

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

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Web conference



E Source

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



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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](#)

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Library of information
that integrates with your existing website and
provides sector-specific energy advice
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E Source midstream program market research study

93 midstream
and upstream
programs

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 with a network of glowing white lines overlaid, representing a digital or data network. The lines connect various points across the cityscape, which includes several tall skyscrapers and a complex highway interchange. The overall color scheme is a monochromatic blue with white highlights for the network lines.

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

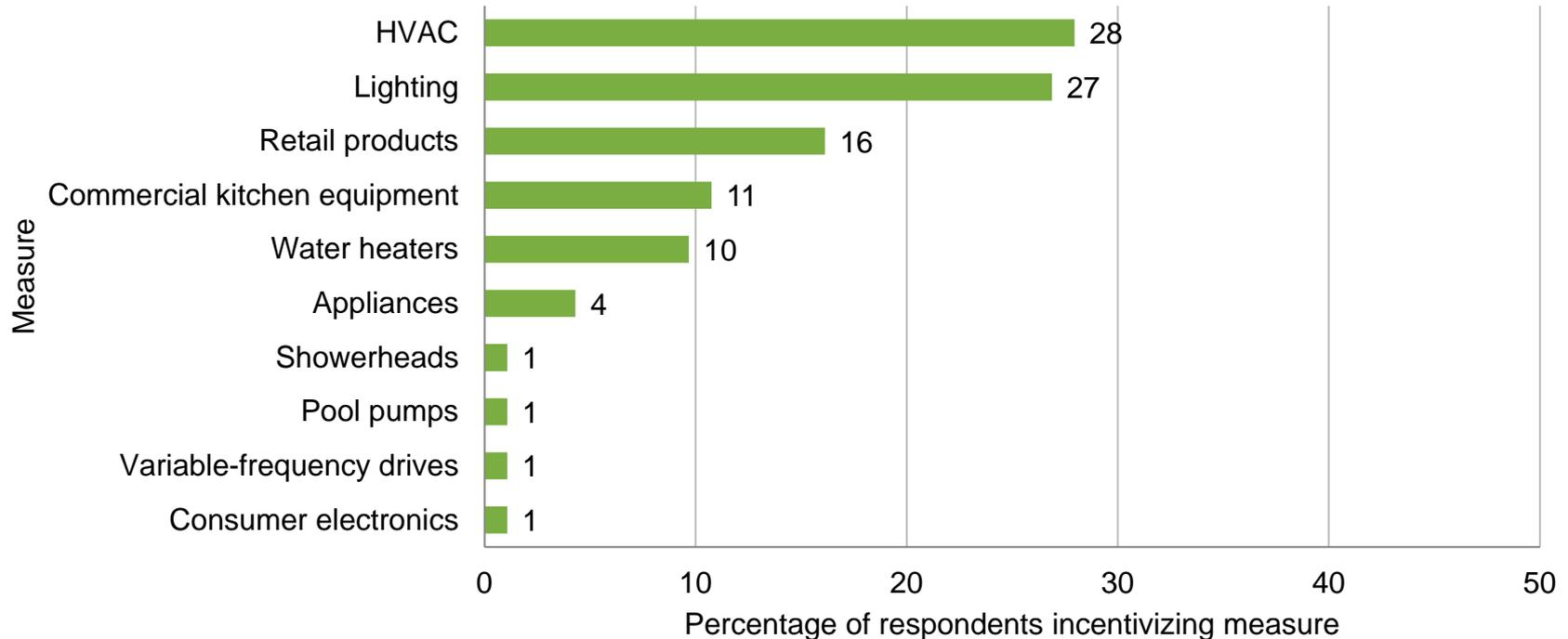
Distributors and
retailers



Upstream
Manufacturers

Downstream
End users

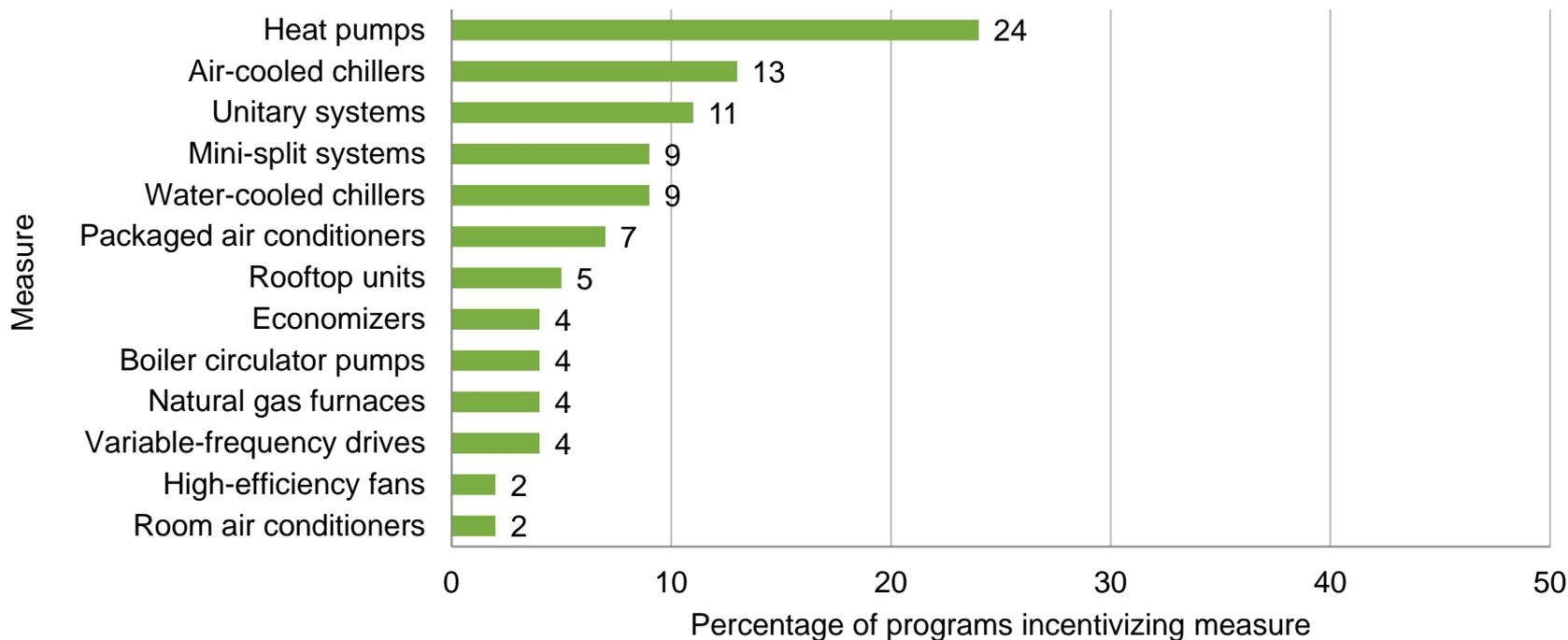
Mid- and upstream market breakdown



Base: n = 69 utilities. © E Source

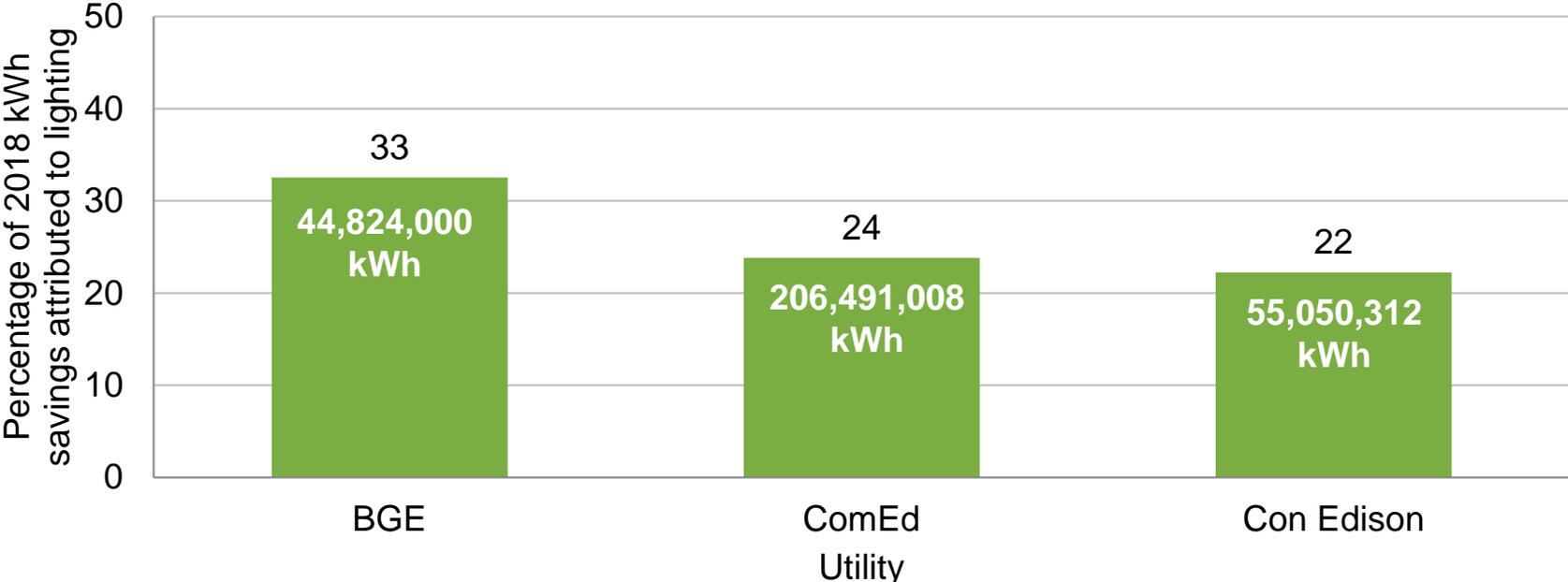
HVAC isn't just blowing hot air

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

An aerial view of a city with a blue tint, overlaid with a network of glowing white lines and nodes, suggesting a digital or infrastructure theme. The text is centered within a white rectangular frame.

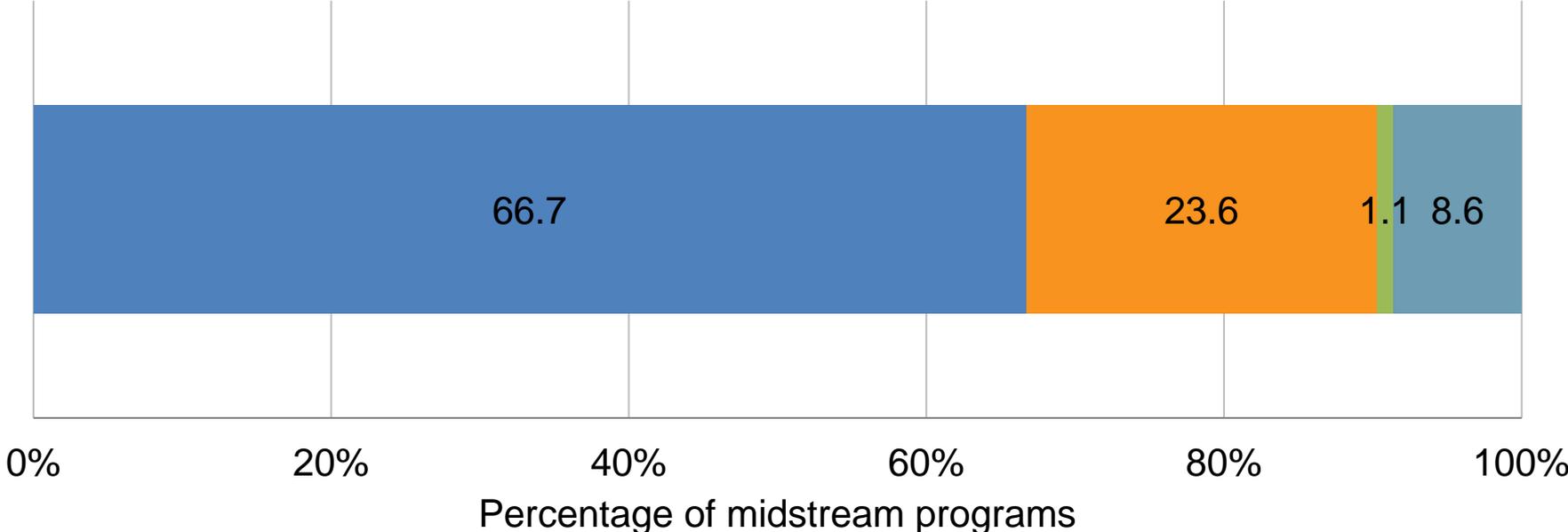
Midstream program incentive designs

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">▪ Distributors keep 100% of the incentive▪ Customers are unaware of the rebate▪ Distributors use the incentive as they wish	<ul style="list-style-type: none">▪ Distributors <i>and</i> customers get a percentage of the incentive▪ Must pass a portion to the customer▪ Enables flexibility for distributors	<ul style="list-style-type: none">▪ Customers receive 100% of the rebate at the point of sale▪ Optional administrative fee (spiff) given to distributors▪ Most-used method

Incentive allocation structures

- Full pass-through
- Discretionary with no pass-through
- Discretionary with pass-through
- Not specified



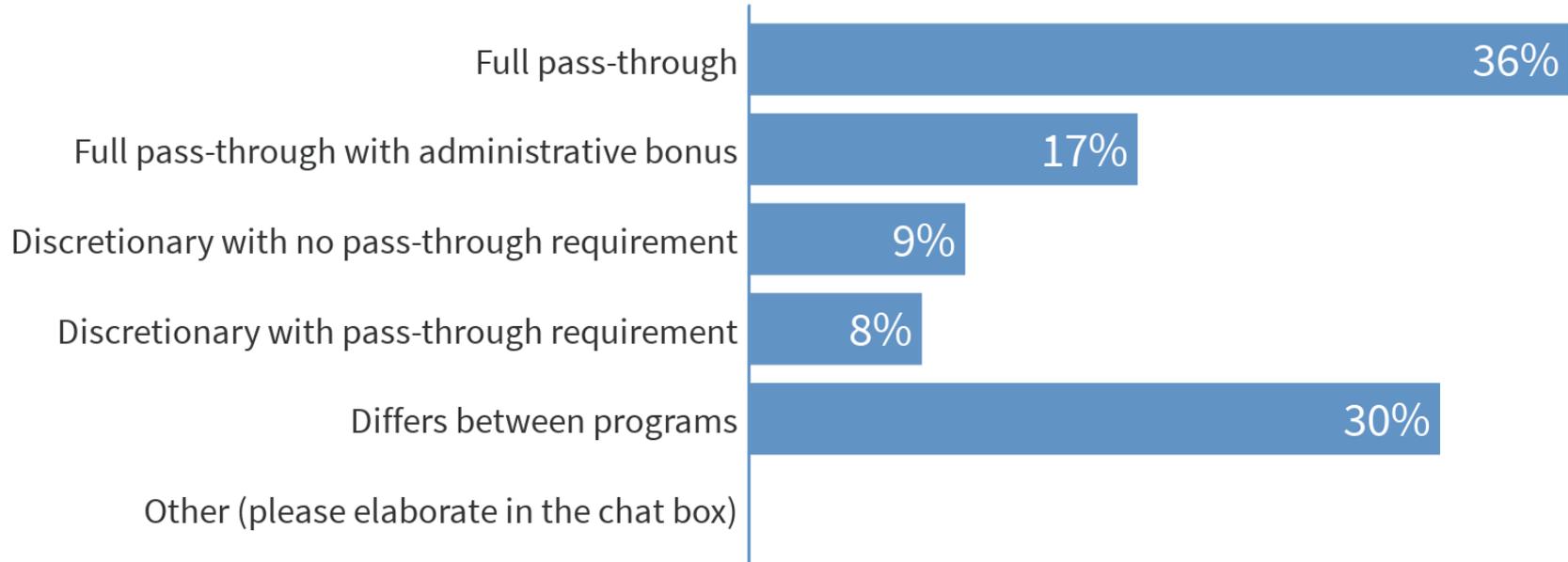
Base: n = 93 programs. © E Source

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 complex network of glowing white lines overlaid, representing a network or data flow. The lines connect various points across the cityscape, which includes several tall skyscrapers and a dense urban layout. The overall color scheme is a cool blue-grey.

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

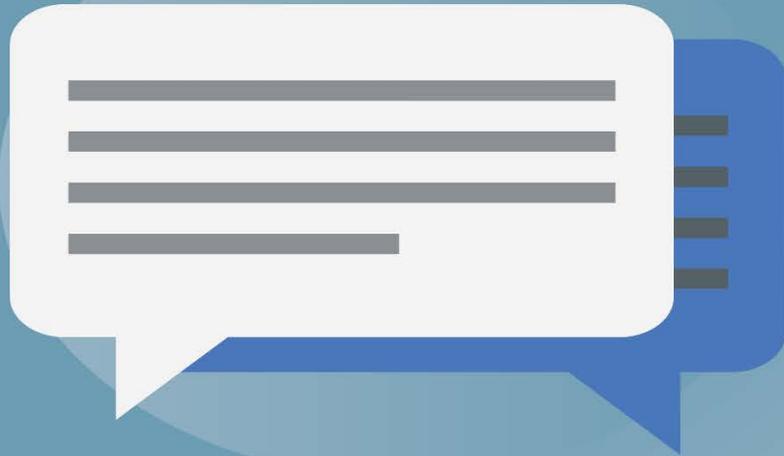
Midstream research

How to improve your midstream and upstream programs:

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Midstream Q&A



An aerial view of a city with a network of glowing white lines overlaid, representing connectivity or data flow. The lines are curved and intersect, creating a complex web over the city's buildings and roads. The overall color scheme is a cool blue and green gradient.

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

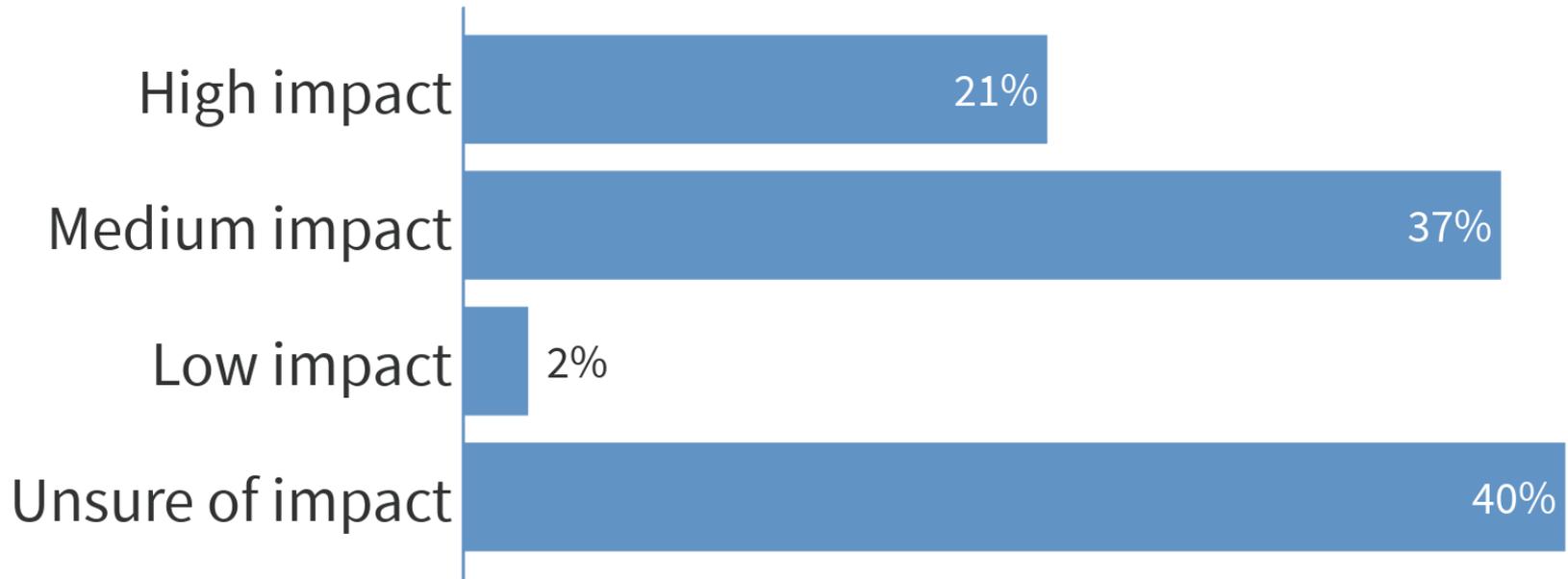
Source: [Institute for Supply Management](#)

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?



Respond at PolleEv.com/esource1

Text **ESOURCE1** to **22333** once to join, then text your message

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

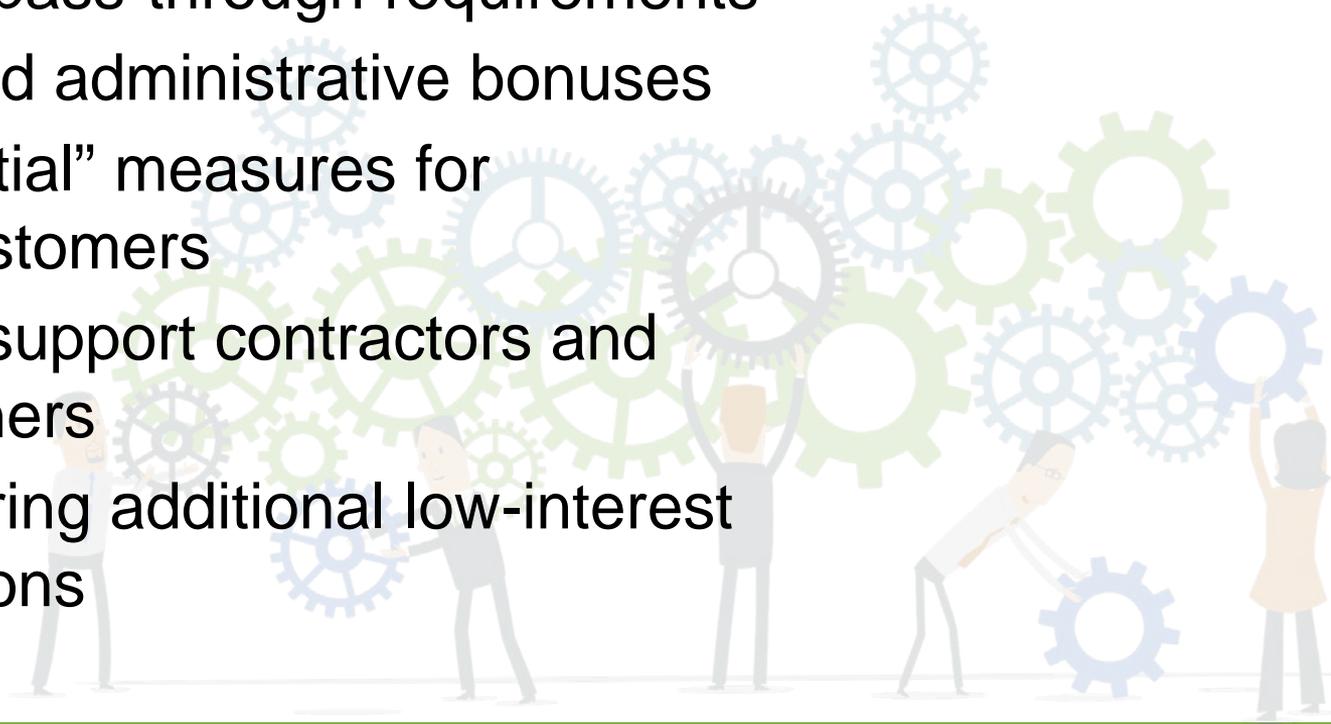
- Emergency replacement scenarios
- Commercial products
- Easy-to-install residential products

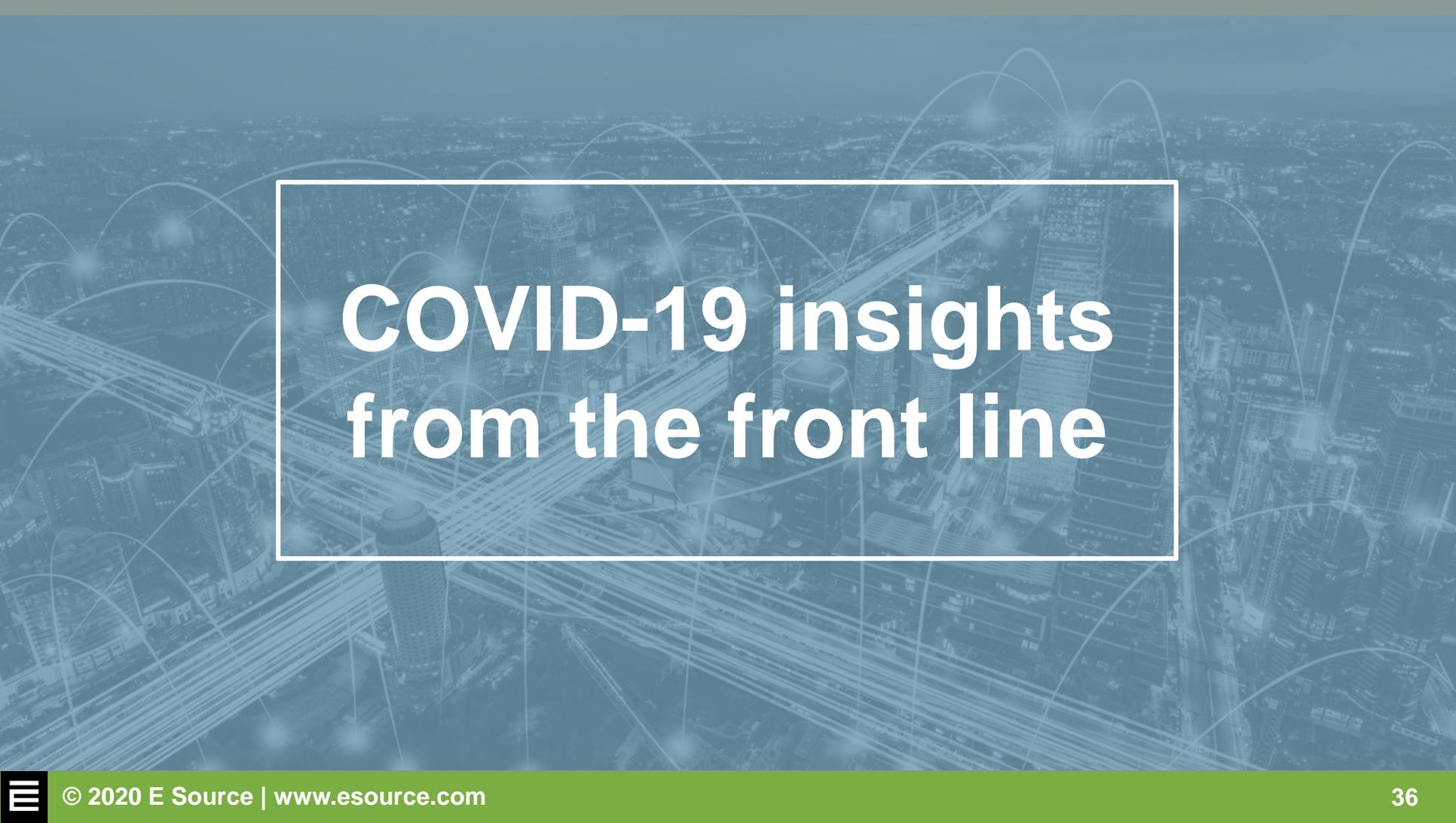


Now is the time to **pressure manufacturers to increase their production of high-efficiency equipment** through your distributors, retailers, and dealers

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 with a network of glowing white lines overlaid, representing connectivity or data flow. The lines form a complex web of arcs and straight paths across the urban landscape.

COVID-19 insights from the front line

E Source Customer Energy Solutions exchanges

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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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