving time with travel and logistics. Focus group attendees communicated some ambivalence about door-to-door outreach, which they noted can be disruptive. Other utilities have launched augmented Main Street approaches that use electronic communication, social media, and local chambers of commerce to reach businesses in specific areas. This effort provides multiple strategies for engagement and can be paired with specific community-based organizations to facilitate recruitment of underserved communities.

**Recommendation #4.** Deploy strategies that expand the effectiveness of Main Street outreach efforts. These include advanced notification to community-based or other civic organizations, promoting the schedule several months before the program arrives, and providing specific mailers to qualified businesses with links and call center support in different languages.

**Conclusion #5. There are opportunities to customize marketing materials for small businesses and further support program contractors in outreach.**

Focus group discussions revealed an openness to a range of outreach strategies, from mass market billboards to information customized to different types of businesses. Participants in



these discussions reported looking at the program website for pictures and packages that seemed relevant for their business and asked for access to experts they could trust.

In addition, the transition from National Grid to Rhode Island Energy required the revision and updating of program branding and other collateral. Contractors specifically requested badging, uniforms, or other overt signals of legitimacy to help their outreach. They also recommended translating program contracting and enrollment documents, noting that the contracts and scope documents are in English, even when there are outreach and marketing materials in other languages.

One suggestion that appealed to contractors and focus group participants included the development of a “technology menu” that would help customers quickly home in on the measures that are most appropriate for their business and identify incentive and financing packages. This approach could be digital or available as a handout and emphasize opportunities to save money and improve thermal comfort through HVAC and weatherization upgrades. This approach could also support the more targeted measure packages focus group participants requested by including special equipment (motors in a garage, laundry, or heating elements in a spa, or cooking equipment for restaurants).

**Recommendation #5.** Expand marketing and collateral tools to support a range of communications and promotion of measure packages.

# **Appendix A Data Collection Instruments**

## **Participant Survey**

## **Nonparticipant Survey**

## **Nonparticipant Focus Group Guide**

## Appendix B Firmographics Comparison

The table below combines firmographic information obtained from surveyed participants and nonparticipants.

**Table B-1. Respondents' Firmographics and Measures Installed**

		Participants (n=106)		Nonparticipants (n=139)	
		Count	Percent	Count	Percent
<b>Year Participated</b>	2019	24	23%		
	2020	34	32%		
	2021	48	45%		
<b>County</b>	Providence	65	61%	78	56%
	Washington	15	14%	18	13%
	Kent	13	12%	20	14%
	Newport	7	7%	19	14%
	Bristol	6	6%	4	3%
<b>Business Type</b>	Office including health services	27	25%	53	38%
	Industrial	15	14%	20	14%
	Educational and religious	14	13%	11	8%
	Retail, warehouse, other small spaces	11	10%	30	22%
	Accommodation and food	7	7%	22	16%
	Other	32	30%	3	2%
<b>Property Ownership</b>	Own			72	52%
	Lease			65	47%
	Other			2	1%
<b>Annual KWH</b>	Small-medium (<50,000)	105	99%	106	76%
	Large (<=50,000)	1	1%	33	24%
<b>Number of employees at this location</b>	Less than 10	58	55%	89	66%
	10 or more	41	39%	46	34%
	Don't know	7	7%		

**Firmographics Comparison**

<b>Minority, women, veteran- owned business</b>	Yes, at least one	24	23%	45	32%
	No	71	67%	94	68%
	Don't know or refusal	11	10%		