

First Tracks Consulting Service, Inc.

Nicor Gas Electrification Policy Proposals

Response to Stakeholder Comments

Presented to: Illinois Energy Efficiency Stakeholder Advisory Group

February 15, 2023

Overview

- Statutory Language
- Overall Comments
- Electrification Bill Impacts Comments and Responses
- Electrification Savings Comments and Responses

Overall Comments

8-103B(b-27) Provisions: Bill Impacts

- Prior to installing *an electrification measure*, the utility shall provide a customer with an estimate of the impact of the new measure on the customer's average monthly electric bill and total annual energy expenses.

Overall Comments

8-103B(b-27) Provisions: Energy Consumption Savings

- ...an electric utility may offer and promote *measures that electrify space heating*, water heating, cooling, drying, cooking, industrial processes, and other building and industrial end uses...*provided that the electrification measures reduce total energy consumption at the premises.*
- In no event shall electrification savings counted toward each year's applicable annual total savings requirement...be greater than:
 - *5% per year for each year from 2022 through 2025;*
 - 10% per year for each year from 2026 through 2029; and
 - 15% per year for 2030 and all subsequent years.
- ...a minimum of *25% of all electrification savings*...must be from electrification of end uses *in low-income housing.*

Overall Comments

➤ ComEd and Ameren:

- Stipulations specified that bill impacts would be discussed with stipulating parties.
- Savings approach already addressed in 8-103B and TRM
- Stipulations approved by the ICC.

Overall Comments

Utility Comments: Actual Text

➤ ComEd Comments

- *Re the bill impacts proposal*, as we shared in discussions, while we understand the overall aim of the proposal, we respectfully do not feel a new policy is necessary. ComEd's Revised Plan 6 Stipulation (attached), approved by the ICC, addressed this issue, including high level principles, and outlines that related detailed discussions will be held with negotiating Parties. We have already had such discussions with the Parties and will continue to do so as necessary.
- Similarly, *re the energy consumption reduction proposal*, we do not believe this warrants a new policy either, as these issues are already addressed in 8-103B and the TRM. Although we don't feel it is needed, if there is group consensus that further discussions are warranted, they should be held through the TRM process.

➤ Ameren Comments

- In its stipulated agreement as part of the 2022 Commission Approved plan, Ameren agreed to discussions with Stakeholders on how such assessments of impacts on customers' bills will be performed.
- In accordance with our commitment, Ameren developed a bill impact analysis tool that was shared with stakeholders for review in 2022. Stakeholder feedback was incorporated and a subsequent review of the updated analysis tool was provided to stakeholders.
- Given this input and agreement on the tool, Ameren doesn't believe further policy development is necessary to address the *statutory requirement to provide a bill impact analysis*.
- *No specific comment on energy consumption reduction.*

Overall Comments

ComEd Stipulation Language

- ComEd will only promote direct installation of *IE electrification measures* in applications for which all measure installations within each home are collectively expected to lower total energy bills. *ComEd and the Parties agree to discuss, with the goal of reaching consensus, how assessments of the way electrification affects customers' total energy bills will be performed under Section 8-103B.* Beginning March 1, 2022, all assessments of electrification impacts on customers' bills shall include:
 - *Current* default retail prices for fossil gas and propane – including both volumetric charges and, whenever applicable, fixed monthly charges.
 - *Current* default retail prices for electricity, using ComEd's (lower) electric heating rate, wherever applicable – including the cost savings of paying all current baseload (lighting, refrigeration, other miscellaneous appliances, etc.) electricity consumption with the lower electric heating rate.
 - Efficiencies of existing (pre-treatment) fossil fuel heating, water heating and other appliances.
 - Efficiencies of electrification measures.
 - *Forecasted impacts of weatherization measures also being installed.*

- In addition, *ComEd agrees to engage with the IL EE Policy Manual SAG subcommittee* early in 2022 *on policies related to electrification*, with a goal to have such policies incorporated into the Policy Manual and submitted to the Commission by December 2022.

Bill Impacts

Nicor Proposal Outline

1. Statutory requirement
2. Transparent and accurate
3. Provide impacts for electrification itself, i.e.:
 - a. By end use
 - b. By measure
4. Compare to efficient gas/nonelectric options
5. Calculation specifics
 - a. Appropriate rates and riders
 - b. Time differentiation
 - c. Etc.
6. Ensure transparency and accuracy
 - a.-e. Document approach/assumptions through TRM process
 - f. Verify approaches/assumptions by evaluator
7. When practicable, represent conditions for specific customers

3a. Provide Impacts by End Use

AG/NCLC	BIG	NRDC	STAFF
<ul style="list-style-type: none"> +Agree it will be useful for customers +Provide totals and end use parts +Don't exclude auxiliary savings 	<ul style="list-style-type: none"> +This is good 	<ul style="list-style-type: none"> +Fundamentally disagree +Total impact is most important +Misleading to tease apart end uses 	
Nicor Response			
<ul style="list-style-type: none"> +Agree about helpful to customers +Agree to total and end use parts +Clean up "auxiliary" language 		<ul style="list-style-type: none"> +Law requires "electrification" bill impacts; heat is being electrified, not cooling +Helpful to customers 	

3b. Provide Impacts by Measure

AG/NCLC	BIG	NRDC	STAFF
<ul style="list-style-type: none"> +Generally agree +Provide totals and “standalone” parts (will sum to more than project total) +Utility decides measure order for interactions 	<ul style="list-style-type: none"> +Should it also include installation cost impacts? +Could be expensive/burdensome 	<ul style="list-style-type: none"> +Not reasonable or practicable +Doesn't apply to non-electrification measures 	
Nicor Response			
<ul style="list-style-type: none"> +Agree to total and measure parts +Need to clarify interactive effects <ul style="list-style-type: none"> --Standalone totals inaccurate and confusing --Building shell should come first for interactions, consistent with building science and TRM --Bill impacts must capture electrification 	<ul style="list-style-type: none"> +Law doesn't require installation costs (but agree would be helpful to customers) +Utilities have measure data already (and show it to customers), so not more expensive 	<ul style="list-style-type: none"> +Utilities have measure data already (and show it to customers) +Law requires “electrification” bill impacts 	

4. Compare to Efficient Nonelectric Options

AG/NCLC	BIG	NRDC	STAFF
<ul style="list-style-type: none"> +Disagree +Does not apply to other efficiency measures +Unworkable; potentially unlimited efficient options 	<ul style="list-style-type: none"> +Should share (get) data from gas utilities 	<ul style="list-style-type: none"> +Same as AG/NCLC 	
Nicor Response			
<ul style="list-style-type: none"> +Law requires “electrification” bill impacts --Electrification choices differ from efficiency --Information is important for customers: choice is really between efficient electric and efficient gas +Proposal is that TRM would identify most appropriate efficient choice (or a few) 	<ul style="list-style-type: none"> +Need clarification +Agree that gas utilities provide necessary information 		

5. Calculation Specifics

AG/NCLC	BIG	NRDC	STAFF
+In general, we agree		+Agrees it's complicated +Agrees with most (if not all - we aren't clear on some of these) +And probably other factors as well.	
Nicor Response			

6a. – 6e. Document Approach Through TRM

AG/NCLC	BIG	NRDC	STAFF
<ul style="list-style-type: none"> +Concerns re: documentation in TRM +Rates/prices can change; will not necessarily align with TRM update schedules +Unworkable for TRM to keep up with changes (e.g., QIP, various possible ARES rates) +Electric utilities/stakeholders already developing calculators +Electric utilities best positioned to maintain calculators +Some significant and unnecessary burden to TRM administrator +Midstream/other delivery channels require simplified calculations 	<ul style="list-style-type: none"> +Good point (re: timing of rate changes vs. TRM update) 	<ul style="list-style-type: none"> +Disagree +Constantly changing +Administratively burdensome +Not always possible for all applications (e.g., midstream) 	

6a. – 6e. Document Approach Through TRM

AG/NCLC	BIG	NRDC	STAFF
Nicor Response			
<ul style="list-style-type: none"> +Proposal is to define approach/assumptions/defaults; not every number (NTG Protocol model) +Should be worked out among all parties (TRM/TAC model) --Electric utilities/stakeholders may not understand gas rates +Agree that electric utilities are best positioned to maintain calculators +TRM burden will be manageable --Electric/stakeholder calculators provide good head start --Once defined, maintenance will be minimal +Agree that midstream and other delivery channels require simplified calculations (and information delivery methods) 	<ul style="list-style-type: none"> +Proposal is to define approach/assumptions/defaults; not every number 	<ul style="list-style-type: none"> +Proposal is to define approach/assumptions/defaults; not every number +TRM burden will be manageable +Agree that midstream and other delivery channels require simplified calculations (and information delivery methods) 	

6f. Verify by Evaluator

AG/NCLC	BIG	NRDC	STAFF
<ul style="list-style-type: none"> +Not necessarily opposed to some evaluation review +Disagree to mandate on a time schedule +Evaluators already review samples of custom savings calculations annually +With agreed rates/methods no need for evaluator verification of final bill impact estimates +Implies a review of a census of projects rather than a sample, which we would oppose 	<ul style="list-style-type: none"> +Why not do this for both electric and gas utility EE programs? It would then provide a good basis for comparison over time. 	<ul style="list-style-type: none"> +Too burdensome for evaluator 	
Nicor Response			
<ul style="list-style-type: none"> +Would like to hear from evaluators on incremental work compared to savings verification <ul style="list-style-type: none"> --Already have verification spreadsheets --Will have access to bill impact calculators and calculation results --Seems like simple audit function +Agree it's most important to verify calculators, assumptions, defaults, etc.(Gas Adjustable Saving Goal model) 	<ul style="list-style-type: none"> +Agree to symmetrical approach for gas fuel switching projects. 	<ul style="list-style-type: none"> See AG/NCLC response 	

7. Represent Conditions for Specific Customers

AG/NCLC	BIG	NRDC	STAFF
<ul style="list-style-type: none"> +Agree, with emphasis on the term “practicable” +Midstream/other delivery methods may require default averages +Will rely on DOE testing/codes/etc. that don’t reflect particular customer 	<ul style="list-style-type: none"> +Any unsafe conditions and the cost to repair should also be considered +Utilities would be required to track and make available to the Commission homes or buildings identified as “untreatable” due to the state of disrepair 	<ul style="list-style-type: none"> +Agrees with principle +Particularly first sentence. 	
Nicor Response			
<ul style="list-style-type: none"> +Agree midstream/other delivery methods may require general collateral with typical/default calculations +TRM protocols should provide guidance on use of defaults (TRM default model) 	<ul style="list-style-type: none"> +I think other policies and ComEd/Ameren stipulations address this somewhat... 		

Savings Calculations

Nicor Proposal Outline

1. Statutory requirement
2. Transparent and accurate
3. Measure savings for electrification itself, i.e.:
 - a. By end use
 - b. By measure
4. When practicable, represent conditions for specific customers
5. Document approach/assumptions through TRM process
6. Verify savings limits by evaluator

3a. Provide Savings by End Use

AG/NCLC	BIG	NRDC	STAFF
<ul style="list-style-type: none"> +Disagree +Can't install half measures 	<ul style="list-style-type: none"> +Total savings might become difficult to implement and accurately measure and report in practice. +Additional savings, is that because gas fuel sources are not used for cooling in most cases? 		
Nicor Response			
<ul style="list-style-type: none"> +Law requires "electrification" to reduce premise energy consumption +Cooling is not being electrified 	<ul style="list-style-type: none"> +Savings will be well documented in TRM +Yes. Heating is being electrified; cooling is not being electrified. 		

3b. Provide Savings by Measure

AG/NCLC	BIG	NRDC	STAFF
<p>+Agree</p> <p>+Utility should be able to count electrification measure first when calculating interactive effects.</p>	<p>+Total savings might become difficult to implement and accurately measure and report in practice.</p> <p>+Additional savings, is that because gas fuel sources are not used for cooling in most cases?</p>	<p>+Didn't we figure out interactive effects?</p>	
Nicor Response			
<p>+Difference between counting savings and meeting premise savings test.</p> <p>+Agree should be consistent with final policy on interactive effects (See #5)</p>	<p>+Savings will be well documented in TRM</p> <p>+Yes. Heating is being electrified; cooling is not being electrified.</p>	<p>+Difference between counting savings and meeting premise savings test.</p> <p>+Agree should be consistent with final policy on interactive effects (See #5)</p>	

4. Represent Conditions for Specific Customers

AG/NCLC	BIG	NRDC	STAFF
+Agree	+Key to use actual, measured or validated parameters rather than default.	+Agree	
Nicor Response			
	+Agree actuals are better, when available		

5. Document Approach/Assumptions in TRM

AG/NCLC	BIG	NRDC	STAFF
<ul style="list-style-type: none"> +Agree to savings by end use +Disagree to interactive effects approach +Agree to default assumptions 		<ul style="list-style-type: none"> +Didn't we figure out interactive effects? 	
Nicor Response			
<ul style="list-style-type: none"> +Difference between counting savings and meeting premise savings test. --TRM will document how to accurately capture interactive effects approaches, consistent with building science (e.g., weatherization first) --Utility can choose to claim entire project savings 		<ul style="list-style-type: none"> +Difference between counting savings and meeting premise savings test. 	

6. Verify Savings Limits by Evaluator

AG/NCLC	BIG	NRDC	STAFF
<ul style="list-style-type: none"> +We agree to evaluation review +Should not differ from efficiency measures +Policy is “academic” and unnecessary (electrification will create premise savings) +Don’t pose undue burdens/impede effectiveness +Premise savings requirement should apply to all fuel switching, not just electrification 	<ul style="list-style-type: none"> +Recommend open and transparent public process with sufficient time and data provided for customer and public oversight and engagement throughout the process +How will savings eliminations affect low-income customers? +Any savings eliminated of savings should be evidence-based 	<ul style="list-style-type: none"> +Should be same for electrification measures and efficiency +Electrification will always save premise energy, so unnecessary +Savings limits should apply to all fuel switching 	
Nicor Response			
<ul style="list-style-type: none"> +(b-27) imposes 3 new conditions on savings, so some verification necessary +Agree to avoiding undue burdens +Agree to statutory requirement verification for all fuel switching (but not premise savings...) 	<ul style="list-style-type: none"> +Agree to open/transparent verification. +Savings eliminations should be minimal; shouldn’t impact low-income customers... +Agree that any elimination be evidence based. 	<ul style="list-style-type: none"> +(b-27) imposes 3 new conditions on savings, so some verification necessary +Agree to statutory requirement verification for all fuel switching 	