Illinois Energy Efficiency Stakeholder Advisory Group
Policy Manual Subcommittee Version 3.0: Proposed Policy Template

Proposed Policy: Weighted Average Measure Life Clarification
Submitted By: ICC Staff

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 Weighted Average Measure Life (WAML) policy needs to be clarified to exclude voltage optimization. This question was raised during the 2021 evaluation report review process.

See Section 11.4 of Policy Manual Version 2.1 – Electric Utility Weighted Average Measure Life. Proposed edits in redline:

> Section 8-103B(e) of the Public Utilities Act allows an electric utility to create a regulatory asset from Energy Efficiency expenditures and to amortize and recover the total expenditures of the Energy Efficiency regulatory asset "over a period that is equal to the weighted average of the energy efficiency measure lives implemented for that year that are reflected in the regulatory asset." 220 ILCS 5/8-103B(e). This period is referred to as the weighted average measure life (WAML). WAML shall be calculated for an electric utility in the following manner:

$$Weighted\ Average\ Measure\ Life_{Year=n} = \frac{\sum_{measure=1}^{N}(ML \times kWh_{gross})}{\sum_{measure=1}^{N}(kWh_{gross})}$$

> Where:
> N=total number of Measures in year n.
> ML=Measure life of the Measure. Specifically, "Measure life" is the life over which the Program Administrator will be claiming at least some savings from the Measure (i.e. not adjusted for any degradation of savings over time associated with the Measure).
> kWhgross= first-year gross energy savings of the Measure for the year.

Note: In calculating WAML, the gas Measure savings (and associated Measure life) that are actually counted toward a utility's applicable annual incremental energy savings goal (maximum 10%) shall be included in the WAML calculation. Evaluators shall calculate WAML as part of their annual impact EM&V reports using verified gross savings, excluding voltage optimization.

Question 2: Utility Impact
Describe whether the proposed policy impacts Illinois gas utilities, electric utilities, or both.

Electric utilities

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.*

N/A

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.

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).

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?