

**Illinois EE Stakeholder Advisory Group
Market Transformation Savings Working Group
Tuesday, May 19, 2020
10:00am to 12:00pm
Teleconference Meeting**

Attendees and Meeting Notes

Attendees (by webinar)

Celia Johnson, SAG Facilitator
Samarth Medakkar, Midwest Energy Efficiency Alliance (MEEA) – Meeting Support
Laura Agapay-Read, Guidehouse
Jennifer Alvarado, Franklin Energy
Matt Armstrong, Ameren Illinois
Brett Bridgeland, Slipstream
Lauren Casentini, Resource Innovations
Kegan Daugherty, Resource Innovations
John Davis, PSD Consulting
Leanne DeMar, Nicor Gas
Ram Dharmarajan, Gas Technology Institute
Nick Dreher, MEEA
Julie Drennen, Center for Energy and Environment
Gabe Duarte, CLEAResult
Allen Dusault, Franklin Energy
Greg Ehrendreich, MEEA
Ross English, Resource Innovations
Jeff Erickson, Guidehouse
Jim Fay, ComEd
Scott Fotre, CMC Energy
Margie Gardner, Resource Innovations
Jean Gibson, Peoples Gas & North Shore Gas
Jon Gordon, Enervee
Molly Graham, MEEA
Randy Gunn, Guidehouse
Vince Gutierrez, ComEd
Scott Hackel, Slipstream
Sue Hanson, Tetra Tech
Jan Harris, Guidehouse
Jeff Harris, Northwest Energy Efficiency Alliance (NEEA)
Hannah Howard, Opinion Dynamics
Cheryl Jenkins, VEIC (IL-TRM Administrator)
Kara Jonas, MEEA
John Lavalley, Leidos
Alison Lindburg, MEEA
Bruce Liu, Nicor Gas
Todd Malinick, Opinion Dynamics
Samarth Medakkar, MEEA
Abby Miner, IL Attorney General's Office
Zenia Montero, ICF
Jennifer Morris, ICC Staff

Phil Mosenthal, Optimal Energy, on behalf of IL Attorney General's Office
Chris Neme, Energy Futures Group, on behalf of NRDC
Rob Neumann, Guidehouse
Victoria Nielsen, Applied Energy Group
Randy Opdyke, Nicor Gas
Christina Pagnusat, Peoples Gas & North Shore Gas
Stacey Paradis, MEEA
Michael Pittman, Ameren Illinois
Anthony Santarelli, Smart Energy Design Assistance Center (SEDAC)
Ellen Steiner, Opinion Dynamics
Evan Tincknell, Opinion Dynamics
Kalee Whitehouse, VEIC
Rick Tonielli, ComEd
Chris Vaughn, Nicor Gas
Jan Harris, Guidehouse
Jim Jerozal, Nicor Gas
Thomas Manjarres, Franklin Energy
Karianne McCue, Nicor Gas

Meeting Notes

Action items are summarized at the end of the notes.

Opening and Introductions

Celia Johnson, SAG Facilitator

The purpose of today's meeting:

1. To discuss the process to review and reach consensus on MT savings initiatives and protocols.
2. To finalize resolution of three market transformation policy issues.
3. To provide a brief update on Illinois market transformation initiatives from the Midwest Market Transformation Collaborative.

Market Transformation Process Overview

Celia Johnson, SAG Facilitator

Background

- Reviewed Working Group Purpose
 - Reach consensus on savings protocols for specific MT initiatives
- Reviewed process for consensus on savings protocols
 - At this point the Working Group has not yet discussed protocols for any specific initiatives. Next meeting will provide an opportunity (July).
- Reviewed next steps for IL-TRM Version 9.0
 - Draft savings approach proposals need to be shared with the Working Group no later than July, for consensus by Sept. 1 (for inclusion in IL-TRM Version 9.0).
 - Savings approaches will be specific to each MT initiative.
 - Revisions to the IL-TRM Attachment C (Framework for Counting Market Transformation Savings in IL) need to be finalized with the Working Group by August, in order to circulate the final draft Attachment to SAG for review/comment before the Sept. 1 deadline
 - Two edits may be needed:

- 1- introductory paragraph describing how Attachment C was developed
 - 2- consensus for MT policies developed in 2020
- Reviewed process for consensus on policy issues – the discussion today is a follow-up on comments provided since the February Working Group meeting

Discussion:

Q: [Chris Neme] Is part of what we're going to talk about is what's the best place to address these questions? Like TRM or Policy Manual?

A: [Celia] Yes

Q: [Chris] Do we have detailed plans for the tentative topics in the July meeting?

A: [Celia] Yes. Resource Innovations is providing a status update on a number of these later today.

Q: [Chris Neme] Wondering what was the selection process for these July meeting topics and process going forward?

A: [Margie Gardner] These are the MT initiatives bubbling to the surface, with interest from a coalition of utilities. Still trying to get a consensus from a core of utilities in the Midwest MT Collaborative. Timing: This may not happen in July. These evolved from scanning the horizon across the nation – what's ready and available. Chose tech applicable to the Midwest (MW). Asked the collaborative what suggestions they have. Discussed with Nicor as they're funding their own MT portfolio. Current phase now is utilities deciding what to move forward with. RI team is also reviewing proposed MT initiatives from the SAG Energy Efficiency Ideas process.

Q: [Chris Neme] Other than the process started for the next planning cycle, where is the opportunity for non-utility stakeholders to weigh in on what the priorities of these initiatives should be? Seems like non-utility parties have not been in these discussion about which should be considered. Ex: Interested in triple-glazed windows. There's no venue to weigh in.

A: [Margie Gardner] Point taken. Will discuss the process with utilities and MEEA. Since it's a Midwest MT Collaborative, selection is broader than Illinois, that poses some things to consider.

[Celia]: Will follow-up with interested stakeholders, MEEA, and Resource Innovations.

Q: [Jan Harris] At the market transformation summit meeting, the groundwork was laid for initiatives for utilities to consider. Since then there haven't been meetings with non-utility parties for prioritizing initiatives.

[Chris Neme]: Not sure what the solution is but strikes me that some process is missing. Acknowledging that utilities will make the call with what to move forward with.

[Stacey Paradis]: Understand where you're coming from. Will discuss offline and follow-up.

[Lauren Casentini]: Second Stacey's comment.

Market Transformation Policy Resolution

Margie Gardner, Resource Innovations & Nick Dreher, Midwest Energy Efficiency Alliance

Background

- Last discussion on market transformation policy was Feb 13th.
- Draft policy memo with policy language was circulated following the February meeting.
- Today we will walk through updated policy language.

Issue 1: MT impact on portfolio C/E

- Consider: What will encourage MT investments, but not create too large a risk to any one party?
- Reviewed proposed resolution.

Discussion:

Q: [Jan Harris] – how does this fit with the CPAS rules?

[Chris Neme] – Reality is that for any initiative, you have to report what the savings will be in the year they will be achieved and which of the remaining years of the plan and subsequent plan years will savings be counted. This generally makes sense. Suggests one tweak (3rd paragraph) – because an MT initiative typically persists past a plan year and justified as a result of impacts across plans, it's a good idea to do a multi-year C/E of the initiative over the time frame as well as a truncated assessment of just the 4 years. Then when you talk about the initiative within the plan, you're showing what you think the C/E rationale.

[Margie Gardner] The business plan should have the full initiative C/E estimated. That is one of the features of the business plan to discuss with SAG. Someone familiar with CPAS would have to look at how CPAS plays in the C/E plan portfolio test.

[Phil Mosenthal]: Agrees with Chris' C/E comments. How, if at all, do we count future savings within a plan. For example – you do an MT initiative for 4 years deemed successful, then it doesn't make sense to continue the program but for how long of the measure life do you count savings

[Margie Gardner]: Again, this policy issue is related to C/E testing of the 4-year planning cycle.

[Chris Neme]: As it related to portfolio C/E, Chris is fine with this. There should be a longer horizon articulation of what the MT C/E should be.

[Jennifer Morris]: Ok with this.

Issue 2: Natural Market Baseline Assessments

- Reviewed Background on this policy issue.
- Initial question: When new data becomes available on baseline, should the market baseline be adjusted retrospectively, prospectively or with a hybrid approach?

- General consensus from February was that any adjustments applied prospectively (similar to how the net-to-gross calculations are adjusted).

Discussion:

Q: [Phil Mosenthal] What does this mean in terms of savings that haven't happened yet because measures haven't been bought and installed but we want to credit some future savings. Do we wait until measure installed or is it all locked in?

A: [Chris Neme] My understanding is that if we launched an MT program in 2022 with an assumed NMD that indicates a 5% market penetration by 2025, but later you find out that it would be more like 8%. In the next planning cycle, use 8%.

A: [Margie Gardner] How Chris has explained it is correct.

Q: [Jan Harris] I can imagine a scenario where a retrospective adjustment is warranted. In this case, what do you do?

A: [Nick Dreher] Willing to discuss an initiative specific exception. The point here is to give confidence for everyone. Leave the math at the door until data is available. Open to more thoughts.

Q: [Chris Neme] Jan, can you give an example of an exception?

Q: [Jan Harris] Let's say a federal standard was enacted that wasn't foreseen. Do you make adjustments to the baseline in that case?

A: [Margie Gardner] In the case of an unplanned change to the federal standard, this would change the baseline from this point forward. This wouldn't change any savings from the past, only the future. There are MT efforts related to adopting standards.

[Chris Neme]: Agreed. At the time of the federal standard, that's the point when you change the baseline. Wouldn't even know how you would do this mechanically.

[Jennifer Morris]: I'm comfortable with this approach, seems consistent. One concern – it does not seem clear how these things get locked in. Including some language incorporating the MT WG consensus would be valuable.

[Margie Gardner]: I have been hearing such concerns. Where does the documentation reside? Seems like it's either in a document presented to the SAG with consensus posted to the website or it's something amenable to the policy guidelines or TRM.

[Jennifer Morris]: If there's a MT WG page on the SAG site, there could be a subpage devoted to consensus. The resolutions should just address how this is posted and locked in.

[Chris Neme]: Once we've locked an NMB, need consensus on how to adjust NMB. It's problematic if anyone can veto this through SAG.

[Jennifer Morris]: Evaluator may be the appropriate entity to make the final call.

[Margie Gardner]: Seems like this merits further discussion. It is possible to get this set adopted knowing that some additions to clarify how and when it's allowed to change and the process. Refine the new issues.

[Celia]: Agreed. These issues are related to process so this can be refined.

[Jennifer Morris]: One concern is that the way the resolution talks about this now is that the baseline is locked in. Maybe if a few bullets are added here to include the pints of further discussion.

[Margie Gardner]: Agreed.

[Chris Neme]: Another option is to provisionally adopt these and document the other issues. If we can't reach agreement on a reasonable way to make prospective adjustments and the data to inform those are not widely shared, minds may change on prospective adjustments.

[Jennifer Morris]: I support this. Will review with Chris further.

Issue 3: How will derived energy savings and costs be dealt with across multiple plans?

- Reviewed the proposed resolution.
- Savings not bound to a single plan. Savings will accrue subject to approved savings protocols.

Discussion:

Q: [Phil Mosenthal] – agree with this but thinks there should be some requirement that there was some sort of logic model to underlie this.

A: This is not consistent with CPAS.

[Chris Neme]: For any measure installed in a given year, you need to document measure life savings. You only log savings for the life of the measure in the year it's installed. What this is saying that for any 4-year planning cycle, if we have measure installed as a result of an MT initiative in year 2, all of those savings from year 2 will show up in years 2-11. Even if the savings materialized later.

[Phil Mosenthal]: It would be helpful if there's a specific intent of the initiative to get to a standard or code, it would be established up front the attribution. If that's not part of the program intent, then you can't automatically count extra savings.

[Margie Gardner]: Will double check that this is addressed.

Issue 4: Tracking MT initiatives

- Reviewed proposed resolution. Initially a sub point on the first policy question related to C/E.

Discussion:

Q: [Phil Mosenthal]: Is the idea that because we can change prospectively that we consider other changes to business plans?

A: [Margie Gardner]: There's a lot of churn if you consider any year. Not a full-fledged reassessment of the business plan.

Q: [Chris Neme]: Would it make sense to break this into 2 pieces. 1. Utilities track... 2. Each utility will also update forecast future savings under the following circumstances but no less frequently than say 4 years.

[Phil Mosenthal]: Makes sense but it would be tricky to [do so?]

Q: Will any action be taken if performance is below what is expected?

A: [Margie Gardner] How do utilities deal with this on a normal rebate program?

A: [Chris Neme] They get less savings and it raises questions about continuity of the program. Utilities have a fair amount of flexibility to modify programs. They have to notify the rest of the SAG if a shift exceeds a certain % of budget.

[Phil Mosenthal]: In my mind, the problem is that because we do NTG prospectively, we're presumably deciding on that NTG factor depending on what the plan is and there's no opportunity to go back and change it.

[Margie Gardner]: The NTG figure is embedded in the NMB, so it shouldn't be a problem here.

[Phil Mosenthal]: This works as long as we decide that any savings made beyond the natural market would be counted.

[Chris Neme]: The per unit savings, measure life and other things may need to be updated beyond the NMB.

[Margie Gardner]: And these would be dealt with just as utilities deal with in Resource Acquisition programs.

[Jan Harris]: Would we need to amend the TRM?

[Margie Gardner]: In the Attachment C [Framework for Counting MT Savings], it talks about the NMB adjustment. There's not NTG baseline for MT initiatives because that accounted for in the NMB.

Issue 5: Initiative-Specific Issues

- Reviewed proposed resolution.
- Certain measures seem so initiative dependent that they should be factored in conversations.

Discussion:

Q: [Phil Mosenthal] Not sure why A and B are initiative specific. If we agree that savings can be claimed, wouldn't they be in the goal and accounted for in the financial incentives?

[Chris Neme]: Similar concern. Seems that A and B can just be replaced ... Question is how we're going to incorporate savings goals and incentives. How MT derived savings will be estimated is something that needs to be initiative specific. Include a general statement on how we're estimating savings.

Q: [Jan Harris]: Does this mean that in order of operations, a publicly vetted and approved methodology before an MT initiative can count savings?

A: [Phil Mosenthal] I think the answer is yes.

Illinois Market Transformation Update

Margie Gardner, Resource Innovations

- Reviewed MT initiative process.
- Reviewed Current MT Initiative List. Active, under consideration and those with growing interest.

Q: [Chris Neme] Where can one find MT opportunity briefs?

A: [Margie Gardner] A couple are posted on the MT SAG page.

Q: [Phil Mosenthal] Are MT business plans available?

A: [Margie Gardner] No. Haven't spoken yet with the utilities whether business plans will be released.

Q: [Jan Harris] Wondering why BOC isn't listed here. The commercial food service equipment is claiming savings in the textbook RA method.

A: [Margie Gardner] Yes. BOC isn't listed here because there were no utilities that wanted to take BOC to the next step for market transformation (in 2020). CFS is currently a Resource Acquisition program. Need to determine can we make a bigger impact through MT?

[Chris Neme]: The lack of accessibility to non-utility stakeholders on these selected initiatives is a process question that needs to get addressed.

Q: [Jan Harris] Are there any time frames or documentation surrounding the plan for code compliance that could be reviewed?

A: [Allison Lindburg, MEEA] Nothing is available for review yet for the code implementation plan. Utilities are currently reviewing the draft. Our hope is there will be an implementation plan to present in July.

Closing & Next Steps

Celia Johnson, SAG Facilitator

Next steps:

1. MEEA and Resource Innovations will prepare additional edits to draft policy language. Updated draft policy language will be circulated for review/comment and discussed at the July Working Group meeting, if needed.
2. Celia will follow-up with interested parties to discuss comments and questions raised on process. A follow-up discussion will be held at the July Working Group meeting.
 - a. Process questions to consider:
 - i. Accessibility of MT information
 1. How will MT opportunity briefs be made public?
 2. How will MT business plans be made public?
 - ii. How can stakeholders be invited to provide feedback on what MT initiatives IL utilities are moving forward on?
 - iii. How are the baselines and savings estimates being developed (from a process perspective)? Who is involved in that process and what does it look like? What is the role of non-utility stakeholders?
 - iv. When Natural Market Baselines are reviewed and updated, what is the process for considering and adopting prospective modifications?
 - v. What happens if the Working Group does not reach consensus on the information being considered?
 1. Suggestion during meeting that evaluators should make the final decision.