Supply-chain constraints, a tight labor market, and high inflation are affecting utility DSM programs, but there’s hope

By Amy Schmidt
May 24, 2022

Supply-chain constraints, a tight labor market, and high inflation are affecting utility DSM programs, but there’s hope

Several factors, including inflation and a lack of available equipment, are hampering the performance of some utility demand-side management (DSM) programs. Our research revealed that HVAC equipment and commercial energy-efficiency projects are suffering the most from supply-chain constraints and rising inflation.

But most utilities expect these to be short-term setbacks. We don’t see evidence that the industry is changing its one- to five-year plans for DSM portfolios in response to current underperformance. The world economy is volatile right now, and mostly out of the industry’s control. As such, it’s unclear how—or even if—utilities could mitigate these issues through changes to program design.

Explore what utilities are doing to accomodate customers during supply-chain constraints

Fill out this short form to start a conversation about your needs and how E Source DSM Insights—our tool containing data on DSM program goals, budgets, spending, and savings from DSM regulatory filings—can help.

Programs experiencing supply-chain challenges

To get a sense of which utility programs are experiencing supply-chain constraints and rising inflation, we combined anecdotal feedback from program administrators with 2021 and early 2022 DSM filings from E Source DSM Insights.

AEP Texas

In 2021, AEP's residential pool pump program failed to meet its targets. The utility's 2022 Energy Efficiency Plan and Report (PDF) attributes the poor performance to "supply chain impacts caused by the COVID-19 pandemic. The unavailability and backlog of pumps and parts resulted in fewer installations than projected."

BGE

In its 2021 Year-End EmPOWER Maryland Report of Baltimore Gas and Electric Company (PDF), BGE also references supply-chain constraints as a reason it didn't meet its goals for the following programs:

- Residential appliance recycling
- Residential new construction
- Residential appliance rebates
- Commercial and industrial midstream incentives

ComEd

In the CY2021 Fourth Quarter Report (PDF), ComEd notes that the "affordable multifamily electrification demonstration project's retrofits have been delayed due to supply chain issues/back ordering of equipment; installations are expected to complete in Q1 2022."

FPL

FPL's 2021 Demand Side Management Annual Report (PDF) notes that the utility' DSM portfolio "experienced less than projected participation in residential and business programs due to ongoing impacts of the COVID-19 pandemic. Supply chain challenges for LED lighting fixtures and commercial HVAC equipment affected the number of participants in the business lighting and HVAC programs."

Idaho Power

The utility's 2021 Demand-Side Management Annual Report (PDF) cites supply-chain impacts for the following programs:

- Home Energy House Calls
- Residential Heating and Cooling Efficiency
- Weatherization Assistance for Qualified Customers
- Commercial and Industrial New Construction

MidAmerican Illinois

MidAmerican's 2021 Annual Reconciliation Report for MidAmerican Energy Company Energy Efficiency Plan (PDF) notes that its "Nonresidential Energy Solutions program saw delays on four large projects representing 2,700,000 [kilowatt-hours] and 19,000 therms. These projects were expected to be complete in 2021 but were delayed to 2022, due to supply chain and other pandemic-related complications."

UNS Energy Services Arizona

The utility's 2021 Annual DSM Progress Report (PDF) lists "supply chain issues and rising material costs due to the pandemic" as explanations for low participation in the Commercial & Industrial Facilities/Schools Program.

Xcel Energy Colorado

The utility's 2021 Demand-Side Management Annual Status Report (PDF) cites supply-chain issues as one explanation for why the following programs didn't meet their 2021 targets:

- Small business solutions
- Compressed air efficiency
- Home energy squad
- Residential heating and cooling
- Single-family weatherization
- Residential battery demand response

Xcel Energy Minnesota

The 2021 Status Report & Associated Compliance Filings (PDF) cites supply-chain issues as barriers to achieving goals in both the residential and commercial and industrial portfolios:

> Several factors have limited participation and spending in our Low-Income programs, particularly electric. The Low-Income Segment continued to be impacted by access restrictions put in place in response to the pandemic. In addition, the Company consistently heard from our implementers that supply chain disruptions were leading to equipment shortages and delayed installs. Several implementers also reported they were operating at or near capacity and running into hiring constraints. Each of these factors led to lower participation and the Company falling short of the approved goals and minimum electric spend requirements. While we expect access restrictions to be a short-term issue, supply chain disruptions and workforce shortages are likely to persist into 2022 and potentially 2023.

Later in the report, Xcel noted that the "Business Segment electric portfolio performed well but did not make its energy savings goal. As spending often ties to achievement, we were also under budget. The Business Segment's highest performing program was Business New Construction, significantly surpassing its goal. Other business programs did not achieve their goals, likely due to supply chain issues and limited tools such as in-person events."

The importance of staying positive for an energy-efficient future

While many utilities struggled to meet program goals due to factors out of their control, there's still hope for improvement as we move forward. Many of the utilities we highlighted here included hopeful messages and promises to remain committed to their mission to be sustainable in their efforts as well as support customers' efforts to become more energy-efficient. For example, Minnesota Power concluded its annual report with a powerful statement that we felt was the perfect way to wrap up this blog post:

Minnesota Power will continue to work with customers, stakeholders and regulators to ensure that programs are well-positioned to address challenges and opportunities associated with the rapidly evolving energy efficiency landscape into the future. Minnesota Power remains committed to providing sustainable, inclusive, and cost-effective energy-efficiency programs, with ongoing program development and increased efforts to raise program awareness and participation.

© 2008 - 2026 E Source Companies LLC. All rights reserved.
Distribution outside subscribing organizations limited by license.