

Policy Manual Version 3.0 Kick-Off Meeting

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Thursday, June 23 Policy Manual Subcommittee Meeting

Presentation Agenda

- ▶ Illinois Policy Background
- ▶ Policy Manual Update Process
- ▶ Policies Discussed from 2019-2021
- ▶ Q&A

Illinois Policy Background

Policy Manual Background

- ▶ Creating an Illinois energy efficiency “policy manual” was a directive from the Illinois Commerce Commission (ICC) to SAG in 2014
 - ▶ Illinois Attorney General’s Office requested a Policy Manual be created in the ICC dockets to approve the 2014-2017 utility EE Plans
 - ▶ The first Policy Manual was developed through SAG through a Subcommittee process, and approved by the ICC in December 2015
 - ▶ The Policy Manual “**provides guiding principles for procurement, oversight, evaluation and operation of the electric and gas Energy Efficiency Programs** authorized under Sections 8-103B and 8-104 of the Illinois Public Utilities Act. The principles and policies articulated in the Policy Manual were derived from Commission orders, policies and procedures developed by the SAG, as well as best practices from state Energy Efficiency Programs delivered throughout the nation.” *See Policy Manual Section 2.1, Background*

Policy Manual Background (cont.)

- ▶ Policy Manual updates after Version 1.0:
 - ▶ **Version 1.1 (2017)** - minor corrections due to Future Energy Jobs Act (FEJA)
 - ▶ **Version 2.0 (2019)** - Subcommittee update process to incorporate various proposed policies
 - ▶ **Version 2.1 (2021)** - minor corrections due to Climate and Equitable Jobs Act (CEJA)
 - ▶ Current version of Policy Manual: [Illinois Energy Efficiency Policy Manual Version 2.1](#)

Policy Manual Goals

- ▶ Policy Manual Goals
 - ▶ **“Achieve consistent policies** for utility ratepayer funded Energy Efficiency Programs;
 - ▶ **Reduce litigation** before the Commission;
 - ▶ **Reduce Program Administrator risk for disallowance**;
 - ▶ **Provide clarity and certainty** for Program Administrators and other parties; and
 - ▶ Create a policy framework that **supports the delivery of Cost-Effective Energy Efficiency Portfolios**, pursuant to Section 8-103B and 8-104.”

See Policy Manual Section 2.2, Goals

IL-TRM Policy Document

- ▶ While the Policy Manual includes several policies related to the Illinois Technical Reference Manual (TRM) update process, there is a separate policy document for the IL-TRM: [Illinois TRM Policy Document Version 3.1](#)
 - ▶ “The purpose of the TRM Policy Document is to provide transparency of and consistency in the applicability of TRM values so that all stakeholders have a common reference document for measure, program and portfolio savings.”
 - ▶ “The IL-TRM Policy Document addresses several areas related to the updating and applicability of the TRM, including:
 - ▶ 1- The TRM Update Process;
 - ▶ 2- Applying the TRM in implementation, evaluation, and planning; and
 - ▶ 3- Glossary with evaluation terms defined.”

See IL-TRM Policy Document Section 1.1, Objectives and Purpose of IL-TRM Policy Document

IL-TRM Policy Document (cont.)

- ▶ If there are proposed policies submitted that would be best included in the IL-TRM Policy Document, those policies will be discussed in the Policy Manual Subcommittee process

Policy Manual Update Process

Policy Manual Update Process

- ▶ **Reminder:** SAG is a forum that allows parties to express different opinions, better understand the opinions of others, and foster collaboration and consensus

- ▶ The following guiding principles from the SAG Process Guidance Document are intended to support collaborative discussion in SAG processes:
 1. Build trust and collaboration
 2. Educate and inform
 3. Offer constructive approaches and solutions
 4. Focus on the merits
 5. Ensure all interests are represented
 6. Participate in consensus discussions in good faith

Policy Manual Update Process (cont.)

- ▶ **Purpose:** To discuss proposed Illinois energy efficiency policies and reach agreement on Policy Manual Version 3.0
- ▶ **Participation:** Open to all interested SAG and IQ Committee participants
- ▶ **Meeting Materials:** For transparency and ease of review, agendas and draft policy documents will be posted on the Policy Manual Subcommittee webpage throughout the Policy Manual update process
 - ▶ Agendas and draft materials will also be circulated to the Policy Manual distribution list
 - ▶ Agendas will be organized by topic area
 - ▶ After updated policy documents are approved by the ICC, draft materials will be removed from the website

Final Consensus

- ▶ Consistent with the Policy Manual Version 2.0 update process, consensus agreement on the final Policy Manual before submittal to the ICC proposed to be between utilities and non-financially interested stakeholders
 - ▶ Note: A policy proposal was submitted for CBOs/CAAs to be considered non-financially interested parties
- ▶ Agreement will include:
 1. Conceptual agreement on which policies will be included in the Manual,
 2. Final policy language
 3. Effective date for the Policy Manual and/or specific policy effective dates
 - example options
 - ▶ Option 1: The start of the next Program Year, following Policy Manual approval by the Commission
 - ▶ Option 2: The start of the next EE Plan (January 1, 2026)
 - ▶ Option 3: A combination of the two above, depending on the policy

Final Consensus (cont.)

- ▶ If agreement is reached on policy documents: ICC Staff will file the Policy Manual with the ICC, requesting a docket be opened for approval
 - ▶ A small group Writing Committee will meet to review final agreed language before ICC Staff submits policy documents to the ICC for approval
- ▶ If agreement cannot be reached on policy documents:
 - ▶ SAG Facilitator will prepare a comparison exhibit documenting the non-consensus issues
 - ▶ Interested parties will have an opportunity to review and propose edits before the comparison exhibit is finalized
 - ▶ ICC Staff will file the Policy Manual with the ICC, requesting a docket be opened to address the non-consensus policy issues

Policy Proposals Received

- ▶ Participants had an opportunity to propose new policies for consideration in Policy Manual Version 3.0
 - ▶ Proposed policies were due Friday, June 17
 - ▶ Proposed policies are posted on the [Policy Manual Subcommittee webpage](#)
 - ▶ Electrification - 9 proposals
 - ▶ Evaluation - 5 proposals
 - ▶ Income Qualified / Income Eligible Policies - 15 proposals
 - ▶ Income Qualified / Income Eligible Reporting - 4 proposals
 - ▶ Independence Policies - 3 proposals
 - ▶ Relating to Program Administration - 4 proposals
 - ▶ = 40 policy proposals

Policy Proposals Received (cont.)

- ▶ Additional policy submittals will not be considered, unless there is consensus with the Subcommittee on adding a new policy proposal to the discussion list
 - ▶ This is the same process followed by VEIC for proposed IL-TRM measures
- ▶ There may be proposals that are best addressed in another venue - a different SAG Working Group, IL-TRM Technical Advisory Committee, IQ North Committee, IQ South Committee, etc.
 - ▶ Moving a proposal to another venue can be discussed by the Subcommittee throughout the process, as needed

Updated Schedule

- ▶ **Original Timing: June to December 2022**
 - ▶ Goal was to reach conceptual agreement with non-financially interested parties by mid-October
 - ▶ Goal was for ICC Staff to file the updated Policy Manual with the ICC for approval by December 1, 2022 (this goal date is mentioned in several EE Plan Stipulated Agreements)
- ▶ **Updated Timing Proposed: June 2022 to June 2023**
 - ▶ The original timeframe is not feasible due to the number of policies proposed, and time constraints with other Illinois EE activities
 - ▶ New goal is to reach conceptual agreement with non-financially interested parties by mid-April 2023
 - ▶ New goal is for ICC Staff to file the updated Policy Manual with the ICC for approval by June 30, 2023

Updated Schedule (cont.)

▶ Meeting Venue

- ▶ Majority of meetings will be held by teleconference
 - ▶ 3 hours, with a break
 - ▶ Existing meeting invitations will be extended to 3 hours
- ▶ Goal is to hold 2-3 meetings in-person, depending on the status of COVID-19
 - ▶ In-person meetings 10:30 am - 3:30 pm
- ▶ Proposed in-person meeting dates:
 - ▶ Wed. August 31, 2022 (Chicago)
 - ▶ Wed. November 2, 2022 (Chicago)
 - ▶ Wed. April 19, 2023 (Springfield negotiation meeting)

Policies Discussed from 2019 - 2021

Policies Recently Discussed

- ▶ Policy issues are typically resolved through the Policy Manual update process; however, policy questions may arise that require discussion and resolution while the Policy Manual Subcommittee is inactive
- ▶ While the Policy Manual Subcommittee is inactive, open policy issues will be resolved in the following manner:
 1. The SAG Facilitator will review policy requests and schedule for SAG discussion as needed.
 2. Background on the policy request will be presented to interested SAG participants.
 3. Proposed policy resolution will be circulated to SAG for review, including a request for edits or questions, with a minimum of ten (10) Business Days provided for review.
 4. If the SAG Facilitator receives substantive edits, questions or concerns regarding proposed resolution of an open policy issue, a follow-up SAG discussion will be held with interested SAG participants.
 5. Final resolution will be documented on the [Policy webpage](#).
 6. The SAG Facilitator will maintain a “Policy Tracker” describing any policies to be considered in a future update to the Policy Manual or IL-TRM Policy Document.

Question for Feedback: Should these policies be included in Version 3.0?

▶ Market Transformation Policy Issues

- ▶ Market transformation policy issues were discussed and refined by the MT Savings Working Group in 2020. Policy issues were not finalized because MT initiatives were not developed enough for there to be comfort with finalizing open policy questions. See below for the final draft resolution, documented in June 2020.
- ▶ [Click here to download the Proposed Market Transformation Policy Resolution \(final draft, updated 6/8/2020\).](#)
- ▶ The final draft policy resolution addresses the following questions:
 1. How will energy savings derived from/attributed to market transformation (MT) initiatives be incorporated into utility energy efficiency portfolio cost-effectiveness calculations?
 2. Assuming an adjustment of an MT initiative's natural market baseline (NMB) is necessitated by new information, will such adjustments be applied retrospectively to past savings estimates or prospectively to future estimates?
 3. How will MT initiative derived energy savings and costs be dealt with across 4-year EE planning cycle periods?
 4. How will MT savings be incorporated into utility goals (gas and electric) and utility performance incentives (electric)?
 5. For what duration will continued market savings be credited to the utility after active utility engagement has ended or been reduced significantly?

Question for Feedback: Should this policy be included in Version 3.0?

- ▶ Estimating Savings Due to COVID-19
 - ▶ Policy Question: How should evaluators estimate savings in Calendar Year 2020 and Calendar Year 2021 given the COVID-19 pandemic?
 - ▶ Policy resolved in March 2021
 - ▶ [Estimating Savings in Calendar Year 2020 and Calendar Year 2021 Due to COVID-19 Pandemic \(Final, March 2021\)](#)

Question for Feedback: Should this policy be included in Version 3.0?

▶ Low Income Customer Eligibility Verification

- ▶ Policy Question: Ameren Illinois proposed consideration by the Commission and stakeholders to develop a policy that allows Illinois utilities the ability to better serve customers impacted by the COVID-19 pandemic.
 - ▶ Policy resolved in July 2020.
 - ▶ [Income Eligibility Verification for Low Income Customers \(Final, July 2020\)](#)
- ▶ Since Ameren Illinois submitted a policy proposal on “Single Family IQ Eligibility Verification Guidelines”, this policy may not need to be separately addressed

Question for Feedback: Should this policy be included in Version 3.0?

- ▶ Evaluating Savings from Non-Qualified Equipment
 - ▶ Policy Question: How should evaluation treat projects or measure installations that don't meet the criteria of the program (e.g., equipment efficiency, equipment application, DLC listing), but do still result in energy savings?
 - ▶ Policy resolved in January 2020
 - ▶ [Evaluating Savings from Non-Qualified Equipment \(Final, Jan. 2020\)](#)

Question for Feedback: Should this policy be included in Version 3.0?

▶ Project Application Date

- ▶ Policy Question: For the Affordable Housing New Construction Program, jointly administered with Nicor Gas, Peoples Gas & North Shore Gas, ComEd is interested in confirming stakeholder agreement to continue to:
 1. Use the project application date to determine the version of the IL-TRM the ComEd implementation team will follow. This is done in order to confirm the savings calculation methodologies as early as possible in our process due to the long planning horizon for the program.
 2. Use the project permit date to determine the applicable version of the Illinois Energy Conservation Code (IL ECC).
- ▶ Policy resolved in December 2019
- ▶ [Using the Project Application Date to Determine the IL-TRM Version Followed by the Affordable Housing New Construction Program \(Final, Dec. 2019\)](#)

Q&A and Next Steps

Feedback Requested by Thursday, July 14:

- ▶ Comments or proposed edits on Policy Manual Subcommittee Plan and Updated Schedule
- ▶ Feedback on whether policies addressed by SAG from 2019-2021 should be included in the Policy Manual

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