**Electrification Energy Consumption Reduction – Nicor Gas Policy Proposal**

**January 2023 Policy Manual Subcommittee Meeting**

1. Section 8-103B(b-27) requires electric utilities to:
   1. Limit electrification to those installations that reduce total energy consumption at the premises.
   2. Limit electrification savings counted towards each year’s applicable annual total savings goal to no more than:
      1. 5% per year for each year from 2022 through 2025;
      2. 10% per year for each year from 2026 through 2029; and
      3. 15% per year for 2030 and all subsequent years.
2. Electric utilities shall provide transparent and accurate information that allows the independent Evaluator and, ultimately, the Commission to ensure compliance with these requirements.
3. Electric utilities shall calculate total energy consumption savings specific to the electrified end use and specific to the electrification measure installed.
   1. Total energy consumption savings shall be limited to the electrified end use, and not include auxiliary savings from other end uses affected by the measure. For example, for heat pump measures, total energy consumption savings shall be calculated only for the heating end use (i.e., the electrified end use), and shall not include any additional savings for the cooling end use. For another example, for heat pump water heater measures, total energy consumption savings shall be calculated only for the water heating end use, and shall not include any additional savings for space heating, cooling, or dehumidification.
   2. For broader projects involving multiple measures, total energy consumption savings shall be limited to savings from the electrification measure. For example, for a project involving a heat pump and additional weatherization measures, savings shall be calculated only for heating (i.e., the electrified end use), and only from the heat pump measure (i.e., the electrification measure), and not be combined with additional savings from other measures installed in the broader project. However, when an electrification measure is installed in a broader project where savings from the measures interact, savings shall be allocated to the electrification measure using calculations and protocols defined in the IL-TRM.
4. Whenever practicable, electric utilities shall estimate total energy consumption savings specific to the individual customers installing the electrification measures. When necessary, as specified further in Section 5.c., utilities may rely on default parameters for equipment specification and operating conditions that are appropriate to the customers installing the measures.
5. The following procedures shall be implemented to ensure that the IL-TRM allows for calculations of electrification savings that are transparent and accurate:
   1. When appropriate, IL-TRM algorithms shall specify savings by end use for measures affecting multiple end uses.
   2. The IL-TRM shall specify how savings from projects involving multiple measures shall be allocated to individual measures. This may be specified for individual measure workpapers within the IL-TRM and/or as broader protocols for application across all measures in the TRM.
   3. When appropriate, the IL-TRM shall provide default assumptions for equipment specification and operating conditions to use in electrification measures.
6. To ensure that electric utilities meet the requirements of Section 8-103B(b-27) in a transparent and accurate manner, in their annual evaluations, the independent Evaluators shall:
   1. Verify that savings calculated using a TRM algorithm applied calculations consistent with the IL-TRM and input assumptions appropriate for the individual customer installing the electrification measure.
   2. Provide an independent evaluation of total energy consumptions savings for measures calculated using custom savings approaches.
   3. Identify any installed electrification measures installed that failed to reduce total energy consumption at the premises, along with the incentive payments paid to customers installing those measures.
   4. Eliminate any savings towards applicable annual total savings coming from electrification measures not reducing total energy consumption at the premises.
   5. Limit electrification savings counted towards each year’s applicable annual total savings goal to no more than the annual limits required by Section 8-103B(b-27).