

Memorandum

Business COVID-19 Research

To: Ameren Missouri
From: Opinion Dynamics
Date: September 8, 2020
Re: Business Research Findings and Recommendations

Introduction

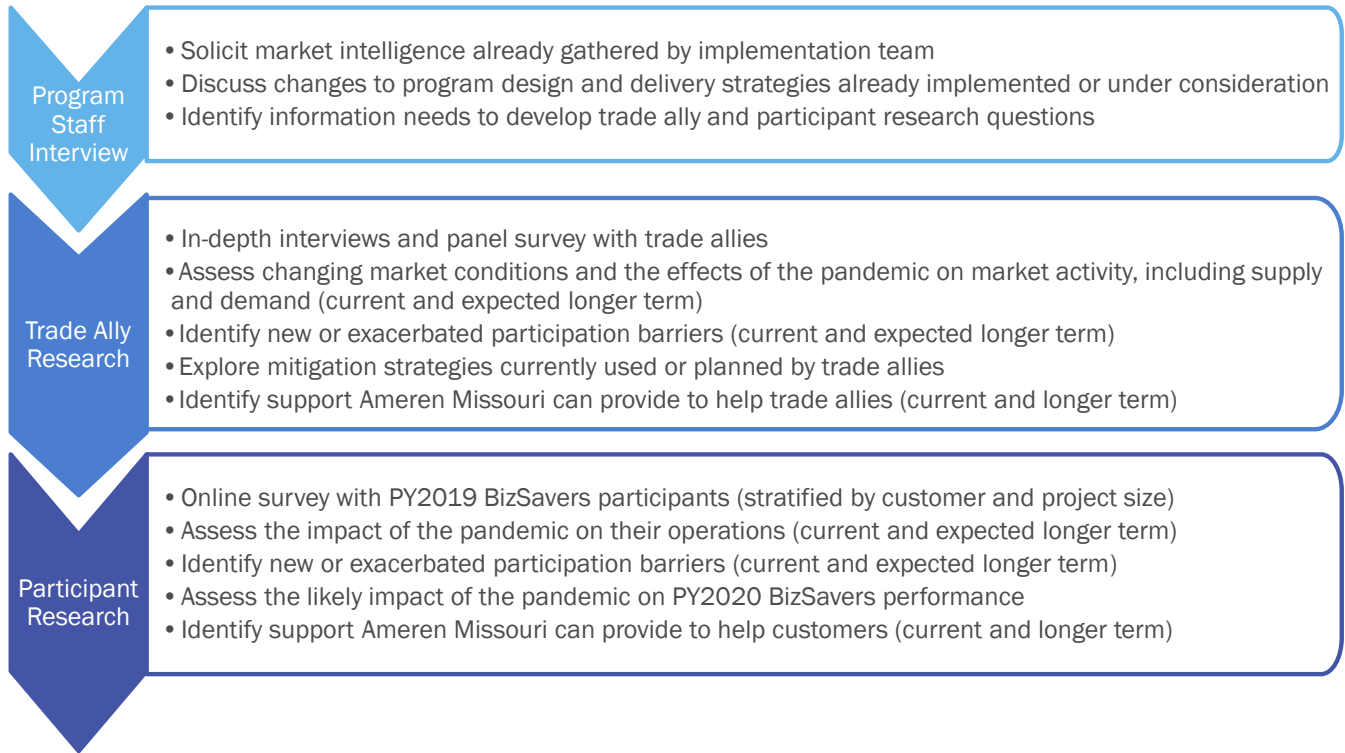
The current COVID-19 pandemic is causing significant disruptions in commercial and industrial marketplaces. These disruptions have introduced unforeseen market conditions that may challenge Ameren Missouri's ability to meet its PY2020 MEEIA energy and demand savings targets.

Ameren Missouri contracted Opinion Dynamics to conduct market research to help Ameren Missouri and the BizSavers Program team to better navigate the impacts of the pandemic on the BizSavers portfolio of energy efficiency programs ("BizSavers Program"). In specific, the goal of this research was to help Ameren Missouri and the BizSavers team to:

- Understand, from both the supply and demand side, the changing market conditions and the effects of the pandemic on market activity;
- Develop or refine potential mitigation strategies to maintain program activity or restart it following the pandemic; and
- Collect information to support future conversations with Regulatory Stakeholders.

We conducted three separate research tasks to assess the ongoing and expected impacts of COVID-19 on Ameren Missouri's BizSavers Program. The Business COVID-19 Research included an interview with Ameren Missouri and the BizSavers team, trade ally research, and participant research. A summary of the research tasks is shown in Figure 1. A more detailed description of each task is provided in Appendix A.

Figure 1. Business COVID-19 Research Summary



At the completion of each research task, we developed standalone summaries of results to provide Ameren Missouri and the BizSavers team with real-time feedback on how market conditions are evolving in response to COVID-19. These summaries are provided in Appendix B. In this memo, we bring together insights from those result summaries and highlight key overall takeaways and perspectives.

Key Findings

Based on information provided by both trade allies and customers, the BizSavers Program is likely to experience an overall decline in participation and achieved savings as a result of the COVID-19 pandemic. While large and small *customers* reported similar impacts of the pandemic, our research found greater adverse impacts on large *projects* compared to small projects.¹ Key barriers to participation, reported by PY2019 participants, include uncertainty about the future and access to financing. Both trade allies and customers reported that more financial support, including increased incentives and access to financing, would be key strategies the BizSavers Program could employ to help them through this crisis. Trade allies also highlighted temporarily closed or under-occupied facilities as a potential opportunity for the program, and our research indicates many of Ameren Missouri's customers are still experiencing temporary closures or have under-occupies facilities.

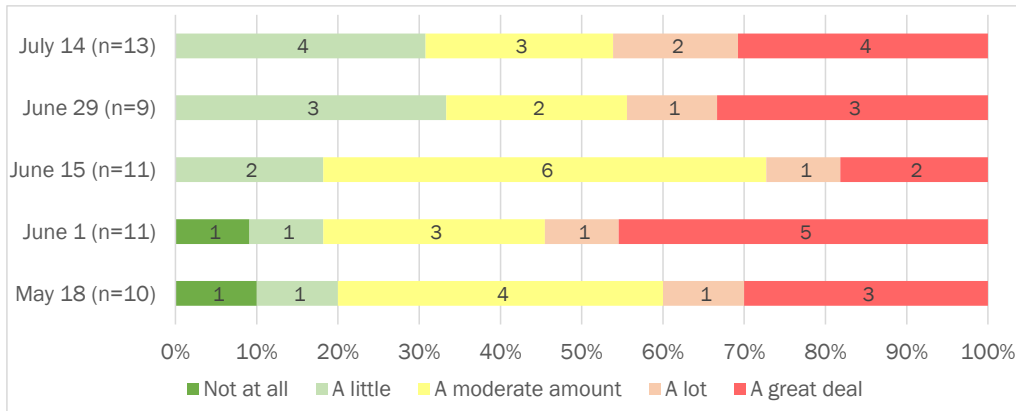
¹ For purposes of the COVID-19 participant survey, we defined small projects as all projects accounting for the bottom one-third of cumulative PY2019 savings for the Standard and Custom programs. This resulted in a project savings threshold of approximately 83,500 kWh. Large projects are defined as all projects not categorized as a small project.

Below, we present the key findings of our research.

Finding 1: Uncertainty and evolving market conditions pose significant barriers to participation, especially for those considering large projects. The impact on overall PY2020 BizSavers participation is expected to be significant.

Trade ally respondents provided relatively consistent expectations about overall BizSavers Program performance in PY2020. Over the course of the panel survey between 27% and 55% of respondents indicated COVID-19 would impact their overall volume of BizSavers projects a great deal or a lot (see Figure 2).

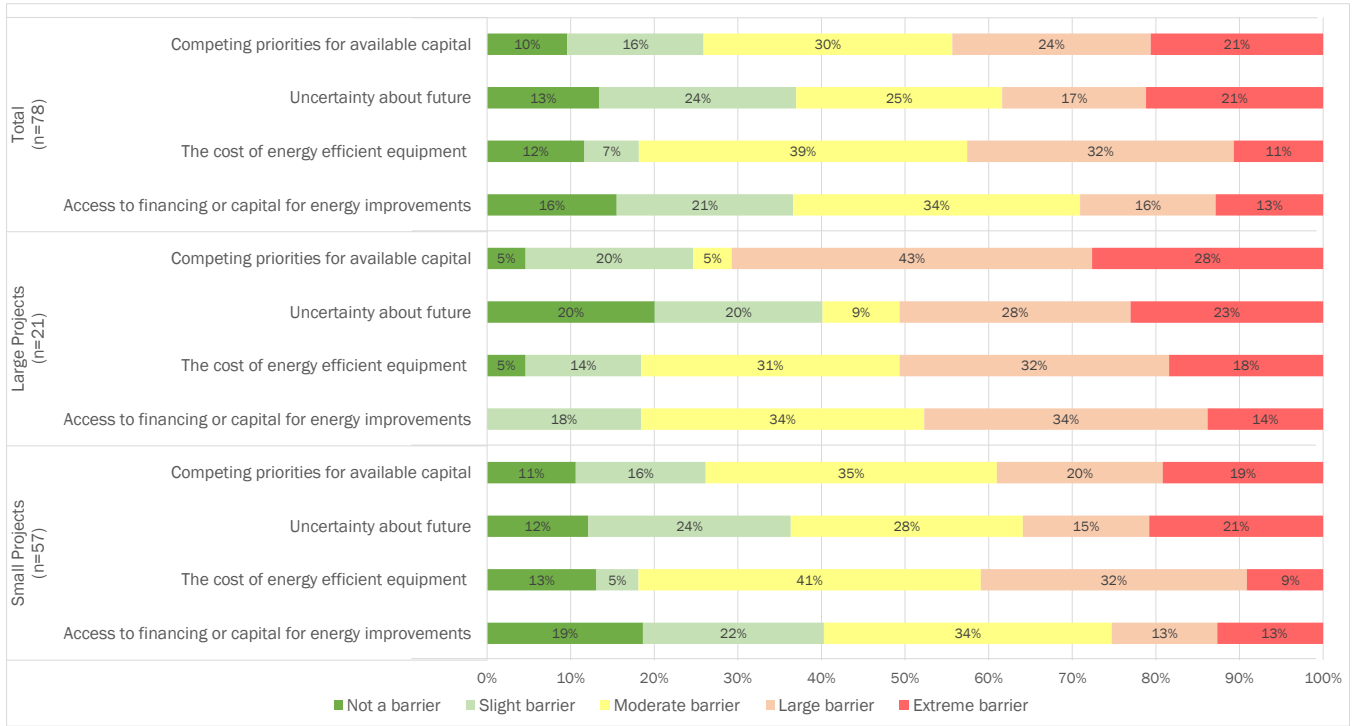
Figure 2. Expected Impact of COVID-19 on Overall Volume of BizSavers Projects in 2020



PY2019 participants reported greater barriers to completing large PY2019 projects in today’s economic climate compared to small projects. The top four barriers (defined as a large or extreme barrier) to completing large projects were mentioned by nearly half to almost three-quarters of survey respondents: competing priorities for available capital (71%), uncertainty about the future (51%), the cost of energy efficient equipment (50%), and access to financing or capital for energy improvements (48%). While PY2019 participants with small projects reported the same top four barriers, significantly fewer found them to be large or extreme: the cost of energy efficient equipment (41%), competing priorities for available capital (39%), uncertainty about the future (36%), and access to financing or capital for energy improvements (26%; see Figure 3 below).

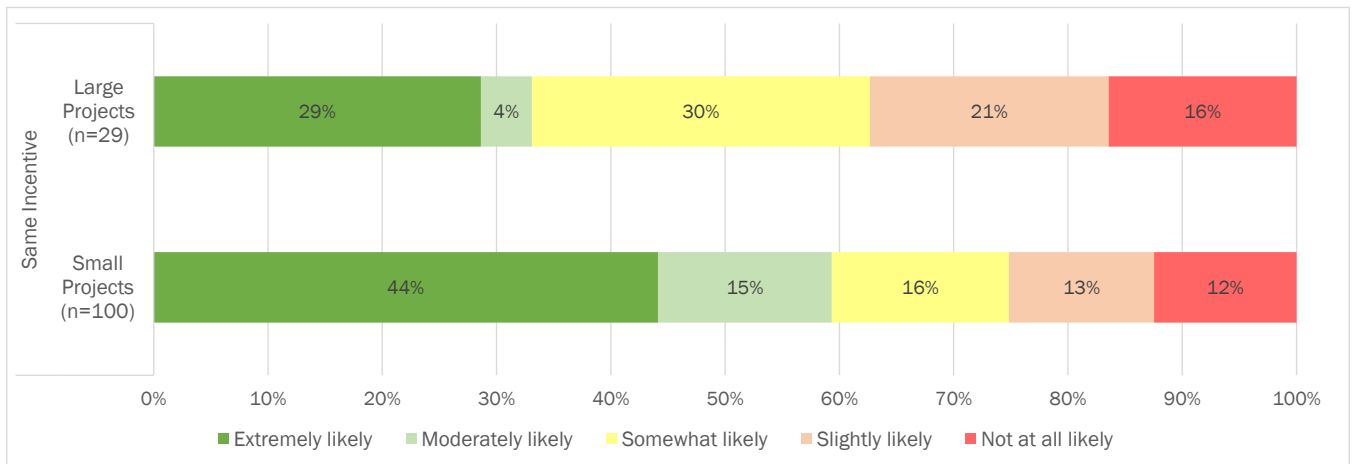
Notably, barriers reported by PY2019 participants to completing BizSavers projects in today’s climate are greater than barriers reported by Ameren Missouri business customers a year ago. Based on the current research effort, only 16% of PY2019 participants indicated access to financing was *not* currently a barrier to energy efficiency, and only 12% indicated the cost of energy efficient equipment was *not* currently a barrier (see Figure 3 below). In contrast, the general population survey – conducted by Opinion Dynamics in the summer of 2019 in support of the Market Potential Study – found that almost half (45%) of Ameren Missouri’s business customers did *not* consider access to financing a barrier to energy efficiency and over one-third (34%) did *not* consider the cost of energy efficient equipment a barrier. Considering that participants generally have lower barriers to energy efficiency than the general population, these comparisons suggest a stark increase in barriers to energy efficiency over the past year.

Figure 3. Top Barriers to Program Participation, by PY2019 Project Size




Consistent with the reported barriers to project implementation, large PY2019 projects are less likely to be completed in PY2020 compared to smaller ones. Assuming a project completed in PY2020 would receive the same incentive level as their PY2019 project, only 33% of participants with large projects would be extremely likely or moderately likely to complete their project today, compared to 59% of participants with small projects (see Figure 4).

Figure 4. Likelihood of Project Completion, by PY2019 Project Size



Finding 2: Increased incentives may mitigate the expected adverse impacts on PY2020 BizSavers project completion, especially for larger projects.

Throughout the five waves of the trade ally panel survey, interviewed trade allies consistently emphasized the importance of financial incentives and identified the recent increase

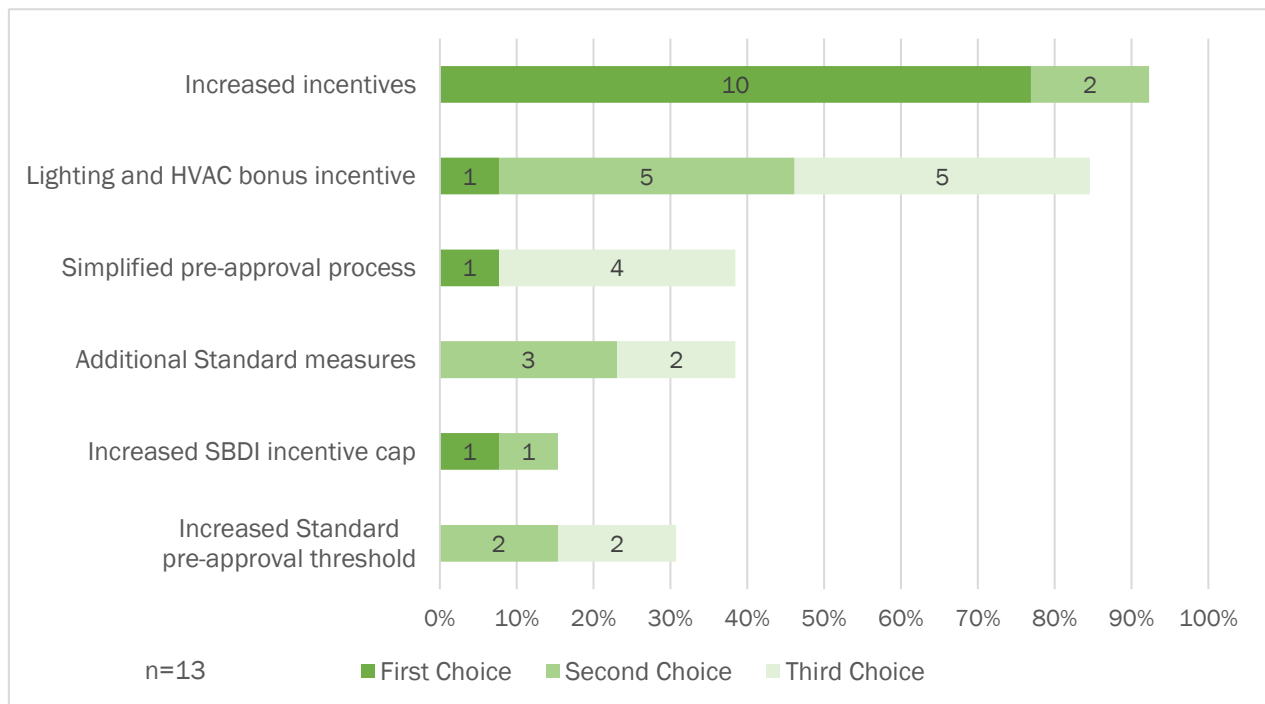


BizSavers Trade Ally

“With the financial hardship that this has caused to most businesses, the logical help is added money in incentives. Focusing on more basic LED upgrades instead of high tech, controls-oriented upgrades.”

in incentives offered by the BizSavers Program as the most significant change that will affect their company’s overall volume of BizSavers projects in PY2020 (see Figure 5).

Figure 5. Recent BizSavers Program Updates with Most Significant Impacts on PY2020 Volume



Similarly, participants reported increasing likelihoods of completing their PY2019 project in today’s economic climate if incentive levels increased: Only one-third (33%) of PY2019 participants who completed a large project would be extremely or moderately likely to complete their project in PY2020 with the same incentive they received in PY2019. This percentage increases to 62% with an incentive 10% higher and to 90% with an incentive 40% higher (see Figure 6). In comparison, 59% of PY2019 participants who completed a small project would be extremely or moderately likely to complete their project in PY2020 with the same incentive they received in PY2019, and this increases to 76% with an incentive 10% higher and to 91% with an incentive 40% higher (see Figure 7).

Figure 6. Likelihood of Project Completion, by Incentive Scenario, for Large Projects Only

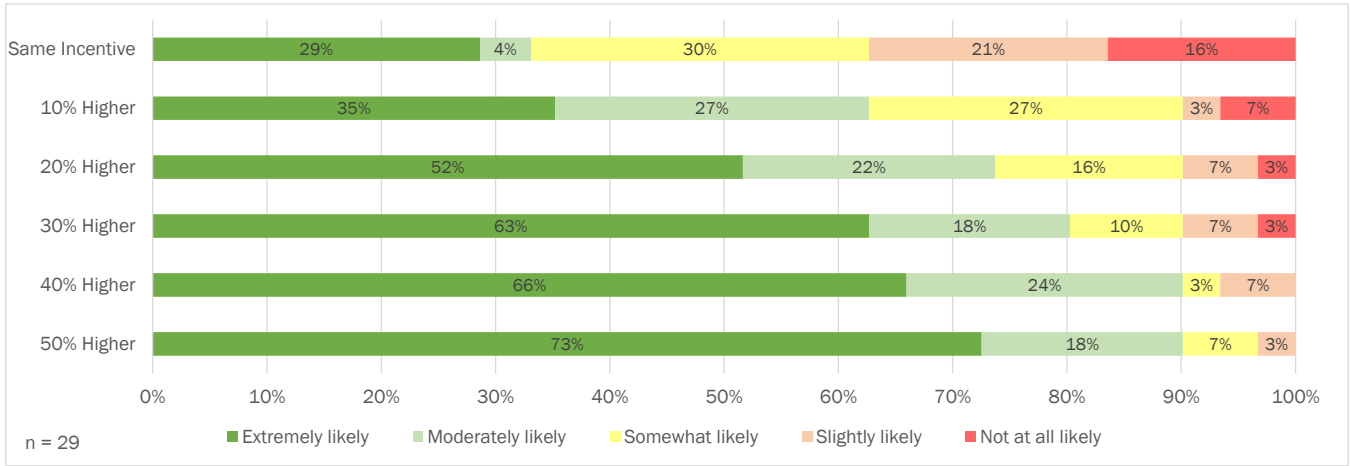
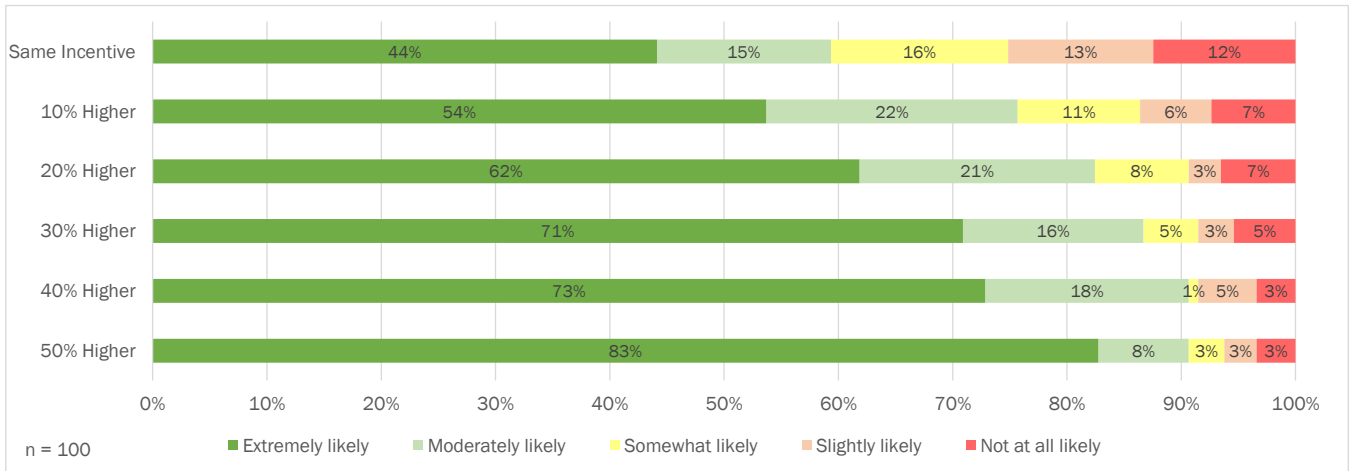


Figure 7. Likelihood of Project Completion, by Incentive Scenario, for Small Projects Only



Finding 3: Trade allies and participants may respond well to BizSavers financing options

Our research suggests that trade allies and participants might respond favorably to financing options. In the trade ally panel survey, 4 out of 15



BizSavers Trade Ally

“Perhaps customer project financing available with a promotion? Could integrate several projects together if PACE or special financing was an option? Solar, HVAC, lighting, window tinting, boiler, [and] sensors all packaged together.”

trade allies highlighted financing as a viable non-incentive strategy Ameren Missouri should explore in an open-ended (i.e., unprompted) question. Similarly, participants also recommended Ameren Missouri explore offering



BizSavers Participant

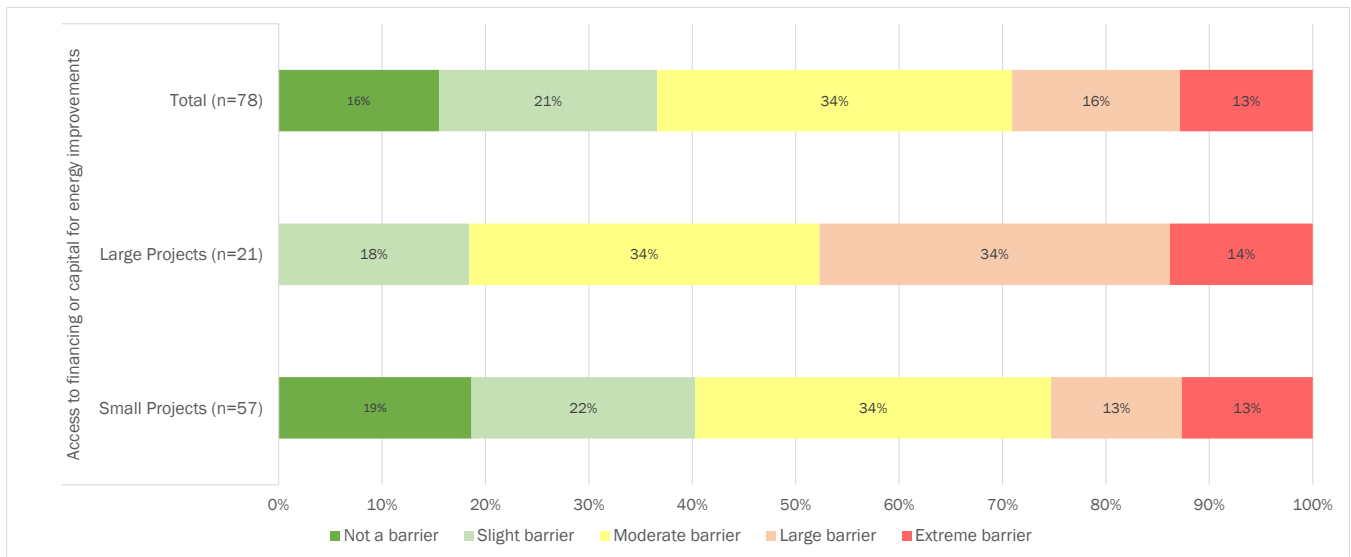
“Offer to finance the patron's cost portion of the project over a short term period, up to 36 months..”



financing options, with 4 of 20 participants who provided a response mentioning financing.

In addition, access to financing to complete energy efficiency upgrades was one of the largest barriers to participation identified in the participant survey, especially for large projects, with 48% of responding PY2019 participants who completed large projects identifying it as a large or extreme barrier, and none identifying it as not a barrier (see Figure 8).

Figure 8. Access to Financing Barriers to Program Participation, by PY2019 Project Size



Finding 4: There may still be opportunities to retrofit closed or reduced-access facilities

In the last trade ally survey, a majority of responding trade allies (8 out of 13) identified businesses with temporarily closed or reduced access facilities as potential opportunities for energy efficiency projects. Implementing energy efficiency projects may be quicker and/or cheaper when facilities are unoccupied or under-occupied.



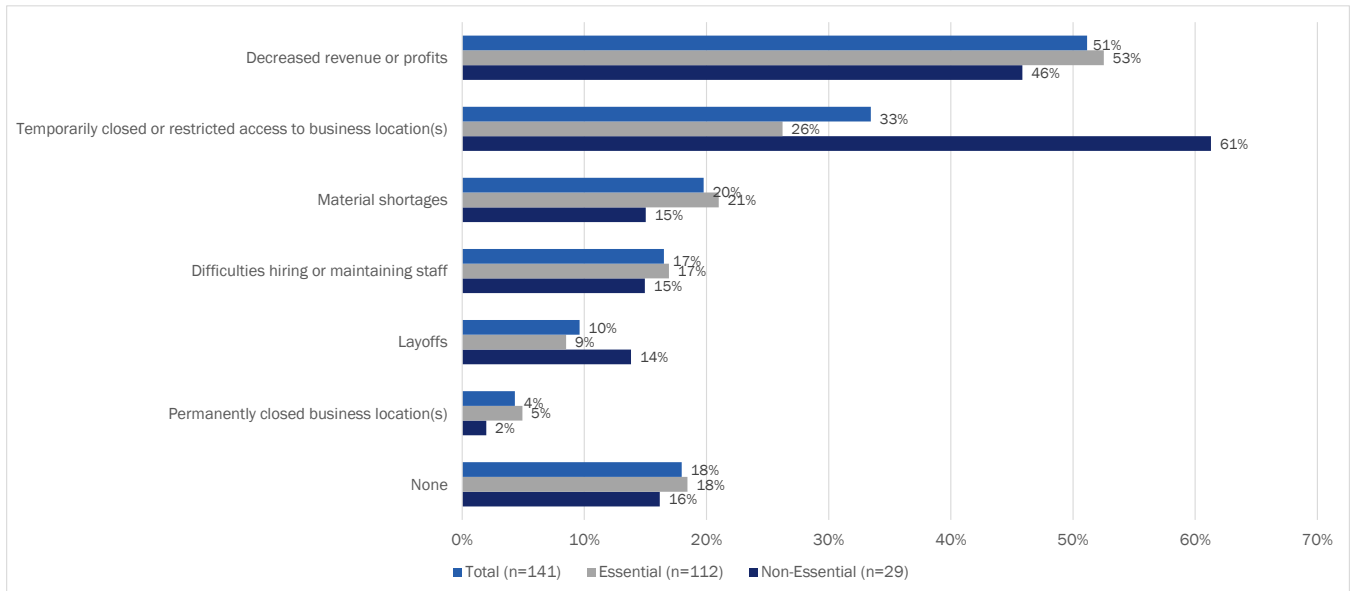
BizSavers Trade Ally

“If areas are shutdown, it is easier to complete projects that might normally interrupt production.”



Responses to the participant survey confirm that even in August, this might still be an opportunity: Overall, 33% of participants are still experiencing temporarily closed or reduced-access facilities. This share increases to 61% among self-described non-essential businesses (see Figure 9).

Figure 9. Types of Business Impacts



Appendix A. Research Methodology

Program Staff Interview

We conducted an interview with key Ameren Missouri and BizSavers Program managers on April 22, 2020. In this interview, we discussed recent program activity, early impacts of the pandemic, mitigation strategies already taken, and expectations for the future. We also discussed what primary data collection activities the BizSavers team had already conducted and the associated results, and we identified specific research areas and questions which the Opinion Dynamics research effort would be well-suited to explore. The interview was recorded and transcribed.

Trade Ally Research

As market conditions are likely to change over time – with no known “end date” to COVID-19 induced market disruptions – we designed the trade ally research as a panel, which allowed us to collect information over time and observe changes in trade allies’ perspectives. Trade ally research activities consisted of initial in-depth interviews (conducted separately with each trade ally) as well as five waves of an online survey. With the assistance of BizSavers Program managers, we convened a panel 17 of the most important and influential trade allies to target for participation in this research. Broadly, this research was designed to collect information on a variety of topics, including:

- Changing market conditions and the effects of the pandemic on market activity (including supply and demand; current and expected longer term);
- New or exacerbated participation barriers (current and expected longer term);
- Mitigation strategies currently used or planned by trade allies; and
- Support Ameren Missouri can provide to help trade allies (current and longer term).

The **in-depth interviews** served to recruit the trade allies for the panel and to collect information to inform the design of the survey instrument.

Opinion Dynamics completed in-depth interviews with 15 of 17 trade allies. A memo summarizing the results of the trade ally in-depth interviews was provided on May 18, 2020 (see Appendix B).

The **online surveys** collected quantitative data on the topics identified in the in-depth interviews with trade allies and with program/implementation staff. We fielded five waves of the survey, approximately two weeks apart. Survey questions were largely close-ended and were unchanged between survey waves. The exception was the fifth and final wave of the survey, where we added several questions on mitigation strategies, expected opportunities, and impacts of recent BizSavers Program updates to the survey. Following each survey wave, we provided a brief memo with survey results. The final memo, which contains results from all five waves, was provided on July 24, 2020 (see Appendix B).

The first wave of the online survey launched on May 18th. The survey was fielded a total of five times. Table 1 shows the number of responses in each wave of the survey.

Table 1. Trade Ally Survey Completes by Wave

Wave	Completes
Wave 5 (July 14th – July 20th)	13

Wave	Completes
Wave 4 (June 29th – July 5th)	9
Wave 3 (June 15th – June 21st)	11
Wave 2 (June 1st – June 7th)	11
Wave 1 (May 18th – May 24th)	10

Participant Research

Opinion Dynamics conducted a one-time online survey with Ameren Missouri customers who participated in the BizSavers Program in PY2019. The survey:

- Assessed the impact of the pandemic on their operations (current and expected longer term);
- Identified new or exacerbated participation barriers (current and expected longer term); and
- Identified support Ameren Missouri can provide to help customers (current and longer term).

Opinion Dynamics surveyed business customers who participated in the Standard or Custom Incentive Programs during PY2019. We stratified the sample by customer size based on rate code and by project size based on savings. For each unique customer, we selected one PY2019 project to ask about in the survey. If a contact was listed for more than one company or project, we prioritized large projects over small projects, and then large customers over small customers. We attempted a census of business customers who participated in the Standard or Custom Incentive Programs during PY2019, with a goal of at least 100 completed surveys overall.

Customer size strata were defined as follows:

- **Small Customers:** Defined as all customers that (1) have at least one account which is served under a 2M rate class and (2) have no accounts currently served under a 4M or 11M rate class.
- **Large Customers:** All customers not categorized as a small customer.

Table 2 summarizes the population of customers and survey completes by customer size.

Table 2. PY2019 Participating Customer Population and Survey Completes, by Customer Size

Customer Size	Population	% of Population	Completes	% of Completes
Large Customer	665	46%	76	54%
Small Customer	772	54%	65	46%
Total	1,437	100%	141	100%

Project size strata were defined as follows:

- **Small Projects:** Projects accounting for the bottom one-third of cumulative PY2019 savings for the Standard and Custom programs. This resulted in a project savings threshold of approximately 83,500 kWh.
- **Large Projects:** All projects not categorized as a small project.

Table 3 summarizes the population of projects and survey completes by project size.

Table 3. PY2019 Project Population and Survey Completes, by Project Size

Project Size	Population	% of Population	Completes	% of Completes
Large Savings	260	14%	30	21%
Small Savings	1,551	86%	111	79%
Total	1,811	100%	141	100%

Opinion Dynamics fielded the online survey in July 2020 with all unique contacts with an available email address (N=872). All potential respondents received an initial recruitment email informing them about the survey and its purpose. All non-respondents received one reminder email asking for their participation. To encourage participation, the first 100 customers who completed the survey were offered a \$10 gift card for their participation. We received 141 completed surveys for a response rate of 17.3%. Table 4 summarizes the response rate calculation.

Table 4. Disposition and Response Rate Summary

Disposition	Total
A. Total Contacted	872
B. Complete	141
C. No response / Incomplete	676
D. Bad emails	55
E. Refused/Opted Out	0
Response Rate = B / (A - D)	17.3%

A memo summarizing the results of the participant survey was provided on August 10, 2020 (see Appendix B).

Appendix B. Previous Memos

Trade Ally In-Depth Interview Memo



Ameren Missouri
COVID-19 Trade Ally I

Trade Ally Wave 5 Survey Memo



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COVID-19 Business TA

Participant Survey Memo



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