



ComEd[®]
Energy Efficiency Program

EE Statute Workshop #1 ComEd Presentation

Sept 27, 2021

Agenda

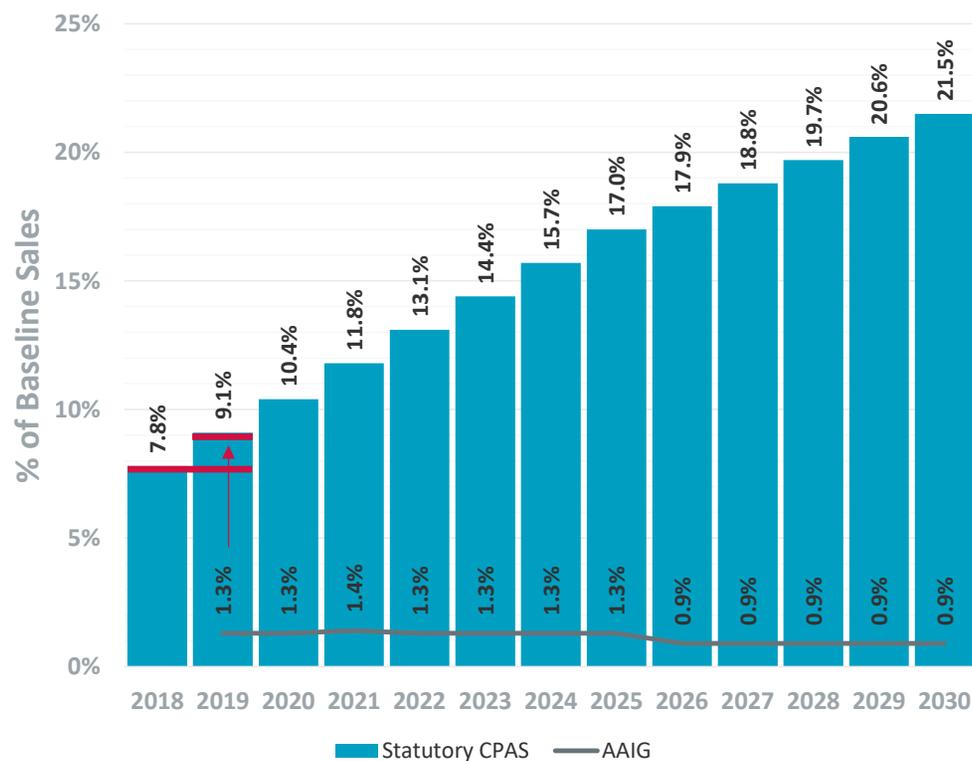
- » What does the law require?
- » How do CPAS & AAIG work?
- » What is ComEd's portfolio trajectory?
- » What are the challenges with setting goals now?
- » What are ComEd's conclusions?

What Does the Law Require?

- » ICC must establish goals for 2031-2035
- » Best estimate of **maximum cost-effectively achievable** savings
 - **0.9 percentage points per year** absent Commission proceeding
 - **No less than 0.5 percentage points per year** without **clear and convincing evidence** through **independent analysis**
 - Informed by **energy efficiency potential study**
 - In accordance with procedures in subsection (f)

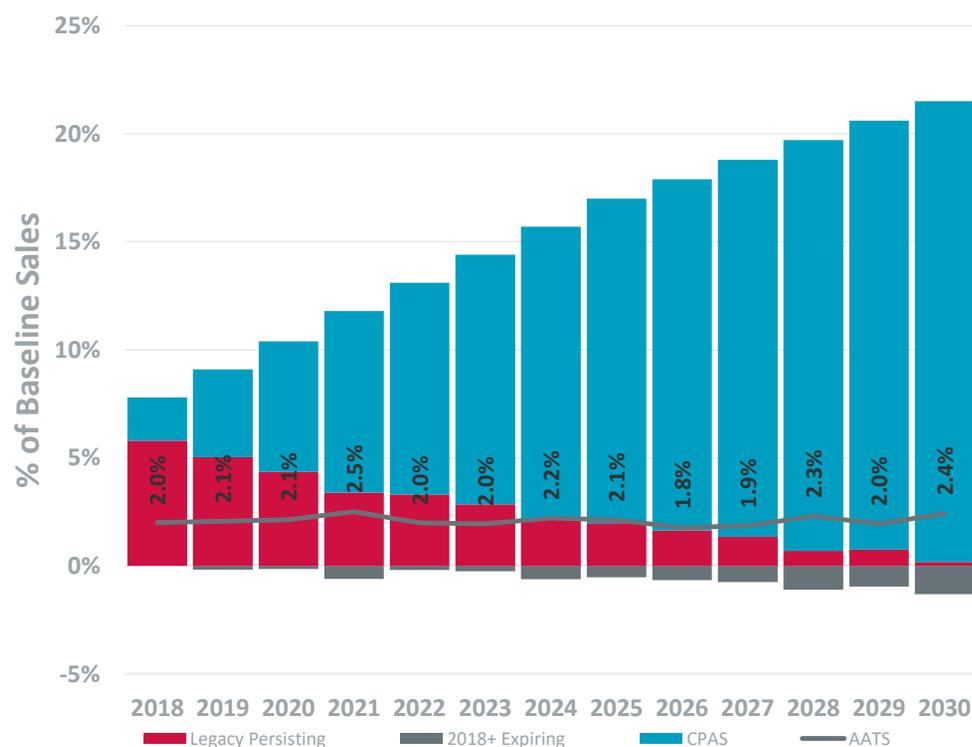
How Do CPAS and AAIG Work?

- » 8-103B sets CPAS targets that track cumulative persisting savings through 2030
- » AAIG is the difference between CPAS goals year-to-year
- » AAIG is similar to first year savings in the early years, before expiring savings come into play
 - AAIG ranges from 1.3% to 0.9%
 - Other jurisdictions have higher first year savings goals



How Do Expiring Savings Impact Goals?

- » Utility goals are actually set in AATS:
AAIG + Expiring Savings
- » Legacy savings from pre-2018 drop off at 0.2% to 0.6% per year
- » Post-2018 portfolios create more expiring savings that need to be made up
- » AATS grows from 2% to 2.4% of sales by 2030
 - Significantly higher than AAIG
 - Higher than other jurisdictions' trends



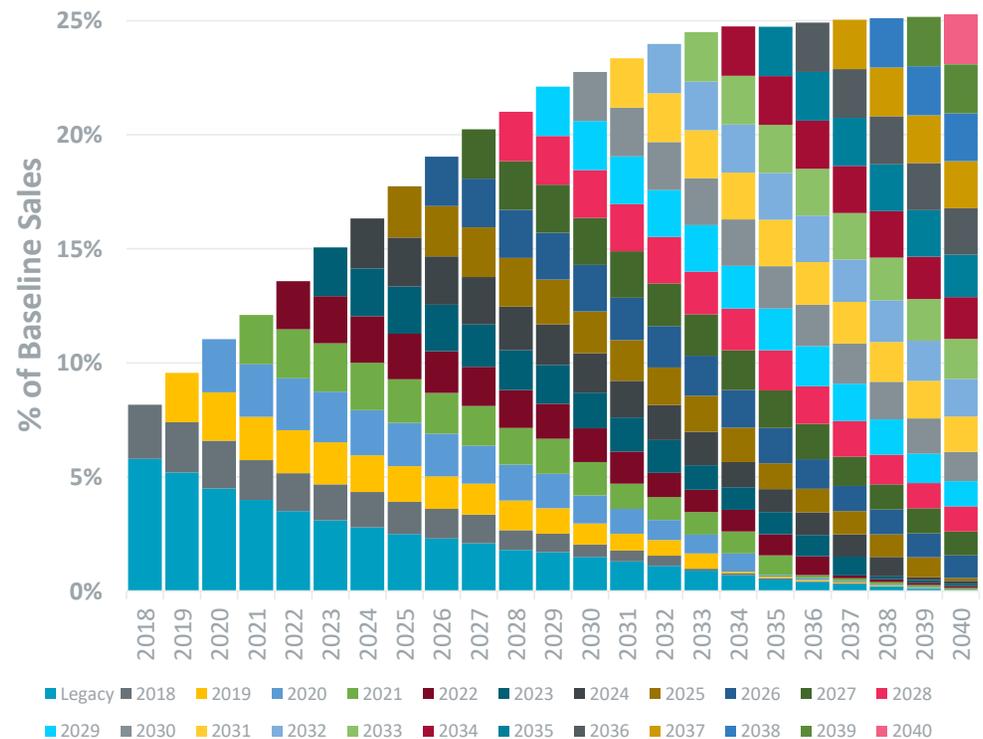
Expiring Savings Accelerate After 2030

» Around one-third of portfolio savings expire in year 15 (because 15-year measure lives are most frequent)

- In 2033 for 2018 portfolio
- In 2034 for 2019 portfolio
- Etc.

» If ComEd continues to repeat 2025 savings through 2040, eventually:

- Expiring savings from all previous years match new savings
- Cumulative savings level off
- Achievement of AAIG decreases to zero
- AATS continues at ~2.2% per year
- AAIG is no longer “similar to first-year savings”



Can ComEd Expand the Portfolio to Offset the Expiring Savings?

» Expansion opportunities...

- Building electrification
- >10MW customers
- Additional converted therm savings

» ...are more than offset by lighting decline

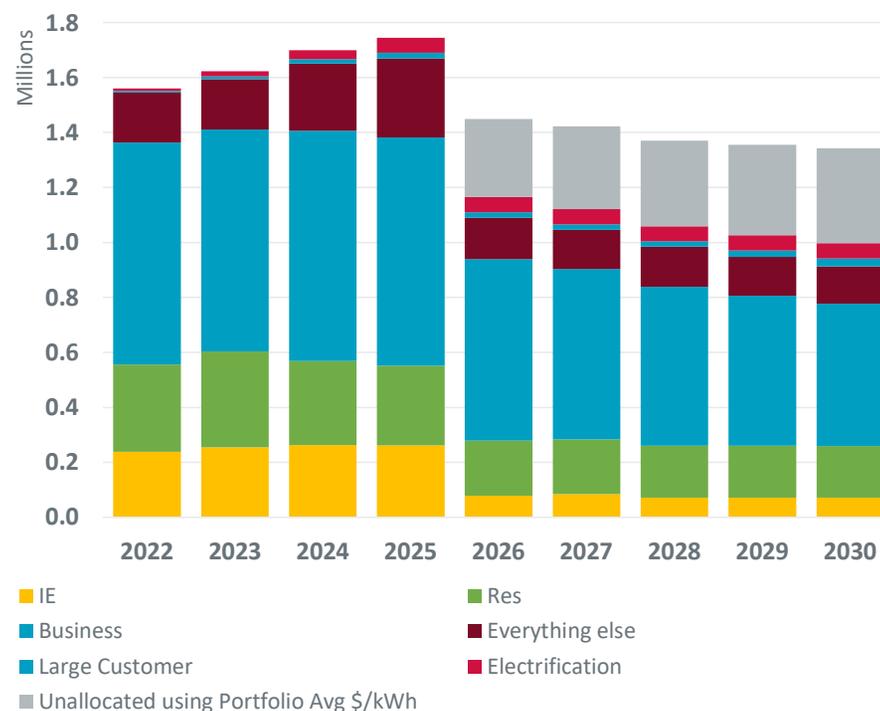
- Residential lighting
- IE lighting
- Business lighting

» Overall, first-year savings are expected to decline, even if expiring savings were not a challenge

- Consistent with declining goals set in other jurisdictions (CA, MA, CT)

» Innovation from R&D will help mitigate, but will not bridge the significant gap

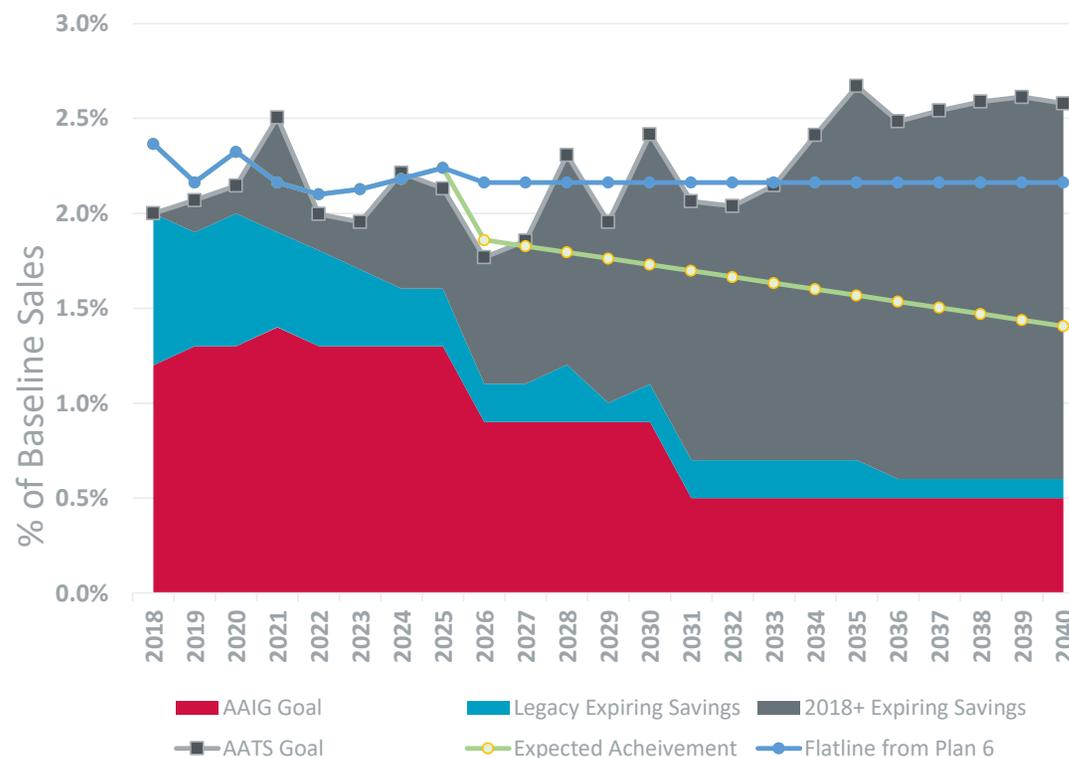
Net Annual MWh, Including Converted Therms



What Do Expiring Savings and Declining Savings Opportunities Mean for CPAS & AAIG Achievement?

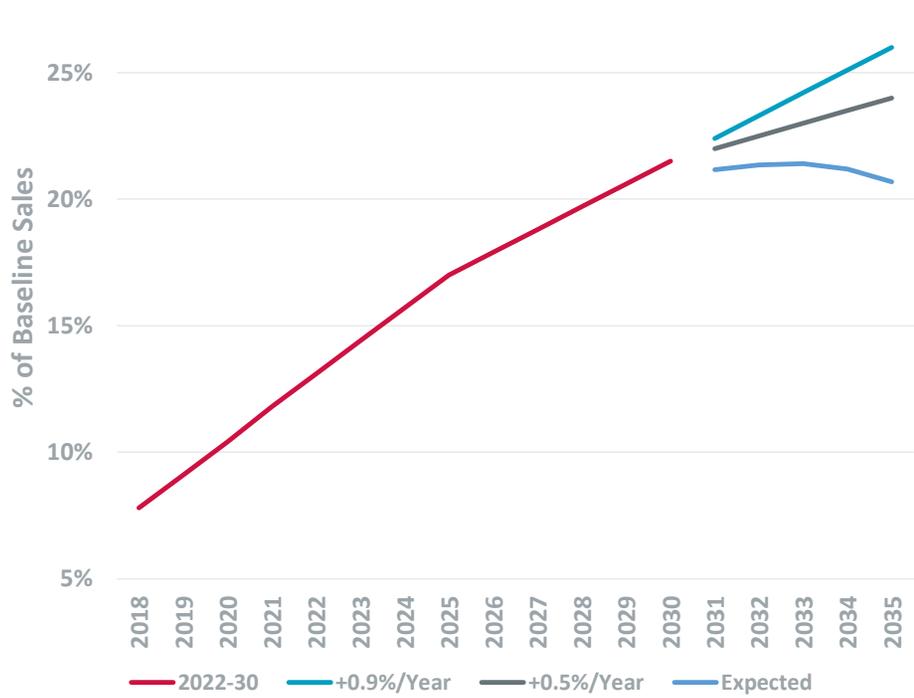
With 0.5% CPAS increase after 2025:

- » AATS rises to 2.5%-2.7%
- » Extending 2025 portfolio achieves ~2.2%, with expiring savings
- » Expected changes from 2025 portfolio declines to ~1.4%
 - Lighting
 - Electrification
 - Therm savings
 - >10MW customers

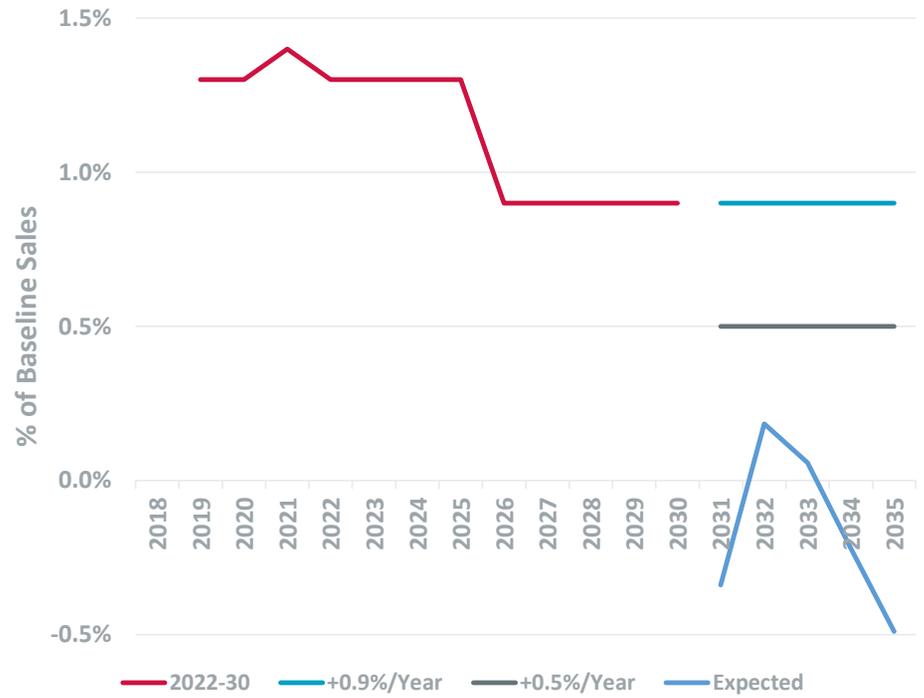


What Do Expiring Savings and Declining Savings Opportunities Mean for CPAS & AAIG Achievement (cont.)?

CPAS



AAIG



Challenges in Setting 2031-2035 Goals

- » Understanding all parties' general desire to emphasize long-life savings, establishing goals 10 years in advance is extremely challenging (and typically not done in other States)
- » Our modeling strongly supports the general trend of achievement below 0.5%, but it is difficult to propose a specific alternative goal at this stage
- » ComEd is not aware of a potential study that goes beyond 2030 or other independent analysis addressing savings post-2030
- » Markets and rules that impact savings could change significantly in the next 10 years

	# Years before Plan Starts that Goals Are Set	Plan Cycle	Have Goals Fallen in Recent Plans? By How Much?
Illinois	10 years	4 years	No
MA	1 year	3 years	Yes, drop of ~half
California	1-2 years	4 years	Yes - drop of ~1/3
Northwest	1 year	5-6 years	Yes - drop of ~1/3
Michigan	1 year	4 years	No - increase

Conclusions

- » ComEd's current modeling clearly shows that performance in 2031-2035 will fall below 0.5%, due to expiring savings and declining first-year savings opportunities
- » ComEd wants to work collaboratively with stakeholders to find ways to increase forecasted savings
- » Acknowledging that the new law raises the issue of 2031-2035 goals now, ComEd proposes an agreement with stakeholders, to revisit the establishment of goals in a later process, ahead of the 2030-2033 Plan filing, when more current and robust data and analysis is available, including the contemplated potential study, and adequate time is allowed to thoroughly discuss