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# Memorandum

## Ameren Illinois Company Cost-Effectiveness Results

**To:** Matt Armstrong, Ameren Illinois Company, Seth Craigo-Snell, SCS Analytics, and David Brightwell, ICC Staff

**From:** Zach Ross and Tyler Sellner, Opinion Dynamics

**Date:** September 15, 2022

**Re:** Combined 2018-2021 Energy Efficiency Portfolio and VO Program Cost-Effectiveness Results

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This memo and the accompanying spreadsheet present the combined results of cost-effectiveness testing conducted for Ameren Illinois Company (AIC)'s energy efficiency portfolio and Voltage Optimization Program implemented from 2018 to 2021.[1]

Illinois state law directs utilities to operate cost-effective energy efficiency programs, and to demonstrate that their energy efficiency portfolios are cost-effective using the Illinois Total Resource Cost (TRC) test.[2] In accordance with law, relevant Illinois Commerce Commission (ICC) orders, and policy developed by the Illinois Stakeholder Advisory Group (SAG), Opinion Dynamics conducted cost-effectiveness testing for AIC's energy efficiency portfolio on an annual basis from 2018 to 2021. Opinion Dynamics also separately conducted cost-effectiveness testing for AIC's Voltage Optimization Program over the same timeframe.

Table 1 provides the Illinois TRC and Program Administrator Cost (PAC) test results for the AIC energy efficiency portfolio from 2018-2021 and combined. Overall, we find that the AIC energy efficiency portfolio was cost-effective as defined by the Illinois TRC test and the PAC test.

Table 1. 2018-2021 AIC Energy Efficiency Portfolio Benefit-Cost Ratios

| Portfolio Year | Illinois TRC Benefit-Cost Ratio | Program Administrator Cost Test Benefit Cost-Ratio |
|---|---|---|
| 2018 | 2.52 | 2.39 |
| 2019 | 2.19 | 2.22 |
| 2020 | 3.88 | 2.85 |
| 2021 | 3.04 | 2.80 |
| **Combined 2018-2021** | **2.85** | **2.56** |

Note: All results presented in Table 1 use AIC's avoided costs as defined in the 2018-2021 EE Plan. Combined benefit-cost ratios are calculated from the sum total of benefits and costs over the four-year period inflated to 2021 dollars and are not a flat average of the individual benefit-cost ratios presented.

[1] For clarity, throughout this memo, when we refer to "AIC's energy efficiency portfolio," we are referencing AIC's portfolio less the Voltage Optimization Program. We note that this terminology is not exactly accurate; the Illinois Policy Manual defines voltage optimization as energy efficiency. Nevertheless, we use this terminology for convenience.
[2] 220 ILCS 5/8-103B (Section 8-103B) and 220 ILCS 5/8-104 (Section 8-104).

Table 2 provides the Illinois TRC and Program Administrator Cost (PAC) test results for the Voltage Optimization Program from 2019-2021 and combined. Overall, we find that the AIC VO Program was cost-effective as defined by the Illinois TRC test and the PAC test.

Table 2. 2018-2021 AIC Voltage Optimization Program Benefit-Cost Ratios

| Portfolio Year | Illinois TRC Benefit-Cost Ratio | Program Administrator Cost Test Benefit Cost-Ratio |
|---|---|---|
| 2019 | 4.76 | 3.54 |
| 2020 | 4.96 | 3.81 |
| 2021 | 4.54 | 3.47 |
| **Combined 2018-2021** | **4.71** | **3.61** |

Note: All results presented in Table 2 use AIC's avoided costs as defined in the 2018-2021 EE Plan. Combined benefit-cost ratios are calculated from the sum total of benefits and costs over the three-year period inflated to 2021 dollars and are not a flat average of the individual benefit-cost ratios presented.

Note that this memo summarizes the combined results of cost-effectiveness testing across all four years. To combine cost-effectiveness results across years, Opinion Dynamics applied the SAG-approved nominal discount rate of 2.38% to convert benefits and costs from all years of analysis into 2021 dollars. All other parameters and analysis details remain consistent with each annual cost-effectiveness report.