

**Proposed Policy for Version 3.0: Electrification Energy Consumption Reduction**  
**Submitted By: Nicor Gas**

**Question 1: Proposed Policy and Rationale**

*Briefly describe the policy proposed to be included in Policy Manual Version 3.0, including rationale for why this policy is necessary in Illinois.*

*Questions to consider:*

- 1. Why does this policy require inclusion in Policy Manual Version 3.0?*
- 2. What unresolved policy issue(s) will be resolved by inclusion in the Policy Manual Version 3.0?*

*Please be as specific as you can. If you have specific policy language to propose at this time, please include in this template. It is not a requirement to draft policy language in the proposal template. If draft policy language is not included here, you may be assigned to draft proposed policy language for review by the Subcommittee at a future meeting.*

Section 8-103B(b-27) allows electric utilities to promote electrification measures, but only when they “reduce total energy consumption at the premises.” (See statutory language in Question 5, below.)

The Policy Manual should define how electric utilities will determine whether electrification measures meet this standard. The issues to be addressed include:

- How savings calculations will be defined relative to baselines for existing equipment, standard efficiency new equipment, and high efficiency new equipment.
- How savings calculations distinguish between electrification and auxiliary savings. For example, savings for heat pumps should clearly distinguish heating electrification savings from auxiliary cooling savings. Likewise, heat pump water heaters can affect water heating, cooling, and dehumidification.
- How savings calculations will distinguish electrification savings from savings resulting from other measures implemented at the same time (e.g., from other equipment upgrades, weatherization upgrades, etc.).
- How savings calculations will be customized to the characteristics of individual building and equipment.
- How calculations will rely on TRM algorithms, custom software, or other approaches.
- How calculations will differ for different program delivery strategies, including midstream, time of sale, new construction, retrofit, and early replacement.

The Policy Manual should also address how electric utilities will communicate these impacts to the Commission, including the following issues:

- The information that will be provided to the Commission.
- The structure and format of the information that will be provided to the Commission.
- If appropriate, how information will differ for different programs, measures, etc.

**Question 2: Utility Impact**

*Describe whether the proposed policy impacts Illinois gas utilities, electric utilities, or both.*

Proposal impacts electric utilities directly in fulfilling their statutory requirement to inform customers of the impacts of electrification measures. Gas utilities also have an interest in these issues.

### **Question 3: Background Research**

*Provide any background research completed in preparing this template, including source references and links, as applicable.*

Questions to consider:

1. *Are you aware of other jurisdictions or utilities that address this policy issue?*
2. *Have any national or regional energy efficiency organizations addressed this policy topic? If so, please provide reports and any other relevant sources.*

No

### **Optional Question 4: Commission Decision**

*Has the Illinois Commerce Commission previously addressed this policy or issue? If so, please provide language and specific citations, including the ICC docket number.*

No.

### **Optional Question 5: Statutory Consistency**

*Have you reviewed your proposed policy against applicable Illinois law? Are there any possible conflicts? If so, please explain and provide statutory citation(s).*

(b-27) Beginning in 2022, 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 that would otherwise be served by combustion of fossil fuel at the premises, *provided that the electrification measures reduce total energy consumption at the premises.*

### **Optional Question 6: Additional Information**

*Provide additional information, as needed, to assist with understanding the proposed policy issue and your request to include it in the Policy Manual Version 3.0. For example, have any memos been drafted to the SAG related to this policy proposal?*

None.