**Illinois EE Stakeholder Advisory Group**

**Fuel Conversion Working Group**

**Policy Questions – Request for Responses (6/25/2021)**

ICC Staff Responses (7/8/21)

AG Responses (7/9/21)

**Instructions for Responding to Policy Questions:**

* Interested parties are requested to respond to policy questions no later than **Friday, July 9 –** send responses to Celia@CeliaJohnsonConsulting.com.
* Please provide responses **within this Word document.**
* The SAG Facilitator will organize responses to questions and circulate in advance of Meeting #6, scheduled on Thursday, July 15.

**Policy Questions for Discussion During July 15 Meeting**

* 1. Are savings constrained by the 10% limit in (b)25? The third paragraph of Section 8-103B(b-25) caps the amount of “other fuel savings” that can be converted to electricity savings to count toward the electric utility’s applicable annual incremental goal to no more than 10% of such goal. Section 8-103B(b-25) does not address savings from “fuel switching” measures (e.g., ASHP, GSHP), which often results in onsite impacts of increased electric consumption (i.e., negative kWh savings) and gas savings (i.e., does not result in saving both electric and gas as required under the second paragraph of (b-25)).

The AG agrees. To clarify, electric utilities cannot claim fuel conversion savings in electric utility-only programs without those measures saving both kWh and other fuels.

* + 1. Should discussion of this issue be paused due to pending energy bill? *Note: “Pausing” means keeping as a source calculation (current IL-TRM).* No objection to keeping a source calculation for electric measures.

AG: The pending energy bill does not change the terms of the gas EE statute (8-104), and we accept the need for dialogue on key issues (e.g., whether gas utilities can claim kWh equivalent savings).

* 1. Should eligibility be constrained to measures that provide customers monetary savings (either bill savings or total lifecycle cost savings)? This does not appear to be a requirement in the statute but everyone could agree that this proposed constraint is a good policy to implement. One question is whether it would be practical to perform this screening on an individual customer basis or whether for midstream programs averages could be used to screen measures before the start of program year.

The AG maintains that measures that create efficiencies should result in gas or electric energy savings (as required by the statute) and ultimately result in bill savings due to reduced usage.

* 1. Can the gas utilities claim kWh equivalent savings? In general, gas utilities cannot claim electric savings from electric saving measures (or dual fuel saving measures) and convert those kWh savings to therm savings. In fact, Section 8-104 does not contain a gas provision similar to Section 8-103B(b-25) related to converting other fuel savings and counting against savings goals. That being said, Section 8-104(b) states that "Energy efficiency" also includes measures that reduce the total Btus of electricity and natural gas needed to meet the end use or uses. This definition in the gas EE statute has been interpreted to mean that fuel switching measures qualify as efficiency measures under the gas statute. For fuel switching measures, gas utilities can claim Btu savings and would have to convert the Btu savings to therm savings to count against their therm savings goals.

AG: Section 8-104(b) allows gas utilities to claim savings from measures that reduce the energy required to achieve a given end use and measures that reduce the total Btus of electricity and natural gas needed to meet the end use or uses. 8-104(b). Such measures necessarily require some type of fuel conversion formula when the reduction of energy is from a source other than natural gas. The inputs of the formula also depend on how “energy” is defined in the former instance. However, it seems to be an open question whether all of the savings from a gas EE measure that reduces the amount of total energy or Btus needed for a given end use should be counted. It would seem illogical not to consider, count, and credit the respective energy savings from the measure. This would not be inconsistent with the explicit language in 8-104, the governing provision. This being said, the language and spirit of 8-103B and 8-104 appear to be concerned with load and carbon reduction, not replacing one fuel with another.

* 1. Evaluation consideration: If SAG decides that gas conversion is allowed for fuel switching measures, can the same be allowed for other measures that have both fuel components? No.

AG: No comment because we do not fully understand the question.

* 1. If proposed legislation that adopts a site conversion for fuel switching in the electric EE statute is passed, should CHP also be calculated at site for consistency? *Note: Question raised by ICC Staff after 6/21 meeting.* Nothing in the statute requires CHP to be calculated at site for consistency; and in fact, CHP has been calculated in a manner different than all other efficiency measures since it was first added to the IL-TRM. Note that Staff cannot predict what might be in any final legislation.

The AG agrees. Nothing in the statute requires CHP savings to be calculated at the site and it is not inconsistent with the purposes of the EE statute to use different savings calculations for different efficiency measures. Site or source calculations should be used to fully recognize the savings (and costs) the measure provides.