

# How to improve your midstream and upstream programs and adjust them amid COVID-19

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**E Source**

Web conference

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# Your hosts for today's call



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We're here to support you through  
the COVID-19 crisis



Access our research and guidance via the  
COVID-19 resource center

**[www.esource.com/covid19resourcecenter](http://www.esource.com/covid19resourcecenter)**

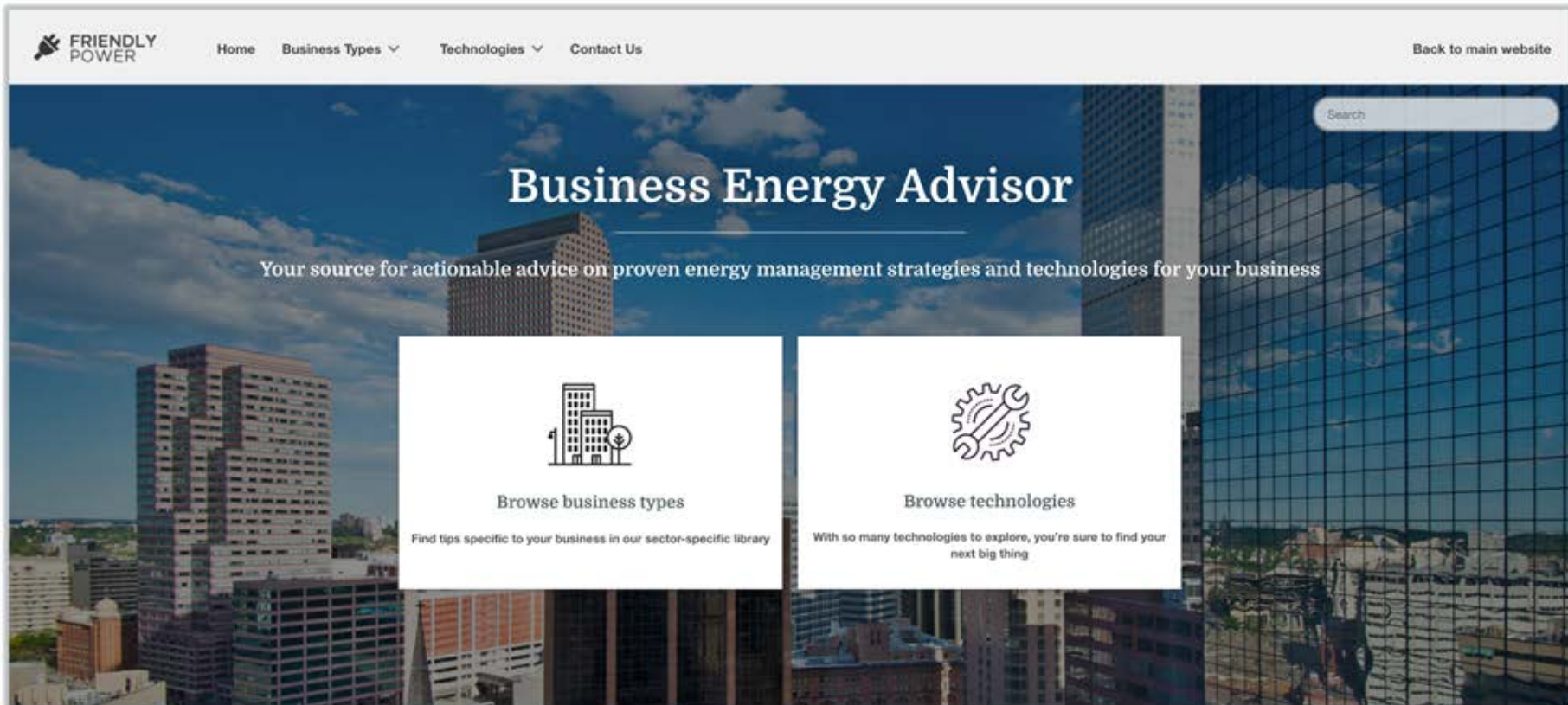


**E Source**

# COVID-19 resources

- [Adjusting your DSM programs for COVID-19](#)
- [How are utilities modifying TOU rates during the COVID-19 pandemic, and how are they communicating these changes?](#)
- [Adjusting your home energy reports during the COVID-19 pandemic](#)
- [Expanding behavioral programs during the COVID-19 crisis](#)
- [Adjusting your residential DSM energy audit program for COVID-19](#)
- [How should you work with your trade allies during the COVID-19 pandemic?](#)
- [Accelerate energy efficiency after disasters](#)

# Business Energy Advisor



# What is Business Energy Advisor?



**Library of information**  
**that integrates with your existing website and**  
provides sector-specific energy advice  
**for a wide variety of business types and technologies.**

[E Source Business Energy Advisor](#)

# E Source midstream program market research study

**93** midstream  
and upstream  
programs

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**69** program  
administrators

- Analysis of demand-side management (DSM) regulatory filings and evaluations
- Qualitative phone interviews
- Several industry reports

# Midstream research

How to improve your midstream and upstream programs:

- [Sending your DSM measures upstream](#)
- [Strategies to overcome midstream program evaluation challenges](#)
- [Collecting accurate and complete data in midstream programs](#)
- Incentive allocation structures (upcoming)
- Midstream program benchmarks and best practices (upcoming)

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# Agenda

- Measures in the midstream market
- Midstream program incentive designs
- Midstream program challenges
- COVID-19 impacts on midstream programs
- COVID-19 insights from the front line

An aerial view of a city, likely Los Angeles, with a complex network of white lines overlaid, representing a global or regional network. The lines connect various points across the city and extend beyond its boundaries. The background is a blue-tinted aerial photograph of the city, showing skyscrapers, highways, and urban infrastructure.

# Measures in the midstream market

# Defining the streams

## Upstream, midstream, and downstream

### Midstream

Distributors and  
retailers



**Upstream**  
Manufacturers

**Downstream**  
End users

# Defining the streams

## Upstream, midstream, and downstream

### Midstream

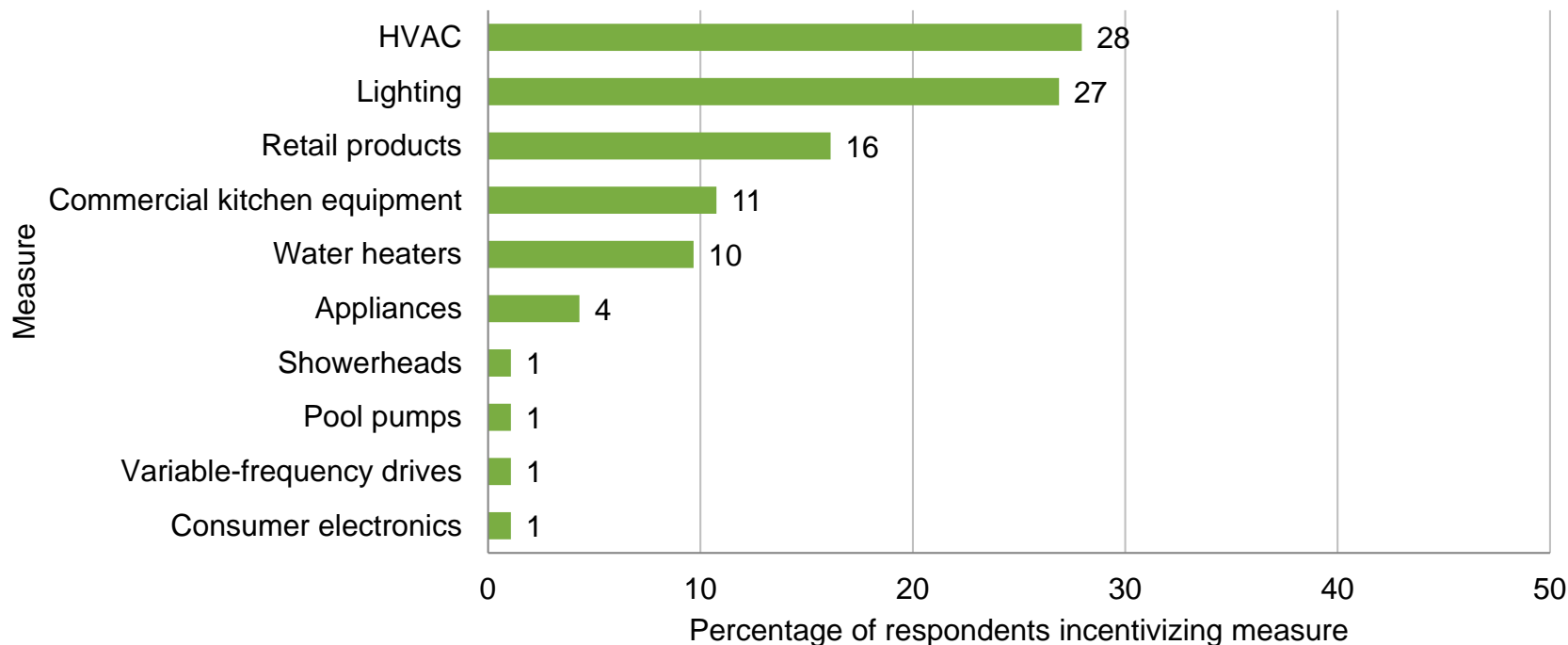
Distributors and  
retailers



**Upstream**  
Manufacturers

**Downstream**  
End users

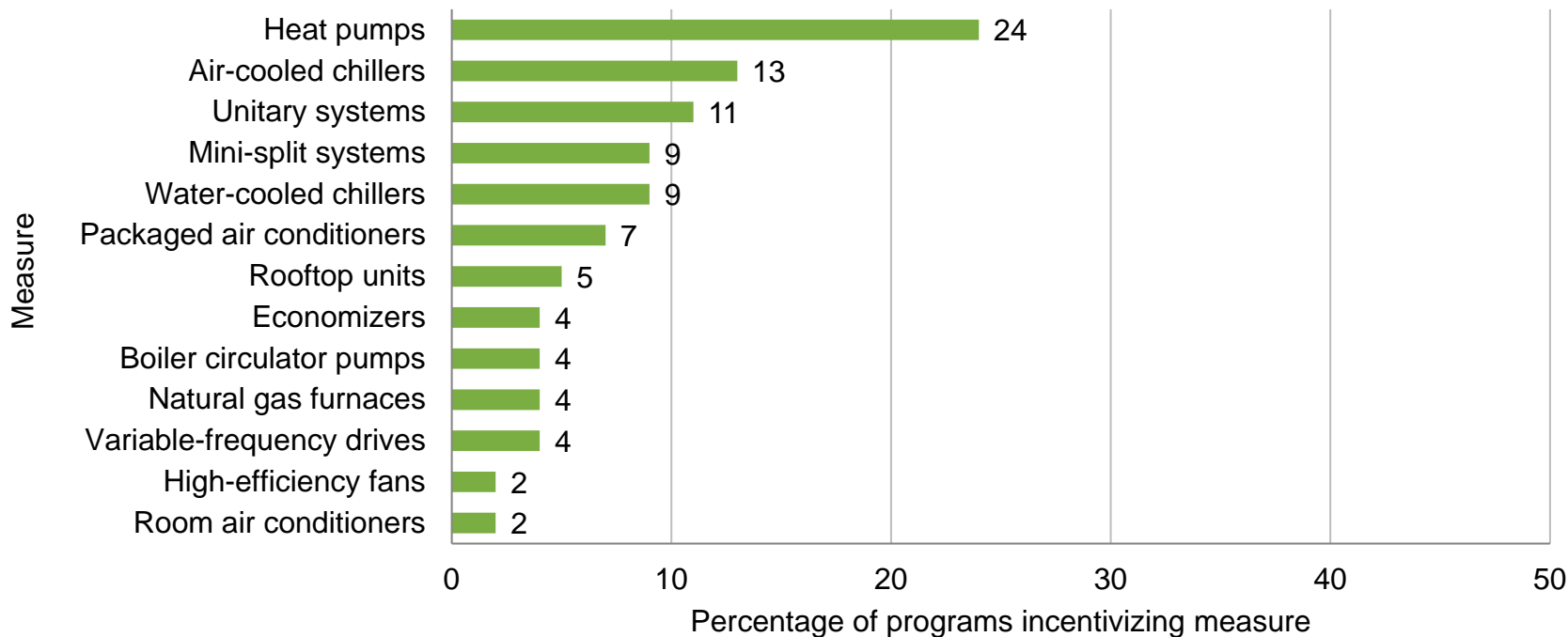
# Mid- and upstream market breakdown



Base: n = 69 utilities. © E Source

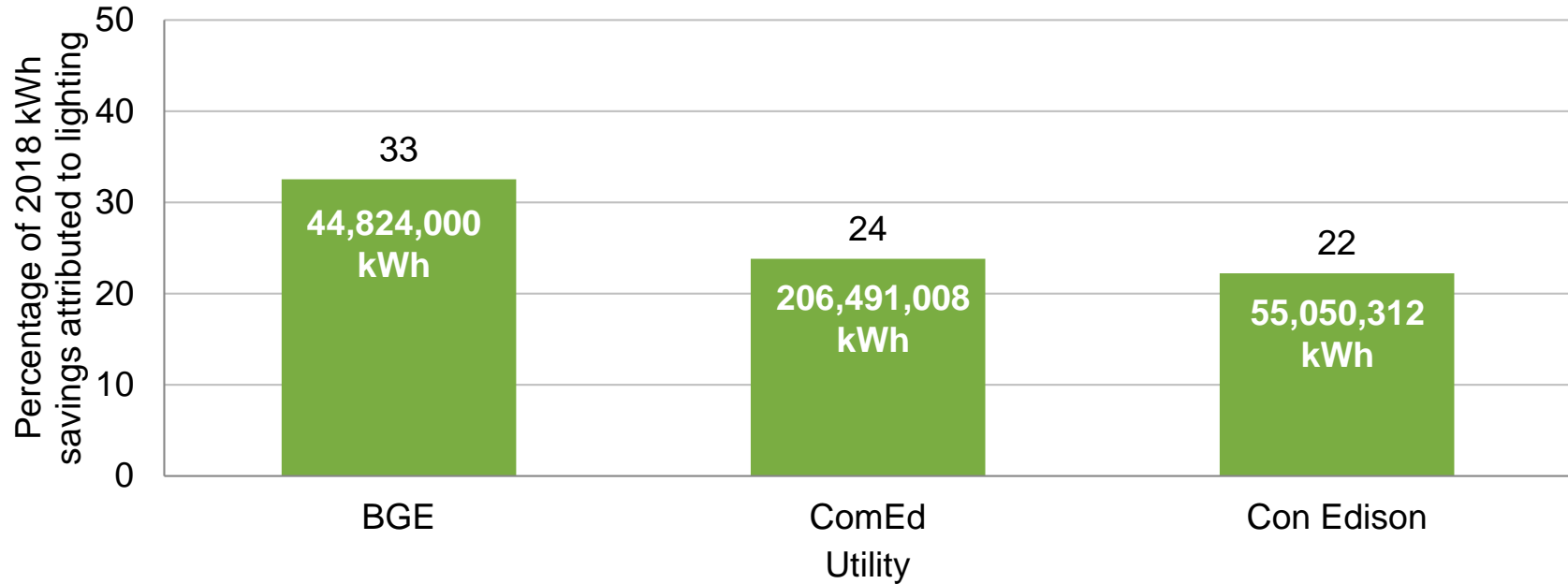
# HVAC isn't just blowing hot air

## Are heat pumps to blame?



**Base:** n = 24 utilities. **Note:** This is not a comprehensive list of incentivized measures; this is a list of the top 14 measures. © E Source

# Lighting continues to deliver savings



**Note:** kWh = kilowatt-hour. © E Source

# New measures moving up the stream

## Motors

Heat pump water heaters

Showerheads

Variable-frequency drives

## Envelope measures

Pool pumps

Fireplaces



# Section recap and recommendations

- Savings from lighting programs might be going away, but midstream HVAC, retail products, kitchen equipment, and other niche measures can help fill the void.
- Evaluate your local product market and identify gaps that you can target with your midstream offerings to deliver savings.



# Practice question: What is your name and organization?

## Join by Web



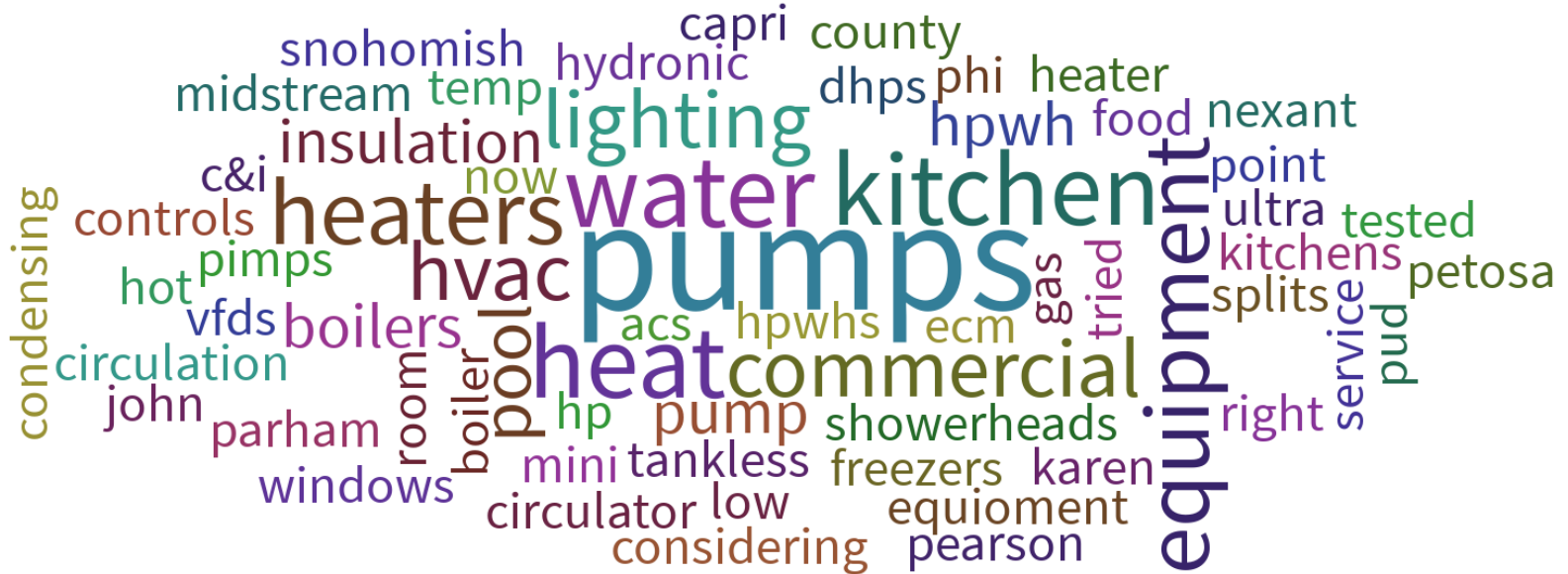
- 1 Go to **PollEv.com**
- 2 Enter **ESOURCE1**
- 3 Respond to activity

## Join by Text



- 1 Text **ESOURCE1** to **22333**
- 2 Text in your message

## up the stream?



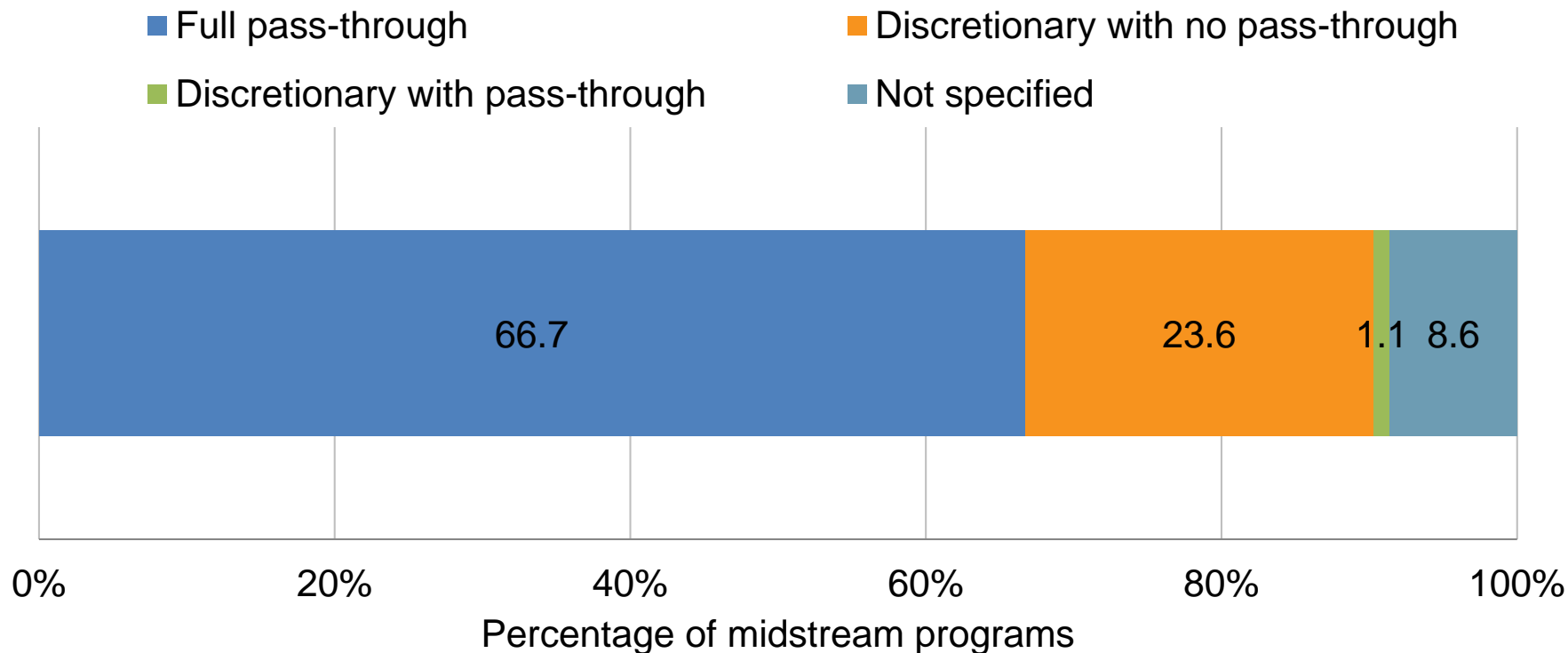
An aerial view of a city with a network of white lines connecting various points, overlaid on a blue-tinted background. The lines represent a network or infrastructure, possibly related to the midstream program mentioned in the text.

# Midstream program incentive designs

# Anatomy of the midstream and upstream incentive

Discretionary incentive <i>without</i> pass-through requirements	Discretionary incentive <i>with</i> pass-through requirements	Fully passed through
<ul style="list-style-type: none"><li>▪ Distributors keep 100% of the incentive</li><li>▪ Customers are unaware of the rebate</li><li>▪ Distributors use the incentive as they wish</li></ul>	<ul style="list-style-type: none"><li>▪ Distributors <i>and</i> customers get a percentage of the incentive</li><li>▪ Must pass a portion to the customer</li><li>▪ Enables flexibility for distributors</li></ul>	<ul style="list-style-type: none"><li>▪ Customers receive 100% of the rebate at the point of sale</li><li>▪ Optional administrative fee (spiff) given to distributors</li><li>▪ Most-used method</li></ul>

# Incentive allocation structures



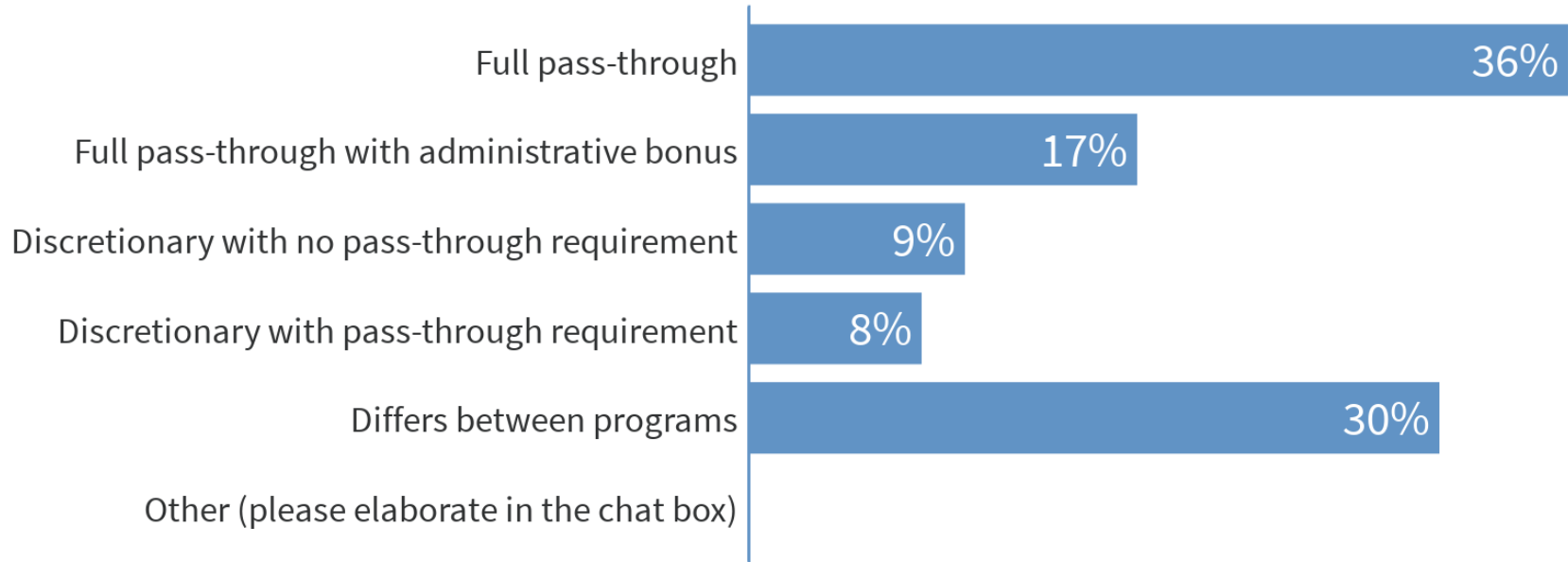
Base: n = 93 programs. © E Source

# Section recap and recommendations

- Design your incentive structure to support your program goals.
- Incentivize your program partners to not only promote high-efficiency equipment, but to also capture essential project data.



## Poll: What incentive pass-through requirements do you use?





An aerial view of a city with a network of white lines connecting various points, overlaid on a blue-tinted background. The lines represent a complex network, possibly representing data or infrastructure. The city below is dense with buildings and roads.

# Midstream program challenges

# Solutions for major challenge categories

## Data challenges

- Provide tools to simplify the rebate process
- Offer incentives for accurate and complete applications
- Define guidelines for rebate applications

## Evaluation challenges

- Redefine spillover and free-ridership
- Evaluate programs based on changes in:
  - Stocking practices
  - Efficient product sales
  - Market penetration

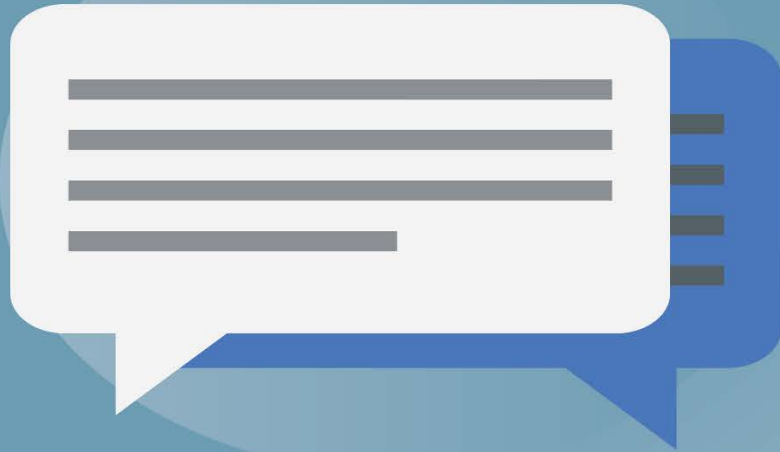
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# Midstream Q&A



An aerial view of a city with a network of white lines connecting various points, overlaid on a blue-tinted background. The lines represent a network or data flow, with some lines being thicker and more prominent than others. The city below is dense with buildings and infrastructure.

# COVID-19 impacts on midstream programs



# COVID-19 supply-chain impacts

According to two surveys by the Institute of Supply Management:

Feb. 22–  
March 5

Suppliers are operating  
at 50% capacity

Chinese manufacturing  
facilities are operating  
at 56% capacity

62% of companies are  
experiencing delays  
in receiving orders  
from China

March 17–  
March 30

86% of respondents are  
seeing longer lead  
times from China

74% of respondents are  
seeing longer lead  
times from Europe

39% of respondents  
anticipate seeing severe  
impacts in April

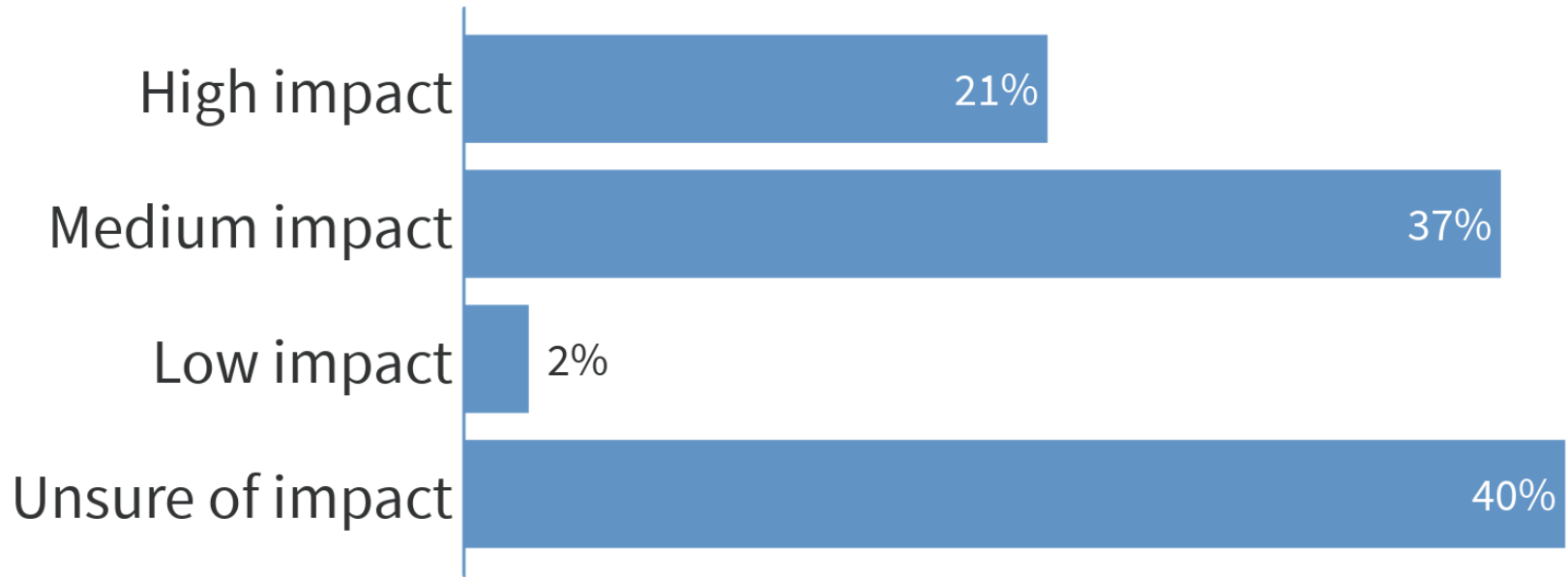
Source: [Institute for Supply Management](#)

# COVID-19 supply-chain impacts



- Disproportionate impacts on smaller suppliers
- Q1 imports and the Chinese New Year
- Q2 through Q4 is still uncertain
- Dead stock impacts
- Supply, demand, and externalities

## Poll: To what extent do you anticipate COVID-19 impacting your midstream program savings?





## Poll: Which of your program measures are being impacted the most? (write in)

“Small Business”

“commerical kitchen”

“food service, lighting”

“small business”

“in-store lighting”

“small business”

“all”

“Food service”

# Bright spots for midstream programs

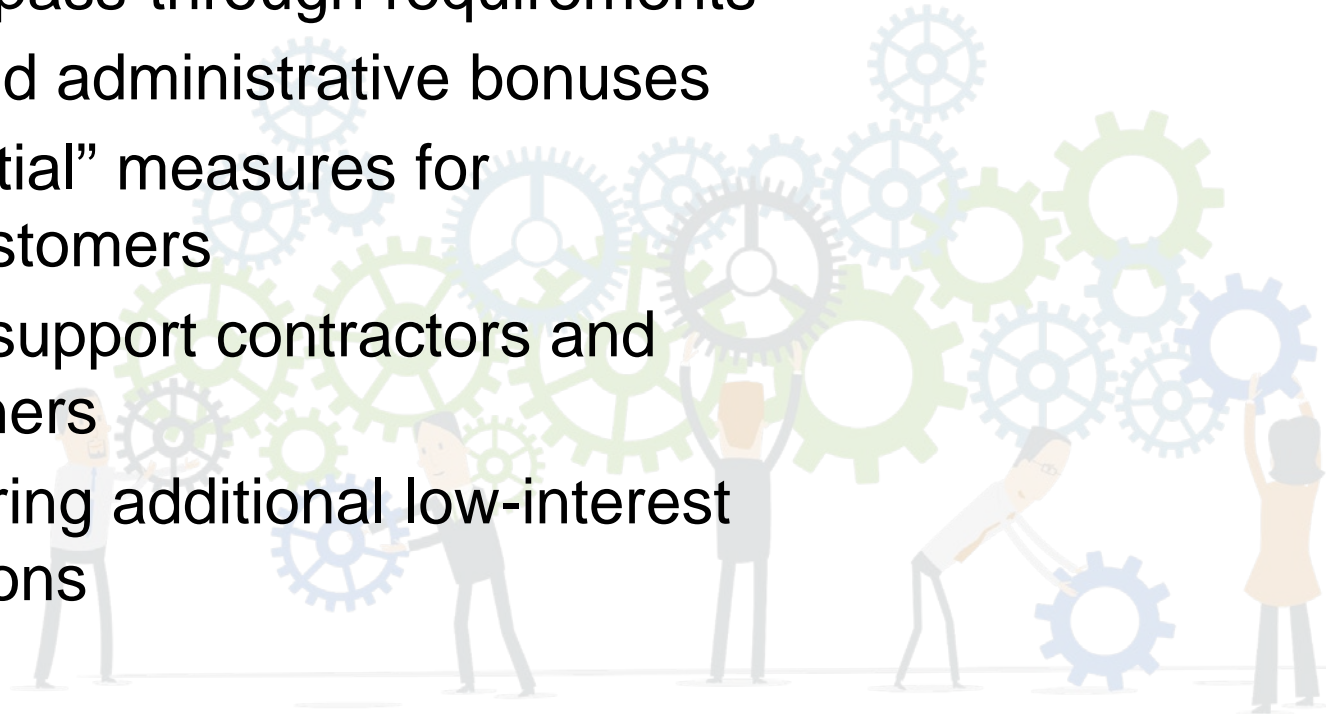
- Emergency replacement scenarios
- Commercial products
- Easy-to-install residential products

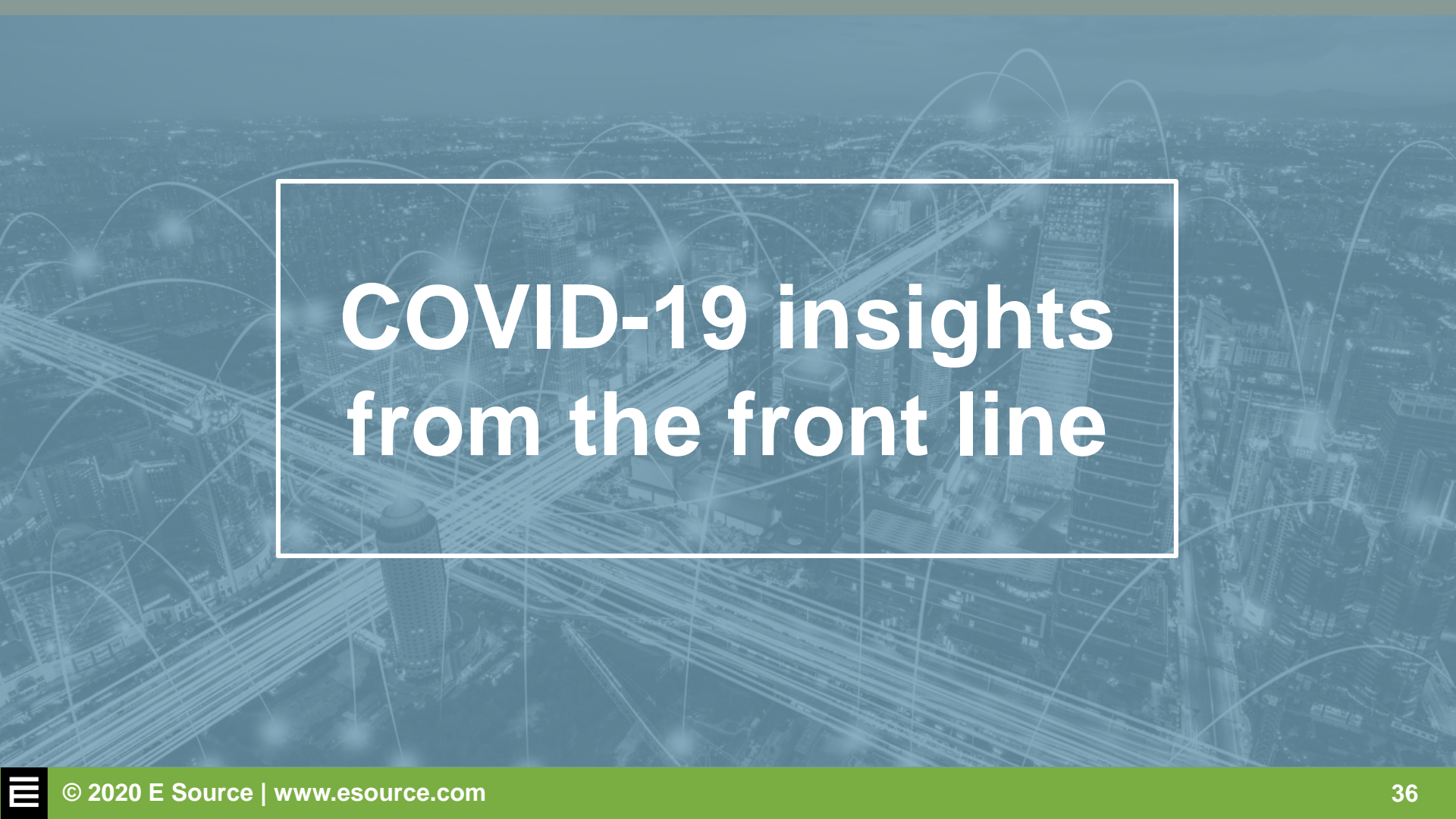


Now is the time to **pressure manufacturers to increase their production of high-efficiency equipment** through your distributors, retailers, and dealers

# How to adjust your program

- Change your pass-through requirements
- Offer spiffs and administrative bonuses
- Target “essential” measures for residential customers
- Find ways to support contractors and program partners
- Consider offering additional low-interest financing options



An aerial view of a city, likely New York City, with a blue overlay. Overlaid on the city are numerous white, glowing arcs and lines that connect various points across the urban landscape, symbolizing a network or data flow. The text is centered within a white rectangular border.

# COVID-19 insights from the front line

# E Source Customer Energy Solutions exchanges

[Learn more and register to attend](#)

DSM	Distributed energy resource strategy	Technology assessment
Low income	Solar	Advanced lighting
Small business	Building electrification	Heat pumps
Trade allies	Batteries	Smart home
Midstream and upstream	Electric vehicles	Measure assessment
Behavioral	Commercial	Indoor agriculture
Smart thermostats	Policy and regulatory	Emerging gas technologies
Commercial		Building electrification
Policy and regulatory		Batteries
Gas DSM		Electric vehicles

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# Thank you! Questions?



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