Ameren Response to Nicor Electrification Policies

Electrification Energy Consumption Reduction

Section 8-103B(b-27) requires electric utilities to

Limit installation of measures to those that reduce total energy consumption at the premises and

Prior to installing an electrification measure, provide the customer with an estimate of the impact of the new measure on the customers average monthly electric bill and total annual energy expenses.

There are very few cases (most being unrealistic), in which electrification measures will not reduce energy consumption. Having evaluators verify energy consumption, after the measure is installed, only adds ambiguity and administrative burden to program delivery. Requiring annual evaluation include verification of program delivery elements beyond its traditional evaluation is inconsistent with other areas of the program. For example, Section 8-103B also requires:

*The ratio of spending on efficiency programs targeted at low-income multifamily buildings to spending on efficiency programs targeted at low-income single-family buildings shall be* *designed to achieve levels of savings from each building type that are approximately proportional to the magnitude of cost-effective lifetime savings potential in each building type*

In the case of the statutory proportional savings achievement, no policy exists that requires program administrators to verify compliance with the statute. Evaluator support of the portfolio should focus on verification of savings achievement and research to inform the portfolio design and delivery effectiveness. The independent evaluator should not be relied upon as an auditor who checks compliance with statutory limitations.

Further, as part of its role in verification of savings achievement, the evaluator will review electrification projects implemented by Ameren to ensure savings were calculated in accordance with the Technical Reference Manual and within limitations on electrification savings contribution to the portfolio.

Electrification Bill Impacts

Ameren Illinois developed a bill impacts tool, with input from stakeholders, that utilizes:

Illinois Technical Reference Manual (IL-TRM)

Customer specific inputs, where available (Usage, size, etc.)

Most recent energy prices

To provide a customer an estimate of:

Energy reduction

Per electrification measure and Total consumption

Electrification measure impact to the customer

Monthly and annual energy expenses

This policy is unnecessary given it restates statutory requirements and overlaps existing EE policy (Section 2: Guiding Principles) requiring prudent management of programs including quality assurance/ control of program delivery. As part of assuring delivery of an accurate bill impacts analysis, Ameren Illinois has been transparent with both stakeholders and other program administrators in sharing its bill impact analysis methodology. Requiring an annual review by independent evaluators utilizes portfolio resources best used on efforts that benefit the portfolio.

This policy overreaches the statutory requirement to provide an estimated impact of the electrification measure on a customer's average monthly electric bill and total annual energy expenses. The statute does not require breaking out heating/cooling costs, nor does it require providing any impacts from non-electrification measures. If policy were to require inclusion of non-electrification impacts, the SAG should also consider policy that requires all non-electrification projects conduct a similar bill impact analysis that provides a customer with impact of both electrification and non-electrification measures.

This policy is too restrictive given differing levels of customer interaction in Ameren's delivery channels and the need to continue assessing the optimal amount of information delivered to customers. Policy must allow a more general approach required to provide bill impacts in a varying delivery model and not overly prescribe programmatic design.

In Summary, Ameren Illinois is willing to accept the following pieces of Nicor's proposal:

1. Section 8-103B(b-27) requires electric utilities:
   1. Offer and promote measures that electrify end uses provided that the electrification measures reduce total energy consumption at the premises
   2. Limit electrification savings counted towards each year’s applicable annual total savings goal to no more than:
      1. 5% per year for each year from 2022 through 2025;
      2. 10% per year for each year from 2026 through 2029; and
      3. 15% per year for 2030 and all subsequent years.
   3. Ensure that electrification savings counted towards each year’s applicable annual total savings goal include a minimum of 25% from customers in low-income housing.
   4. Prior to installing an electrification measure, the utility shall provide a customer with an estimate of the impact of the new measure on the customer's average monthly electric bill and total annual energy expenses.

In complying with these requirements, electric utilities shall provide transparent and accurate information that allows customers to assess electrification choices.

1. The following procedures shall be implemented to ensure that electric utilities provide customers with bill and energy cost impact estimates that are transparent and accurate:
   1. At least once per year, electric utilities shall share algorithms, models, and assumptions used to calculate bill impacts with members of the IL-SAG.
2. Whenever practicable, utilities shall provide bill and cost impacts that represent equipment specifications, operating conditions, and energy prices specific to the individual customers installing the measures. Utilities may comply with these requirements by providing customers with interactive electronic tools.