

Policy Division Staff Report
To Initiate a Proceeding to Consider Approval of the
2021 Illinois Statewide Technical Reference Manual for
Energy Efficiency Version 9.0

September 25, 2020

Subject: Pursuant to the Commission’s Final Order in ICC Docket No. 19-0983,¹ this Staff Report is provided to recommend the Commission initiate a proceeding to consider, on an expedited basis, approval of the 2021 Illinois Statewide Technical Reference Manual for Energy Efficiency Version 9.0, Volumes 1 through 4, dated September 25, 2020 (“2021 IL-TRM Version 9.0”).

Summary

The Staff of the Illinois Commerce Commission (“Staff”), the Utilities,² the independent evaluators, and other stakeholders (collectively, “SAG participants”) have collaborated to develop the eighth annual update to the Illinois Statewide Technical Reference Manual for Energy Efficiency (“IL-TRM” or “TRM”). The 2021 IL-TRM Version 9.0, as attached hereto, was developed by the TRM Administrator with substantial input from SAG participants. The main purpose of the IL-TRM is to provide a transparent and consistent basis for calculating energy savings generated by the State of Illinois’ energy efficiency programs, which are administered by the state’s largest electric and gas Utilities. Staff recommends that the Commission initiate a proceeding to consider approval of, on an expedited basis, the final 2021 IL-TRM Version 9.0, Volumes 1 through 4, dated September 25, 2020, as attached hereto.

IL-TRM Background

Pursuant to Sections 8-103 and 8-104 of the Illinois Public Utilities Act (the “Act”), certain Illinois electric and gas utilities were required to file three-year energy efficiency plans (“EEPs”) with the Commission to meet the applicable energy efficiency standards required in the statutes. 220 ILCS 5/8-103, 5/8-104. Between September 29, 2010 and October 1, 2010, the Utilities subject to Sections 8-103 and 8-104 of the Act filed petitions for approval of their respective EEPs. In the Orders approving the Utilities’ respective 2010

¹ *Final Order* at 4, *Ameren Illinois Co. d/b/a Ameren Illinois, Commonwealth Edison Co., The Peoples Gas Light and Coke Co., North Shore Gas Co., and Northern Illinois Gas Co. d/b/a Nicor Gas Co.: Petition to Approve Illinois Energy Efficiency Policy Documents*, ICC Docket No. 19-0983 (December 4, 2019); see also *IL-TRM Policy Document* at 8-9, Exhibit B to Joint Verified Petition (dated September 19, 2019), ICC Docket No. 19-0983 (filed October 15, 2019).

² Ameren Illinois Co. d/b/a Ameren Illinois (“Ameren”), Commonwealth Edison Co. (“ComEd”), The Peoples Gas Light and Coke Co. and North Shore Gas Co. (“Peoples Gas/North Shore Gas”), and Northern Illinois Gas Co. d/b/a Nicor Gas (“Nicor Gas”) (collectively referred to herein as the “Utilities”).

EEPs, the Commission required the Utilities to collaborate with the Illinois Energy Efficiency Stakeholder Advisory Group³ (“SAG”) participants and the Illinois Department of Commerce and Economic Opportunity (“DCEO”) to develop a statewide TRM.⁴

The first version of the IL-TRM, dated September 14, 2012, was developed to comply with the Commission’s 2010 EEP Orders. The Commission approved annual updates thereafter; most recently, the eighth version of the IL-TRM was approved in ICC Docket No. 19-0954.⁵ The Commission approved and adopted the Policy Document for the Illinois Statewide Technical Reference Manual Version 3.0 (“*IL-TRM Policy Document*”) in ICC Docket No. 19-0983, which established the policies surrounding the applicability and use of the IL-TRM in planning, implementation, and evaluation, as well as the annual IL-TRM Update Process.

In Orders approving the Utilities’ 2013 EEP, the Commission required the Illinois evaluators to collaborate with the other energy efficiency evaluators in the state, as well as the SAG, to reach consensus on the most defensible and well-vetted methodologies for assessing net-to-gross (“NTG”) ratios in particular markets for both residential and non-residential energy efficiency programs.⁶ The Commission directed Staff to file the consensus statewide net-to-gross methodologies (“IL-NTG Methods”) as an attachment to the Updated IL-TRM.⁷ Consistent with this Commission directive, the final IL-TRM Version 4.0 dated February 24, 2015 included the first iteration of the IL-NTG Methods in Attachment A. See IL-TRM Version 4.0 at 774-801. The second iteration of the IL-TRM Attachment A, IL-NTG Methods is housed in the IL-TRM Version 5.0, Volume 4, and covered most of the Illinois energy efficiency program types, consistent with the Commission’s 2013 EEPs Orders. See IL-TRM Version 5.0, Volume 4 at 17-94. The fifth iteration of the IL-TRM Attachment A, IL-NTG Methods is housed in the 2020 IL-TRM Version 8.0, Volume 4. See 2020 IL-TRM Version 8.0, Volume 4 at 20-114. The sixth iteration of the IL-TRM Attachment A, IL-NTG Methods is housed in the 2021 IL-TRM Version 9.0, Volume 4. See 2021 IL-TRM Version 9.0, Volume 4 at 31-118. In addition, the 2020 IL-TRM Version 8.0, Volume 4 included a new Attachment C that provides a

³ <http://www.ilsag.info/>. The SAG was first defined by the Commission in the electric utilities’ first energy efficiency Plan Orders to include “... the Utility, DCEO, Staff, the Attorney General, BOMA and CUB and representation from a variety of interests, including residential consumers, business consumers, environmental and energy advocacy organizations, trades and local government... [and] a representative from the ARES (alternative retail electric supplier) community should be included.” *Final Order* at 32-33, Commonwealth Edison Co., ICC Docket No. 07-0540 (February 6, 2008). The SAG consists of a group of stakeholders who have an interest in Illinois’ energy efficiency programs and who meet regularly to share information and work toward consensus on various energy efficiency issues. The Utilities in Illinois have been directed by the ICC to work with the SAG on the development and updates to the IL-TRM. The SAG is an open forum and any interested party may participate in the SAG.

⁴ See *Final Order* ICC Docket Nos. 10-0570, 10-0562, 10-0564, and 10-0568 (on Rehearing) (collectively, “Commission’s 2010 EEPs Orders”): *Final Order* at 59-60, Commonwealth Edison Co., ICC Docket No. 10-0570 (December 21, 2010); *Order on Rehearing* at 19, Central Illinois Light Co. d/b/a AmerenCILCO, et al., ICC Docket No. 10-0568 (May 24, 2011); *Final Order* at 76, The Peoples Gas Light and Coke Co. and North Shore Gas Co., ICC Docket No. 10-0564 (May 24, 2011); *Final Order* at 30, Northern Illinois Gas Co. d/b/a Nicor Gas Co., ICC Docket No. 10-0562 (May 24, 2011).

⁵ *Final Order* at 3-4, Ill. Commerce Commission vs. Ameren Illinois Co. d/b/a Ameren Illinois, Commonwealth Edison Co., The Peoples Gas Light and Coke Co., North Shore Gas Co., and Northern Illinois Gas Co. d/b/a Nicor Gas Co.: Approval of the Illinois Statewide Technical Reference Manual for Energy Efficiency, ICC Docket No. 19-0954 (November 26, 2019).

⁶ See, e.g., *Final Order* at 41-42, 78, Northern Illinois Gas Co. d/b/a Nicor Gas Co.: Application pursuant to Section 8-104 of the Public Utilities Act for Consent to and Approval of an Energy Efficiency Plan, ICC Docket No. 13-0549 (May 20, 2014).

⁷ See, e.g., *Final Order* at 78, Northern Illinois Gas Co. d/b/a Nicor Gas Co.: Application pursuant to Section 8-104 of the Public Utilities Act for Consent to and Approval of an Energy Efficiency Plan, ICC Docket No. 13-0549 (May 20, 2014).

Framework for Counting Market Transformation Savings in Illinois. See 2020 IL-TRM Version 8.0, Volume 4 at 123-144.

IL-TRM Update Process

The *IL-TRM Policy Document* specifies that the IL-TRM shall be updated annually to keep pace with change since the technology and markets are so dynamic. Otherwise, the IL-TRM will quickly become obsolete and the savings estimates less reliable. *IL-TRM Policy Document* at 5-9. Further, the *IL-TRM Policy Document* envisioned a number of events that would require an update to the IL-TRM:

- Addition of new measure algorithms perceived to be reliable for TRM inclusion
- Impact of code or legislative changes to specific measures
- Introduction of new technologies and technology advancements
- Discovery of errors in existing TRM measure characterizations
- Changes to industry standard practice
- Changes to program designs and measure eligibility criteria
- Improved TRM input values developed through evaluations

IL-TRM Policy Document at 5.

As directed in the Commission's 2010 EEP Orders and the *IL-TRM Policy Document*, the SAG participants had the opportunity to participate in the update process for the IL-TRM. This IL-TRM Update is the end result of an open and collaborative review process involving the SAG, which officially began earlier this year at the February 5, 2020 Technical Advisory Committee⁸ ("TAC") meeting. The TRM Administrator met regularly with the SAG TAC to create a high level of transparency and vetting in the update of the IL-TRM. This IL-TRM Update was the culmination of multiple structured stakeholder review and commenting opportunities involving the SAG. In addition, there were numerous meetings with interested stakeholders to discuss details regarding the various IL-TRM Updates.

The IL-TRM is divided into separate volumes to make each volume easier to use: Volume 1: Overview and User Guide; Volume 2: Commercial and Industrial Measures; Volume 3: Residential Measures; and Volume 4: Cross-Cutting Measures and Attachments. This update to the IL-TRM encompasses 116 energy efficiency measure-level changes made during this update cycle (including 24 new energy efficiency measures added to the manual). This is in addition to revisions to the statewide net-to-

⁸ The active participants in the IL-TRM development and update process are designated as the Technical Advisory Committee ("TAC"): "The TAC is a subcommittee of the SAG whose primary responsibility is to provide a forum to allow all interested parties to recommend TRM Updates and facilitate consensus for TRM Updates among the Evaluators, ICC Staff, Program Administrators, environmental organizations, interested stakeholders (e.g., other SAG participants), and the TRM Administrator prior to the annual TRM Update proceeding." *IL-TRM Policy Document* at 6. See pages 4-5 and 22 of the 2021 IL-TRM Version 9.0, Volume 1 for a list of some of the TAC participants.

gross methodologies in Attachment A (housed in Volume 4 of the IL-TRM). A high-level summary of the changes reflected in this IL-TRM Update can be found at pages 7-21 of the 2021 IL-TRM Version 9.0, Volume 1. Redlined comparison documents of changes between Version 8.0 and Version 9.0 of the IL-TRM can be found on the Commission's website under the 2021 IL-TRM Version 9.0 heading at: <http://www.icc.illinois.gov/Electricity/programs/TRM.aspx>.

In ICC Docket No. 19-0983, the Commission approved an approach for how to handle non-consensus IL-TRM updates. The *IL-TRM Policy Document* states:

To the extent a consensus among Program Administrators and non-financially interested stakeholders cannot be reached regarding issues related to specific TRM updates, the TRM Administrator shall have the authority to use its best judgment to propose a resolution of the issue and include such in the updated TRM that gets submitted to the ICC for approval. For transparency and informational purposes, the ICC Staff will document such dispute and include a link to a "Comparison Exhibit of Non-Consensus TRM Update Issues" developed by the TRM Administrator in the Staff Report submitted to the Commission. The "Comparison Exhibit of Non-Consensus TRM Update Issues" will document, with input from the parties, the various parties' positions concerning a non-consensus TRM update as well as the TRM Administrator's rationale for its decision to resolve the issue.

Nothing in this language shall preclude Program Administrators and stakeholders from challenging the TRM Administrator's proposed resolution by petitioning the Commission. Until the Commission resolves the petition, the Commission-approved TRM value shall be the default pending the issuance of a Commission Order. The applicable date for the Commission-resolved value will be the latter of January 1 of the year the TRM was designed to go into effect, or the first day of the next month following the Commission order. In the petition, the filing party should note all Program Administrators affected by the TRM dispute, and request that the Commission join each affected Program Administrator to the docket.

IL-TRM Policy Document at 9.

Consistent with this policy, for transparency and informational purposes, Staff notes that based upon recent discussions it is Staff's belief that there is one non-consensus IL-TRM Update that relates to whether it is appropriate to include a fuel switching electric vehicle measure, either alone or bundled with an efficient charger in the IL-TRM. Ultimately, the TRM Administrator did not include the electric vehicle measure characterizations in the IL-TRM, but they are attached to the Comparison Exhibit of Non-Consensus TRM Update Issues. The Comparison Exhibit of Non-Consensus TRM

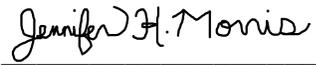
Update Issues can be accessed at the following link: https://ilsag.s3.amazonaws.com/IL-TRM-v9.0_Comparison_Exhibit_of_Nonconsensus_Update_Issues_09252020.docx As noted by the policy language quoted above, should a party wish to litigate this non-consensus IL-TRM Update, the party may petition the Commission, but it should not otherwise be addressed in this docket.

This IL-TRM Update is meant to reflect compromise agreements reached among stakeholders during TAC meetings, various TAC Working Group meetings, and the Illinois NTG Working Group meetings that comprised this year's IL-TRM Update Process. Staff recommends the Commission approve and adopt the 2021 IL-TRM Version 9.0 in its entirety, as attached hereto.

Recommendation

Staff hereby recommends that the Commission initiate a proceeding to consider, on an expedited basis, approval of the 2021 IL-TRM Version 9.0, Volumes 1 through 4, dated September 25, 2020. In order to proceed efficiently and to be able to issue a final order concerning the IL-TRM prior to its effective date of January 1, 2021, Staff recommends that the Initiating Order adopt the following schedule: Staff's Comments are due October 15, 2020 and Responses, if any, to Staff's Comments are due October 29, 2020.

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9-25-2020

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9-25-2020

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