

Illinois Energy Efficiency Stakeholder Advisory Group

2020 SAG Portfolio Planning Process Proposed Energy Efficiency Ideas Template

Due Date: By 5:00 pm (CST) on Monday, April 27, 2020

Purpose: The [SAG Portfolio Planning Process](#) is an opportunity for SAG participants to understand current energy efficiency (EE) portfolios and provide feedback to Illinois utilities (Ameren Illinois, ComEd, Nicor Gas, Peoples Gas & North Shore Gas) as they develop their 2022-2025 EE Plans. The objective of the SAG Portfolio Planning Process is to reach consensus on EE Portfolio Plans prior to utilities filing plans for approval with the Illinois Commerce Commission on or before March 1, 2021.

SAG participants are invited to submit:

1. Feedback on current portfolios, focused on suggested changes for the 2022-2025 EE Plans;
2. Stakeholder ideas/approaches for utility consideration, such as program approaches or new measures that have been successfully implemented in other jurisdictions; and
3. Innovative ideas that could be researched during the next EE Plan cycle by utilities, evaluators, SAG, or another advisory group (IL-TRM Technical Advisory Committee; Income Qualified EE Advisory Committee).

How to Submit an Energy Efficiency Idea:

- SAG participants are encouraged to make a good faith effort to fill out as much information as possible in this template by the due date. Templates submitted after the April 27th deadline may not be considered due to time constraints.
- If you need help filling out the Energy Efficiency Idea Template or researching required information, contact the SAG Facilitator for assistance: Celia Johnson (Celia@CeliaJohnsonConsulting.com).
- Ideas will be reviewed by a small group Review Committee, organized by the SAG Facilitator. The SAG Facilitator may follow-up and request additional information after ideas are submitted.
- SAG participants that submit an idea may be invited to present their idea at the May 12-13 SAG meetings. Utilities will respond to feedback and ideas during the June 16-17 SAG Meetings.
- Please email your idea, with any supplemental materials, to the SAG Facilitator via the email above. Questions may be directed to the SAG Facilitator by email (Celia@CeliaJohnsonConsulting.com) or by phone: (312) 659-6758.

Submitter Contact Information

Name: Amy Jewel

Organization: Elevate Energy

Website: www.elevateenergy.org

Email: Amy.Jewel@ElevateEnergy.org

Phone: 510-343-9787

Energy Efficiency Idea Questions

Please check the boxes below to identify 1) the type of idea; 2) which Illinois utility or utilities will be impacted by the idea; and 3) which EE sector the idea impacts.

Check	Type of Energy Efficiency Idea
<input type="checkbox"/>	New Measure or New Program Idea
<input checked="" type="checkbox"/>	Proposed Program Approach
<input type="checkbox"/>	Innovative Idea

Check	Illinois Utility Impacted by Energy Efficiency Idea
<input type="checkbox"/>	Ameren Illinois
<input type="checkbox"/>	ComEd
<input type="checkbox"/>	Nicor Gas
<input type="checkbox"/>	Peoples Gas & North Shore Gas
<input checked="" type="checkbox"/>	All Illinois Utilities

Check	Energy Efficiency Sector Targeted by Energy Efficiency Idea
<input checked="" type="checkbox"/>	Residential Customers – Single Family (non-income qualified/income eligible)
<input checked="" type="checkbox"/>	Residential Customers – Multifamily (non-income qualified/income eligible)
<input checked="" type="checkbox"/>	Residential Customers – Single Family Income Qualified/Income Eligible
<input checked="" type="checkbox"/>	Residential Customers – Multifamily Income Qualified/Income Eligible
<input checked="" type="checkbox"/>	Small Business Customers (commercial & industrial sector)
<input checked="" type="checkbox"/>	Medium/Large Business Customers (commercial & industrial sector)
<input checked="" type="checkbox"/>	Other (research & development, emerging technologies, market transformation)

Additional Questions

1. **Description of Idea:** Describe the proposed idea, including the purpose of the suggested idea and rationale. Describe whether this is an idea that could be implemented in an existing EE program, or whether the idea involves establishing a new measure or program. Please indicate whether additional research may be required before implementation.

Questions to consider: What issue will this proposed change resolve? Will the proposed change increase participation and result in increased energy savings? Will this reduce costs? Will this increase customer satisfaction? Will this help achieve statutory goals? Will this help increase program penetration?

Conflict of Interest Rule. Most ratepayer-funded energy efficiency programs in Illinois are implemented by firms or organizations known as implementation contractors (ICs). The utilities provide oversight and high-level strategy and management across their entire energy efficiency portfolios, while the ICs are responsible for day-to-day operations and program management, marketing and outreach, incentive processing and payment, and many other tasks, in collaboration with the utility. In some cases, the utilities hire an IC to oversee and manage other ICs that are implementing programs. In these cases, a conflict of interest occurs when the overseeing IC is in direct competition with the implementing IC.

For example, IC #1 is overseeing all of the other ICs that manage residential programs for Utility A, including IC #2. At the same time, IC #1 and IC #2 are in direct competition to manage Utility A's commercial programs. In this situation, a conflict of interest occurs. With this type of conflict of interest, the overseeing IC might withhold information or otherwise hamper the ability of the implementing ICs to be as successful as possible. The overseeing IC might also have impaired objectivity. If the overseeing IC provides advice, the advice may be biased because the overseeing IC's other business interests could be affected by its judgment or advice. The conflict of interest could ultimately cause reduced program participation, and a reduced ability of the utility to reach energy savings and cost effectiveness goals.

This situation is also known as organizational conflict of interest and occurs when a contractor's performance on one contract might compromise its ability to work successfully on another contract. It can also occur when one contract compromises the firm's ability to compete fairly on another contract.

The proposed conflict of interest rule would no longer allow ICs to be hired to oversee other ICs and also compete with other ICs on separate contracts. Rather, ICs that oversee or manage other ICs would only be allowed to perform the overseeing role for any utility in Illinois.

This idea does not require any new programs. Some additional research may be needed to determine when exactly the rule is triggered, other details of the rule, and how to ensure the rule is enforced. There are similar conflict of interest rules in place for firms that complete program evaluation versus program implementation, so those rules could be used as a model.

2. **Implementation:** How will this idea be delivered to the target market? Describe marketing strategies used to reach the target market and minimize market confusion.

This idea would not require any marketing to utility customers, but rather would be an administrative change related which firms or organizations are hired to perform various tasks related to energy efficiency program management and implementation.

3. **Background:** Describe where the idea originated from, including whether this idea has been successfully implemented in other jurisdictions. Provide specific background information that will help utilities and SAG participants understand the proposed idea.

Questions to consider: In what jurisdiction has this idea been successfully implemented? Do you have information on eligible customers, participation achieved, and/or savings achieved? Do you have access to reports describing the successful idea / program approach?

Research into utility energy efficiency program administration has not considered this issue of a conflict of interest but has rather looked at differing types of organizations and oversight structures.¹ To our knowledge, this exact idea has not been implemented in other jurisdictions, although similar conflict of interest rules are in place in other fields. For example, many government agencies have procurement rules in place to avoid this type of conflict of interest.

4. **Idea Impact:** Provide additional information on the customer segment that will be targeted with the program idea, including how and why this idea will have a positive impact on customers participating in Illinois EE programs.

Questions to consider: What level of impact will this idea have on current EE programs? How much additional market share do you estimate this change will impact?

This idea applies to overall program oversight and administration and is not applicable to any single customer segment. Generally, by reducing the conflict of interest, this idea has the potential to improve program savings and cost effectiveness.

5. **Duration:** Is this idea intended to be offered for the duration of the 4-year EE Plan or as a pilot measure or program?

This idea would be best offered for the duration of the 4-year EE Plan and beyond.

6. **Estimated Budget:** Provide the total estimated budget for each program year (2022 – 2025).

The estimated budget impact is neutral. If this rule is implemented, some ICs might determine that they no longer wish to oversee other ICs since they also provide program implementation services. In this situation, the number of ICs that provide oversight services might decline. In some cases, the utility may need to increase staffing to oversee ICs, rather than hiring other ICs to do so. The increased staffing costs would be offset by eliminating the costs of the overseeing ICs' services.

7. **Estimated Participation:** Provide participation totals for each program year (i.e. number of measures installed, number of customer participants, etc.)

This idea is not tied to any specific programs or participation goals.

Sources

If any sources will be useful to Illinois utilities in reviewing ideas, please either provide links within this template or send attachment(s) to the SAG Facilitator with the Energy Efficiency Idea submittal.

¹ One example of such research is the paper "Who Should Deliver Ratepayer-Funded Energy Efficiency? A 2011 Update," by Richard Sedano. Weblink:

https://www4.eere.energy.gov/seeaction/system/files/documents/rap_sedano_whoshoulddeliverratepayerfundedee_2011_11_15.pdf