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# *CPAS Goal-Setting for 2031-2035*



Presented at IL SAG Meeting

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# Reason for Setting Savings Goals 10+ Years into Future

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- CPAS structure unique to Illinois
  - Focus on cumulative effect of many years of efficiency programs
  - Measures what is actually needed for utility system planning
  - But definitely adds complexity to EE planning
- Forces utilities to think/care about longevity of savings
  - Measures installed in 2021 impact both 2021 goals and all future year goals
  - If goals not extended past 2030...
    - Indifferent in 2022 between measures with 9, 10, or 15+ year lives
    - Indifferent in 2025 between measures with 6, 7, 10, or 15+ year lives
- Presence of 2030 CPAS targets has clearly affected past/current plans

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# Lots of Unknowns in Setting 2031-2035 CPAS Goals

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- Magnitude of expiring savings that need offsetting
  - Known only for 2012-2021 years
  - Can estimate for 2022-2025 plans, but plans can/do change
  - No plans available for 2026-2030
  - TRM/evaluation can change things
- Emergence of new technology and/or new program design approaches
  - 10 years ago no one forecast anything close to current levels of LED savings
- Impacts of other parts of CEJA bill
  - Electrification resources & load changes
  - Ability to bundle EE w/PV, DR, other initiatives

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# ICC Obligation & Procedural Options

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- ICC must set goals by Dec. 31, 2021
- Default increases ICC can adopt without evidentiary proceeding
  - 0.9% annual increase for ComEd
  - 0.6% annual increase for Ameren
- Can set different values through a hearing process

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# Statutory Direction on Setting Goals thru ICC Proceeding

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- Must be based on “maximum amount...cost-effectively achievable”
  - Spending caps are not referenced or relevant
- Different std, burden of proof depending on alternative levels picked
  - “best estimate” if  $\geq 0.5\%$  for ComEd,  $\geq 0.4\%$  for Ameren
    - Akin to 50/50 forecast (50% probability answer is higher; 50% that is is lower)
  - “clear and convincing evidence” if anything lower than that
    - Maybe more akin to 95/5 level of confidence

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## Note the Only “Bite at the Apple” on Savings Goals

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- Setting of 2031-2035 CPAS Goals is only 1<sup>st</sup> step
- Utilities can ask for modified goals in 2029 for 2030-2033 plans
  - This happens only a year ahead, so much more info
  - This is when spending caps become relevant
  - Some downside to utilities with modified goals, but not huge
    - Still shareholder incentives for exceeding modified goals, just smaller
    - No R&D, but much of what we call R&D can become part of program budgets
- Important to note that goals can only go down at time of plan filing
  - No mechanism for increasing CPAS goals at time of plan filing
  - Rationale for erring on high side of what is possible when setting CPAS now

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# Issues to Consider in Setting Goals (1)

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- Expiring savings
  - What we know now about what is coming...
  - ...but also what options utilities have for reducing expiring savings starting in 2022
- New measures and program ideas
  - Cannot base CPAS for 11-15 years into the future based only on measures and program approaches we know about now
- Electrification
  - New savings opportunity
  - All long-lived measures
    - Not just important option for 2030s...
    - ...but to modify 2022-2025 plans to reduce expiring savings in 2030s
  - Potential for budgetary support outside of EE (while counting towards EE)

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## Issues to Consider in Setting Goals (2)

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- Large customers
  - Tend to provide substantial savings opportunity at low cost if not opted out
- Voltage optimization
  - Ability to extend measure life beyond 15 years
    - reduce expiring savings in 2033-2035
  - Ability to do more VO (also outside EE budget)
- Increase in amount of gas savings that can be counted



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## Other Issues

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- Interested in ComEd proposal to set CPAS now but potentially revised later
  - But “devil in the details”
  - Suggest conversation with non-financially interested parties
- Potential study required for goal setting
  - Should be statewide and managed by ICC with input from all interested parties, including utilities

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