

Proposed Policy for Version 3.0: Greenhouse Gas Savings Calculations **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.

The Policy Manual should define approaches for calculating GHG savings from energy efficiency measures and programs. The issues to be addressed include:

- How to define the “order of operations” for measuring GHG reductions, especially between energy efficiency, which reduces the volume of energy delivered through electricity and natural gas networks, and renewable supply, which reduces the GHG intensity of energy delivered through those networks. (For example, should energy efficiency be treated the “first fuel” and compared to existing networks, rather than to future decarbonized networks?)
- Which GHGs should be included in the analyses, and how those GHGs should be converted to common units, especially since different GHGs have different warming potentials over different time periods.
- How to capture all emissions associated with end use energy consumption, including the emissions associated with producing, transmitting, and distributing the energy required to deliver natural gas and electricity to the end use, as well as the emissions associated with creating the materials embedded in end use and energy efficiency equipment themselves.
- How to report annual GHG emissions impacts as well as lifecycle impacts over the lives of installed measures.

The Policy Manual should also address how electric and natural gas 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.

Both.

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.

None at this time.

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).

References to reducing GHG emissions are present throughout the 956 pages of the final CEJA bill. For example:

Article 15. Community Energy, Climate, and Jobs Planning Act

Section 15-5. Findings. The General Assembly makes the following findings: The health, welfare, and prosperity of Illinois residents require that Illinois take all steps possible to combat climate change, address harmful environmental impacts deriving from the generation of electricity, maximize quality job creation in the emerging clean energy economy, ensure affordable utility service, equitable and affordable access to transportation, and clean, safe, and affordable housing.

In addition, electric utilities will be required to develop and track metrics associated with GHG reductions to comply with CEJA provisions for performance-based ratemaking. For example:

Sec. 16-108.18. Performance-based ratemaking.

(3) The Commission shall approve reasonable and appropriate tracking metrics to collect and monitor data for the purpose of measuring and reporting utility performance and for establishing future performance metrics. These additional tracking metrics shall include at least one metric from each of the following categories

(A) Minimize emissions of greenhouse gases and other air pollutants that harm human health, particularly in environmental justice and equity investment eligible communities, through minimizing total emissions by accelerating electrification of transportation, buildings and industries where such electrification results in net reductions, across all fuels and over the life of electrification measures, of greenhouse gases and other pollutants, taking into consideration the fuel mix used to produce electricity at the relevant hour and the effect of accelerating electrification on electricity delivery services rates, supply prices and peak

demand, provided the revenues the utility receives from accelerating electrification of transportation, buildings and industries exceed the costs.

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.