

# Illinois SAG Ideas Stakeholder Presentations

Market Access Program Design

April 16, 2024



# Agenda

1	Mendota Group Introduction	2 minutes
2	Brief Overview of Idea	5 minutes
3	Rationale and Idea Detail	13 minutes
4	Questions	10 minutes

# Introduction to The Mendota Group, LLC

- MN-based management consulting firm formed in 2006, specializing in utility, government, and tribal distributed energy resource programs.
  - California-certified Diverse Business Enterprise

## Directly Work for Utilities

- DER program, design & implementation
- DER solicitation management
- Net Zero planning & proj. implementation
- Regulatory and legislative support
- Stakeholder process management
- Business line strategy, process improvement, and org. design



## Program Implementer

### **GRID**

Grid Responsive Incentive Design

Market Access Program  
using Population-Based NMEC

# Market Access Program – Brief Overview of Idea

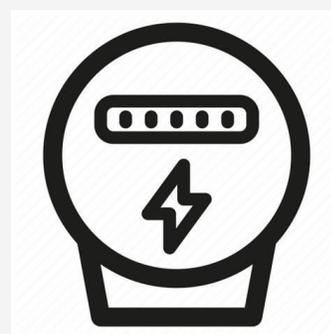
- We propose, as a pilot or full offering, in Ameren, ComEd, Nicor Gas, and/or Peoples Gas and Northshore Gas service territories, a program targeted primarily at commercial customers that is based on a "market access" program design.
- Although the utilities have very robust existing EE portfolios, such an approach can complement existing offerings and expand energy savings opportunities.
- A market access program design leverages the following concepts:



Open to All



Non-Prescriptive



Meter-Based

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
12:00-1:00 a.m.	\$ 0.027	\$ 0.028	\$ 0.026	\$ 0.022	\$ 0.026	\$ 0.028	\$ 0.029	\$ 0.031	\$ 0.030	\$ 0.028	\$ 0.026	\$ 0.027
1:00-2:00 a.m.	\$ 0.027	\$ 0.028	\$ 0.025	\$ 0.019	\$ 0.021	\$ 0.024	\$ 0.026	\$ 0.028	\$ 0.027	\$ 0.026	\$ 0.025	\$ 0.027
2:00-3:00 a.m.	\$ 0.027	\$ 0.027	\$ 0.024	\$ 0.018	\$ 0.022	\$ 0.024	\$ 0.026	\$ 0.027	\$ 0.027	\$ 0.026	\$ 0.025	\$ 0.027
3:00-4:00 a.m.	\$ 0.027	\$ 0.027	\$ 0.025	\$ 0.017	\$ 0.021	\$ 0.024	\$ 0.026	\$ 0.028	\$ 0.027	\$ 0.026	\$ 0.025	\$ 0.027
4:00-5:00 a.m.	\$ 0.027	\$ 0.028	\$ 0.025	\$ 0.018	\$ 0.022	\$ 0.025	\$ 0.026	\$ 0.028	\$ 0.027	\$ 0.026	\$ 0.024	\$ 0.027
5:00-6:00 a.m.	\$ 0.027	\$ 0.028	\$ 0.025	\$ 0.019	\$ 0.024	\$ 0.025	\$ 0.026	\$ 0.028	\$ 0.027	\$ 0.026	\$ 0.025	\$ 0.028
6:00-7:00 a.m.	\$ 0.028	\$ 0.029	\$ 0.026	\$ 0.020	\$ 0.022	\$ 0.025	\$ 0.027	\$ 0.028	\$ 0.027	\$ 0.026	\$ 0.025	\$ 0.028
7:00-8:00 a.m.	\$ 0.029	\$ 0.027	\$ 0.023	\$ 0.015	\$ 0.010	\$ 0.019	\$ 0.023	\$ 0.027	\$ 0.026	\$ 0.027	\$ 0.023	\$ 0.028
8:00-9:00 a.m.	\$ 0.026	\$ 0.019	\$ 0.014	\$ 0.005	\$ 0.006	\$ 0.017	\$ 0.021	\$ 0.025	\$ 0.021	\$ 0.022	\$ 0.022	\$ 0.027
9:00-10:00 a.m.	\$ 0.027	\$ 0.018	\$ 0.011	\$ 0.004	\$ 0.006	\$ 0.017	\$ 0.021	\$ 0.026	\$ 0.021	\$ 0.022	\$ 0.022	\$ 0.027
10:00-11:00 a.m.	\$ 0.026	\$ 0.017	\$ 0.011	\$ 0.004	\$ 0.006	\$ 0.016	\$ 0.021	\$ 0.026	\$ 0.021	\$ 0.022	\$ 0.021	\$ 0.027
11:00-12:00 a.m.	\$ 0.025	\$ 0.016	\$ 0.010	\$ 0.004	\$ 0.006	\$ 0.016	\$ 0.020	\$ 0.026	\$ 0.021	\$ 0.022	\$ 0.021	\$ 0.026
12:00-1:00 p.m.	\$ 0.024	\$ 0.016	\$ 0.010	\$ 0.004	\$ 0.006	\$ 0.015	\$ 0.020	\$ 0.025	\$ 0.020	\$ 0.022	\$ 0.021	\$ 0.026
1:00-2:00 p.m.	\$ 0.024	\$ 0.015	\$ 0.009	\$ 0.003	\$ 0.005	\$ 0.015	\$ 0.019	\$ 0.025	\$ 0.020	\$ 0.021	\$ 0.021	\$ 0.025
2:00-3:00 p.m.	\$ 0.023	\$ 0.015	\$ 0.009	\$ 0.002	\$ 0.005	\$ 0.015	\$ 0.020	\$ 0.063	\$ 0.058	\$ 0.021	\$ 0.021	\$ 0.023
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4:00-5:00 p.m.	\$ 0.030	\$ 0.027	\$ 0.013	\$ 0.002	\$ 0.005	\$ 0.016	\$ 0.022	\$ 0.199	\$ 0.156	\$ 0.149	\$ 0.028	\$ 0.030
5:00-6:00 p.m.	\$ 0.032	\$ 0.031	\$ 0.022	\$ 0.006	\$ 0.008	\$ 0.099	\$ 0.106	\$ 0.397	\$ 0.194	\$ 0.171	\$ 0.029	\$ 0.030
6:00-7:00 p.m.	\$ 0.032	\$ 0.031	\$ 0.031	\$ 0.021	\$ 0.022	\$ 0.119	\$ 0.149	\$ 0.560	\$ 0.527	\$ 0.299	\$ 0.028	\$ 0.031
7:00-8:00 p.m.	\$ 0.031	\$ 0.031	\$ 0.032	\$ 0.021	\$ 0.024	\$ 0.106	\$ 0.259	\$ 0.964	\$ 0.612	\$ 0.215	\$ 0.029	\$ 0.031
8:00-9:00 p.m.	\$ 0.031	\$ 0.031	\$ 0.031	\$ 0.021	\$ 0.025	\$ 0.067	\$ 0.082	\$ 0.454	\$ 0.144	\$ 0.065	\$ 0.029	\$ 0.030
9:00-10:00 p.m.	\$ 0.030	\$ 0.031	\$ 0.030	\$ 0.020	\$ 0.024	\$ 0.054	\$ 0.034	\$ 0.426	\$ 0.093	\$ 0.063	\$ 0.029	\$ 0.030
10:00-11:00 p.m.	\$ 0.028	\$ 0.029	\$ 0.028	\$ 0.020	\$ 0.025	\$ 0.042	\$ 0.033	\$ 0.300	\$ 0.042	\$ 0.039	\$ 0.027	\$ 0.028
11:00-12:00 p.m.	\$ 0.028	\$ 0.029	\$ 0.027	\$ 0.021	\$ 0.026	\$ 0.029	\$ 0.029	\$ 0.030	\$ 0.028	\$ 0.027	\$ 0.027	\$ 0.028

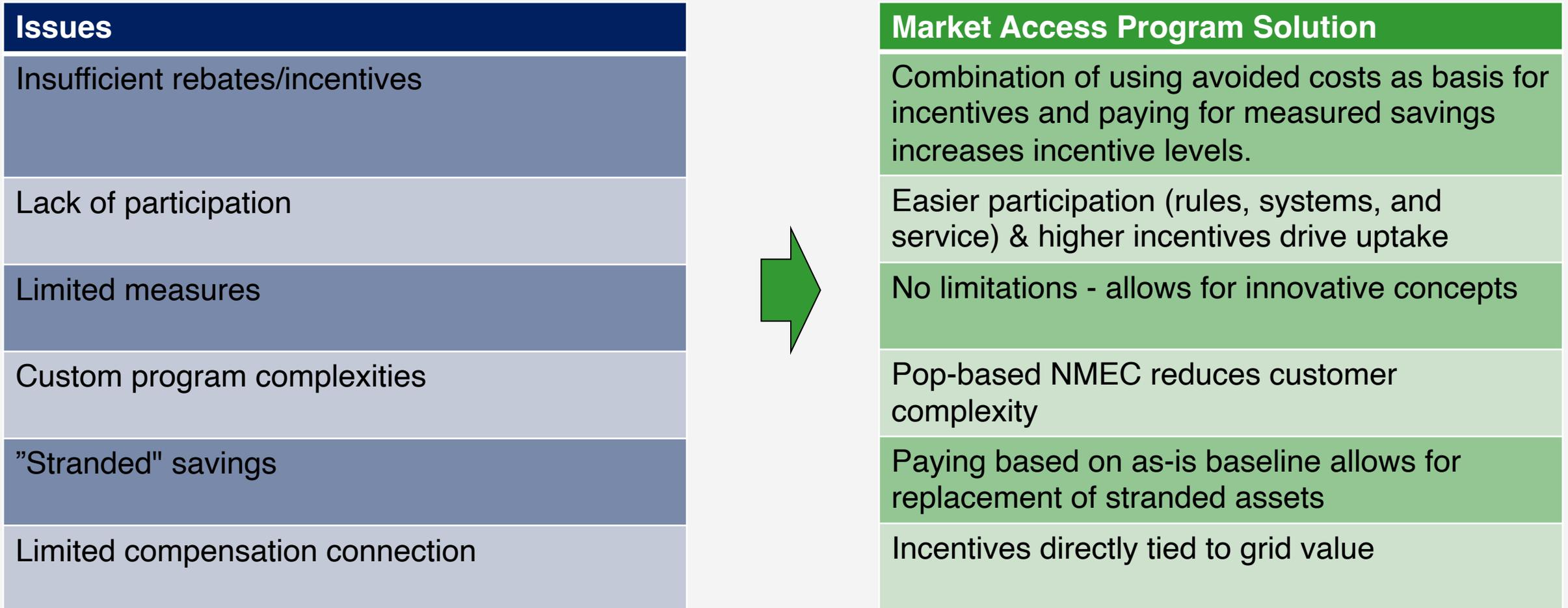
Grid Value-Based Compensation

## Market Access Program – Rationale and Idea Detail

- Rationale → problems that the program design seeks to address:
  - **Insufficient rebates/incentives** to motivate participation in traditional EE programs
    - *ComEd EE Portfolio Overview: “Reminder: Big Picture EE Challenges ... we are looking out at a horizon of annual and cumulative goals that are increasingly difficult to achieve”*
  - **Lack of participation** by trade allies and customers in utility EE programs
  - **Limited measures** in deemed programs
  - **Custom program complexities**
  - **”Stranded” savings** associated with measures beyond useful lives but waiting for burnout
  - **Limited connection** between payments (compensation) and performance (savings)

# Market Access Program – Rationale and Idea Detail

- A market access program addresses each of these issues.



## Market Access Program – Rationale and Idea Detail

- The approach was successfully deployed on a large scale in California in response to the Governor’s July 31, 2021, Emergency Proclamation:
  - “... to reduce the strain on the energy infrastructure, increase energy capacity, and make energy supply more resilient ... to protect the health and safety of Californians”
  - The CPUC ordered SDG&E, SCE, MCE, and PG&E to establish programs based on a market access program design to reduce peak demand (“Summer Reliability Market Access Program”)
- Approximately \$100 million in incentives were reserved over a two-year timeframe ending March 31, 2024
  - The 1-year measurement period is ongoing for many of the projects
- The market was very receptive to California’s Summer Reliability Market Access Programs.
  - The CPUC, in D. 23-06-055, subsequently ordered Program Administrators to use meter-based savings evaluation methods for all new residential and commercial downstream programs launching after 1/1/24, unless the PA justifies why meter-based methods are not feasible.

## Market Access Program – Rationale and Idea Detail

- Population-based NMEC is not the easiest concept to explain to the market and does present some implementation challenges.
  - **Modeled vs. Measured:** Utilities have spent decades teaching market participants that “savings” are not what the meter says, but that they are based on deemed or calculated values. Now we are saying, no, savings are based on amounts measured at the meter.
  - **Measured vs. Metered:** But it’s not the metered value because the metered savings serve as the primary estimate and then adjustments are applied to determine the true measured savings.
  - **Monitoring Period:** Persuading aggregators to participate when they receive incentives over 12 months (rather than at project completion) can be difficult.
  - **Pay for Performance:** Explaining to contractors that their incentives will be based on the site/customer’s performance can also be challenging.

## Market Access Program – Proposal

- One or more IL utilities design and implement a market access program targeted at commercial customers for the 2026-2029 program cycle.
- Payments to aggregators are based on metered savings using population-based NMEC normalized performance.
- Design can incorporate equity considerations, to include a minimum percentage of savings within disadvantaged communities and active involvement of small, diverse contractors and customers who otherwise do not actively participate in utility programs.
  - Although we are not proposing a residential program, a utility market access model program can complement the Inflation Reduction Act Home Efficiency Rebates Program's "measured" savings approach.

# QUESTIONS ?

# MG

# Mendota Group

— The Power of Bright Ideas —



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