

Illinois EE Stakeholder Advisory Group Large Group SAG: EE Statute Workshop #2

Thursday, September 30, 2021

10:00 am – 12:00 pm

Attendee List and Notes

Meeting Materials

- Posted on the [September 30 Meeting page](#):
 - [Thursday, September 30, 2021 SAG Agenda](#)
 - Stakeholder Feedback to Ameren Illinois and ComEd:
 - [ICC Staff Response Presentation](#)
 - [NRDC Response Presentation](#)

Attendee List

Celia Johnson, SAG Facilitator
Greg Ehrendreich, Midwest Energy Efficiency Alliance (MEEA) – Meeting Support
Brian A'Hearn, CLEAResult
Laura Agapay-Read, Guidehouse
Matt Armstrong, Ameren Illinois
Shonda Biddle, Walker-Miller Energy Services
Anthony Brown, Ameren Illinois
Ben Campbell, Energy Resources Center, UIC
Mike Chimack, ICF
Hannah Collins, Leidos
Andrew Cottrell, Applied Energy Group
Erin Daughton, ComEd
Larry Dawson, IACAA
Mark DeMonte, Whitt-Sturtevant, representing Ameren Illinois
Sam Dent, VEIC, IL-TRM Administrator
Erika Dominick, Walker-Miller Energy Services
Nick Dreher, MEEA
Gabe Duarte, CLEAResult
Deb Dynako, Slipstream
Katie Elmore, Community Investment Corp.
Jeff Erickson, Guidehouse
Jennifer Fagan, Verdant Associates
Jim Fay, ComEd
Claire Flaherty, Cascade Energy
Paul Foran, Lueders, Robertson & Konzen
Mike Frischmann, Ecometric Consulting
Zachary Froio, Applied Energy Group
Diana Fuller, IACAA
Lauren Gage, Apex Analytics
LaJuana Garrett, Nicor Gas
Jenny George, Ameren Illinois
Joe Giamberdino, Citizens Utility Board

Jean Gibson, Peoples Gas & North Shore Gas
Noelle Gilbreath, Community Investment Corp.
Stacy Gloss, Indoor Climate Research & Training, U of I
Laura Goldberg, NRDC
Pace Goodman, ILLUME Advising
Andrey Gribovich, DNV-GL
Walid Guerfali, ICF
Randy Gunn, Tierra
Vince Gutierrez, ComEd
Amir Haghghat, CLEARResult
Damali Harding, Oracle
Travis Hinck, GDS Associates
Dena Jefferson, Franklin Energy
Mary Johnson, Resource Innovations
Mark Johnson, Steptoe & Johnson, representing ComEd
Kevin Johnston, Green Homes Illinois
Lloyd Kass, Franklin Energy
Haley Keegan, Resource Innovations
Kristofer Kiszynski, Elevate
Jonathan Kleinman, Aiqueous
Larry Kotewa, Elevate
Ryan Kroll, Driftless Energy
John Lavallee, Leidos
Matt Ludwig, ComEd
Molly Lunn, ComEd
Karen Lusson, National Consumer Law Center
Thomas Manjarres, Peoples Gas & North Shore Gas
Marlon McClinton, Utilivate
Rebecca McNish, ComEd
Samarth Medakkar, MEEA
Tim Melloch, Future Energy Enterprises
Abigail Miner, IL Attorney General's Office
Domingo Miranda, ComEd
Bruce Montgomery
Meagan Morley, ICC
Jennifer Morris, ICC Staff
Phil Mosenthal, Optimal Energy, on behalf of IL Attorney General's Office and NCLC
Kelly Mulder, Mulder Consulting
Chris Neme, Energy Futures Group, on behalf of NRDC
Eric O'Neill, Michaels Energy
Lorelei Obermeyer, CLEARResult
Bryan Overman, Indoor Climate Research & Training, U of I
Christina Pagnusat, Peoples Gas & North Shore Gas
Stacey Paradis, MEEA
Deb Perry, Ameren Illinois
Michael Pittman, Ameren Illinois
Jared Policicchio, City of Chicago
Joe Reilly, Applied Energy Group
Zach Ross, Opinion Dynamics
Clayton Schroeder, Resource Innovations
Leah Scull, CLEARResult

Cynthia Segura, Citizens Utility Board
Tyler Sellner, Opinion Dynamics
Kristol Simms, Ameren Illinois
Arvind Singh, DNV-GL
Grant Snyder, IL Attorney General's Office
Jacob Stoll, ComEd
Mark Szczygiel, Nicor Gas
Rick Tonielli, ComEd
Elie Touma, Energy Sciences
Chris Townsend, CJT Energy Law
Andy Vaughn, Ameren Illinois
Marques Vaughn, Ameren Illinois
Ted Weaver, First Tracks Consulting, on behalf of Nicor Gas
Ken Woolcutt, Ameren Illinois
Fred Wu, Aiqueous
Jim Zolnierek, ICC
David Zussman, Oracle
Nicholas Crowder, Ameren Illinois
Jim Dillon, Ameren Illinois
Keith Goerss, Ameren Illinois
Chris Vaughn, Nicor Gas

Meeting Notes

Follow-up items marked **in red**.

Stakeholder Feedback to ComEd and Ameren Illinois

Jennifer Morris, ICC Staff

- Impression is that there is a lot of expiring savings in future years from past plan, may be impossible to meet the threshold increase in the statute. It's hard to determine now what may happen over 10 years. No potential study for future years is something lacking.
- Given no analysis or potential study for the Commission to rely on and the evidentiary standard to establish goals below threshold – which utilities think are needed – Staff thinks the evidentiary standard can't be met by the end of the year. Impossible to have a proceeding to establish goals without data and evidence by the deadline.
- Understand the rationale for establishing goals closer to plan filing date – prior to plan that goals relate to. Staff has concerns with abandoning the advance requirement – that goes against plain language and intent. Open to discussion on that, but that is current position.
- Stakeholder collaboration should be complete before any proceeding, including the later establishment of 2036-2040 CPAS goals.
- Need an independent potential study, comparable to independent evaluator.

[Kristol Simms] Who is going to conduct, and pay for, a potential study? Would it be within the statutory budget? What authority are you pointing to for the Commission to order that?

[Jennifer Morris] Utility funded, via RFP bids. Similar to what was done with the TRM administrator. This could be in a stipulation if agreement is reached and then filed in the docket.

[Phil Mosenthal] Are you proposing the potential study happen prior to 2023 and then the docket at that time sets the goals, or just opened to establish a schedule?

[Jennifer Morris] We think a potential study should be completed before an ICC docket is opened, so data and evidence is available for the Commission to make a decision.

[Phil Mosenthal] IL AG and NCLC have some concerns about doing that so soon – if we go with the defaults, we might not need it so quickly.

[Jennifer Morris] A smaller group follow-up may be useful.

[Kristol Simms] Ameren needs time to review internally. Concerned about duplicative efforts on a potential study – utilities will do that to establish their plan filings for each cycle. Potential studies are costly to conduct.

[Jennifer Morris] I was thinking replace rather than duplicate. For establishing goals in advance, statute says commission should rely on this.

[Kristol Simms] The statute references relying on independent information and a potential study – doesn't say potential study has to be independent. Should come up with a solution that won't cost ratepayers double to establish this.

[Ted Weaver] One, are you envisioning a statewide potential study or separate per utility? Second, the 2024 docket for 2026-2040 setting, would there be a proceeding in 2023 and 2024 or could we just combine to 2024?

[Jennifer Morris] No strong opinion on statewide at this point – though some stakeholders would prefer a statewide study. A single docket to establish both goals was first preference.

[Phil Mosenthal] On potential study, statewide makes sense and is the most efficient. Could also report results at territory level.

[Ted Weaver] One potential study in 2023 to inform both dockets?

[Jennifer Morris] Yes, also open to a later potential study, such as before the 2030 plan filing to determine if modified goals are needed.

[Jim Zolnierek] We always have to be 11 years ahead according to the statute.

Chris Neme, Energy Futures Group, representing NRDC

- Presentation focuses on conceptual points, recognizing there is more work to be done.
- There were a number of CPAS questions asked during Workshop #1; will start with why statute requires the setting of goals more than 10 years in the future despite the challenges.

- CPAS goal structure is unique and focuses on cumulative effect year to year of all previous years' programs. How much lower is the demand on the grid in 2022 if there had been no programs since 2012, etc.
- It's an interesting way of looking at the question of energy savings – it's how system planners would need to think about capacity – but it adds complexity as we have been talking about.
- CPAS forces utilities to think and care about longevity of savings. Some jurisdictions only focus on first year savings, where it doesn't matter if a measure has a 1-year or 20-year measure life. CPAS goals make utilities have to care about future goals, and how a measure contributes to 2025 and 2030.
- If IL law didn't extend the goals past 2030, then utilities would be indifferent if savings were more than 9 years – as long as it gets to 2030. Then 2025 programs wouldn't have a statutory reason to be more than 6-year savings.
- There are other factors that drive utility planning and can be independent of statutory goals. The targets that far out on the future helps to emphasize that though. Utilities have clearly redesigned their program plans and there is evidence of that.

[Kristol Simms] There are other objectives that impact portfolio designs.

[Chris Neme] I acknowledge that there are other factors that cause utilities to care about longevity besides statutory goals, but absent CPAS targets there is less of an incentive to do so. All the reasons align to long term instead of just some of them. For what it's worth, there are other ways statutorily that could have set these goals but this is the structure we have in Illinois.

[Kristol Simms] In this collaborative setting, we do have a structure but the only way working the structure isn't to set the goals higher than can be achieved, with solutions that don't exist and budgets that aren't allowed. We need other structural changes that give us a more realistic look at what utilities can do to deliver meaningful savings without unrealistic goals.

[Chris Neme] Nobody wants demonstrably unachievable goals – no point to that from my perspective. May be appropriate to reexamine some aspects of how we draw conclusions about savings lives, and that's a complex evaluation topic.

[Molly Lunn] Understand why you are interested in making sure we know there are goals beyond 2030 and make good decisions about long life measures – the things we all agree on as an ultimate goal. Would put it slightly differently – if we set goals now that we know are unachievable, it's a perverse incentive. If we know we aren't going to meet future goals anyway, it changes how we think about what we're going to do now.

[Chris Neme] I don't think anyone wants to set demonstrably unachievable goals. But there is a lot of room for interpretation of what that means. That's a challenging topic. It's something we have to figure out how to work through.

[Phil Mosenthal] Agree conceptually that it doesn't help to have goals that are unachievable. We don't know yet with clear and convincing evidence what is achievable in the future. Sticking with default goals for now until we can understand what is achievable makes sense. Everyone knows they will be reset and could end up at defaults but only if clear and convincing evidence.

[Chris Neme] Potential studies can be a useful reference point, but in many jurisdictions, it bears out that they are almost always conservatively low as to what is possible. They are and should only be one reference point to "independent analysis."

- A lot of unknowns in a 10-15 year forecast. Magnitude of expiring savings is one of them. We know current years for what is already installed and when it is supposed to expire. We can estimate how much of the future installs will expire in those years but delivery will always be different than plans. New opportunities will arise from the statute and there may be even more potential for those things to change. Don't even know what the 26-30 plans will look like. There may be different ways of thinking about measure lives through TRM and evaluation that can also change things.
- More importantly, we don't know what new technology or systems or design approaches will emerge in the next 10 years. Look at a 10-year-old study and see what it says about the LEDs that are dominating portfolios now – they were only being just starting to be considered.
- May be additional electrification and load changes that enable bundling EE with other resources.
- ICC obligations – our interpretation – ICC is supposed to establish goals either the defaults in the statute or different values through a hearing process.
- If it goes through "door number 2" then statute gives direction on how that proceeding will set goals. First, must be on maximum amount of cost-effective achievable with no reference to spending caps. Second, as Jennifer alluded, depending on where commission wants to set the goals there is a different standard or burden of proof. If they want to adopt anything at 0.5 for ComEd or up, or 0.4 for Ameren, then they need to use their "best estimate" – a 50/50 that it could be higher or lower really. If they want to set a standard below the default, the level of evidence is very different. Language is "clear and convincing" and I think of that as more of a 95/5 certainty (conceptual explanation, not in statute).
- Vitally important to think about when setting 10-15 years in advance, this is just the first step. When the utility files plans, they can always ask for modified goals a year to 9 months ahead of implementation. If they ask for modified goals then, there is a lot more information to inform that decision. That is also when impact of spending caps becomes relevant to what is achievable.
- Some downsides to asking for modified goals. Get full ROR for meeting modified goals and can get a bonus (albeit smaller) for exceeding modified goals.
- Some of the R&D can be rolled into budgets – a new tier for innovative technology rebates in a program.

- The “second bite” is different because utility modified goals can only go down – they could ask for higher, I suppose but nobody thinks that would occur. In that case it’s only the CPAS goals or a downward adjustment. If we err on the low side now, we’re setting a ceiling that we’re locked into for 10-15 years.
- Issues to consider in setting goals:
 - Growing magnitude of expiring savings. There is some potential for utilities to expect how much will expire.
 - Consider potential for new measures and program ideas. How can we forecast something we don’t know – there are ways we could go about that. Look back at forecasts from 10 years ago what was possible and then what was delivered by unanticipated measures.
 - Electrification measures are also coming. They are long lived. Even the 2022-2025 plans can be modified to reflect electrification savings that could reduce the amount of expiring savings that are showing up in later years. May be some potential budget support outside of efficiency budgets for electrification even though counting savings toward the CPAS goals.
 - Large customers – to the extent they are back in there is a potential upside at lower cost per unit of savings. Don’t know how large, many will choose to opt out.
 - Voltage optimization – those measure lives could be extended beyond 15 years. That’s true I think for VO that would be required to expire in 2033-2035. Could also invest in more VO outside of EE budget.
- Interested in thinking through ComEd proposal to set a default/interim target now and then have a process in place to refine them down the road presumably before the 2030 plans filed. If one of the things that informs goal refinements is a potential study, it would have to be independent and not controlled by utilities – not controlled by stakeholders either.

[Kristol Simms] Thoughts on who funds the potential study?

[Chris Neme] My default assumption is that utilities would fund the potential study. But if we were able to work out the details along with what Molly suggested, that would be 6-7 years in the future. This wouldn’t need to be a super expensive bottom-up kind of study with 2000 rows of measures. That type of study has an illusion of precision with thousands of numbers but are often less accurate than macro-level top-down approaches. How and where it gets funded could be part of a future discussion.

[Kristol Simms] Can you elaborate on the independence of the potential study [mentioned by stakeholders]?

[Chris Neme] If we want a process where all parties buy into the results, then we want all parties involved.

[Kristol Simms] We receive a lot of input from stakeholders on potential studies. In last study we went out of our way to incorporate feedback. Utilities are best equipped to study their customers and the market they are trying to serve.

[Phil Mosenthal] I have done a lot of potential studies for utilities and non-utilities. No significant difference in ability to do them for data access about customers and make up. As long as there are confidentially agreements and utilities are willing to share data. Independence removes any worry or perception of a bias. Gives equal standing to parties. If utilities are driving then we end up with four different studies which is a waste of time and money.

[Chris Neme] Agreed there have been opportunities in the last potential studies for stakeholders to weigh in on scope of work and draft work products. But it is also true that not all of our recommendations get adopted – final say on what gets adopted rests with the utilities. I wouldn't characterize my take on this as any intentional influencing of the outcome but utilities approach these studies in an objective way but through their lens on things. There are other lenses that also have objectivity. Independent studies have the potential for better results and enable a level of transparency and buy-in that we could all benefit from.

[Karen Lusson] I think the notion of a bit of independence in the art of creating potential studies would benefit all parties. Nobody is implying anything is doctored or fixed, but the process is a bit of a black box even with the presentations. Recalling the 2016 Ameren EE plan docket, it ended up being very contentious because of the disagreement about the potential study. If we come to an agreement on what would define "independent" and we could all get behind, that would move the needle forward.

[Keith Goerss] In the NRDC, a reference that the clear and convincing standard was more of a "95/5" type standard. What is the standard you would want for a goal above 0.6?

[Chris Neme] My read of the statute is that for Ameren, anything above 0.4 is a best estimate standard. That's how the language is structured. Anything below 0.4 is the clear and convincing.

[Keith Goerss] You noted if we did a potential study, it would inform the goals and the decisions – that potential study would not meet the clear and convincing standard if it showed a 0.2? Is potential study enough evidence in itself?

[Chris Neme] Probably right but have to think more about that. Potential study would only answer how much new savings is possible, not how much expiring needs to be reset.

[Karen Lusson] A potential study is just one piece of evidence. Also, expert testimony from utility and stakeholders and etc. It's the amalgamation of the evidentiary record.

[Keith Goerss] When we are looking at whether we do this now or a year from now to set 10 years out, there are a vast amount of variables that need to be estimated. Could be a very wide range of potential goals. To meet a "95/5"

standard that far in advance becomes very difficult – inflation rates, energy prices, slight adjustment now could compound over the years.

[Molly Lunn] Appreciates the stakeholder feedback; will need time to review. It sounds like we are getting some consensus at high level that we will need to meet more on this. ComEd thinks we need to revisit closer to when the goals need to be met. Maybe 2027 with a 2026 potential study, to build for the 2028 planning process and 2029 filing. We also agree I think with your interpretation of the standards above or below 0.5. We do have a fair amount of data we'd be willing to walk through. We have some nervousness about a statewide potential study, but I understand that if we could get some efficiencies by doing it statewide with unique results for each territory that is closer to what we see.

[Phil Mosenthal] I'm happy to share any information about statewide studies I've been involved in that rely on utility specific customer and saturation numbers and report out at the utility level. There are a lot of economies of scale. Minnesota Dept of Commerce as an example.

[Chris Neme] Agree that any potential study would have to provide sufficient confidence in answers separately for each utility. Statutory levels are different, customers and climates are different, etc.

[Ted Weaver] Clarifying question for Chris Neme. You mentioned that you thought the goals needed to be maximum cost-effective without regard to cost. That seems to imply that the Commission would set unachievable goals within budgets.

[Chris Neme] If you go back to the statutory language, it says they should be based on maximum cost-effective potential. It does not reference spending caps. The language where utilities file plans, that is where it says utilities can demonstrate they can't meet targets in budget and can adjust goals. There are strikingly different reference points there, and that's why I noted what I said in the bullets.

[Kristol Simms] That section on setting the goals does refer back to the subsection F which does take into account the budgets.

[Chris Neme] It depends on what you think about what it says about the process. The description in paragraph F has a lot of information about what needs to be included in plans but that seems more like standards than process to me. But I am not an attorney.

Closing and Next Steps

Celia Johnson, SAG Facilitator

- Phil Mosenthal to share information with Ameren Illinois and ComEd about statewide Potential Studies that report-out utility-specific results
- Ameren Illinois, ComEd, ICC Staff and non-financially interested stakeholders to meet to discuss next steps.