

Illinois EE Stakeholder Advisory Group Fuel Conversion Working Group – 2021

Background and Meeting Summary Prepared by SAG Facilitator (July 26, 2021)

Background

Fuel conversion policy questions were raised during the 2020 IL-TRM update process (IL-TRM Version 9.0), related to Heat Pump Measures, the Combined Heat and Power Measure, and the proposed Electric Vehicle Measure, including 1) site vs. source savings and 2) whether the Future Energy Jobs Act (FEJA) requires the current IL-TRM methodology to be changed. The fuel conversion IL-TRM methodology was developed and approved during the IL-TRM Version 4.0 update. The IL-TRM Administrator requested SAG address open fuel conversion policy questions in 2021.

The purpose of the SAG Fuel Conversion Working Group in 2021 was:

1. To provide a forum to discuss fuel conversion policy questions that were raised during the 2020 Illinois Technical Reference Manual (IL-TRM) update process, for IL-TRM Version 9.0; and
2. If possible, to reach consensus on fuel conversion policy questions.

Separate from the SAG Fuel Conversion Working Group, the IL-TRM Technical Advisory Committee (TAC) began addressing potential fuel switching / heat rate methodology changes to IL-TRM Version 10.0 in May.

As of July 2021, the SAG Fuel Conversion Working Group did not reach consensus on open policy questions, and decided to pause discussions due to a pending energy bill in Illinois. The TAC Fuel Conversion Working Group continues to discuss potential methodology changes for IL-TRM Version 10.0.

Meeting Summary

The SAG Fuel Conversion Working Group held six meetings in 2021. Meetings are summarized below.

Meeting #1: Tuesday, March 9

- Discussed 2021 Working Group Plan
- VEIC (IL-TRM Administrator) presented background and history of fuel conversion methodology and policy questions raised in 2020
- Working Group identified additional questions
- Next steps:
 - Policy questions were circulated for review
 - Utilities completed fuel conversion measure tables for meeting #2
 - Interested parties responded to policy questions for discussion at meeting #2

Meeting #2: Monday, April 26

- Discussed fuel conversion and CHP spreadsheet tables, to educate the Working Group on fuel conversion measures and CHP projects incentivized in recent years

- Discussed responses from interested parties on fuel conversion policy questions, including rationale
- Next steps:
 - VEIC prepared a fuel conversion compromise proposal, for discussion at meeting #3
 - The April 26 meeting covered responses to Questions 1-4; 6 additional questions need to be discussed in meeting #3

Meeting #3: Monday, May 10

- Discussed key policy questions, specifically rationale from interested parties on whether site or source should be used for 1) eligibility / screening calculation and 2) savings claim calculation for fuel switch measures
- Continued discussing responses on fuel conversion policy questions #5-10
- Discussed fuel conversion compromise proposal prepared by VEIC
- Peoples Gas & North Shore Gas prepared a scenario document for Air Source Heat Pumps
- Next steps:
 - Further discussion needed at May 24th meeting on ASHP and CHP example scenarios
 - Additional follow-up needed on policy questions; Working Group is not in agreement yet; Nicor Gas suggested a full compromise will also need to address 1) the 10% factor and 2) whether there are actual customer savings

Meeting #4: Monday, May 24

- Discussed Air Source Heat Pump and Combined Heat and Power (CHP) project examples, using three scenarios (following the current IL-TRM; using a source conversion; and using a site conversion)
- Discussed responses to open follow-up items from Working Group meetings #2 and #3
- Next steps:
 - Additional meeting to be scheduled in July

Meeting #5: Monday, June 21

- VEIC presented an update on IL-TRM TAC Fuel Conversion discussions
- Discussed next steps for Fuel Conversion Working Groups given the potential for a new energy bill in IL
- Discussed responses to open follow-up items from prior Working Group meetings
- Identified new policy questions requiring discussion
- Next steps:
 - Request for feedback from interested parties on whether to pause policy discussions due to pending energy bill
 - Interested parties responded to policy questions for discussion at meeting #6
 - Peoples Gas / North Shore Gas and Nicor Gas prepared a heat rate proposal for discussion at meeting #6

Meeting #6: Thursday, July 15

- Discussed the heat rate proposal from gas utilities
- Discussed comments on fuel conversion next steps due to pending energy bill
- Next steps:
 - The SAG Working Group did not reach consensus on open policy questions, and decided to pause discussions due to a pending energy bill in Illinois.

- The TAC Working Group continues to discuss potential methodology changes for IL-TRM Version 10.0.

Reference Documents

The meeting materials below may provide useful reference. Visit individual meeting pages (linked above) for additional meeting documents.

Policy Questions

- April Policy Questions with Responses: [Summary Table – Responses to Fuel Conversion Policy Questions, updated 4/23 \(compiled by SAG Facilitator\)](#)
- July Policy Questions with Responses: [Summary Table – Responses to Fuel Conversion Policy Questions \(compiled by SAG Facilitator\)](#)
- [Summary Table: Fuel Conversion Positions on Key Policy Questions \(5/11/2021\)](#)

Fuel Conversion Follow-Up Items

- [Fuel Conversion Open Items \(prepared by SAG Facilitator\)](#), from June meeting
- [Fuel Conversion Memo: IL Attorney General's Office \(June 17, 2021\)](#)

Scenario Documents

- [Air Source Heat Pump Source and Site Scenario Spreadsheet \(updated\)](#) – Peoples Gas & North Shore Gas
- [Combined Heat and Power Scenario Spreadsheet \(Guidehouse\)](#)
- [Combined Heat and Power Scenario Spreadsheet – updated with gas scenario \(NRDC\)](#)