



Electrification Energy Consumption Reduction – Nicor Gas Policy Proposal

January 2023 Policy Manual Subcommittee Meeting

1. Section 8-103B(b-27) requires electric utilities to:
 - a. Limit electrification to those installations that reduce total energy consumption at the premises.

What is the rationale for this approach? Wouldn't this limit most electrification especially in homes and buildings where gas is being used for space conditioning and hot water? Demonstrate why this is a reasonable position to take from a decarbonization perspective and also from an affordability perspective. Have you performed an analysis of the impacts of this change on low income or indigent customers? Would it advance customer safety and Nicor's safety and welfare goals and obligations under its franchise?

- b. Limit electrification savings counted towards each year's applicable annual total savings goal to no more than:
 - i. 5% per year for each year from 2022 through 2025;
 - ii. 10% per year for each year from 2026 through 2029; and
 - iii. 15% per year for 2030 and all subsequent years.

Is it not more desirable to incentivize or encourage exceeding these savings goals given the serious arrearages and affordability issues facing most consumers and especially low income consumers in the state? This seems to discourage decarbonization and affordability.

2. Electric utilities shall provide transparent and accurate information that allows the independent Evaluator and, ultimately, the Commission to ensure compliance with these requirements.

All energy providers, whether suppliers of electric or gas service shall provide accurate and transparent information to the independent evaluator, the customer, and the Commission.

3. Electric utilities shall calculate total energy consumption savings specific to the electrified end use and specific to the electrification measure installed.

Electrification Energy Consumption Reduction – Nicor Gas Policy Proposal

- a. Total energy consumption savings shall be limited to the electrified end use, and not include auxiliary savings from other end uses affected by the measure. For example, for heat pump measures, total energy consumption savings shall be calculated only for the heating end use (i.e., the electrified end use), and shall not include any additional savings for the cooling end use. For another example, for heat pump water heater measures, total energy consumption savings shall be calculated only for the water heating end use, and shall not include any additional savings for space heating, cooling, or dehumidification.

Re: total energy consumption savings: this might become difficult to implement and accurately measure and report in practice.

Re: additional savings, is that because gas fuel sources are not used for cooling in most cases?

- b. For broader projects involving multiple measures, total energy consumption savings shall be limited to savings from the electrification measure. For example, for a project involving a heat pump and additional weatherization measures, savings shall be calculated only for heating (i.e., the electrified end use), and only from the heat pump measure (i.e., the electrification measure), and not be combined with additional savings from other measures installed in the broader project. However, when an electrification measure is installed in a broader project where savings from the measures interact, savings shall be allocated to the electrification measure using calculations and protocols defined in the IL-TRM.

Re: broader projects: understood, but same as the above two comments apply here as well.

4. Whenever practicable, electric utilities shall estimate total energy consumption savings specific to the individual customers installing the electrification measures. When necessary, as specified further in Section 5.c., utilities may rely on default parameters for equipment specification and operating conditions that are appropriate to the customers installing the measures.

It may be key in this application to use actual, measured or validated parameters Nathan than default.

5. The following procedures shall be implemented to ensure that the IL-TRM allows for calculations of electrification savings that are transparent and accurate:

Electrification Energy Consumption Reduction – Nicor Gas Policy Proposal

- a. When appropriate, IL-TRM algorithms shall specify savings by end use for measures affecting multiple end uses.

Why not use the same approach for gas measures as well? Wouldn't that more likely set all measures on a level playing field?

- b. The IL-TRM shall specify how savings from projects involving multiple measures shall be allocated to individual measures. This may be specified for individual measure workpapers within the IL-TRM and/or as broader protocols for application across all measures in the TRM.
 - c. When appropriate, the IL-TRM shall provide default assumptions for equipment specification and operating conditions to use in electrification measures.
6. To ensure that electric utilities meet the requirements of Section 8-103B(b-27) in a transparent and accurate manner, in their annual evaluations, the independent Evaluators shall:
 - a. Verify that savings calculated using a TRM algorithm applied calculations consistent with the IL-TRM and input assumptions appropriate for the individual customer installing the electrification measure.
 - b. Provide an independent evaluation of total energy consumptions savings for measures calculated using custom savings approaches.

How will the independent evaluation scope be determined and by whom? We recommend an open and transparent public process with sufficient time and data provided for customer and public oversight and engagement throughout the process.

- c. Identify any installed electrification measures installed that failed to reduce total energy consumption at the premises, along with the incentive payments paid to customers installing those measures.
- d. Eliminate any savings towards applicable annual total savings coming from electrification measures not reducing total energy consumption at the premises.

Again, we would need to understand the rationale for this approach as well as the likely implications for low income customer bills and rates. Any information provided in response to this ask should be evidence-based.



Electrification Energy Consumption Reduction – Nicor Gas Policy Proposal

- e. Limit electrification savings counted towards each year’s applicable annual total savings goal to no more than the annual limits required by Section 8-103B(b-27).