

Illinois EE Stakeholder Advisory Group Policy Manual Subcommittee

Wednesday, November 9, 2022 Meeting

9:00 am – 12:00 pm

Teleconference

Attendees and Meeting Notes

Meeting Materials

- Posted on the [Policy Manual Subcommittee page](#).

Attendees (by webinar)

Celia Johnson, SAG Facilitator
Greg Ehrendreich, Midwest Energy Efficiency Alliance (MEEA) – Meeting Support
Allen Dusault, Franklin Energy
Andrew Cottrell, Applied Energy Group
Andrey Gribovich, DNV
Andy Vaughn, Leidos
Billy Davis, Bronzeville Community Development Partnership
Cassidy Kraimer, Community Investment Corp.
Charles Ampong, Guidehouse
Cheryl Johnson, Peoples for Community Recovery
Cheryl Watson, Equitable Resilience & Sustainability LLC
Chris Neme, Energy Futures Group, representing NRDC
Chris Vaughn, Nicor Gas
David Brightwell, ICC Staff
David Weaver, Citizens Utility Board
Dylan Royalty, Applied Energy Group
Elizabeth Horne, ICC Staff
Erin Stitz, Applied Energy Group
Gregory Norris, Aces 4 Youth
Jake Ahrens, VEIC - IL-TRM Administrator
Jean Gibson, Peoples Gas & North Shore Gas
Jeff Erickson, Guidehouse
John Mansfield, Nicor Gas
Jonathan Skayzynski, Nicor Gas
Kalee Whitehouse, VEIC - IL-TRM Administrator
Karen Lusson, National Consumer Law Center (NCLC)
Katherine Elmore, Community Investment Corp.
Laura Goldberg, NRDC
LaJuana Garret, Nicor Gas
Martha White, Nicor Gas
Matt Armstrong, Ameren Illinois
Matthew Ludwig, ComEd
Michael Brandt, Elevate
Mike King, Nicor Gas
Omayra Garcia, Peoples Gas & North Shore Gas
Philip Mosenthal, Optimal Energy, representing IL AG's Office and NCLC

Rebecca McNish, ComEd
Ronna Abshure, ICC
Sam Dent, VEIC - IL-TRM Administrator
Scott Eckel, ICC
Seth Craigo-Snell, SCS Analytics
Sy Lewis, Meadows Eastside Community Resource Org
Ted Weaver, First Tracks Consulting, representing Nicor Gas
Thomas Manjarres, Peoples Gas & North Shore Gas
Tim Dickison, Ameren Illinois
Tina Grebner, Ameren Illinois
Travis Hinck, GDS Associates
Tyler Sellner, Opinion Dynamics
Victoria Nielsen, Applied Energy Group
Zach Ross, Opinion Dynamics

Meeting Notes

Follow-up items indicated **in red**.

Opening & Introductions

Celia Johnson, SAG Facilitator

Purpose of meeting: To discuss proposed policies for consideration in the Policy Manual Version 3.0 update process; identify feedback and questions.

Follow-up Discussion from October Meeting

Follow-up on Policy Proposal: Interactions between Electrification and Other Efficiency Measures

Joint Stakeholder Proposal – Presented by Chris Neme, Energy Futures Group, representing NRDC

- **Proposed Compromise Policy Language:** *“When a project includes both electrification and energy efficiency upgrades for the same end use, the entire project savings from that end use can be treated as electrification savings and count towards the statutory electrification savings limits.”*
- **Proposed effective date:** ASAP.
- Explanation of Compromise proposal: When there is a project at a home or business that has both electrification and efficiency for the same end use, treat the entire savings from that end use as electrification savings and count it toward the statutory limits for electrification. This bypasses the need to decide which comes first – so we don’t have to worry about counting toward gas conversion and electrification limits or the other way around. This seems like a much simpler approach to resolving the issue.

[Phil Mosenthal] One of the things that makes sense about this is that it doesn’t dictate individual measure TRM issues. This way it leaves the TRM process to figure out what they want to do in terms of ordering measures independent of this.

[Chris Neme] There is a footnote to an 11-year-old memo, but in a way it doesn’t matter. The underlying concern that led to the original proposed language was that these projects (where everything is happening at once) could have perverse outcomes in terms of counting

savings as gas equivalents even though no gas was really saved. This proposal eliminates all those concerns by saying all the total savings are converted to kWh (assuming electric utility only project) and nothing counts toward the gas limits.

[Zach Ross] This is a technical question on measure life. I believe the lifetime savings estimates may be different depending on the order of measures. Is the intent here to intentionally not address that and leave it a TRM question?

[Phil Mosenthal] I see that as a TRM issue on how we handle baseline shifts and what we assume customers do.

[Zach Ross] It is also that weatherization and electrification have different measure lives.

[Chris Neme] Agree it makes sense for it to live in the TRM. There are multiple issues in that question – First, are we calculating savings separately for every measure (e.g., air sealing and weatherization) or are we averaging them across the program? Second, there is the question of whether it is the life of the heat pump or the attic insulation job. The technical questions below in the TRM.

[Rebecca McNish] ComEd agrees with the new proposed language. To answer the question of heat pump capacity from the October meeting – I spoke with our SF and MF implementers and it's a little unclear on the MF side, but for SF we do require them to take weatherization into account for heat pump capacity. We are heading that way on MF.

[Chris Neme] That makes sense. The TRM currently calculates based on heat pump capacity, but if capacity is reduced because of weatherization, then it gets complicated. We can defer that to the TRM.

[Matt Armstrong] Ameren shared how to calculate capacity: "In electrification projects that have weatherization, the heat pump sizing for savings calculations are based upon the capacity of the new heat pump, not the capacity of the old equipment. The weatherization savings are calculated based upon the old equipment followed by the HVAC savings from the old equipment to the new equipment using the new unit capacity. Program Allies run Manual J using the upgraded insulation and air sealing specs to calculate the capacity needed for the new equipment."

[Sam Dent] The utilities are apparently performing the heating upgrade calculations second, because they are capturing the weatherization savings in the reduced capacity. It seems that the calculations are being done as we generally intended them to be done. The question Zach has is whether doing it that way is correct or not. What questions remain?

[Chris Neme] One issue Zach raised was the measure life – that needs to be resolved in TRM. What this the life of pure Wx, where do we average measure lives or use different lives for different components and then having to decide what order for estimating lifetime savings for CPAS. They are all related and need to be resolved in TRM.

[Seth Craigo-Snell] Concerned about forcing electrification savings rather than the possibility of savings being partitioned. It's going to be important to have as much flexibility as is reasonably allowable for implementation. The TRM should sort out the issues carefully.

[Phil Mosenthal] It sounds like you could have a situation where the utility was going to hit their electrification cap but wasn't hitting the gas cap and would prefer to go the other way. Maybe it makes sense to leave it open to the utility to choose?

[Seth Craigo-Snell] I think we still think it should be bound by the science – not discretion to count it all as gas conversion.

[Phil Mosenthal] We don't want to strand any savings that can't be counted. Is there a concern about unintended consequences there?

[Seth Craigo-Snell] That's essentially my point – I don't know whether electrification or gas conversion will be the limiting factor this year. Especially for dual fuel Ameren. There should be flexibility to count as gas conversion if it is better for portfolio management.

[Phil Mosenthal] Does this create ambiguity for the evaluators?

[Jeff Erickson] Careful program tracking could solve any ambiguity.

[Andy Vaughn] If we change the language to "Can" instead of a "Shall" does that create flexibility?

**No concerns flagged about using "Can" in policy; participants to review compromise proposal.*

[Zach Ross] Not taking a position on this, but if we define an "order of operations" in the TRM then there isn't a problem. If that is left open then there are several different outcomes.

[Thomas Manjarres] We might be trying to solve a problem that very rarely occurs and overlooking a situation that is more common – that this doesn't address. In this year's TRM update cycle, we looked at the heat pump algorithm and the fuel pump calculations for ducted heat pump and for ductless mini-splits that are being installed with existing furnace to use as supplement. That second scenario is a lot more common. Not doing full heating system electrification. There is insulation and envelope and we can put in that mini-split for 80% of the load. In that scenario, this language doesn't help untangle anything.

[Chris Neme] There are three conceptual outcomes for these projects. The first is counting weatherization first as gas conversions, then electrification savings as electrification, each to their own cap. The second is counting electrification toward its cap and weatherization is considered efficiency in an electric heated home. The third is everything counts toward electrification. Either of the latter two is okay, but the first makes no logical sense. There never would be any actual gas savings. That was the genesis of the original proposal. I am hesitant to an option that leaves that first choice on the table.

Follow-up: Discuss at December Policy Manual Meeting

- Participants to review compromise policy language: *"When a project includes both electrification and energy efficiency upgrades for the same end use, the entire project savings from that end use can be treated as electrification savings and count towards the statutory electrification savings limits."*
 - Follow-up in December meeting:
 1. Is everyone in agreement with the compromise policy language?
 2. Is everyone in agreement this policy can be used for 2022?

- The “order of operations” for measures will be addressed in next year’s TRM process. Thomas Manjarres (PG/NSG) will submit a TRM tracker request for the next TRM update process.
 - TRM questions that need to be addressed:
 1. What is the measure life for an electrification project?
 2. What is the measure life for a weatherization project?
 3. In projects that include both electrification and weatherization, should there be an average measure life? Are there situations where we should use different lives for different components?
 4. In what order should we estimate lifetime savings for CPAS?

Follow-up on Policy Proposal: Electrification Savings in Cost-Effectiveness

Zach Ross, Opinion Dynamics

- **Policy Proposal:** This proposal relates to how to account for electrification measures in cost-effectiveness testing (C/E). At the October Policy Manual meeting, the outcome was for the evaluation teams and interested stakeholders to review broader Policy Manual edits, to reflect “costs as costs” and “benefits as benefits.”
- **Proposed Effective Date:** ASAP
- No revised text to share yet. We agreed conceptually at last meeting about the intent of what we want to do with the Policy Manual edits. Our edits will also include the ICC Staff policy proposal about TRC ratios. We did initial revisions and shared with the small group. We all felt good about what was in there and had productive conversations and made a series of additional changes.
- In the TRC Sec 8.4 “TRC Costs” which will be revised to “TRC benefits and costs” we’re going to identify individual things in the TRC and how they count and whether NTG applies. For example, we want to expand to have sections about cost changes related to electricity, fossil fuels, water savings, NEIs – we think it will make it all much clearer. Additionally, the small group agreed we are going to determine whether things are a benefit or cost within the categories we defined. A heat pump water heater could have different impacts going in different directions – the agreement we are documenting is that you determine at the impact level - sum up all the electricity cost changes and see if it becomes a benefit or cost.

Follow-up: Discuss at December Policy Manual Meeting

- Opinion Dynamics, Guidehouse, AEG, NRDC, and IL AG/NCLC working on proposed edits to the current Policy Manual, to reflect “costs as costs” and “benefits as benefits.” Edits will also include ICC Staff’s policy proposal to reflect net-to-gross (NTG). Policy Manual edits will be circulated before the December meeting.

Update on Income Qualified Policy Proposals

Chris Neme, Energy Futures Group, representing NRDC; Laura Goldberg, NRDC; Karen Lusson, National Consumer Law Center

Policy Proposal: IQ Multi-Family Reporting

- **Proposed effective date:** As soon as practicable, but no later than PY2024
- When we started talking about these categories of reporting, there were utility concerns that identifying specific metrics that they would track would take additional time and thinking and that the Policy Manual wasn’t the right venue. We discussed including principles instead of specific metrics. That is what we are attempting to do – leaving the specific metrics to work out separately from the Policy Manual.

- In this updated proposal, utilities will report on a set of metrics that will provide insight into several policy objectives, including the mix of buildings being treated (subsidized vs unsubsidized, size, type, etc.); the level of coordination between electric and gas utilities; how comprehensively MF programs are treating efficiency upgrade opportunities for major measures; how effective at uptake of new tech; how effective of leveraging funding; geographic distribution. We note that specific metrics would be developed collaboratively with stakeholders, and may also evolve over time as we gain a better understanding of what can be tracked or what is harder to track, etc. The goal is to provide insight into these categories, but we're not trying to lock in a specific metric for it.

[Ted Weaver] This looks great and address concerns. Also commits us all to solving this.

[Ted Weaver] Geographic distribution is in the first bullet and last bullet – maybe get rid of it in the first bullet. In third bullet, the parentheses, the low cost measures are also sent in kits which aren't DI...can we just say "low cost measures"?

[Chris Neme] Is there a separate SAG subcommittee that can work through this?

[Celia Johnson] There is a SAG Reporting Working Group that would be a good venue for discussing in 2023.

Minor edits discussed by the group, reflected in the policy document in redline.

Follow-up: Discuss at December Policy Manual Meeting

- NRDC to propose additional edits, related to making best efforts to report in 2022 and 2023.
- Edited policy will be discussed at the December Policy Manual meeting.
- SAG Facilitator will add IQ MF reporting metrics to the SAG Reporting Working Group topics list for 2023.

Policy Proposal: IQ Health & Safety Reporting

- **Proposed effective date:** As soon as practicable, but no later than PY 2024
- Stakeholders make an effort to use the same conceptual "principles" approach here, including how often health and safety (H&S) concerns are found, types of concerns found and addressed, how often programs are able to address "walk-away" issues, what the spending on addressing them is, and how it is spreading geographically and with regard to building types. In this approach the metrics would evolve over time.

[Ted Weaver] This again looks good. In the last bullet, the ability of the utilities and programs to address them – that's not quite easy to put into a metric. Not sure what it is going to look like.

[Phil Mosenthal] What we were hoping is that we would have data on not only what was installed but also what ones were existing that we couldn't address.

[Matt Armstrong] Electric utilities have similar requirements to the last bullet in statute – important to make sure we are consistent going forward, and eliminating duplicative or multiple metrics.

Minor edits discussed by the group, reflected in the policy document in redline.

Follow-up: Discuss at December Policy Manual Meeting

- NRDC to edit draft policy. Suggestions at the meeting included:
 - Stakeholders are interested in 2022 and 2023 reporting if possible (making best efforts)
 - Add introductory language on the intent of this data reporting
 - Consider editing the sentence that leads into the bullets
 - Add language about posting metrics on the SAG website; agreement to use metrics going forward, incorporating them into the next EE plans, etc.
 - Community Investment Corp. suggests including a few important metrics in the policy, along with the principles
- Edited policy will be discussed at the December Policy Manual meeting
- SAG Facilitator will add IQ health & safety reporting metrics to the SAG Reporting Working Group topics list for 2023

Policy Proposal: Diverse Contracting Reporting Metrics

- **Proposed effective date:** Retroactive to the start of the EE Portfolios.
- This policy proposal is not yet informed by a specific conversation with the IQ Advisory Committee, which will be critical. This is a draft proposal. The beginning highlights that utilities agree increasing the opportunities for diverse businesses is a goal. What we don't have is a specific reporting template or metrics for the EE portfolio specifically.
- What we propose is that in addition to general requirements for the utilities under the Public Utilities Act or under performance-based regulation dockets, that utilities would also report on a statewide set of metrics to provide insight into this policy goal.
- The first set of bullets addresses the Market Development initiatives the utilities have committed to in their settlements. That gives an idea how that budget is being spent, how successfully it is getting more trained, diverse vendors into the marketplace, and how well the utilities achieved engaging diverse vendors.
- The second set of bullets provides detail on spending on diverse contractors for the EE portfolio. Value of contracts, what payments have been made and work engaged, names of contractors, identification of first-tier contracts or sub-contractors. Goal is to get more diverse contractors to that first tier. Whether costs are shared with other utilities. Identify category of diverse vendors.

[Billy Davis] In the reporting, is there a proposed timeframe?

[Karen Lusson] It should be retroactive to the start of the portfolio. Contracts have already been entered into, or are being negotiated or are out for RFP. It should be easy to look back on to provide that information.

[Ted Weaver] We're looking at this and will share feedback. Some of the initial metrics on MDI is a one-time thing, and others are more ongoing. We should discuss what goes into quarterly reports vs a single update. Some metrics are really specific and some we have to be careful about putting in public reports, or reporting at all, for example that Contractor X got revenues of \$Y in a year.

[Karen Lusson] Probably also important to share this with implementers, to get their input on the metrics.

[Matt Armstrong] What is meant by potential study in the metrics?

[Karen Lusson] Some of the utilities agreed in stipulations to do research to gain a better understanding of the potential for diverse vendor hiring.

[Rebecca McNish] Suggests renaming so it doesn't get confused with a market potential study.

Follow-up: Discuss at December Policy Manual Meeting

- Subcommittee participants to review proposal; follow-up in December Policy Manual meeting.
- SAG Facilitator to flag for IQ EE Committee Facilitator, for future discussion in that Committee.

Policy Proposal: One-Stop-Shop Multifamily Definition

- **Proposed effective date:** Start of the 2022-2025 EE Portfolio
- This is another joint stakeholder proposal. Intent is to develop principles and not be overly specific. We want some consistent language of what we mean when utilities say they are providing one-stop-shop for IQ MF programs, specifically, but could apply to other programs. Historically MF programs have been bifurcated between commercial and residential programs. That's the frame for one-stop shop. It does mean a few different things, so we want to point to the overarching principles.
 - First is program navigation support – process of participation is easier and program services are integrated. There is careful language on “this can include” rather than “have to include” to avoid being overly restrictive.
 - Second is around application ease – calling it out specifically about reducing the number of applications and the burden of enrollment.
 - Third is supporting participants in navigating the programs, getting the work done, leveraging funding and financing. This again has careful “can include” language.
 - Last bullet is integrating offers of all applicable efficiency measures – being really clear on the full range of measures offered even if they come from different places behind the scenes.

[Karen Lusson] We don't need to reinvent the wheel – there are programs that apply these best practices. Talk to LEAN in Massachusetts. It's a well-respected program that gets high marks every year. It's an easy application process. I know people at LEAN can provide contacts and introductions.

Minor edits discussed by the group, reflected in the policy document in redline.

Follow-up: Discuss at January Policy Manual Meeting (if needed)

- Utilities will review proposed policy language and follow-up with SAG Facilitator with any edits.
- If needed, follow-up will be scheduled at the January Policy Manual meeting.

Closing and Next Steps

Celia Johnson, SAG Facilitator

- Next Policy Manual Subcommittee Meeting: Wednesday, December 14 (9:30 am – 12:30 pm)

Summary of Next Steps

Interactions between Electrification and Other Efficiency Measures (Joint Stakeholder Proposal)

- Follow-up at December Policy Manual Meeting. Questions to address:
 1. Is everyone in agreement with the compromise policy language?
 2. Is everyone in agreement this policy can be used for 2022?
- Participants to review compromise policy language: *“When a project includes both electrification and energy efficiency upgrades for the same end use, the entire project savings from that end use can be treated as electrification savings and count towards the statutory electrification savings limits.”*
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 4. In what order should we estimate lifetime savings for CPAS?

Electrification Savings in Cost-Effectiveness (Opinion Dynamics Proposal)

- Follow-up at December Policy Manual Meeting.
- Opinion Dynamics, Guidehouse, AEG, NRDC, and IL AG/NCLC working on proposed edits to the current Policy Manual, to reflect “costs as costs” and “benefits as benefits.” Edits will also include ICC Staff’s net-to-gross (NTG) policy proposal.

IQ Multi-Family Reporting (Joint Stakeholder Proposal)

- Follow-up at December Policy Manual Meeting.
- NRDC to propose additional edits, related to making best efforts to report in 2022 and 2023.
- SAG Facilitator will add IQ MF reporting metrics to the SAG Reporting Working Group topics list for 2023.

IQ Health & Safety Reporting (Joint Stakeholder Proposal)

- Follow-up at December Policy Manual Meeting.
- NRDC to edit draft policy. Suggestions at the meeting included:
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 - Community Investment Corp. suggests including a few important metrics in the policy, along with the principles
- SAG Facilitator will add IQ health & safety reporting metrics to the SAG Reporting Working Group topics list for 2023.

Diverse Contracting Reporting Metrics (NCLC / COFI Proposal)

- Subcommittee participants to review proposal; follow-up in December Policy Manual meeting.
- SAG Facilitator to flag for IQ EE Committee Facilitator, for future discussion in the IQ EE Committee.

One-Stop-Shop Multifamily Definition (Joint Stakeholder Proposal)

- Utilities will review proposed policy language and follow-up with SAG Facilitator with any edits.
- If needed, follow-up will be scheduled at the January Policy Manual meeting.