

Introduction to May 3 Policy Manual Meeting + Policy Background

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May 3, 2023 Meeting

Policy Manual Subcommittee: May 3 Meeting

- ▶ **Monthly Subcommittee meetings** include deeper discussion of proposed policies, and edits to draft policy language
 - ▶ Presenters asked to share the following:
 - Why the proposal is needed / background
 - Proposed policy language
 - Proposed effective date
 - ▶ Follow-up may be scheduled at a future meeting
 - ▶ Policy Manual Small Groups will be established on an as-needed basis

Policy Manual Process Reminder

Why does Illinois have an EE Policy Manual?

- ▶ Creating an “energy efficiency Policy Manual” was a directive to SAG from the Commission in 2014
- ▶ Policy Manual Background
 - ❖ The Policy Manual “**provides guiding principles for procurement, oversight, evaluation and operation of the electric and gas Energy Efficiency Programs** authorized under Sections 8-103B and 8-104 of the Illinois Public Utilities Act. The principles and policies articulated in the Policy Manual were derived from Commission orders, policies and procedures developed by the SAG, as well as best practices from state Energy Efficiency Programs delivered throughout the nation.” *See Policy Manual Section 2.1, Background*
- ▶ Policy Manual Goals
 - ❖ “**Achieve consistent policies** for utility ratepayer funded Energy Efficiency Programs;
 - ❖ **Reduce litigation** before the Commission;
 - ❖ **Reduce Program Administrator risk for disallowance**;
 - ❖ **Provide clarity and certainty** for Program Administrators and other parties; and
 - ❖ Create a policy framework that **supports the delivery of Cost-Effective Energy Efficiency Portfolios**, pursuant to Section 8-103B and 8-104.” *See Policy Manual Section 2.2, Goals*

SAG Guiding Principles

- ▶ **Reminder:** SAG is a forum that allows parties to express different opinions, better understand the opinions of others, and foster collaboration and consensus

- ▶ The following guiding principles from the SAG Process Guidance document are intended to support collaborative discussion in SAG processes:
 1. Build trust and collaboration
 2. Educate and inform
 3. Offer constructive approaches and solutions
 4. Focus on the merits
 5. Ensure all interests are represented
 6. Participate in consensus discussions in good faith

Process Reminder

- ▶ **The Policy Manual update process kicked off in June 2022, when policy proposals were due**
 - ❖ This is an opportunity to collaborate on EE policy development
 - ❖ One of SAG’s “Guiding Principles” is to participate in consensus discussions in good faith
 - ❖ Compromise will be needed from all participants

- ▶ **Timing Reminder**
 - ❖ Progress is needed in order to finalize the Policy Manual for filing this summer
 - ❖ There are several other SAG activities that will not take place until the Policy Manual is finalized:
 - Discussing metrics related to the IQ reporting principle policies (finalize by end of 2023)
 - Discussing GHG savings questions (finalize by end of 2023, or identify non-consensus issues)
 - Develop + finalize plan for 2024 SAG Portfolio Planning Process

Process Reminder

- ▶ **Final Draft Policies:** As policies reach “final draft” form, they are posted on the [Policy Manual Subcommittee webpage](#) - policies highlighted in yellow in the Policy Tracker are considered “final draft”
- ▶ **Policy Tracker:** Updated and circulated after each Subcommittee meeting
- ▶ **Planning Summary:** Updated and circulated as needed, to summarize upcoming meetings
- ▶ **Effective Date:** Throughout the Policy Manual update process, participants have proposed a variety of effective dates for policies
 - ❖ In the Policy Manual Version 2 process, there were two effective dates: January 1, 2020 and January 1, 2022 (the start of the next EE Plan)
 - ❖ Effective Date Options for the Version 3 process ->
 - January 1, 2024
 - January 1, 2026 (the start of the next EE Plan)
 - Other?
 - ❖ Before the Policy Manual is submitted to the ICC for approval, the final effective date for each new policy needs to be confirmed

Coordination with IQ EE Committee

Wed. May 10 SAG Equity Subcommittee Meeting (Joint with IQ North and IQ South EE Committees)

▶ Meeting purpose:

- ❖ To introduce IQ-related policies, provide background and take clarifying questions
- ❖ The Policy Manual participant who originally proposed the IQ-related policy will present
- ❖ Request for written feedback

▶ This meeting **will be rescheduled**

- ❖ Additional time is needed to make progress on IQ policies before they are presented for feedback to the IQ Committees
- ❖ The **Policy Manual Subcommittee meeting will use May 10th to follow-up on IQ policies**, including:
 - NTG for Disadvantaged Areas Policy
 - Equity and Affordability Reporting Principles Policy
 - Diverse Contracting Reporting Metrics Policy

Upcoming Meetings

May Meetings

▶ **Policy Manual Subcommittee Meeting: Wed. May 10 (9:00 am - 12:00 pm)**

- ❖ Follow-up on open IQ policies:
 - NTG for Disadvantaged Areas Policy (Ameren Illinois proposal)
 - Equity and Affordability Reporting Principles Policy (Joint stakeholders' proposal)
 - Diverse Contracting Reporting Metrics Policy (NCLC proposal)

▶ **Policy Manual Subcommittee Meeting: Wed. May 31 (9:30 am - 12:30 pm)**

- ❖ SAG Facilitator introduces administrative edits to Policy Manual - comments due by Wed. June 14
- ❖ Allowing Renewable Measures Under EE Programs (Guidehouse proposal)
- ❖ Prohibited Expenses (ICC Staff proposal)
- ❖ Nicor Gas proposal follow-up -> high level electrification policy on bill impacts and savings
- ❖ Follow-up on Leveraging Co-Funding (ComEd proposal)

June Meetings

- ▶ **SAG Equity Subcommittee / Joint IQ North and IQ South EE Committee Meeting**
 - ❖ ****NEW PROPOSED DATE** Wednesday, June 7 (9:30 am - 12:30 pm)**
 - ❖ Introduce IQ policies that will be included in Policy Manual
 - ❖ Opportunity for written feedback after the meeting - due by Wed. June 21

- ▶ **Policy Manual Subcommittee Meeting: Wed. June 21 (9:30 am - 12:30 pm)**
 - ❖ Follow-up from prior meetings
 - ❖ Follow-up on administrative edit comments received, if needed
 - ❖ Discuss process next steps, including whether a non-consensus comparison exhibit will be filed

- ▶ **Policy Manual Subcommittee Meeting: Wed. June 28 (9:30 am - 12:30 pm) **NEW PROPOSED DATE****
 - ❖ Discuss comments received from IQ Committee
 - ❖ Confirm final effective dates
 - ❖ Goal is for this to be a PENCILS DOWN meeting - final Policy Manual discussion

Additional Open Items

▶ **CPAS Goal Setting:**

- ▶ This is a ComEd policy proposal
- ▶ Small Group Meeting Scheduled on Monday, May 8, to discuss stakeholder edits

▶ **Policy Manual Section 8 Edits:**

- ▶ A small group proposed edits to Policy Manual Section 8, to reflect “costs as costs and benefits as benefits”
- ▶ Edits were circulated to the Subcommittee for review, with comments due Feb. 8th
- ▶ Blacks in Green and Peoples Gas/North Shore Gas submitted comments; the Small Group is working to incorporate minor edits
- ▶ An updated redline with minor edits will be circulated to the Subcommittee for review/comment (timing TBD)

Steps to Finalize the Policy Manual

Steps to Finalize the Policy Manual

▶ **June: Conclude policy discussions**

- ❖ Discuss follow-up on any remaining open items by end of June
- ❖ Discuss whether any policy issues remain non-consensus, and whether a non-consensus comparison exhibit will be filed when the Policy Manual is submitted to the ICC for approval
- ❖ As policies reach “final draft” form, they are posted on the [Policy Manual Subcommittee webpage](#) - policies highlighted in yellow in the Policy Tracker are considered “final draft”
- ❖ SAG Facilitator will incorporate redline edits for all “final draft” policies, to share with Writing Committee

▶ **July: Writing Committee / Attorney Review Meetings**

- ❖ The purpose of convening a Policy Manual Writing Committee after policies are finalized, before filing the Policy Manual with the ICC, is to ensure final policy language has a consistent voice, “look and feel”, and content, avoiding substantive edits
- ❖ Writing Committee is open to non-financially interested attorney participants and ICC Staff
- ❖ Final Policy Manual circulated to Subcommittee for “errors only” review

▶ **August: File Policy Manual with ICC**

May 3 Policy Topics

SAG Facilitator Recommendation

- ▶ Three policies discussed at the April 19 Policy Manual Subcommittee meeting should be moved outside of the current Policy Manual process, for review by the IQ North and IQ South EE Committees in the future:
 1. Income Qualified Program Principles Policy
 - [See Income Qualified Program Principles Policy – LIEEAC Collaboration and Partnering](#)
 - **Question for discussion:** Is everyone comfortable moving this outside the Policy Manual process, if the IQ North and IQ South EE Committees want to develop it further?
 2. Organizing IQ Policies in Policy Manual (creation of a new section describing IQ policies)
 - [See Organizing IQ Policies in Policy Manual](#) (SAG Facilitator Track Changes Edits – starting on page 52)
 - **Questions for discussion:**
 - Is everyone comfortable moving this outside the Policy Manual process, if the IQ North and IQ South EE Committees want to develop it further?
 - Should a simple cross-reference section be created to list IQ policies in one place?
 3. Creation of a [new IQ Committee process section](#) of the Policy Manual (Joint Stakeholder Proposal)
 - [See New Income Qualified Accountability Committee Section \(Joint Stakeholders*\)](#)
 - **Question for discussion:** Is everyone comfortable moving this outside the Policy Manual process, if the IQ North and IQ South EE Committees want to develop it further?

Background on Single Family IQ Eligibility Verification Guidelines

- ▶ This is an Ameren Illinois policy proposal on single family IQ eligibility verification guidelines
 - ❖ The Policy Manual already includes eligibility verification guidelines for multi-family
 - ❖ In Sept., Ameren requested interim resolution of this policy, to help address customer eligibility verification challenges in their single family IQ EE programs
 - ❖ A Policy Manual Small Group meeting was held in October to discuss edits
 - ❖ At the October Policy Manual meeting, participants reached consensus on an interim policy resolution, with the understanding there would be further refinement of policy language, including identifying additional single family IQ eligibility pathways
 - ❖ The [interim policy resolution](#) is posted on the [Policy page](#) of the SAG website
- ▶ Additional edits were discussed at the Dec. and April Policy Manual meetings
- ▶ Today's Meeting:
 - ❖ Ameren will describe one additional edit

Background on Heating Penalty Policies

- ▶ Proposal by Opinion Dynamics
- ▶ Three policies related to heating penalties - these policies describe how evaluators currently address these situations
- ▶ SAG previously discussed these issues in 2020 and 2021, including incorporating proposed edits from interested parties
 - ❖ Visit the [SAG Evaluation Working Group page](#) for information on previous discussions
- ▶ Today's Meeting:
 - ❖ Discuss policy proposal and if possible, reach agreement
 - ❖ Determine if follow-up discussion is needed

Background on Negative Savings Policies

- ▶ Proposal by Guidehouse
- ▶ Two policies related to negative savings - these policies describe how evaluators currently address these situations
- ▶ SAG previously discussed similar issues in 2020 and 2021, including incorporating proposed edits from interested parties
 - ❖ Visit the [SAG Evaluation Working Group page](#) for information on previous discussions
 - ❖ This Guidehouse proposal is a modified / redline version of what was previously discussed
- ▶ Today's Meeting:
 - ❖ Discuss policy proposal and if possible, reach agreement
 - ❖ Determine if follow-up discussion is needed

Background on Evaluating Savings from Non-Qualified Equipment

- ▶ This is a policy previously discussed in 2019 and resolved by SAG in January 2020
- ▶ Guidehouse will explain the policy's history and resolution
- ▶ Today's Meeting:
 - ❖ Discuss whether this policy should be included in the Policy Manual

Questions?